

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**Granville County,
North Carolina
For the Fiscal Year Ended
June 30, 2014**



Prepared by the
Granville County Finance Department

Finance Director
Stephen M. McNally

County of Granville
P. O. Box 1286
Oxford, NC 27565

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INTRODUCTORY SECTION



County Of Granville, North Carolina

Post Office Box 1286, Oxford, North Carolina 27565

County Administration
(919) 693-5240

December 15, 2014

**To the Board of County Commissioners and
To the Citizens of Granville County, North Carolina**

Maintaining the fiscal strength and stability of county government is perhaps the most important responsibility of the Board of County Commissioners. The Comprehensive Annual Financial Report (CAFR) of Granville County, North Carolina, for the fiscal year ended June 30, 2014, reflects the achievement of that goal. Each year this document is prepared to provide you with details about how the County receives, spends and accounts for its money, as well as key indicators of its financial strength.

The CAFR consists of management's representations concerning the finances of the County. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the County has established a system of internal controls designed to protect County assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the County's financial statements in conformity with generally accepted accounting principles (GAAP), and to provide reasonable assurance that the financial statements will be free from material misstatement. Management does not expect that the County's internal controls will prevent or detect all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The County's financial statements have been audited by Winston, Williams, Creech, Evans & Company, LLP. The objective of the independent audit is to provide reasonable assurance that the financial statements of Granville County for the fiscal year ended June 30, 2014 are free from material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the County's financial statements for the fiscal year ended June 30, 2014 are fairly presented in conformity with GAAP. The

independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of Granville County was a part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements involving the administration of federal awards. Information related to the Single Audit, including a schedule of expenditures of federal and state awards, and a schedule of questioned costs is included in the compliance section of this report.

As required by GAAP, the Management Discussion and Analysis (MD&A) is presented in narrative form to introduce the basic financial statements and to provide an overview and analysis of the financial operations for the fiscal year ended June 30, 2014. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A is located immediately following the report of the independent auditor.

Financial Reporting Entity

The financial statements include all funds of Granville County, including all activities controlled by or dependent on the County. Control by, or dependence on the County was determined in accordance with the criteria established by the Governmental Accounting Standards Board (GASB) and included in the GASB's guidance in defining the governmental reporting entity.

The financial reporting entity includes all funds of Granville County, as well as its component units. Component units are legally separate entities for which Granville County is financially accountable.

Proprietary funds are used to account for a government's continuing business-type organizations and activities. The Granville County Board of Alcoholic Beverage Control and Granville Health System (Granville Medical Center) are component units of the County and are presented as proprietary funds. Most of the generally accepted accounting principles of proprietary funds are those applicable to similar private businesses.

Profile of Granville County

Granville County is a growing county nestled between the Virginia State line and the Raleigh-Durham-Chapel Hill metropolitan area. The local economy has shifted from traditional industries such as tobacco production and textiles to a more diverse industrial and service-based economy. This diversity has resulted in lower unemployment figures than some of the surrounding rural counties which have not transitioned as well. Granville County is proud to be home to globally competitive companies like Revlon, Bridgestone Commercial Solutions, N T Techno, Certainteed, Altec, CMP USA, Shalag, and many others. These companies provide unique and interesting employment

opportunities and are important contributors to the County's tax base. As a result of the diversity of industries and the outstanding quality of life in our community, Granville County is poised to prosper as state and national economic conditions improve.

Granville County is also home to numerous State and Federal facilities located in Butner, at the southwestern corner of the County. These facilities provide stable job opportunities and serve to meet State and Federal governmental needs such as mental health, correctional, and medical facilities. Many of the State and Federal employees reside in the County.

Outdoor recreational opportunities abound in Granville County due to the availability of large, sparsely populated areas that provide sportsmen (and sportswomen) excellent hunting, fishing, hiking, and other outdoor opportunities.

Granville County operates under the Commissioner/Manager form of government. Policy-making and legislative authority are vested in a seven-person governing Board of Commissioners (the "Board") elected by district to staggered four-year terms.

The Board is responsible for governing the County by adopting local ordinances, adopting an annual budget, and establishing annual property tax rates. The Board also hires the County Manager and appoints members to various Boards and Commissions. The Board may also call bond referendums, enter into contracts, and establish new programs.

The County Manager is the chief administrative officer of the County and serves at the pleasure of the Board. The major responsibilities of the Manager include the day-to-day supervision of the activities of the County departments, attendance at Board meetings, making recommendations on matters of business, and preparing and recommending the annual budget.

The County provides a full range of services including public safety, social services, health services, emergency medical services, cultural and recreational activities, general administration, and others. In addition to these general government functions, the County also provides solid waste management services. The Board of Commissioners extends financial support to various agencies and groups who are involved in serving our citizens. Among them are the Granville County Board of Education, volunteer fire departments, Vance-Granville Community College, the Kerr-Tar Council of Governments, Granville-Vance District Health Department, and Cardinal Innovations Healthcare Solutions – Five County Community Operations Center.

The annual budget provides the foundation for the County's financial planning and control. The budget is a legally adopted ordinance that is developed with input from citizens, county departments, and various agencies in the County. The Manager uses funding requests from all departments and agencies to develop a proposed budget that is presented to the Board for review.

Factors Affecting Economic Condition

Granville County has not been immune to the job losses in the textile, tobacco, and telecommunications industries over the last decade. The unemployment rate has mirrored that of the State and has steadily improved over the last year. In October 2013 the unemployment rate for Granville County was 8.7%, but by October 2014 it has decreased to 6.6%.

The impact of the recession and credit crisis has taken a toll on businesses and industries in Granville County. Fortunately most businesses and industries have been able to withstand this crisis so far without major layoffs or shutdowns. It appears that a recovery is continuing, but the speed of that recovery will continue to impact the local economy.

The County is a member of the thirteen-county Research Triangle Regional Partnership (RTRP). The County works closely with the RTRP to market the County to business prospects. The marketing is done through articles in national and international trade magazines, newspapers, and special advertising campaigns. The RTRP members work at the trade shows in the United States and Europe. Both the North Carolina Department of Commerce and the RTRP bring prospective clients to the County. The County is marketed as being able to offer most of the amenities of the Research Triangle Park without the high costs, traffic congestion, and other drawbacks of the densely populated areas.

The Research Triangle Park (the Park) contains 6,900 acres of land which has been reserved for research and research-oriented manufacturing. The Park celebrated fifty years of progress in 2009 and it is now home to 96 private and governmental companies. Over 37,000 people are employed in the Park, which has over 15 million developed square feet of space.

The County, in partnership with three of its neighboring counties, is continuing to market the “Triangle North” industrial and business park project. The Granville County site, “Triangle North - Granville”, is a 510 acre park focused on life science industries. This project is poised for significant potential growth due to its location relative to the Research Triangle Park.

Vance-Granville Community College is one of the finest industrial training institutions in the State. The public education in the County is strong and has students performing well. The local schools continue to leverage technology opportunities in order to keep students engaged. Students are better prepared for future educational and employment opportunities than ever before.

Short and Long Term Financial Planning

Many of the successes of the Board of County Commissioners can be attributed to the long-term planning efforts initiated by the Board. Examples include planning for both building capital and vehicle purchases. The annual appropriations are driven by five-year plans approved by the Board. This has greatly reduced the dependency on short-term borrowing and has allowed positive fund balances to be carried into years where the

needs exceed the annual appropriations. In fact, many mid-sized projects for Granville County have been funded on a pay-as-you-go basis because the funds were set-aside. The use of management's vehicle replacement schedule has eliminated the need for short term leasing of rolling stock.

The Governing Board also deliberates on funding for the General Fund departments in the context of a five-year funding plan. This allows the Board to better understand the financial impact of new programs in future fiscal years and has allowed advanced disclosure of the likelihood of future tax increases. Although a five-year plan may seem to be a short planning horizon, in local government it serves as an optimal, realistic time frame that decisionmakers can relate to effectively.

Other financial planning efforts include the programming of school debt service and the available revenue streams over a 15-20 year planning horizon and the five-year E-911 facilities plan. The school planning efforts have served to promote more effective discussions between the Board of Education and the Board of County Commissioners in developing projects to meet the school system's needs.

Key Investments in Economic Development Projects

The Board has made numerous strategic investments in new and expanding industrial plants in Granville County. The program relies on funds identified by the County for economic development projects that have a significant impact on the tax base while producing quality jobs. The program approved by the Board requires that funds be generated over a five-year period to replenish the funds utilized. The program has been touted by State economic development officials as innovative and highly effective in attracting new business to the community.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Granville County Government for its comprehensive annual financial report for the fiscal year ended June 30, 2013. This was the fifteenth consecutive year that the County has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

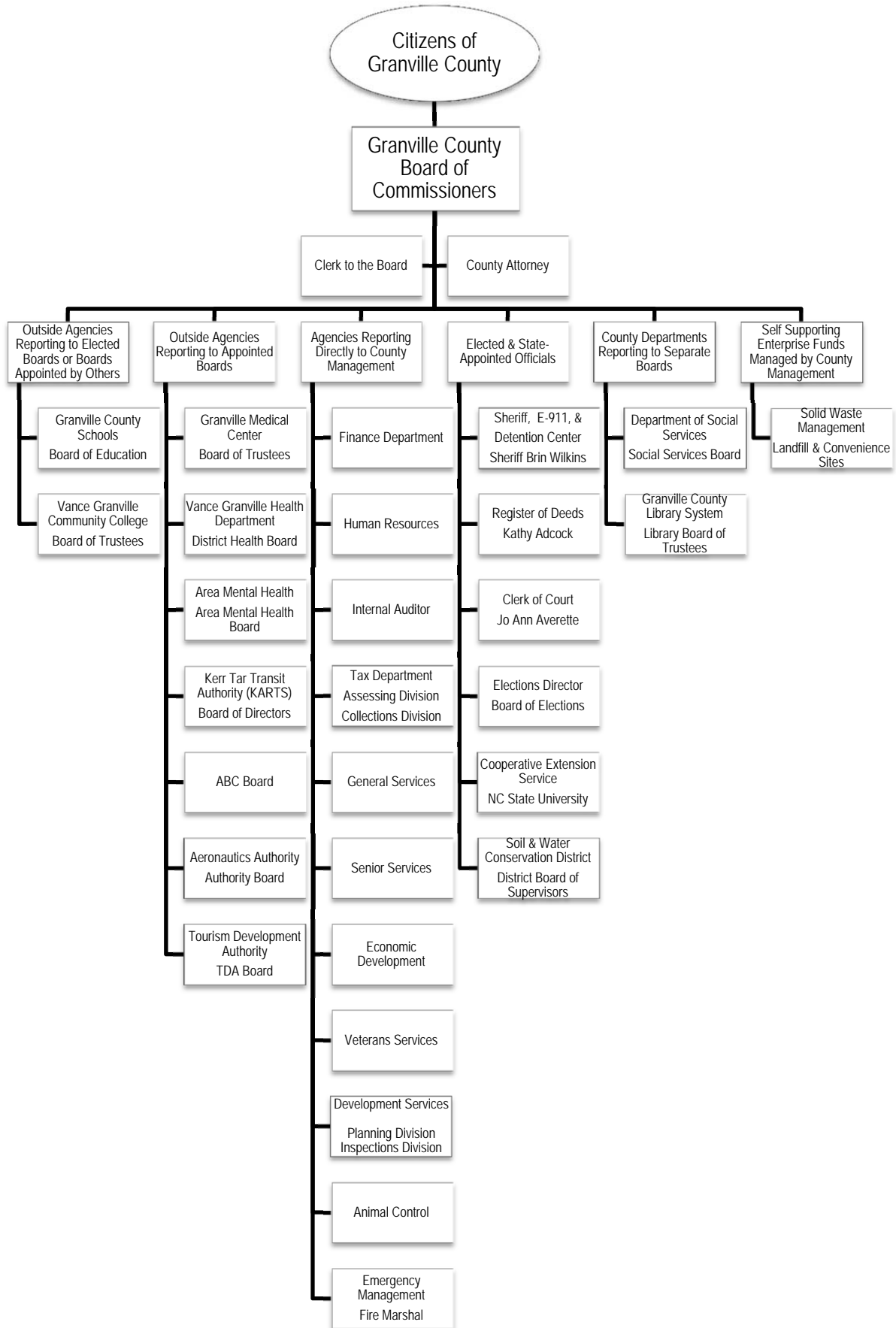
We appreciate the assistance and dedication of all employees in carrying out the services and programs approved by the Board of Commissioners. Preparation of this report would not have been possible without the dedicated efforts of the entire Finance Department staff and our independent auditors, Winston, Williams, Evans & Company, LLP. We

also express our appreciation to the members of the Board of County Commissioners for their continued support, guidance, and advice in planning and conducting the financial activities of the County in a responsible and progressive manner. The County's excellent financial status is a tribute to their dedication and genuine concern about the quality of government in Granville County.

Respectfully Submitted,

Stephen M. McNally
Stephen M. McNally
Finance Director

Granville County Government Organizational Chart



GRANVILLE COUNTY, NORTH CAROLINA
LIST OF PRINCIPAL OFFICIALS
JUNE 30, 2014

**Board of County
Commissioners**

David T. Smith, Chairperson
Zelodis Jay, Vice Chairperson
Tony W. Cozart
R. David Currin, Jr.
Timothy Karan
Ed Mims
Edgar Smoak
Debra A. Weary, Clerk to the Board

County Officials

Michael S. Felts
Stephen M. McNally
Judy D. Stovall
Kathy M. Adcock
Brindell B. Wilkins
M. Scott Phillips
Tonya C. Burnette
Jason A. Falls
Louis W. Bechtel
Pello L. Duncan
Kathy B. May
Dave Trudeau
Paul W. Westfall
Wendy Pennington
Harry Mills
Raymond Allen
Monique Heggie
Matt Katz
Alicia Sparks
Gary Bowen
Warren Daniel
Chris Brame
Susan Ball
Doug Logan

County Manager
Finance Director
Tax Administrator
Register of Deeds
Sheriff
Director of Development Services
Elections Director
Director of Environmental Programs
Director of Social Services
Veterans Services Director
Director of Senior Services
Library Director
Director, Cooperative Extension
Human Resources Director
Economic Development Director
Parks/Grounds Maintenance Director
Internal Auditor
Animal Management Director
Acting 911 Center Manager
Maintenance Supervisor
SCS District Administrator
Network Administrator
Director, Tourism Development Authority
Emergency Management Coordinator/Fire
Marshal



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Granville County
North Carolina**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013



Executive Director/CEO

FINANCIAL SECTION

Winston, Williams, Creech, Evans, & Company, LLP

Certified Public Accountants



America Counts on CPAs

James P. Winston II, CPA
Gary L. Williams, CPA
Carleen P. Evans, CPA

Jennifer T. Reese, CPA
Curtis G. Van Horne, CPA
Cathy E. McKinley, CPA
Tara H. Roberson, CPA
K. Jamison Crampton, CPA

Independent Auditor's Report

To the Board of County Commissioners
Granville County, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Granville County, North Carolina, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Granville County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Granville Medical Center. Those statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Granville Medical Center, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of Granville Medical Center, Granville County ABC Board, Granville County Tourism Development Authority and South Granville Memorial Gardens were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation

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and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Granville County as of June 30, 2014, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and the Law Enforcement Officers' and the Other Postemployment Benefits' Special Separation Allowance Schedules of Funding Progress and Employer Contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consist of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Granville County's basic financial statements. The introductory information, combining and individual fund financial statements, budgetary schedules, other schedules, statistical section as well as the accompanying schedule of expenditures of federal and state awards, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements, budgetary schedules, other schedules and the schedule of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic

financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the combining and individual fund financial statements, budgetary schedules, other schedules and the schedule of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory information and the statistical sections have not been subjected to the auditing procedures applied in the audit of basic financial statements, and accordingly, we do not express an opinion or provide assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2014, on our consideration of Granville County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Granville County's internal control over financial reporting and compliance.

Winston, Williams, Creech, Evans & Company. LLP

Winston, Williams, Creech, Evans & Company, LLP
Certified Public Accountants
Oxford, North Carolina
December 15, 2014



County Of Granville, North Carolina

Post Office Box 1286, Oxford, North Carolina 27565

Management's Discussion and Analysis

As management of Granville County, we offer readers of Granville County's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2014. We encourage you to incorporate information presented in this section with additional information that we have furnished in the County's financial statements, which follow this narrative.

Financial Highlights

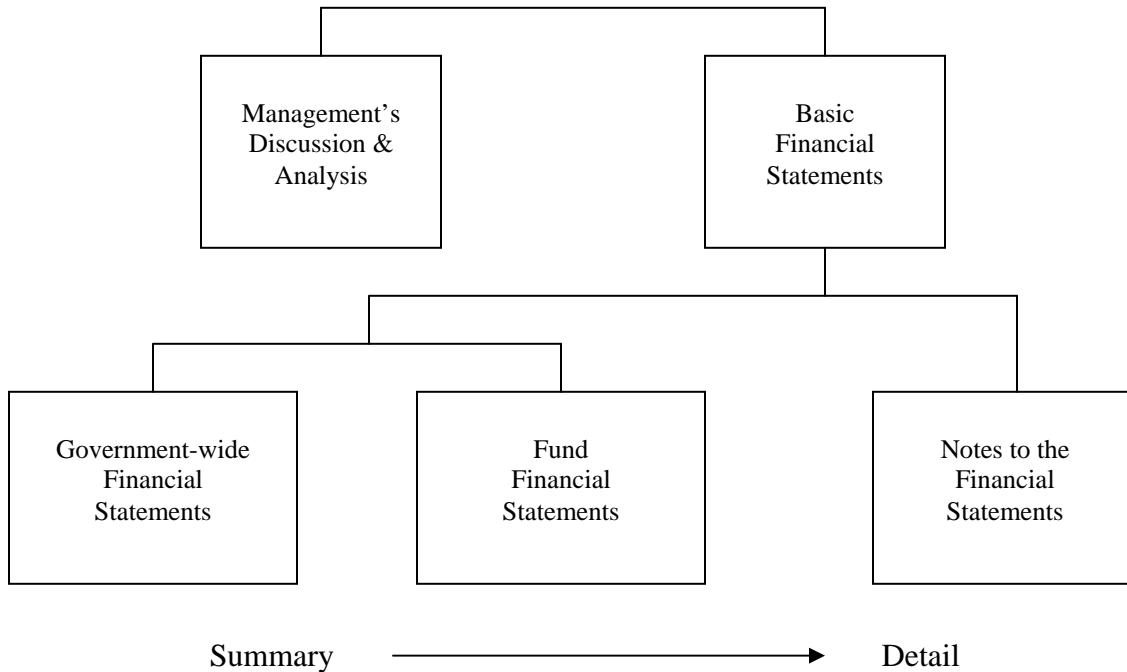
- The cash and cash equivalents (unrestricted) of the total primary government on the Statement of Net Position is \$27,375,584 which accounts for 33.9% of total primary government assets.
- The liabilities due in more than one year of \$81,129,718 account for 78.6% of total primary government liabilities.
- At the end of the current fiscal year, Granville County's governmental funds reported combined ending fund balances of \$34,276,359, after a net decrease of \$53,645. Approximately thirty-one percent (29.7%) of this total amount or \$10,177,500 is restricted or non-spendable.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$20,478,407, or thirty-eight percent (38.2%) of total general fund expenditures for the fiscal year.
- Granville County's debt service for fiscal year 2014 accounts for 14.9% of the total governmental funds expenditures for the year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Granville County's basic financial statements. The County's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the County through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of Granville County.

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

The first two statements (Exhibits 1 and 2) in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the County's financial status.

The next statements (Exhibits 3 through 9) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the County's government. These statements provide more detail than the government-wide statements. There are four parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; 3) the proprietary fund statements; and 4) the fiduciary fund statements.

The next section of the basic financial statements is the **Notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **supplemental information** is provided to show details about the County's non-major governmental funds, all of which are added together in one column on the basic financial statements. Budgetary information required by the General Statutes of North Carolina can also be found in this part of the statements.

Following the notes is the required supplemental information. This section contains funding information about the County's pension plans.

Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of Granville County's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the County's financial status as a whole.

The two government-wide statements report the County's net positions and how they have changed. Net position is the difference between the County's total assets & deferred outflows and total liabilities & deferred inflows. Measuring net position is one way to gauge the County's financial condition.

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units. The governmental activities include most of the County's basic services such as general administration, public safety, human services, community services, and education. Property taxes, sales taxes, and state and federal grant funds finance most of these activities. The business-type activity is that which the County charges customers to provide. This includes the solid waste services offered by Granville County. The final category is the component units. Granville County owns Granville Medical Center. The County appoints the board of trustees for the Medical Center and has issued debt on its behalf. Although legally separate from the County, the ABC Board is important to the County. The County is financially accountable for the Board by appointing its members and because the Board is required to distribute its profits to the County. The Granville County Tourism Development Authority and South Granville Memorial Gardens are also component units of Granville County.

The government-wide financial statements are on Exhibits 1 and 2 of this report.

Fund Financial Statements: The fund financial statements provide a more detailed look at the County's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Granville County, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes of North Carolina or the County's budget ordinance. All of the funds of Granville County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the County's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting*. This method also has a current financial resources focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the County's programs. The relationship between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

Granville County adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of

the County, the management of the County, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the County to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the County complied with the budget ordinance and whether or not the County succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the Board; 2) the final budget as amended by the Board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges. To account for the difference between the budgetary basis of accounting and the modified accrual basis, a reconciliation showing the differences in the reported activities is shown at the end of the budgetary statement.

Proprietary funds - Granville County has two kinds of proprietary funds. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. Granville County uses an enterprise fund to account for its solid waste operations. This fund is the same as the separate activity shown in the business-type activities in the Statement of Net Position and the Statement of Activities. *Internal Service Funds* are an accounting device used to accumulate and allocate costs internally among the functions of the County. The County uses an internal service fund to account for one activity – its County Health Plan. Because this operation benefits predominantly governmental rather than business-type activities, the internal service fund has been included within the governmental activities in the government-wide financial statements.

Fiduciary funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support Granville County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. Currently Granville County operates five fiduciary funds.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements start on page 43 of this report.

Other information - In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning Granville County's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 78 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The liabilities & deferred inflows of Granville County exceeded assets & deferred outflows by \$20,979,579 as of June 30, 2014. The County's net position increased by \$7,658,530 for that same time period. \$10,140,935 represents resources that are subject to external restrictions how they may be used. These include such items as financing proceeds for school or medical facilities or unexpended grant funds held for current projects. \$22,499,665 reflects the County's net investment in capital assets. Capital assets are used by the County to provide services to citizens; consequently, these assets are not available for future spending or debt service. Resources needed to repay the debt associated with Capital assets must be provided

by other sources. The remaining balance \$(53,620,179) is unrestricted. Because the County carries the debt associated with school facilities, yet does not include those facilities on its books, a negative unrestricted balance is not uncommon while the school related debt is outstanding.

Granville County's Net Position Figure 2

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 37,954,546	\$ 38,697,617	\$ 1,347,772	\$ 1,478,202	\$ 39,302,318	\$ 40,175,819
Capital assets	35,984,036	33,084,961	5,402,269	5,506,197	41,386,305	38,591,158
Deferred outflows	1,531,226	1,695,251	-	-	1,531,226	1,695,251
Total assets & deferred outflows	\$ 75,469,808	\$ 73,477,829	\$ 6,750,041	\$ 6,984,399	\$ 82,219,849	\$ 80,462,228
Long-term liabilities outstanding	\$ 92,617,298	\$ 97,462,696	\$ 8,402,520	\$ 9,047,342	\$ 101,019,818	\$ 106,510,038
Other liabilities	1,946,842	2,655,417	162,065	149,091	2,108,907	2,804,508
Deferred inflows	70,703	290,948	-	-	70,703	290,948
Total liabilities & deferred Inflows	\$ 94,634,843	\$ 100,409,061	\$ 8,564,585	\$ 9,196,433	\$ 103,199,428	\$ 109,605,494
Net position:						
Net investment in capital assets	\$ 17,096,701	\$ 13,801,596	\$ 5,402,964	\$ 5,506,197	\$ 22,499,665	\$ 19,307,793
Restricted	10,140,935	11,770,892	-	-	10,140,935	11,770,892
Unrestricted	(46,402,671)	(52,503,720)	(7,217,508)	(7,718,231)	(53,620,179)	(60,221,951)
Total net position	\$ (19,165,035)	\$ (26,931,232)	\$ (1,814,544)	\$ (2,212,034)	\$ (20,979,579)	\$ (29,143,266)

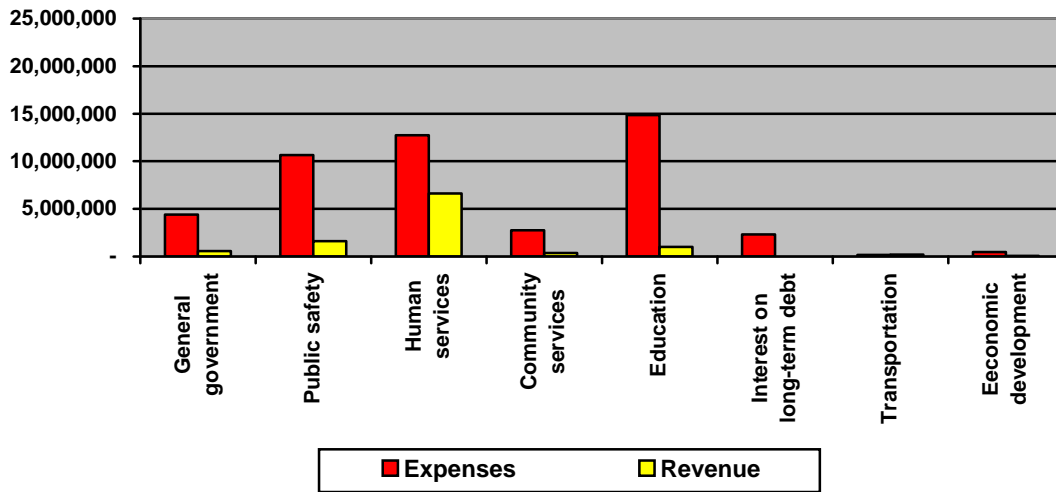
Several particular aspects of the County's financial operations influence the total unrestricted governmental net position:

- Continued emphasis on the collection of property taxes. The tax collection percentage increased slightly from the previous year from 97.18% to 98.12%.
- Sales tax revenues decreased approximately \$150,428, or two and a half percent (2.5 %) due to the reducing impact of the hold harmless portion of the Medicaid Relief Act on Sales Tax revenue.
- Continued servicing of debt on existing issues helped decrease long term liabilities by approximately \$5 million.
- Long-term liabilities reflecting the County's commitment to solid waste closure and post-closure estimates continue to directly affect the unrestricted governmental net position in the business-type activities. These liabilities are estimated at \$8,316,545 to be expended over the next 30 years.

Governmental activities. Governmental activities increased the County's net position by \$7,261,040. An increase in revenues due to a \$0.035 increase in property tax rate and an accelerated vehicle tax collection, coupled with a decrease in Granville Medical Center ER

construction from the previous year helped drive the increase in net position. The charts, table, and bulleted information provide more information related to governmental activities for the past two years.

Expenses and Program Revenues Governmental Activities

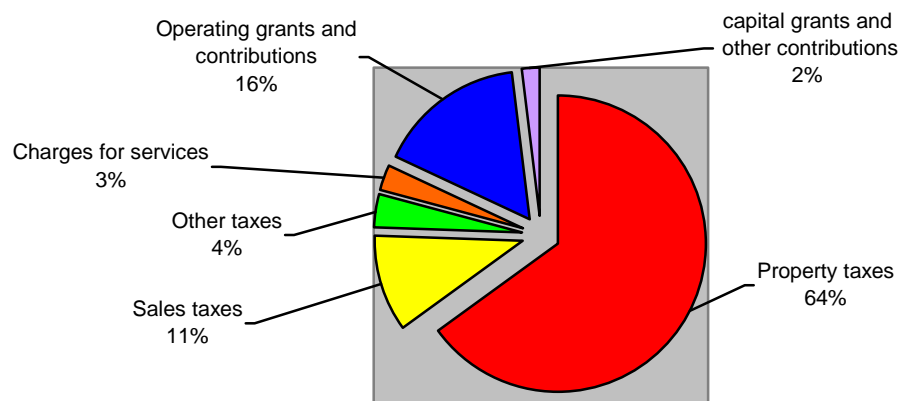


Granville County's Changes in Net Position
Figure 3

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program Revenues:						
Charges for services	\$ 1,531,819	\$ 1,509,228	\$ 2,575,097	\$ 1,934,679	\$ 4,106,916	\$ 3,443,907
Operating grants and contributions	8,892,139	9,853,048	24,222	-	8,916,361	9,853,048
Capital grants and contributions	1,006,995	41,415	-	3,493	1,006,995	44,908
General revenues:						
Property taxes	35,899,937	31,967,760	-	-	35,899,937	31,967,760
Other taxes	7,883,395	7,971,319	-	-	7,883,395	7,971,319
Grants and contributions not restricted to specific programs	-	-	-	-	-	-
Other	396,489	346,572	106,025	100,857	502,514	447,429
Total revenues	55,610,774	51,689,342	2,705,344	2,039,029	58,316,118	53,728,371
Expenses:						
General government	4,405,781	4,555,774	-	-	4,405,781	4,555,774
Public safety	10,655,790	10,620,057	-	-	10,655,790	10,620,057
Transportation	156,779	148,296	-	-	156,779	148,296
Economic and physical development	476,826	797,499	-	-	476,826	797,499
Human services	12,744,738	23,560,271	-	-	12,744,738	23,560,271
Community services	2,746,910	3,853,986	-	-	2,746,910	3,853,986
Education	14,859,485	14,864,489	-	-	14,859,485	14,864,489
Interest on long-term debt	2,303,425	2,507,886	-	-	2,303,425	2,507,886
Landfill	-	-	2,046,765	4,318,099	2,046,765	4,318,099
Other	-	-	261,089	209,073	261,089	209,073
Total expenses	48,349,734	60,908,258	2,307,854	4,527,172	50,657,588	65,435,430
Increase (decrease) in net position before transfers and special items	7,261,040	(9,218,916)	397,490	(2,488,143)	7,658,530	(11,707,059)
Transfers	-	-	-	-	-	-
Increase (decrease) in net position	7,261,040	(9,218,916)	397,490	(2,488,143)	7,658,530	(11,707,059)
Net position, beginning	(26,931,232)	(17,387,470)	(2,212,034)	276,109	(29,143,266)	(17,111,361)
Restatement	505,157	(324,846)	-	-	505,157	(324,846)
Net position, ending	\$ (19,165,035)	\$ (26,931,232)	\$ (1,814,544)	\$ (2,212,034)	\$ (20,979,579)	\$ (29,143,266)

- Expenses for education include \$12,385,287 for school system operating expenses and \$1,259,378 in school system capital outlays.
- Granville County continues to solicit additional grant revenues for planned capital projects and has been successful over the past few years to obtain grants related to the build out of recreational projects, energy improvements and enhancements for General Governmental facilities, and for improvements to Human Services related facilities to improve accessibility.

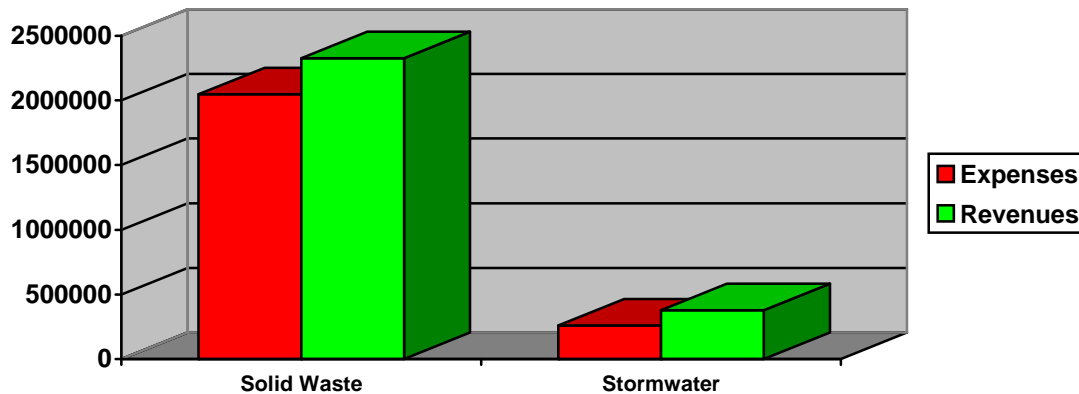
Revenues by Source Governmental Activities



Business-type activities. Business-type activities improved the County's net position by \$397,490, which represents approximately seventeen percent (17.2%) of the total business-type expenses.

- Granville County operates convenience sites for the collection of municipal solid waste (MSW) and operates a Construction and Demolition (C&D) Landfill. Revenues associated with the C&D Landfill are directly impacted by area construction activity.
- Granville County opened a MSW Landfill May 1, 2013. Construction and opening costs impacted the Solid Waste expenses during fiscal year 2013-2014.
- A full year of fees from MSW landfill operations, as well as reduced closure/ post closure cost estimates, attributed to the majority of the net position increase.
- Stormwater operations contributed a net increase of just over \$100,000 to net position.

**Fiscal Year 2013-2014
Expenses and Program Revenues
Business-type Activities**



Financial Analysis of the County's Funds

As noted earlier, Granville County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds: The focus of Granville County's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the County's financing requirements. In particular, unassigned fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of Granville County. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$20,478,407 while total fund balance reached \$32,160,927. The remainder of fund balance, \$11,682,520 is either nonspendable, restricted, committed, or assigned and is not available for general appropriation. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 38.2 percent of total General Fund expenditures, while total fund balance represents 59.9 percent of that same amount. This meets the County's target of 35% unassigned General Fund balance to General Fund expenditures.

At June 30, 2014, the governmental funds of Granville County reported a combined fund balance of \$34,276,359, a .10 percent decrease from last year. The primary reason for this decrease is related to the use of financing proceeds for capital projects.

General Fund Budgetary Highlights: During the fiscal year, the County revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services. Total amendments to the General Fund increased revenues by \$1,118,425.

Economic conditions and State legislative changes effecting sales tax distributions in prior fiscal years continue to provide challenges to calculating accurate estimates for sales tax proceeds. The County took a more conservative approach when estimating fiscal year 2013-2014 Sales Tax & Other Tax revenues, and underestimated this revenue source by \$820,237 or 11%.

Proprietary Funds: Granville County's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position of the Solid Waste Fund equaled \$(7,471,212). The total net position for all proprietary funds is \$(1,814,544). The total change in net position for the proprietary funds was an increase of \$397,490. This change in net position primarily results from decreased non-current liabilities for post closure care costs resulting from legislative changes.

In June 2012, Granville County established the County Health Plan Fund, an *Internal Service Fund*, to account for premium and claims associated with the County self-funded health insurance plan. Fiscal year 2013-2014 activity resulted in a change in net position of \$394,041.

Capital Asset and Debt Administration

Capital Assets: Granville County's capital assets for its governmental and business-type activities as of June 30, 2014 totals \$41,387,000 (net of accumulated depreciation). These assets include land, buildings, machinery and equipment, park facilities, system improvements, and vehicles.

Major capital asset transactions during the year include:

- New vehicles and equipment were purchased primarily in the Public Safety Departments.
- Renovations to the County's facility on West Spring Street (formerly Orange Street). This building is now occupied by DSS.
- Completion of the library expansion and Granville Southern elementary school projects.

**Granville County's Capital Assets
(net of depreciation)
Figure 4**

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$ 7,701,851	\$ 7,661,689	\$ 1,020,695	\$ 1,020,695	\$ 8,722,546	\$ 8,682,384
Buildings	9,132,595	9,560,427	25,611	27,814	9,158,206	9,588,241
Improvements other than buildings	16,130,762	4,958,287	4,255,187	4,368,253	20,385,949	9,326,540
Machinery and equipment	1,865,540	1,434,185	64,011	89,435	1,929,551	1,523,620
Fixtures and Equipment	-	-	37,460	-	37,460	-
Construction in progress	1,153,288	9,470,373	-	-	1,153,288	9,470,373
Total	\$ 35,984,036	\$ 33,084,961	\$ 5,402,964	\$ 5,506,197	\$ 41,387,000	\$ 38,591,158

Additional information on Granville County's capital assets can be found in the notes to the financial statements beginning on page 57 of this report.

Long-term debt. At the end of fiscal year 2014, Granville County had total bonded debt outstanding of \$35,675,000, all of which is debt backed by the full faith and credit of the County.

**Granville County's Outstanding Debt
General Obligation Bonds
Figure 5**

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
General obligation bonds	\$35,675,000	\$38,880,000	\$ -	\$ -	\$ 35,675,000	\$ 38,880,000

Granville County's total general obligation debt decreased by \$3,205,000 (8.24 percent) during fiscal year 2013-2014 as a result of principal payments on several series of general obligation bonds.

Moody's Investors Service, Inc., Standard and Poor's Credit Markets Services and the North Carolina Municipal Council assigned independent underlying ratings to Granville County of AA2, AA-, and 84 respectively associated with general obligation debts issued in 2010 which upheld ratings issued previously.

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue to eight percent (8%) of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Granville County is \$257,141,823, which is significantly more than Granville County's outstanding general obligation debt.

Additional information on Granville County's long-term debt can be found in the notes to the financial statements beginning on page 67 of this report.

Economic Factors and Next Year's Budgets and Rates

The following key economic indicators reflect the growth and prosperity of the County:

- The County is experiencing an unemployment rate of 6.0%, slightly lower than the state average of 6.3%, as of October 2014. The overall improvement in the economy is reflected in these rates, with the County's rate improving from the October 2013 level of 7.5%.
- The median annual income in Granville County is approximately \$47,701.
- Air Clean Systems/CS Medical is continuing renovations on an existing facility in Butner. This expansion is \$3.2 million and will add 20-30 new jobs.
- Revlon is continuing a 47 million retrofit of new automated equipment.
- ALLPACK Assembly, a repacking/fulfillment center opened adding 30-35 new jobs.
- United Tobacco has done a \$3.3 million facilities enhancement.

- Several industries, including StayOnLine, AWNC, and PRM participated in the State's building reuse program, resulting in the renovation of multiple buildings in the County which had remained underutilized for twelve or more months.

Budget Highlights for the Fiscal Year Ending June 30, 2015

Governmental Activities: The tax base is projected to provide revenues of \$33,812,842 when calculated with the current collection percentage rate. The total projected assessed valuation for the County is \$4,192,052,302 for fiscal year 2014-2015.

Budgeted expenditures for fiscal year 2014-2015 in the General Fund reflect an increase from the previous fiscal year original budget of 2.30%. This is due primarily to increased health insurance, labor costs, debt service and capital outlays.

The fiscal year 2014-2015 budget appropriates \$1,874,511 of available fund balance, to balance the general fund budget. Total revenues, excluding appropriated fund balance, reflect an increase of approximately 2.1% from the previous year original budget.

Business-type Activities: The budget for the operation of the solid waste activities reflects a 13.1% increase in operating expenditures due primarily to the opening of the MSW landfill. This increase includes additional labor costs as well as contractual expenditures (brush grinding, landfill processing, and post closure cost estimates.) The Solid Waste staff continues to focus on the operation of the County MSW landfill system. This expansion adds to the long-term capacity of the landfill.

Requests for Information

This report is designed to provide an overview of Granville County's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Finance Director, Granville County, 141 Williamsboro Street, Oxford, North Carolina, 27565.

Stephen M. McNally

Stephen M. McNally
Finance Director

BASIC FINANCIAL STATEMENTS

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS**

GRANVILLE COUNTY, NORTH CAROLINA
STATEMENT OF NET POSITION
JUNE 30, 2014

	Primary Government			Component Units			
	Governmental Activities	Business-type Activities	Total	Granville Medical Center	Granville County ABC Board	Granville County Tourism Development Authority	South Granville Memorial Gardens
ASSETS							
Cash and cash equivalents	\$ 26,378,268	\$ 997,316	\$ 27,375,584	\$ 1,703,569	\$ 748,241	\$ 288,071	\$ 139,957
Taxes receivable	1,476,717	-	1,476,717	-	-	-	-
Accrued interest receivable	369,922	-	369,922	-	-	-	-
Accounts receivable	3,058,862	348,328	3,407,190	15,138,563	-	-	16,908
Inventories	-	-	-	1,135,508	164,354	-	1,768
Prepaid items	75,765	-	75,765	363,216	10,896	-	-
Internal balances	(1,433)	1,433	-	-	-	-	-
Restricted assets:							
Cash and cash equivalents	6,596,445	-	6,596,445	-	-	-	100,000
Assets whose use is limited	-	-	-	3,716,369	-	-	-
Goodwill	-	-	-	456,672	-	-	-
Capital assets							
Land, improvements, and construction in progress	8,855,139	1,020,695	9,875,834	3,564,876	436,774	-	39,534
Other capital assets, net of depreciation	27,128,897	4,382,269	31,511,166	30,314,855	145,555	-	20,559
Total capital assets	35,984,036	5,402,964	41,387,000	33,879,731	582,329	-	60,093
Total Assets	73,938,582	6,750,041	80,688,623	56,393,628	1,505,820	288,071	318,726
DEFERRED OUTFLOWS OF RESOURCES							
	1,531,226	-	1,531,226	-	-	-	-
LIABILITIES							
Accounts payable & accrued liabilities	1,330,629	162,065	1,492,694	8,461,320	419,473	6	-
Accrued interest payable	616,213	-	616,213	-	-	-	-
Long-term liabilities:							
Due within one year							
Bonds payable	3,190,000	-	3,190,000	-	-	-	-
Notes and COPS payable	15,620,252	-	15,620,252	557,956	-	-	-
Financing agreement payable	871,924	-	871,924	-	-	-	-
Compensated absences payable	203,964	3,960	207,924	1,928,011	-	-	-
Due in more than one year							
Bonds payable	35,013,032	-	35,013,032	-	-	-	-
Notes and COPS payable	26,361,017	-	26,361,017	17,139,913	-	-	-
Financing agreement payable	5,465,250	-	5,465,250	-	-	-	-
Accrued landfill closure and postclosure costs	-	8,316,545	8,316,545	-	-	-	-
Compensated absences payable	611,890	11,879	623,769	-	-	-	-
Other postemployment benefits obligation	4,658,725	70,136	4,728,861	-	7,386	-	-
Net pension obligation	621,244	-	621,244	-	-	-	-
Total long-term liabilities	92,617,298	8,402,520	101,019,818	19,625,880	7,386	-	-
Total Liabilities	94,564,140	8,564,585	103,128,725	28,087,200	426,859	6	-
DEFERRED INFLOWS OF RESOURCES							
	70,703	-	70,703	-	-	-	600
NET POSITION							
Net investment in capital assets	17,096,701	5,402,964	22,499,665	17,481,227	582,329	-	60,093
Restricted for:							
Stabilization by State Statute	3,277,427	-	3,277,427	-	-	-	16,908
Register of Deeds	12,618	-	12,618	-	-	-	-
Public Safety	179,841	-	179,841	-	-	-	-
Education	1,072,212	-	1,072,212	-	-	-	-
Community Services	837,938	-	837,938	-	-	-	-
Human Services	3,538,668	-	3,538,668	211,692	-	-	-
Economic and physical development	1,222,231	-	1,222,231	-	-	-	-
Working Capital	-	-	-	-	100,594	-	-
Cemetery Perpetual Care and Maintenance	-	-	-	-	-	-	100,000
Tourism Related Capital Development	-	-	-	-	-	56,081	-
Unrestricted (deficit)	(46,402,671)	(7,217,508)	(53,620,179)	10,613,509	396,038	231,984	141,125
Total Net Position	\$ (19,165,035)	\$ (1,814,544)	\$ (20,979,579)	\$ 28,306,428	\$ 1,078,961	\$ 288,065	\$ 318,126

The notes to the financial statements are an integral part of this statement.

GRANVILLE COUNTY, NORTH CAROLINA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position						
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units			
					Governmental Activities	Business-Type Activities	Total	Granville Medical Center	Granville County ABC Board	Granville County Tourism Development Authority	South Granville Memorial Gardens
Primary Government:											
Governmental Activities:											
General government	\$ 4,405,781	\$ 527,492	\$ 29,930	\$ -	\$ (3,848,359)	\$ -	\$ (3,848,359)				
Public safety	10,655,790	676,055	926,318	-	(9,053,417)	-	(9,053,417)				
Transportation	156,779	-	191,221	-	34,442	-	34,442				
Economic and physical development	476,826	-	58,986	508,364	90,524	-	90,524				
Human services	12,744,738	84,399	6,547,155	-	(6,113,184)	-	(6,113,184)				
Community services	2,746,910	243,873	138,529	498,631	(1,865,877)	-	(1,865,877)				
Education	14,859,485	-	1,000,000	-	(13,859,485)	-	(13,859,485)				
Interest on long-term debt	2,303,425	-	-	-	(2,303,425)	-	(2,303,425)				
Total governmental activities	48,349,734	1,531,819	8,892,139	1,006,995	(36,918,781)	-	(36,918,781)				
Business-type activities:											
Solid Waste	2,046,765	2,325,500	-	-	-	278,735	278,735				
Stormwater	261,089	249,597	24,222	-	-	12,730	12,730				
Total business-type activities	2,307,854	2,575,097	24,222	-	-	291,465	291,465				
Total primary government	\$ 50,657,588	\$ 4,106,916	\$ 8,916,361	\$ 1,006,995	\$ (36,918,781)	\$ 291,465	\$ (36,627,316)				
Component units:											
Granville Medical Center	\$ 56,693,004	\$ 57,626,355	\$ 419,521	\$ 132,873	\$ -	\$ -	\$ -	\$ 1,485,745	\$ -	\$ -	\$ -
Granville County ABC Board	3,308,764	3,387,170	-	-	-	-	-	-	78,406	-	-
Granville County Tourism Development Authority	178,269	-	-	-	-	-	-	-	-	(178,269)	-
South Granville Memorial Gardens	55,301	54,562	-	-	-	-	-	-	-	-	(739)
Total component units	\$ 60,235,338	\$ 61,068,087	\$ 419,521	\$ 132,873	\$ -	\$ -	\$ -	\$ 1,485,745	\$ 78,406	\$ (178,269)	\$ (739)
General revenues:											
Taxes:											
Property taxes, levied for general purpose					\$ 35,899,937	\$ -	\$ 35,899,937	\$ -	\$ -	\$ -	\$ -
Local option sales tax					5,826,915	-	5,826,915	-	-	-	-
Other taxes											
Medicaid hold harmless					1,346,450	-	1,346,450	-	-	-	-
Various other taxes					710,030	-	710,030	-	-	159,513	-
Investment earnings, unrestricted					41,765	1,778	43,543	6,941	512	692	107
Miscellaneous, unrestricted					354,724	104,247	458,971	118,387	21,235	-	-
Total general revenues, special items and transfers					44,179,821	106,025	44,285,846	125,328	21,747	160,205	107
Change in net position					7,261,040	397,490	7,658,530	1,611,073	100,153	(18,064)	(632)
Net position, beginning, previously reported					(26,931,232)	(2,212,034)	(29,143,266)	26,695,355	978,808	306,129	318,758
Restatement					505,157	-	505,157	-	-	-	-
Net position, beginning, restated					(26,426,075)	(2,212,034)	(28,638,109)	26,695,355	978,808	306,129	318,758
Net position, ending					\$ (19,165,035)	\$ (1,814,544)	\$ (20,979,579)	\$ 28,306,428	\$ 1,078,961	\$ 288,065	\$ 318,126

The notes to the financial statements are an integral part of this statement.

**FUND
FINANCIAL STATEMENTS**

GRANVILLE COUNTY, NORTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014

	Major	Nonmajor	
	General	Other	Total
	Fund	Governmental	Governmental
		Funds	Funds
<u>ASSETS</u>			
Cash and cash equivalents	\$ 24,034,454	\$ 1,688,696	\$ 25,723,150
Restricted cash	6,009,986	586,459	6,596,445
Taxes receivable	1,476,717	-	1,476,717
Accounts receivable	3,028,828	30,034	3,058,862
Prepaid items	1,635	34,930	36,565
Due from other funds	218,565	-	218,565
Total Assets	<u>\$ 34,770,185</u>	<u>\$ 2,340,119</u>	<u>\$ 37,110,304</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable & accrued liabilities	\$ 1,061,838	\$ 6,122	\$ 1,067,960
Due to other funds	-	218,565	218,565
Total Liabilities	<u>1,061,838</u>	<u>224,687</u>	<u>1,286,525</u>
Deferred Inflows of Resources:	<u>1,547,420</u>	<u>-</u>	<u>1,547,420</u>
Fund balances:			
Nonspendable:			
Prepaid items	1,635	34,930	36,565
Restricted:			
Stabilization by State Statute	3,247,393	30,034	3,277,427
Register of Deeds	12,618	-	12,618
Human Services	3,538,668	-	3,538,668
Education	1,043,189	29,023	1,072,212
Library	-	837,938	837,938
Public Safety	-	179,841	179,841
Economic and physical development	-	1,222,231	1,222,231
Committed:			
Tax Revaluation	392,987	-	392,987
Public Safety	1,022,524	-	1,022,524
Assigned:			
Subsequent year's expenditures	1,874,511	-	1,874,511
Economic and physical development	548,995	-	548,995
Unassigned:	<u>20,478,407</u>	<u>(218,565)</u>	<u>20,259,842</u>
Total Fund Balances	<u>32,160,927</u>	<u>2,115,432</u>	<u>34,276,359</u>
Total Liabilities and Fund Balances	<u>\$ 34,770,185</u>	<u>\$ 2,340,119</u>	

The notes to the financial statements are an integral part of this statement.

GRANVILLE COUNTY, NORTH CAROLINA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO
THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
JUNE 30, 2014

Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:

Total equity and other credits (Exhibit 4)	\$ 34,276,359
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	35,984,036
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds	1,901,148
Liabilities for deferred inflows of resources reported in the fund statement but not the government-wide	1,476,717
Internal service fund is used by management to charge insurance costs to individual funds; the assets and liabilities of the internal service fund is included in governmental activities in the statement of net position	431,649
Internal receivable representing cost in excess of charges to business-type activities - current year	(1,433)
Long-term liabilities, including bonds payable, accrued interest, pension and other post employment benefits, and compensated absences are not due and payable in the current period and therefore are not reported in the funds	(93,233,511)
Net position of governmental activities (Exhibit 1)	<u>\$ (19,165,035)</u>

**GRANVILLE COUNTY, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014**

	Major	Nonmajor	
	General	Other	Total
	Fund	Governmental	Governmental
	Funds	Funds	Funds
<u>REVENUES</u>			
Ad valorem taxes	\$ 36,071,119	\$ -	\$ 36,071,119
Sales and other taxes	7,706,195	-	7,706,195
Licenses, fees and other revenues	2,150,691	-	2,150,691
Restricted intergovernmental revenues	8,860,057	1,239,814	10,099,871
Investment earnings	41,395	370	41,765
Miscellaneous	215,106	135,540	350,646
	<u>55,044,563</u>	<u>1,375,724</u>	<u>56,420,287</u>
Total Revenues			
<u>EXPENDITURES</u>			
Current			
General government	3,112,460	-	3,112,460
Public safety	9,995,225	272,045	10,267,270
Community Services	3,178,301	10,855	3,189,156
Economic and physical development	-	27,644	27,644
Human services	10,461,480	-	10,461,480
Non-Departmental & Special Areas	4,059,505	-	4,059,505
Capital Outlay	-	2,452,522	2,452,522
Intergovernmental			
Education	14,414,228	445,257	14,859,485
Debt Service			
Principal	5,095,239	91,533	5,186,772
Interest	2,843,167	14,471	2,857,638
	<u>53,159,605</u>	<u>3,314,327</u>	<u>56,473,932</u>
Total Expenditures			
Revenues Over (Under) Expenditures	<u>1,884,958</u>	<u>(1,938,603)</u>	<u>(53,645)</u>

The notes to the financial statements are an integral part of this statement.

GRANVILLE COUNTY, NORTH CAROLINA
COMBINED STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Major</u>	<u>Nonmajor</u>	
	General	Other	Total
	Fund	Governmental	Governmental
	Fund	Funds	Funds
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers from other funds	-	487,105	487,105
Transfers to other funds	(487,105)	-	(487,105)
Total Other Financing Sources (Uses)	<u>(487,105)</u>	<u>487,105</u>	<u>-</u>
Net Change in Fund Balances	1,397,853	(1,451,498)	(53,645)
Fund Balance - July 1	<u>30,763,074</u>	<u>3,566,930</u>	<u>34,330,004</u>
Fund Balance - June 30	<u>\$ 32,160,927</u>	<u>\$ 2,115,432</u>	<u>\$ 34,276,359</u>

The notes to the financial statements are an integral part of this statement.

GRANVILLE COUNTY, NORTH CAROLINA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

Amounts reported for governmental activities in the statement of activities on Exhibit 2 are different because:

Net change in fund balances - total governmental funds (Exhibit 4)	\$ (53,645)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period	2,407,361
Cost of disposed capital asset not recorded in fund statements	(23,710)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	(160,915)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	5,282,101
Internal service funds are used by management to charge the costs of health insurance to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities	389,431
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>(579,583)</u>
Total changes in net position of governmental activities (Exhibit 2)	<u><u>\$ 7,261,040</u></u>

The notes to the financial statements are an integral part of this statement.

GRANVILLE COUNTY, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2014

	General Fund			
	Original Budget	Final Budget	Actual	Variance with Final Positive (Negative)
<u>REVENUES</u>				
Ad valorem taxes	\$ 34,290,469	\$ 34,290,469	\$ 36,071,119	\$ 1,780,650
Sales and other taxes	6,885,958	6,885,958	7,706,195	820,237
Licenses, fees and other revenues	2,034,797	2,074,797	2,150,691	75,894
Restricted intergovernmental revenues	8,109,255	9,187,680	8,860,057	(327,623)
Investment earnings	75,000	75,000	41,395	(33,605)
Miscellaneous	142,000	142,000	215,106	73,106
Total Revenues	51,537,479	52,655,904	55,044,563	2,388,659
<u>EXPENDITURES</u>				
General government	3,123,147	3,387,103	3,112,460	274,643
Public safety	9,513,729	10,186,229	9,995,225	191,004
Community services	3,328,340	4,431,903	3,178,301	1,253,602
Human services	10,872,336	11,437,898	10,461,480	976,418
Non-departmental and special areas	2,365,981	5,684,902	4,059,505	1,625,397
Education	14,397,502	14,415,328	14,414,228	1,100
Contingency	180,000	-	-	-
Debt Service	9,311,446	9,288,325	7,938,406	1,349,919
Total Expenditures	53,092,481	58,831,688	53,159,605	5,672,083
Revenues Over (Under) Expenditures	(1,555,002)	(6,175,784)	1,884,958	8,060,742
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers from other funds	-	45,463	-	(45,463)
Transfers to other funds	(180,000)	(750,000)	(487,105)	262,895
Appropriated Fund Balance	1,735,002	6,880,321	-	(6,880,321)
Total Other Financing Sources (Uses)	1,555,002	6,175,784	(487,105)	(6,662,889)
Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	\$ -	\$ -	1,397,853	\$ 1,397,853
Fund Balance - July 1			30,763,074	
Fund Balance - June 30			\$ 32,160,927	

The notes to the financial statements are an integral part of this statement.

GRANVILLE COUNTY, NORTH CAROLINA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2014

	Enterprise Funds			Internal Service Fund
	Major Fund	Non-major Fund		Non-major Fund
	Solid Waste Management	Stormwater Fund	Total	County Health Plan Fund
ASSETS				
Current Assets:				
Cash and investments	\$ 771,841	\$ 225,475	\$ 997,316	\$ 655,118
Accounts receivable	318,842	29,486	348,328	-
Prepaid items	-	-	-	39,200
Total Current Assets	<u>1,090,683</u>	<u>254,961</u>	<u>\$ 1,345,644</u>	<u>694,318</u>
Noncurrent Assets:				
Capital assets:				
Land, improvements, and construction in progress	1,020,695	-	1,020,695	-
Other capital assets, net of depreciation	4,382,269	-	4,382,269	-
Total Noncurrent Assets	<u>5,402,964</u>	<u>-</u>	<u>5,402,964</u>	<u>-</u>
Total Assets	<u>\$ 6,493,647</u>	<u>\$ 254,961</u>	<u>\$ 6,748,608</u>	<u>\$ 694,318</u>
LIABILITIES AND NET POSITION				
Current Liabilities:				
Accounts Payable	\$ 159,375	\$ 2,690	\$ 162,065	\$ 262,669
Compensated absences payable	3,960	-	3,960	-
Total Current Liabilities	<u>163,335</u>	<u>2,690</u>	<u>166,025</u>	<u>262,669</u>
Noncurrent Liabilities:				
Accrued landfill closure and postclosure care costs	8,316,545	-	8,316,545	-
Other postemployment benefits	70,136	-	70,136	-
Compensated absences payable	11,879	-	11,879	-
Total Noncurrent Liabilities	<u>8,398,560</u>	<u>-</u>	<u>8,398,560</u>	<u>-</u>
Total Liabilities	<u>8,561,895</u>	<u>2,690</u>	<u>8,564,585</u>	<u>262,669</u>
Net Position				
Net investment in capital assets	5,402,964	-	5,402,964	-
Unrestricted	(7,471,212)	252,271	(7,218,941)	431,649
Total Net Position	<u>\$ (2,068,248)</u>	<u>\$ 252,271</u>	<u>(1,815,977)</u>	<u>\$ 431,649</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			<u>1,433</u>	
Net position of business-type activities			<u>\$ (1,814,544)</u>	

The notes to the financial statements are an integral part of this statement.

GRANVILLE COUNTY, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Major Fund	Enterprise Funds Non-major Fund		Internal Service Fund Non-major Fund
	Solid Waste Management	Stormwater Fund	Total	County Health Plan Fund
OPERATING REVENUES				
Restricted intergovernmental revenue	\$ -	\$ 24,222	\$ 24,222	\$ -
Charges for services	2,325,500	249,597	2,575,097	2,573,193
Miscellaneous	-	104,247	104,247	141,234
Total operating revenues	2,325,500	378,066	2,703,566	2,714,427
OPERATING EXPENSES				
Landfill closure and postclosure	(581,280)	-	(581,280)	-
Solid waste operations	1,045,796	-	1,045,796	-
Landfill operations	1,444,424	-	1,444,424	-
Stormwater operations	-	261,089	261,089	-
Depreciation	142,435	-	142,435	-
Health insurance administration	-	-	-	2,320,386
Miscellaneous	-	-	-	-
Total operating expenses	2,051,375	261,089	2,312,464	2,320,386
OPERATING INCOME (LOSS)	274,125	116,977	391,102	394,041
NONOPERATING REVENUES (EXPENSES)				
Interest earned on investments	1,778	-	1,778	-
Total nonoperating revenues (expenses)	1,778	-	1,778	-
INCOME BEFORE TRANSFERS	275,903	116,977	392,880	394,041
Transfers from other funds	-	-	-	-
Transfers to other funds	-	-	-	-
Total Transfers	-	-	-	-
CHANGE IN NET POSITION	275,903	116,977	392,880	394,041
TOTAL NET POSITION-BEGINNING	(2,344,151)	135,294	(2,208,857)	37,608
TOTAL NET POSITION-ENDING	\$ (2,068,248)	\$ 252,271	(1,815,977)	\$ 431,649
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			4,610	
Change in net position of business-type activities			\$ 397,490	

The notes to the financial statements are an integral part of this statement.

GRANVILLE COUNTY, NORTH CAROLINA
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Major Fund Enterprise Fund Solid Waste Management	Non-major Fund Enterprise Fund Stormwater Fund	Total Proprietary Funds	Non-major Fund Internal Service Fund County Health Plan Fund
Cash flows from operating activities:				
Cash received from customers	\$ 2,214,993	\$ 390,207	\$ 2,605,200	\$ 2,840,649
Cash paid for goods and services	(2,334,975)	(278,675)	(2,613,650)	(2,522,084)
Cash paid to employees for services	(188,226)	-	(188,226)	-
Net cash provided by operating activities	(308,208)	111,532	(196,676)	318,565
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(39,202)	-	(39,202)	-
Net cash provided by capital and related financing activities	(39,202)	-	(39,202)	-
Cash flows from investing activities:				
Interest on investments	1,778	-	1,778	-
Net cash provided by investing activities	1,778	-	1,778	-
Net increase in cash and cash equivalents	(345,632)	111,532	(234,100)	318,565
Cash and cash equivalents, July 1	1,117,473	113,943	1,231,416	336,553
Cash and cash equivalents, June 30	\$ 771,841	\$ 225,475	\$ 997,316	\$ 655,118
Reconciliation of operating income to net cash provided by operating activities:				
Operating income (loss)	\$ 274,125	\$ 116,977	\$ 391,102	\$ 394,041
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	142,435	-	142,435	-
Change in assets and liabilities:				
(Increase) decrease in accounts receivable	(110,507)	12,141	(98,366)	126,222
(Increase) decrease in prepaid items	-	-	-	35,853
Increase (decrease) in accounts payable and accrued liabilities	30,560	(17,586)	12,974	(237,551)
Increase (decrease) in other postemployment benefits	9,846	-	9,846	-
Increase (decrease) in compensated absences payable	2,209	-	2,209	-
Increase (decrease) in landfill closure and postclosure costs	(656,876)	-	(656,876)	-
Total adjustments	(582,333)	(5,445)	(587,778)	(75,476)
Net cash provided by operating activities	\$ (308,208)	\$ 111,532	\$ (196,676)	\$ 318,565

The notes to the financial statements are an integral part of this statement.

GRANVILLE COUNTY, NORTH CAROLINA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2014

		Agency Funds
ASSETS		
Cash and investments	\$	243,721
Total Assets	\$	243,721
LIABILITIES AND NET POSITION		
Liabilities:		
Miscellaneous liabilities	\$	243,721
Total Liabilities	\$	243,721

The notes to the financial statements are an integral part of this statement.

**NOTES TO THE BASIC FINANCIAL
STATEMENTS**

**GRANVILLE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

I. Summary of Significant Accounting Policies

The accounting policies of Granville County and its discretely presented component units conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

The County, which is governed by a seven-member board of commissioners, is one of the 100 counties established in North Carolina under North Carolina General Statute 153A-10. As required by generally accepted accounting principles, these financial statements present the County and its component units, legally-separate entities for which the County is financially accountable. Two component units of the County have no financial transactions or account balances; therefore, it is not presented in the basic financial statements. The other four discretely presented component units presented below are reported in a separate column in the County's government-wide financial statements in order to emphasize that they are legally separate from the County.

Discretely Presented Component Units

Granville Medical Center

Granville Medical Center (the "Hospital") is a public hospital. The County appoints the board of trustees for the Hospital. The County has also issued general obligation bonds for improvement of the Hospital's facilities and makes periodic appropriations to the Hospital to defray the costs of indigent care. The Hospital, which has a September 30 year-end, is presented as if it were a proprietary fund.

Granville County ABC Board

The members of the ABC Board's governing board are appointed by the County. The ABC Board is required by State statute to distribute its surpluses to the General Fund of the County. The ABC Board, which has a June 30 year-end, is presented as if it were a proprietary fund.

Granville County Tourism Development Authority

The Granville County Tourism Development Authority (the "Tourism Development Authority") was established on September 18, 2000 by the Granville County Board of Commissioners. The Tourism Development Authority was formed to promote the use and development of Granville County recreational, historic, and tourism resources. Under the authority of HB 2218, and by resolution of the Granville County Board of Commissioners, Granville County shall on a quarterly basis, remit the net proceeds of the 6% occupancy tax to the Granville County Tourism Development Authority. The Tourism Development Authority is governed by a seven-member Board of Directors, four of whom are appointed by the Granville County Board of Commissioners, one selected by the Oxford City Council, one selected by the Butner City Council, and one selected by the Creedmoor City Council. The Granville County Tourism Development Authority, which has a June 30 year-end, is presented as if it were a governmental fund.

South Granville Memorial Gardens

The South Granville Memorial Gardens (the "Memorial Gardens") was established on June 3, 1996 by the Granville County Board of Commissioners. This association accounts for the activities of the South Granville Memorial Gardens Cemetery and provides perpetual care for the historical cemeteries located in the Butner reservation. South Granville Memorial Gardens is governed by a seven-member Board of Trustees, all of

**GRANVILLE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

whom are appointed by the Granville County Board of Commissioners. Granville County appoints the voting majority of the Board and is able to impose its will on the Organization. The South Granville Memorial Gardens, which has a June 30 year-end, is presented as if it were a governmental fund.

Granville County Industrial Facility and Pollution Control Financing Authority

Granville County Industrial Facility and Pollution Control Financing Authority (the “Authority”) exists to issue and service revenue bond debt of private businesses for economic development purposes. The Authority is governed by a seven-member board of commissioners, all of whom are appointed by the County Commissioners. The County can remove any commissioner of the Authority with or without cause. At June 30, 2014, the Authority had outstanding revenue bonds in the amount of \$1,200,000. The Authority has no financial transactions or account balances; therefore, it is not presented in the combined financial statements. The Authority does not issue separate financial statements.

Granville County Public Facilities Company

Granville County Public Facilities Company (the “Company”) exists to assist the County in the financing of capital projects. The Company is governed by a three to nine-member board of commissioners, all of whom are appointed by the County Commissioners. The County can remove any commissioner of the Company with or without cause. The Company has no financial transactions or account balances; therefore, it is not presented in the combined financial statements. The Company does not issue separate financial statements.

Complete financial statements for each of the individual component units may be obtained at the administrative offices of those entities.

Granville Medical Center
1010 College Street
Oxford, North Carolina 27565

Granville County ABC Board
111 New College Street
Oxford, North Carolina 27565

Granville County Tourism Development Authority
Post Office Box 1286
Oxford, North Carolina 27565

South Granville Memorial Gardens
Post Office Box 1286
Oxford, North Carolina 27565

B. Basis of Presentation, Basis of Accounting

Basis of Presentation, Measurement Focus – Basis of Accounting

Government-wide Statements: The statement of net position and the statement of activities display information about the primary government net position (the County) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the County. Governmental activities

**GRANVILLE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the County and for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the County's funds, including its fiduciary funds and blended component units. Separate statements for each fund category – *governmental, proprietary, and fiduciary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each of which is displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies, result from non-exchange transactions. Other non-operating items such as investment earnings are ancillary activities.

The County reports the following major governmental funds:

General Fund. This fund is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The Revaluation Fund is a legally budgeted fund under North Carolina General Statutes; however, for statement presentation in accordance with GASB Statement No. 54 it is consolidated in the General Fund.

The County reports the following major enterprise fund:

Solid Waste Management Fund. This fund accounts for the operation, maintenance, and development of various landfills and disposal sites.

The County reports the following internal service fund:

County Health Plan Fund – This fund is used to account for the accumulation and allocation of costs associated with the County's self-insured group health insured program.

The County reports the following fund type:

Agency Funds – Agency funds are custodial in nature and do not involve the measurement of operating results. Agency funds are used to account for assets the County holds on behalf of others. The County maintains the following agency funds: the Social Services Fund, which accounts for moneys deposited with the Department of Social Services for the benefit of certain individuals; the DMV Interest Fund, which accounts for the three percent interest on the first month of delinquent motor vehicle taxes that the County is required to remit to the North Carolina Department of Motor Vehicles; the Inmate Trust Fund, which accounts for moneys deposited with the County for the benefit of certain inmates; the Sheriff's Evidence, Execution and Special Fund, which accounts for moneys deposited with the Sheriff; and the Granville County Tourism Development Authority Fund.

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Non-major Funds – The County maintains seven legally budgeted funds. The Emergency Telephone System Fund, CDBG Fund, and R. H. Thornton Library Memorial Fund are reported as non-major special revenue funds. The Expo and Conference Center Fund, Granville Greenway Project Fund, Library Expansion/Renovation Fund, 2010 Southern Elementary School Project Fund, and GCHS Expansion Fund are reported as capital projects funds.

C. Measurement Focus and Basis of Accounting

In accordance with North Carolina General Statutes, all funds of the County are maintained during the year using the modified accrual basis of accounting.

Government-wide, Proprietary and Fiduciary Fund Financial Statements. The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus, except for the agency funds, which have no measurement focus. The government-wide, proprietary fund, and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The County considers all revenues available if they are collected within 60 days after year-end, except for property taxes. Ad valorem property taxes are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. As of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on all registered motor vehicles on behalf of all municipalities.

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and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

Sales taxes and certain intergovernmental revenues, such as the utilities franchise tax, collected and held by the State at year-end on behalf of the County are recognized as revenue. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

D. Budgetary Data

The County's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, Emergency Telephone System Fund, R. H. Thornton Library Fund and all Enterprise Funds. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the Expo and Conference Center Fund, CDBG Fund, Granville Greenway Project Fund, Library Expansion/Renovation Fund, 2010 Southern Elementary School Project Fund, and GCHS Expansion Fund.

All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the departmental level for the general fund and at the functional level for the special revenue funds, enterprise funds, and capital projects funds. The County Manager is authorized by the budget ordinance to transfer appropriations between departments (or function levels, as applicable) within a fund up to \$1,000 temporarily subject to subsequent Board approval; however, any revisions that alter the total expenditures of any fund or that change functional appropriations by any amount must be approved by the governing board. During the year, several immaterial amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

E. Assets, Liabilities, Deferred Inflows and Outflows of Resources, and Fund Equity

1. Deposits and Investments

All deposits of the County, Granville Medical Center, Granville County ABC Board, Granville County Tourism Development Authority, and South Granville Memorial Gardens are made in board-designated official depositories and are secured as required by G. S. 159-31. The County, the Hospital, the ABC Board, the Tourism Development Authority, and the Memorial Gardens may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the County, the Hospital, the ABC Board, the Tourism Development Authority, and the Memorial Gardens may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

State Law [G.S. 159-30(c)] authorizes the County, the Hospital, the ABC Board, the Tourism Development Authority, and the Memorial Gardens to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the

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State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust (NCCMT).

The County, the Hospital, the ABC Board, the Tourism Development Authority, and the Memorial Garden's investments with a maturity of more than one year at acquisition and non-money market investments are carried at fair value as determined by quoted market prices. The securities of the NCCMT Cash Portfolio, a SEC-registered (2a-7) money market mutual fund, are valued at fair value, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value.

2. Cash and Cash Equivalents

The County pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents. Granville Medical Center, the ABC Board, the Tourism Development Authority, and the Memorial Gardens consider demand deposits and investments purchased with an original maturity of three months or less, which are not limited as to use, to be cash and cash equivalents.

3. Restricted Assets

The unexpended debt proceeds are classified as restricted assets in the capital projects funds because their use is completely restricted to the purpose for which the debt was originally issued. Money in the Tax Revaluation Fund is classified as restricted assets because its use is restricted per North Carolina General Statute 153A-150.

<u>Granville County Restricted Cash</u>	
<u>Governmental Activities</u>	
General Fund	Tax Revaluation \$ 392,987
General Fund	Register of Deeds 12,618
General Fund	Human Services 3,538,668
General Fund	Education 1,043,189
General Fund	Public Safety 1,022,524
Library Expansion/ Renovation Fund	Unexpended Bond Proceeds 557,436
2010 Southern Elementary School Project Fund	Unexpended Bond Proceeds 29,023
Total Governmental Activities	<u>6,596,445</u>
Total Restricted Cash	<u>\$ 6,596,445</u>

4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the County levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, penalties and interest do not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2013. As allowed by State law, the County has established a schedule of discounts that apply to taxes that paid prior to the due date. In the County's General Fund, ad valorem tax revenues are reported net of such discounts.

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5. Allowance for Doubtful Accounts

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. This amount is estimated by analyzing the percentage of receivables that were written off in prior years.

6. Inventory and Prepaid Items

The inventories of the Hospital, the ABC Board, and the Memorial Gardens are valued at cost (first-in, first-out), which approximates market. The inventory of the Hospital, the ABC Board, and the Memorial Gardens consist of materials and supplies held for consumption or resale. The cost of the inventory carried in the Hospital, the ABC Board, and the Memorial Gardens is recorded as an expense as it is consumed or sold.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

7. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. Minimum capitalization costs are as follows: land, \$5,000; Buildings, improvements, substations, lines, and other plant and distribution systems, \$5,000; infrastructure, \$5,000; equipment and furniture, \$5,000; vehicles and motorized equipment, \$5,000. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital Assets of the County are depreciated on a straight-line basis over the following estimated useful lives:

	<u>Useful Life</u>
Buildings	40 years
Improvements	25 years
Furniture and equipment	10 years
Vehicles	5 years
Computer equipment	5 years
Software	5 years

Property, plant, and equipment in the proprietary funds of the County and those of the Hospital and the ABC Board are recorded at original cost at the time of acquisition. Property, plant, and equipment donated to these proprietary fund type operations are recorded at the estimated fair market value at the date of donation. Any interest incurred during the construction phase of proprietary fund type capital assets is reflected in the capitalized value of the asset constructed.

Proprietary fund assets of the County are depreciated on a class life basis as follows:

	<u>Useful Life</u>
Water and sewer distribution assets	20-40 years
Furniture and office equipment	5 years
Maintenance and construction equipment	7 years
Land improvements	15 years

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Capital assets of the ABC Board are depreciated over their useful lives on a straight-line basis as follows:

	<u>Useful Life</u>
Buildings	20 years
Furniture/equipment	5-10 years
Vehicles	6 years
Computers, etc.	3 years
Land Improvements	15 years

For the Hospital, depreciation is computed by the straight-line method over the estimated useful lives of each class of depreciable assets. Equipment under capital leases is amortized on the straight-line method over the shorter period of the lease term or the estimated useful life of the equipment. Such amortization is included in depreciation and amortization in the financial statements.

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflow of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The County has one item that meets this criterion – a charge on refunding that had previously been classified as an asset.

In addition to liabilities, the statement of financial position can also report a separate section for deferred inflows or resources. This separate financial statement element, Deferred Inflows of Resources, represents an acquisition of net position that applies to a future period and so will be recognized as revenue until then. The County has only one item that meets the criterion for this category – prepaid taxes.

9. Long-Term Obligations

In the government-wide financial statements and in the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities on the statements of net position.

In the fund financial statements for governmental fund types, the face amount of debt issued is reported as other financing sources.

10. Compensated Absences

The vacation policies of the County, the Hospital, and the ABC Board provide for the accumulation of up to thirty days earned vacation leave with such leave being fully vested when earned. An expense and a liability for compensated absences and the salary-related payments are recorded as leave is earned in the County's government-wide and proprietary fund, and Hospital statements. The County's liability for accumulated earned vacation and the salary-related payments as of June 30, 2014 is recorded in the government-wide and proprietary fund financial statements on a LIFO basis. Employees typically take leave as it is earned and the current portion is estimated.

The sick leave policies of the County, the Hospital, and the ABC Board provide for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit

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purposes. Since neither the County, the Hospital nor the ABC board has any obligation for accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

11. Net Position/Fund Balances

Net Position

Net position in government-wide and proprietary fund financial statements are classified as net investment in capital assets, restricted, and unrestricted. Restricted net position represents constraints on resources that are either a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments b) or imposed by law through state statute.

Fund Balances

In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

The governmental fund types classify fund balances as follows:

Nonspendable Fund Balance-This classification include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Prepaid items-portion of fund balance that is not an available resource because it represents the year-end balance of prepaids, which are not spendable resources.

Restricted Fund Balance-This classification includes revenue sources that are restricted to specific purposes externally imposed by creditors or imposed by law.

Restricted for Stabilization by State Statute-portion of fund balance that is restricted by State Statute [G.S. 159-8(a)].

Restricted for Register of Deeds-portion of fund balance that is restricted by revenue source to pay for the computer equipment and imaging technology for the Register of Deeds office.

Restricted for Public Safety-portion of fund balance that is restricted for Emergency Telephone System purposes

Restricted for Education-portion of fund balance that is restricted by debt proceeds obtained to pay for school capital outlay.

Restricted for Community Services-portion of fund balance that is restricted for use for recreational and library purposes.

Restricted for Human Services-portion of fund balance that is restricted by debt proceeds obtained to pay for Granville Medical Center capital outlay.

Restricted for Economic and Physical Development-portion of fund balance that is restricted for use for economic and physical development.

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Committed Fund Balance-Portion of fund balance that can only be used for specific purpose imposed by resolution of the County's Board of Commissioners (highest level of decision-making authority). Any changes or removal of specific purposes requires resolution by the Board of Commissioners.

Committed for Tax Revaluation-portion of fund balance that can only be used for Tax Revaluation.

Committed for Public Safety-portion of fund balance that can only be used for Public Safety purposes.

Assigned Fund Balance-portion of fund balance that the County's governing board has budgeted.

Assigned for Subsequent year's expenditures-portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed.

Assigned for Economic and physical development-portion of fund balance that has been budgeted by the board for the economic development incentives for various businesses.

Unassigned Fund Balance-Portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds.

Granville County has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: bond proceeds, federal funds, State funds, local non-city funds, and county funds. For purposes of fund balance classification expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance and lastly unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it's in the best interest of the County.

The County will strive to maintain Unassigned General Fund Balance, as defined by the Governmental Accounting Standards Board, at the close of each fiscal year equal to 35% of General Fund Expenditures. At no time shall the County's Unassigned Fund Balance fall below 30% of General Fund Expenditures. Unassigned Fund Balance in excess of the targeted 35% of General Fund Expenditures may be appropriated from time to time for pay-as-you-go capital and other one-time uses.

The County Board may, from time-to-time, utilize fund balances that will reduce Unassigned Fund Balance below the 30% policy floor for the purposes of a declared fiscal emergency or other such global purpose as to protect or enhance the long-term fiscal security of Granville County. In such circumstances, the Board will adopt a plan to restore the Unassigned Fund Balance to the policy level within 36 months. If restoration cannot be accomplished within such time period without severe hardship to the County, then the Board will establish a different but appropriate time period.

F. Reconciliation of Government-Wide and Fund Financial Statements

1. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position

The governmental fund balance sheet includes reconciliation between fund balance-total governmental funds and net position for governmental activities as reported in the government-wide statement of net position. The net adjustment of \$ (53,441,394) consists of the following:

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<u>Description</u>	<u>Amount</u>
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds (total capital assets on government-wide statement in governmental activities column)	\$ 49,220,444
Less Accumulated Depreciation	<u>(13,236,408)</u>
Net capital assets	<u>35,984,036</u>
Accrued interest receivable less the amount claimed as unearned revenue in the government-wide statements as these funds are not available and therefore deferred in the fund statements.	369,922
Deferred charges related to advance refunding bond issued – included on government-wide statements as these funds are not available and therefore deferred in the fund statements	1,531,226
Internal service fund is used by management to charge insurance costs to individual funds; the assets and liabilities of the internal service fund is included in governmental activities in the statement of net position	431,649
Internal receivable representing cost in excess of charges to business-type activities-current year	(1,433)
Liabilities for revenue deferred but earned and therefore recorded in the fund statements but not the government-wide	1,476,717
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not recorded in the fund statements:	
Bonds, financing agreements, COPS and installments	(83,993,443)
Compensated absences	(815,854)
Other postemployment benefits	(4,658,725)
Net pension obligation	(621,244)
Premium on bonds	(2,528,032)
Accrued interest payable	<u>(616,213)</u>
Total adjustment	<u>\$ (53,441,394)</u>

2. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balance and the government-wide statement of activities

The government fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between net changes in fund balances for the governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. The total adjustment of \$ 7,314,685 is comprised of the following:

<u>Description</u>	<u>Amount</u>
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 3,619,601

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Cost of disposed capital asset not recorded in the fund statements	(23,710)
Depreciation expense, the allocation of those assets over their useful lives, that is recorded on the statement of activities but not in the fund statements	(1,212,240)
Principal payments on debt owed are recorded as a use of funds on the fund statements but again affect only the statement of net position in the government-wide statements	5,040,015
Amortization on deferred premium payments on debt that is recorded in the statement of activities but not in the fund statements	242,086
Internal service funds are used by management to charge the costs of health insurance to individual funds. The net revenue of certain activities of internal service fund is reported with governmental activities	
Change in net position of the internal service funds	394,041
Less: Profit from charges to business-type activities	<u>(4,610)</u>
Net adjustment	389,431
Expenses reported in the statement of activities that do not require the use of current resources to pay are not recorded as expenditures in the fund statements	
-Amortization on deferred charges-refunding costs that is recorded in the statement of activities but not in the fund statements	(164,025)
-Difference in interest expense between fund statements (modified accrual) and government-wide statements (full accrual)	21,145
-Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	16,973
-Net pension obligation is accrued in the government-wide statements but not in the fund statements because they do not use current resources	(49,217)
-Other postemployment benefits are accrued in the government-wide statements but not in the fund statements because they do not use current resources	(404,459)
Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements	
-Fair value of assets donated that is not recorded in the fund statements but is recorded in the government-wide statements	10,267
-Reversal of deferred tax revenue recorded at 7-1-13	(1,788,647)
-Recording of tax receipts deferred in the fund statements as of 6-30-14	1,476,717
-Increase in accrued taxes receivable for year ended 6-30-14	<u>140,748</u>
Total adjustment	<u>\$ 7,314,685</u>

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II. Stewardship, Compliance, and Accountability

a. Deficit Fund Balance or Net Position of Individual Funds

In Exhibit C-1, the Granville Greenway Project Fund and the GCHS Expansion Fund had deficit fund balances in the amounts of \$218,565 and \$445,257, respectively. These deficit fund balances resulted from incurring expenses prior to receipt of grant or bond funding.

b. Excess of Expenditures over Appropriations

For the fiscal year ended June 30, 2014, the expenditures made in the County Health Plan Fund exceeded the authorized appropriations made by the governing board for \$156,375. These expenditures will be monitored more closely in the future to ensure budget amendments are made timely for additional expenditures.

III. Detail Notes on All Funds

a. Assets

1. Deposits

All of the County's, the Hospital's, the ABC Board's, the Tourism Development Authority's, and the Memorial Gardens' deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the County's, the Hospital's, the ABC Board's, the Tourism Development Authority's, or the Memorial Gardens' agents in these units' names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the County, the Hospital, the ABC Board, the Tourism Development Authority, and the Memorial Gardens, these deposits are considered to be held by their agents in the entities' names. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the County, the Hospital, the ABC Board, the Tourism Development Authority, or the Memorial Gardens, or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County, the Hospital, the ABC Board, the Tourism Development Authority, or the Memorial Gardens under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method.

The County, the Hospital, the ABC Board, the Tourism Development Authority and the Memorial Gardens have no formal policies regarding custodial credit risk for deposits.

At June 30, 2014, the County's deposits had a carrying amount of \$21,856,007 and a bank balance of \$22,115,046. Of the bank balance, \$1,250,000 was covered by federal depository insurance, and \$20,865,046 in interest bearing deposits was covered by collateral held under the Pooling Method.

At June 30, 2014, Granville County had \$1,725 cash on hand.

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At June 30, 2014, the carrying amount of deposits for Granville County ABC Board was \$745,816 and the bank balance was \$829,837. Of the bank balance, \$272,636 was covered by federal depository insurance, and \$550,974 was covered by collateral held by authorized escrow agents in the name of the State Treasurer. The ABC Board had \$2,425 cash on hand.

At September 30, 2013, the Hospital's deposits had a carrying amount of \$5,417,385 and a bank balance of \$6,486,373. Of the bank balance, \$900,995 was covered by federal depository insurance and \$5,557,265 was covered by collateral held under the Pooling method. The Hospital also had cash on hand at September 30, 2013, in the amount of \$2,553.

At June 30, 2014, the Tourism Development Authority had a carrying amount of \$288,071 and a bank balance of \$288,071. Of the bank balance, \$250,000 was covered by the federal depository insurance and the balance was covered by collateral held under the pooling method.

At June 30, 2014, the Memorial Gardens had a carrying amount of \$139,957 and a bank balance of \$137,875. All of the bank balance was covered by federal depository insurance.

2. Investments

At June 30, 2014, the County's investments consisted of \$10,035,464 in the North Carolina Capital Management Trust's Cash Portfolio and \$2,322,554 in the North Carolina Capital Management Trust's Term Portfolio. The North Carolina Capital Management Trust's Cash Portfolio carried a credit rating of AAAm by Standard and Poor's. The North Carolina Capital Management Trust's Term Portfolio is not rated. The County has no policy on credit risk.

At June 30, 2014, South Granville Memorial Gardens' investments consisted of \$100,103 in the North Carolina Capital Management Trust's Term Portfolio. The North Carolina Capital Management Trust's Term Portfolio carried a credit rating of AAAm by Standard and Poor's. South Granville Memorial Gardens has no policy on credit risk.

3. Property Tax -Use-Value Assessment on Certain Lands

In accordance with the general statutes, agriculture, horticulture, and forestland may be taxed by the County at present-use value as opposed to market value. When the property loses its eligibility for use-value taxation, the property tax is recomputed at market value for the current year and the three preceding fiscal years, along with the accrued interest from the original due date. This tax is immediately due and payable. The following are property taxes that could become due if present use-value eligibility is lost. These amounts have not been recorded in the financial statements.

<u>Year Levied</u>	<u>Tax</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 2,470,291	\$ 142,043	\$ 2,612,334
2012	2,506,304	144,114	2,650,418
2013	2,543,833	146,265	2,690,098
2014	<u>2,661,932</u>	<u>-</u>	<u>2,661,932</u>
Totals	<u>\$ 10,182,360</u>	<u>\$ 432,422</u>	<u>\$ 10,614,782</u>

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4. Receivables

Receivables at the government-wide level at June 30, 2014, were as follows:

	<u>Accounts</u>	<u>Taxes and Accrued Interest</u>	<u>Due from other governments</u>	<u>Total</u>
Governmental Activities:				
General Fund	\$ 1,851,531	\$ 1,996,639	\$ 1,177,297	\$ 5,025,467
Other Governmental Funds	30,034	-	-	30,034
Allowance for doubtful accounts	-	(150,000)	-	(150,000)
Total governmental activities	<u>\$ 1,881,565</u>	<u>\$ 1,846,639</u>	<u>\$ 1,177,297</u>	<u>\$ 4,905,501</u>
Business-type Activities:				
Solid Waste Management	\$ 290,475	\$ -	\$ 28,367	\$ 318,842
Stormwater Fund	29,486	-	-	29,486
Total business-type activities	<u>\$ 319,961</u>	<u>\$ -</u>	<u>\$ 28,367</u>	<u>\$ 348,328</u>

Due from other governments that is owed to the County consists of the following:

Local option sales tax	\$ 1,000,805
Sales tax refund receivable	176,492
White goods tax	4,364
Scrap tire disposal tax	17,770
Solid waste tax distribution	6,233
Total	<u>\$ 1,205,664</u>

5. Capital Assets

Capital asset activity for the year ended June 30, 2014, was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 7,661,689	\$ 40,162	\$ -	\$ 7,701,851
Construction in Progress	<u>9,853,233</u>	<u>3,034,270</u>	<u>(11,734,215)</u>	<u>1,153,288</u>
Total capital assets not being depreciated	<u>17,514,922</u>	<u>3,074,432</u>	<u>(11,734,215)</u>	<u>8,855,139</u>
Capital assets being depreciated:				
Buildings	17,031,753	10,267	-	17,042,020
Improvements other than building	5,870,495	11,734,215	-	17,604,710
Machinery and Equipment	<u>5,285,487</u>	<u>545,169</u>	<u>(112,082)</u>	<u>5,718,574</u>
Total capital assets being depreciated	<u>28,187,735</u>	<u>12,289,651</u>	<u>(112,082)</u>	<u>40,365,304</u>
Less accumulated depreciation for:				
Buildings	7,471,326	438,099	-	7,909,425
Improvements other than building	1,230,872	243,075	-	1,473,947
Machinery and Equipment	<u>3,410,342</u>	<u>531,066</u>	<u>(88,373)</u>	<u>3,853,035</u>
Total accumulated depreciation	<u>12,112,540</u>	<u>\$ 1,212,240</u>	<u>\$ (88,373)</u>	<u>13,236,407</u>
Total capital assets being depreciated, net	<u>16,075,196</u>			<u>27,128,897</u>
Governmental activity capital assets, net	<u>\$ 33,590,118</u>			<u>\$ 35,984,036</u>

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Depreciation expense was charged to functions/programs of the primary government as follows:

General government	\$ 247,024
Public safety	681,994
Human services	99,467
Community services	81,686
Cultural and Recreational	97,517
Economic development	<u>4,552</u>
Total depreciation expense	<u>\$ 1,212,240</u>

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 1,020,695	\$ -	\$ -	\$ 1,020,695
Construction in progress	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total capital assets not being depreciated	<u>1,020,695</u>	<u>-</u>	<u>-</u>	<u>1,020,695</u>
Capital assets being depreciated:				
Buildings	39,017	-	-	39,017
Improvements other than buildings	4,478,394	-	-	4,478,394
Fixtures & Equipment	-	39,202	-	39,202
Machinery and equipment	<u>364,690</u>	<u>-</u>	<u>-</u>	<u>364,690</u>
Total capital assets being depreciated	<u>4,882,101</u>	<u>39,202</u>	<u>-</u>	<u>4,921,303</u>
Less accumulated depreciation for:				
Buildings	11,203	2,202	-	13,405
Improvements other than buildings	110,141	113,067	-	223,208
Fixtures & Equipment	-	1,742	-	1,742
Machinery and equipment	<u>275,255</u>	<u>25,424</u>	<u>-</u>	<u>300,679</u>
Total accumulated depreciation	<u>396,599</u>	<u>\$ 142,435</u>	<u>\$ -</u>	<u>539,034</u>
Total capital assets being depreciated, net	<u>4,485,502</u>			<u>4,382,269</u>
Business-type activities capital assets, net	<u>\$ 5,506,197</u>			<u>\$ 5,402,964</u>

Activity for the ABC Board for the year ended June 30, 2014, was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Capital assets not being depreciated:				
Land	\$ 110,877	\$ 325,897	\$ -	\$ 436,774
Capital assets being depreciated:				
Buildings	188,672	25,885	-	214,557
Furniture and equipment	52,153	3,629	-	55,782
Vehicles	23,208	-	-	23,208
Computers & software	65,021	-	-	65,021
Land improvements	<u>32,592</u>	<u>-</u>	<u>-</u>	<u>32,592</u>
Total capital assets being depreciated	<u>361,646</u>	<u>29,514</u>	<u>370,327</u>	<u>391,160</u>
Less accumulated depreciation for:				
Buildings	86,867	4,537	-	91,404
Furniture and equipment	42,389	3,639	-	46,028
Vehicles	23,208	-	-	23,208
Computers & software	45,276	7,688	-	52,964
Land improvements	<u>31,728</u>	<u>273</u>	<u>-</u>	<u>32,001</u>
Total capital assets being depreciated	<u>132,178</u>	<u>\$ 16,137</u>	<u>\$ -</u>	<u>145,555</u>
ABC Board capital assets, net	<u>\$ 243,055</u>			<u>\$ 582,329</u>

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Activity for Granville Medical Center for the year ended September 30, 2013, was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Capital assets not being depreciated:				
Land	\$ 1,790,207	\$ -	\$ -	\$ 1,790,207
Construction in Progress	<u>11,686,726</u>	<u>8,058,113</u>	<u>17,970,170</u>	<u>1,774,669</u>
Total capital assets not being depreciated	<u>13,476,933</u>	<u>8,058,113</u>	<u>17,970,170</u>	<u>3,564,876</u>
Capital assets being depreciated:				
Buildings	19,812,598	8,701,123	22,788	28,490,933
Capitalized interest	99,640	82,188	-	181,828
Land Improvements	1,011,869	640,103	-	1,651,972
Equipment and fixtures	<u>19,256,823</u>	<u>9,839,957</u>	<u>347,539</u>	<u>28,749,241</u>
Total capital assets being depreciated	<u>40,180,930</u>	<u>19,263,371</u>	<u>370,327</u>	<u>59,073,974</u>
Less accumulated depreciation for:				
Buildings	10,521,096	691,300	22,788	11,189,608
Land Improvements	917,758	24,941	-	942,699
Equipment and fixtures	<u>15,623,632</u>	<u>1,344,888</u>	<u>341,708</u>	<u>16,626,812</u>
Total accumulated depreciation	<u>27,062,486</u>	<u>\$2,061,129</u>	<u>\$ 364,496</u>	<u>28,759,119</u>
Total capital assets being depreciated, net	<u>53,657,863</u>			<u>30,314,855</u>
Business-type activities capital assets, net	<u>\$ 26,595,377</u>			<u>\$ 33,879,731</u>

b. Liabilities

1. Payables

Payables at the government-wide level at June 30, 2014, were as follows:

	<u>Vendors</u>	<u>Accrued Interest</u>	<u>Total</u>
Governmental Activities:			
General Fund	\$ 1,324,507	\$ 616,213	\$ 1,940,720
Other Governmental Funds	<u>6,122</u>	<u>-</u>	<u>6,122</u>
Total-governmental activities	<u>\$ 1,330,629</u>	<u>\$ 616,213</u>	<u>\$ 1,946,842</u>
Business-type Activities:			
Solid Waste Management	\$ 159,375	\$ -	\$ 159,375
Stormwater Fund	<u>2,690</u>	<u>-</u>	<u>2,690</u>
Total-business-type activities	<u>\$ 162,065</u>	<u>\$ -</u>	<u>\$ 162,065</u>

2. Pension Plan and Other Postemployment Obligations

a. Local Governmental Employees' Retirement System

Plan Description – Granville County and the ABC Board contribute to the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS provides retirement and disability benefits to plan members and beneficiaries. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial

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statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy – Plan members are required to contribute six percent of their annual covered salary. The County and the ABC Board are required to contribute at an actuarially determined rate. For the County, the current rate for employees not engaged in law enforcement and for law enforcement officers is 7.07% and 7.55%, respectively, of annual covered payroll. For the ABC Board, the current rate for employees not engaged in law enforcement is 6.74% of annual covered payroll. The contribution requirements of members and of Granville County and the ABC Board are established and may be amended by the North Carolina General Assembly. The County's contributions to LGERS for the years ended June 30, 2012, 2013 and 2014 were \$741,057, \$735,352, and \$609,516, respectively. The ABC Board's contributions to LGERS for the years ended June 30, 2012, 2013 and 2014 were \$14,133, \$13,337, and \$12,479, respectively. The contributions made by the County and the ABC Board equaled the required contributions for each year.

b. Law Enforcement Officer's Special Separation Allowance

1. Plan Description

Granville County administers a public employee retirement system (*the Separation Allowance*), a single-employer defined benefit pension plan that provides retirement benefits to the County's qualified sworn law enforcement officers. The Separation Allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The County chooses to fund this plan on a pay-as-you-go basis. Actuarial valuations are obtained to help the County plan for the future needs of the retirement plan. There is no separate, audited GAAP-basis plan report available for the special separation allowance.

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2013, the Separation Allowance's membership consisted of:

Retirees receiving benefits	1
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>54</u>
Total	<u>55</u>

2. Summary of Significant Accounting Policies:

Basis of Accounting –Employer contributions to the plan are recognized on an actuarial basis and a provision for future payments is recognized as part of long-term debt. See footnote on page 72.

3. Contributions

The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned by making

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contributions based on actuarial valuations. A copy of the actuarial valuation report is available from the Finance Department. For the current year, there were no contributions made by the County or by its employees. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings.

The annual required contribution for the current year was determined as part of the December 31, 2013 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 5.00% investment rate of return (net of administrative expenses) and (b) projected salary increases of 4.25-7.85% per year. Both (a) and (b) included an inflation component of 3.00%. The assumptions did not include postretirement benefit increases. The actuarial value of assets was determined using the market value of investments. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll dollars on a closed basis. The remaining amortization period at December 31, 2013, was 18 years.

<u>Three-Year Trend Information</u>			
<u>Fiscal</u> <u>Year Ended</u>	<u>Annual Pension</u> <u>Cost (APC)</u>	<u>Percentage of</u> <u>APC Contributed</u>	<u>Net Pension</u> <u>Obligation</u>
6/30/12	\$ 74,586	52.69%	\$ 491,633
6/30/13	80,394	0.00%	572,027
6/30/14	\$ 72,448	32.07%	\$ 621,244

Annual Pension Cost and Net Pension Obligation for Fiscal Year Ending 6/30/14

Employer annual required contribution	\$ 90,452
Interest on net pension obligation	25,601
Adjustment to annual required contribution	<u>(46,605)</u>
Annual pension cost	72,448
Employer contributions made for fiscal year ending 06/30/14	<u>23,231</u>
Increase (decrease) in net pension obligation	49,217
Net pension obligation beginning of fiscal year	<u>572,027</u>
Net pension obligation end of fiscal year	<u>\$ 621,244</u>

4. Funded Status and Funding Process:

As of December 31, 2013, the most recent actuarial valuation date, the plan was 0.0 percent funded. The actuarial accrued liability for benefits was \$686,884, and the actuarial value of assets was \$0.00, resulting in an unfunded actuarial accrued liability (UAAL) of \$762,821. The covered payroll (annual payroll of active employees covered by the plan) was \$2,396,991 and the ratio of the UAAL to the covered payroll was 31.82 percent.

The schedule of funding process, present as required supplementary information following the notes to the financial statements, present multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

c. Supplemental Retirement Income Plan for Law Enforcement Officers

Plan Description – The County contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the

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County. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The supplemental Retirement Income Plan for Law Enforcement Officers is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy – Article 12E of G.S. Chapter 143 requires the County to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2014, were \$149,497, which consisted of \$121,789 from the County and \$27,708 from the law enforcement officers.

d. Registers of Deeds' Supplemental Pension Fund

Plan Description – Granville County also contributes to the Registers of Deeds' Supplemental Pension Fund (Fund), a noncontributory, defined contribution plan administered by the North Carolina Department of State Treasurer. The Fund provides supplemental pension benefits to any eligible county register of deeds that is retired under the Local Government Employees' Retirement System (LGERS) or an equivalent locally sponsored plan. Article 3 of G.S. Chapter 161 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Registers of Deeds' Supplemental Pension Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for the Registers of Deeds' Supplemental Pension Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy – On a monthly basis, the County remits to the Department of State Treasurer an amount equal to one and one-half percent (1.5%) of the monthly receipts collected pursuant to Article 3 of G.S. 161. Immediately following January 1 of each year, the Department of State Treasurer divides ninety-three percent (93%) of the amount in the Fund at the end of the preceding calendar year into equal shares to be disbursed as monthly benefits. The remaining seven percent (7%) of the Fund's assets may be used by the State Treasurer in administering the Fund. For the fiscal year ended June 30, 2014, the County's required and actual contributions were \$3,734.

e. Other Postemployment Benefits

Healthcare Benefits

Plan Description –Under the terms of a County ordinance, the County administers a single-employer defined benefit Healthcare Benefits Plan (HCB Plan). As of October 21, 1996, this plan provides postemployment healthcare benefits to retirees of the County, provided they have at least twenty years of creditable service with the County. The County pays the full cost of coverage for these benefits through private insurers. Also, the County's retirees can continue to purchase coverage for their dependents at the County's group rates until the retiree reaches the age of 65. The County Board of Commissioners may amend the benefit provisions. There is no separate, audited GAAP-basis plan report available for the postemployment benefit plan.

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Membership of the HCB Plan consisted of the following at December 31, 2013, the date of the latest actuarial valuation:

	<u>General Employees</u>	<u>Law Enforcement Officers</u>
Retirees receiving benefits	45	12
Terminated plan members entitled to but not yet receiving benefits	-	-
Active plan members	<u>215</u>	<u>42</u>
Total	<u>260</u>	<u>54</u>

Funding Policy – The County pays the full cost of coverage for the healthcare benefits paid to qualified retirees under a County resolution that can be amended by the County Board of Commissioners. The County doesn't offer the option for dependent coverage. The County has chosen to fund the healthcare benefits on a pay as you go basis.

The current ARC rate is 6.95% of annual covered payroll. For the current year, the County contributed \$59,597 or 0.29% of annual covered payroll. The County obtains healthcare coverage through private insurers for retirees over age 65. Retirees under age 65 are covered fully under the county's self-insurance coverage. The County's required contributions, under a County resolution, for employees not engaged in law enforcement and for law enforcement officers represented 0.73% and 0.00% of covered payroll, respectively. The County's obligation to contribute to HCB Plan is established and may be amended by the County Board of Commissioners.

Summary of Significant Accounting Policies – Postemployment expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

Annual OPEB Cost and Net OPEB Obligation – The County's annual OPEB cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County's net OPEB obligation for the healthcare benefits:

Annual required contribution	\$ 729,565
Interest on net OPEB obligation	172,582
Adjustment to annual required contribution	<u>164,870</u>
Annual OPEB cost (expense)	737,278
Contributions made	<u>(322,973)</u>
Increase (decrease) in net OPEB obligation	414,304
Net OPEB obligation, beginning of year	<u>4,314,556</u>
Net OPEB obligation, end of year	<u>\$ 4,728,860</u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the HCB plan, and the net OPEB obligation for 2014 were as follows:

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For Year Ended	Annual OPEB	Percentage of	Net OPEB
<u>June 30</u>	<u>Cost</u>	<u>Annual OPEB</u>	<u>Obligation</u>
		<u>Cost Contributed</u>	
2014	\$ 737,369	15.6%	\$ 4,728,860
2013	771,601	7.7%	4,314,556
2012	\$ 731,082	25.7%	\$ 3,602,552

Funded Status and Funding Process – As of December 31, 2013, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL) was \$8,974,943. The covered payroll (annual payroll of active employees covered by the plan) was \$10,491,674, and the ratio of the UAAL to the covered payroll was 85.5 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding process, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions – Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value assets, consistent with the long-term perspective of the calculations.

In the December 31, 2013 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.00 percent investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual medical cost trend increase of 8.50 to 5.00 percent annually for Pre-Medicare and 8.50 to 5.00 percent annually for Post-Medicare. The investment rate included a 3.00 percent inflation assumption. The actuarial value of assets, in any, was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2013, was 30 years.

f. Other Employment Benefits

The County has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the

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employee's 12 highest months salary in a row during the 24 months prior to the employee's death, but the benefit will be a minimum of \$25,000 and will not exceed \$50,000. Because all death benefit payments are made from the Death Benefit Plan and not by the County, the County does not determine the number of eligible participants. The County has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post employment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The County considers these contributions to be immaterial.

For the fiscal year ended June 30, 2014 the County made contributions to the State for death benefits of \$0. The County's required contributions for employees not engaged in law enforcement and for law enforcement officers represented 0.00% and 0.00% of covered payroll respectively.

Due to a surplus in the death benefit, a decision was made by the State to temporarily stop employer contributions to the LGERS Death Benefit Plan beginning July 1, 2012. A temporary relief period based on the number of years the employer has contributed as of December 31, 2010 was established as follows:

<u>No. Years Contributing</u>	<u>Years Relief</u>	<u>FY Contributions Resume</u>
Less than 10	1	2014
10-20	2	2015
20 or more	3	2016

The period of reprieve is determined separately for law enforcement officers. Granville County will have a three year reprieve because it has been contributing for more than 20 years. Contributions will resume in the fiscal year beginning July 1, 2015.

g. Granville Medical Center Pension Plan

Plan Description – The Hospital contributes to the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS provides retirement and disability benefits to plan members and beneficiaries. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina, 27699-1410, or by calling (919) 981-5454.

Funding Policy – Plan members are required to contribute six percent of their annual covered salary. The Hospital is required to contribute at an actuarially determined rate. For the Hospital, the current rate for employees is 6.74% of annual covered payroll. The contribution requirements of members and of the Hospital are established and may be amended by the North Carolina General Assembly. The Hospital's contributions to LGERS for the years ended September 30, 2013, 2012, and 2011 were \$1,389,000, \$1,402,000, and \$1,360,000, respectively. The contributions made by the Hospital equaled the required contributions for each year.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

3. Closure and Postclosure Care Costs – Landfill Facility

State and federal laws and regulations require the County to place a final cover on its landfill facility when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Granville County currently has closed two MSW landfills. The Butner site has 15 years remaining under the postclosure requirements and the Oxford site has 30 postclosure years remaining. The \$8,973,421 reported as landfill closure and postclosure care liability at June 30, 2014, represents the latest estimate for the remaining years of postclosure maintenance and monitoring required for the Oxford and Butner landfills. The County operates a C&D landfill at the Oxford site which as of August 2014 is expected to reach its capacity around the middle of calendar year 2015. The County opened a MSW landfill on May 1, 2013 at the Oxford site which is expected to have a 70-100 year capacity.

The County has met the requirements of a local government financial test that is one option under State and Federal laws and regulations that helps determine if a unit is financially able to meet closure and postclosure care requirements. However, the County has also elected to establish a reserve fund to accumulate resources for the payment of closure and postclosure care costs. The County expects that future inflation costs will be paid from the interest earnings on annual contributions. However, if interest earnings are inadequate or additional postclosure care requirements are determined (due to changes in technology or applicable laws or regulations, for example), these costs may need to be covered by charges to future landfill users or by future tax revenues.

4. Deferred Outflows and Inflows Resources

The amount of deferred outflows of resources is a charge on refunding of debt of \$1,531,226.

	<u>Unavailable</u> <u>Revenue</u>	<u>Unearned</u> <u>Revenue</u>
Prepaid taxes not yet earned (General)	\$ 70,703	\$ 70,703
Taxes receivable (net) (General)	<u>1,476,717</u>	<u>-</u>
Total	<u>\$ 1,547,420</u>	<u>\$ 70,703</u>

5. Risk Management

The County is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County participates in two self-funded risk-financing pools administered by the North Carolina Association of County Commissioners Joint Risk Management Agency. Through these pools, the County obtains property coverage equal to replacement cost values of owned property subject to total insured values, with sub-limits on coverage for specified perils; general, auto, professional, employment practices, and law enforcement liability coverage of \$2 million per occurrence; auto physical damage coverage for owned autos at actual cash value; crime coverage of \$250,000 per occurrence; and workers' compensation coverage up to the statutory limits. All property coverage and some liability coverage is subject to per occurrence deductibles, as selected by the County. The pools are audited annually by certified public accountants, and the audited financial statements are available to the County upon request. Both of these pools are reinsured through a multi-state public entity captive for single occurrence losses in excess of \$500,000, up to a \$2 million limit for liability coverage, and single occurrence losses in excess of \$750,000 for workers' compensation. Through the captive, the Liability and Property Pool is reinsure for \$2,000,000 of annual aggregate losses in excess of \$250,000 per occurrence for property, auto physical damage and crime coverage, with additional limits of \$498 million purchased through a group of commercial carriers through the multi-state public entity captive.

**GRANVILLE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
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The County provides employee health and dental benefits through a self-insured plan provided by Blue Cross Blue Shield (BCBS). Claims are administered and paid directly from the plan by BCBS. Specific stop-loss is set at \$80,000 per individual health insurance claim with an unlimited lifetime maximum. Aggregate stop-loss is set at the level of 125% with a minimum aggregate attachment point of \$2,325,936 and a contract period maximum of \$1,000,000.

In accordance with G. S. 159-29, the County's employees that have access to \$100 or more at any given time of the County's funds are performance bonded through a commercial crime coverage with a \$250,000 occurrence limit. Individuals holding positions requiring statutory bonds are covered elsewhere. The Director of Finance and tax collector are each individually bonded for \$250,000 each. The Sheriff and Register of Deeds are each individually bonded for \$25,000 each. The remaining employees that have access to funds are bonded under a blanket bond for \$10,000.

The County carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage from the previous year and settled claims have not exceeded coverage in any of the past three fiscal years.

Granville County ABC Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. The Board has property, general liability, auto liability, workers' compensation, and employee health coverage. The Board also has liquor legal liability coverage. There have been no significant reductions in insurance coverage from the previous year and settled claims have not exceeded coverage in any of the past three fiscal years.

Granville Medical Center is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; natural disasters; and medical malpractice. The Hospital carries commercial insurance for these risks of loss. Claims have not exceeded coverage in any of the past three fiscal years.

6. Contingent Liabilities

At June 30, 2014, the County was a defendant to various lawsuits. In the opinion of the County's management and the County attorney, the ultimate effect of these legal matters will not have a material adverse effect on the County's financial position.

7. Long-Term Obligations

a. Financing Agreements

In December 2011, Granville County entered into a utility sales agreement with the City of Henderson to provide water and sewer services to Triangle North Industrial Park.

Governmental Activities

The agreement for \$9,000,000 was executed in December 2011, for the utility sales agreement for water and sewer services for an industrial park and required 9 annual payments of \$951,138.37. A payment of \$951,139 was made at the execution of the agreement. The interest rate is 1.25%.

\$ 6,337.174

For Granville County, the future minimum payments as of June 30, 2014, including \$320,794 of interest are:

**GRANVILLE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
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Year Ending June 30	Governmental Activities	
	Principal	Interest
2015	\$ 871,924	\$ 79,215
2016	882,823	68,316
2017	893,857	57,280
2018	905,031	46,107
2019	916,344	34,794
2019-2021	1,867,194	35,082
	<u>\$ 6,337,174</u>	<u>\$ 320,794</u>

b. Operating Lease

The Hospital has entered into an operating lease agreement in order to lease space in a medical office building adjacent to the Hospital. Under the agreement, the Hospital is obligated to pay 180 monthly payments of \$12,110. Each year the rate is increased three percent. Currently this space is subleased to a tenant. Future minimum base rentals (each year lease payment is increased 3%) for the next five years under this lease as of September 30, 2013 are as follows:

2014	\$ 965,000
2015	682,000
2016	193,000
2017	147,000
2018	<u>123,00</u>
Total	<u>\$ 2,110,000</u>

c. Installment Purchases

As authorized by State law [G.S. 160A-20 and 153A-158.1], the County financed various property acquisitions through installment financing. The County's installment purchases at June 30, 2014, are comprised of the following individual issues:

The County entered into an installment purchase agreement on March 15, 2007 for financing of replacement windows for Granville Medical Center for \$1,500,000. The transaction requires monthly payments in the amount of \$11,073 at an interest rate of 3.97%. Title to these assets belongs to Granville Medical Center. \$ 884,923

In May 2008, the County entered into an installment agreement for \$3,859,760 with payments due on May 13 and November 13 in installments of \$147,242 through November 13, 2017 and installments of \$91,492, thereafter. Interest will be paid at 3.72 percent. This debt was used to finance E911 equipment for \$1,115,000 and school construction for \$2,744,760.

E911 Equipment	390,250
School Construction (Granville County Schools holds title to these assets upon project completion)	1,555,364

**GRANVILLE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
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In August 2011, the County entered into an installment agreement for \$14,000,000 for a term of 36 months with interest payments of \$140,700 due semi-annually on August 10 and February 10. Interest will be paid at a rate of 2.01%. All of the principal is due on August 10, 2014. This loan is a short term loan used to complete the Granville Medical Center Emergency Room Expansion and long term financing for the \$14,000,000 will be provided by the USDA upon substantial completion of the project.

14,000,000

In September 2012, the County entered into a \$8,950,000 installment financing agreement for the reimbursement of the Triangle North-Granville purchase (\$5,350,000), renovations to the County's Orange street facility (\$2,100,000), renovations to the County's Lanier street facility (\$1,100,000), and renovations to the County's Courthouse (\$400,000). Payments of interest are due on February 1 and August 1 with principal payments ranging from \$639,000-\$640,000. The interest rate on the loan is 2.22%.

8,950,000

In July 2012, the County entered into a \$1,810,000 installment financing agreement for the purchase and upfit of an existing Medical Office Building located near the Granville Medical Center to be used by the Medical Center for physician office space. Interest and principal payments are due on January 17 and July 17. Interest is at a rate of 3.73%.

1,670,732

Total \$ 27,451,269

For Granville County, the future minimum payments as of June 30, 2014, including \$2,437,347 of interest are:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2015	\$ 15,130,252	\$ 496,688
2016	1,137,937	323,163
2017	1,145,922	290,487
2018	1,098,470	256,599
2019	1,051,342	255,947
2020-2024	4,811,288	691,590
2025-2028	<u>3,076,058</u>	<u>152,873</u>
	<u>\$ 27,451,269</u>	<u>\$ 2,437,347</u>

d. Certificates of Participation

Certificates of participation are serviced by the County's general fund. Principal and interest requirements are appropriated when due. They were used to finance school construction.

\$10,785,000 Series 2010A Limited Obligation Certificates of Participation, Recovery Zone Economic Development Bonds, issued August 2010, with interest semiannually on March 1 and September 1 and principal due annually on September 1 through 2030, interest at 1.55% to 6%. Annual payments are required to be made into a sinking fund held by US Bank beginning in September 2023. The deposits and the interest earned on those deposits will be used to make the principal payment in September 2030. These bonds are eligible for federal interest subsidy payments equal to 45% of the true interest cost of the bonds as provided in the American Recovery and Reinvestment Act (ARRA).

\$ 9,315,000

**GRANVILLE COUNTY, NORTH CAROLINA
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\$5,215,000 Series 2010B Limited Obligation Certificates of Participation, Qualified School Construction Bonds, issued August 2010, with interest semiannually on March 1 and September 1 and principal due annually on September 1 through 2025, interest at 5.05%. Annual payments are required to be made into a sinking fund held by US Bank. The deposits and the interest earned on those deposits will be used to make the principal payment in September 2025. These bonds are eligible for federal interest subsidy payments equal to 100% of the true interest cost of the bonds as provided in the American Recovery and Reinvestment Act (ARRA) and the Hiring Incentives to Restore Employment (HIRE) Act.

Total

5,215,000
\$ 14,530,000

For Granville County, the future minimum payments as of June 30, 2014, including \$9,666,221 of interest are:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2015	\$ 490,000	\$ 705,463
2016	490,000	692,110
2017	490,000	676,552
2018	495,000	659,065
2019	495,000	640,131
2020-2024	2,470,000	2,877,669
2025-2029	7,995,000	3,319,231
2030-2031	<u>1,600,000</u>	<u>96,000</u>
	<u>\$ 14,530,000</u>	<u>\$ 9,666,221</u>

e. General Obligation Indebtedness

All general obligation bonds serviced by the County's General Fund are collateralized by the full faith, credit, and taxing power of the County. Principal and interest requirements are appropriated when due.

The County's general obligation bonds payable at June 30, 2014, are comprised of the following individual issues:

General Obligation Bonds

\$9,500,000 2006 School Series bonds due on May 1 and November 1 in installments of \$9,975-\$657,459 through May 1, 2026; interest at 3.65 - 4.0 percent*

\$ 6,175,000

\$25,500,000 2005 School Series bonds due on June 1 and December 1 in installments of \$800,000-\$2,150,000 through June 1, 2025; interest at 3.0-5.0 percent. Most of the principal of this loan was paid off through the advance refunding of 2013.

1,000,000

\$765,000 Parks and Recreation Facility, Series 2005 bonds due on June 1 and December 1 in installments of \$25,000-\$50,000 through June 1, 2023; interest at 3.0-5.0 percent. Most of the principal of this loan was paid off through the advance refunding of 2013.

50,000

**GRANVILLE COUNTY, NORTH CAROLINA
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\$1,600,000 Public Improvement 2009A bonds due on June 1 and December 1; interest at 3.0-4.5 percent	1,200,000
\$8,000,000 Library Bonds 2009B bonds due on June 1 and December 1; interest at 3.0-4.125 percent	6,000,000
\$10,215,000 Refunding Bonds 2009C due on June 1 and December 1; interest at 3.0-4.0 percent*	5,165,000
\$16,095,000 Refunding Bonds 2013 due on June 1 and December 1; interest at 2.5-4.0%	<u>16,085,000</u>
Total	<u>\$ 35,675,000</u>

*Granville County Schools holds title to some of the assets completed through these bond funds.

Annual debt service requirements to maturity for the County's general obligation bonds are as follows:

Year Ending <u>June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2015	\$ 3,190,000	\$ 1,252,169
2016	3,175,000	1,130,569
2017	3,130,000	1,046,269
2018	3,085,000	964,244
2019	3,035,000	890,500
2020-2024	15,115,000	2,776,175
2025-2029	<u>4,945,000</u>	<u>415,000</u>
	<u>\$ 35,675,000</u>	<u>\$ 8,474,925</u>

At June 30, 2014, Granville County had a legal debt margin of \$257,141,823.

The Hospital's notes payable at September 30, 2013, are comprised of the following:

3.97 percent note, payable monthly, principal and interest of \$11,073 through March 2022; guaranteed by Granville County	\$ 957,021
4.09 percent note, monthly principal payments of \$13,889, plus interest through January 2018; collateralized by real estate.	722,221
6.90 percent note, payable monthly, principal and interest of \$262 through February 2011, then principal and interest of \$903 through February 2016; collateralized by equipment	24,232
3.73 percent note, payable semi-annually, principal and interest of \$79,324 through July 2027; collateralized by real estate	1,718,016
2.01% construction note with interest due semi-annually; principal due in 2014 upon assumption of note by United States Department of Agriculture, guaranteed by Granville County	<u>14,000,000</u>
Total	<u>\$ 17,421,490</u>

**GRANVILLE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
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The future principal and interest payments on long-term debt for years ending September 30, follows:

Year Ending September 30	Governmental Activities	
	Principal	Interest
2014	\$ 445,830	\$ 594,898
2015	626,225	664,455
2016	638,662	639,054
2017	652,742	613,470
2018-2022	561,068	588,538
2023-2027	<u>14,496,963</u>	<u>7,985,282</u>
Total	<u>\$ 17,421,490</u>	<u>\$ 11,085,697</u>

f. Refunding & Advance Refundings

On February 12, 2013, the County issued \$16,095,000 of general obligation current and advance refunding bonds to provide resources to purchase U. S Government securities that were placed in an irrevocable trust for the purpose of general resources for all future debt service payments of \$16,890,000 of general obligation bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net position. The net carrying amount of the old debt exceeded the reacquisition price of the old debt by \$795,000. This amount is being netted against the new debt and amortized over the life of the refunded debt. This advance refunding was undertaken to reduce total debt service payments over the next 10 years and resulted in an economic gain of \$1,526,661.

g. Long-Term Obligation Activity

The following is a summary of changes in the County's long-term obligations for the year ended June 30, 2014:

	Balance July 1, 2013	Increases	Decreases	Balance June 30, 2014	Current Portion of Balance
Governmental activities:					
General obligation bonds	\$ 38,880,000	\$ -	\$3,205,000	\$ 35,675,000	\$ 3,190,000
Plus: Premiums on issuance	<u>2,770,118</u>	<u>-</u>	<u>242,086</u>	<u>2,528,032</u>	<u>-</u>
Total General obligation bonds	41,650,118	-	3,447,086	38,203,032	3,190,000
Financing Agreements	7,198,333	-	861,159	6,337,174	871,924
Installment Purchases	27,935,125	-	483,856	27,451,269	15,130,252
Certificates of participation	15,020,000	-	490,000	14,530,000	490,000
Compensated absences	832,827	815,854	832,827	815,854	203,964
Net OPEB obligation	4,254,266	404,459	-	4,658,725	-
Net pension obligation	<u>572,027</u>	<u>49,217</u>	<u>-</u>	<u>621,244</u>	<u>-</u>
Total governmental activities	<u>\$ 97,462,696</u>	<u>\$ 1,269,530</u>	<u>\$ 6,114,928</u>	<u>\$ 92,617,298</u>	<u>\$ 19,886,140</u>
Business-type activities:					
Accrued landfill closure and postclosure costs	\$ 8,973,421	\$ -	\$ 656,876	\$ 8,316,545	\$ -
Compensated absences	13,631	15,838	13,630	15,839	3,960
Net OPEB obligation	<u>60,290</u>	<u>9,846</u>	<u>-</u>	<u>70,136</u>	<u>-</u>
Total business-type activities	<u>\$ 9,047,342</u>	<u>\$ 25,684</u>	<u>\$ 670,506</u>	<u>\$ 8,402,520</u>	<u>\$ 3,960</u>

**GRANVILLE COUNTY, NORTH CAROLINA
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Compensated absences, the net pension obligation, and the OPEB obligation for governmental activities are generally liquidated by the General Fund. Compensated absences and the OPEB obligation for business-type activities are generally liquidated by the Solid Waste Management Fund.

c. Interfund Balances and Activity

Amount

Transfers From/To Other Funds

General Fund to Emergency Telephone System Fund to adjust beginning balance to match PSAP report	\$ 41,848
General Fund to GCHS Expansion Fund to provide cash until bond proceeds are received	445,257
	<u>\$ 487,105</u>

Due From/To Other Funds

From Granville Greenway Project Fund to General Fund to provide cash until grant funding is received	\$ 218,565
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III. Fund Balance

Granville County has a revenue spending policy that provides policy for programs with multiple revenue sources. The Finance Officers will use resources in the following hierarchy: bond proceeds, federal funds, State funds, local non-County funds, County funds. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance and lastly unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it is in the best interest of the County.

The following schedule provided management and citizens with information on the portion of General fund balance that is available for appropriation:

Total fund balance-General Fund	\$ 32,606,184
Less:	
Prepaid items	1,635
Stabilization by State Statute	3,687,150
Appropriated fund balance in 2015 budget	1,874,511
Human Services	3,538,668
Education	1,043,189
Register of Deeds	12,618
Tax Revaluation	392,987
Public Safety	1,022,524
Economic and Physical Development	548,995
Working Capital/Fund Balance Policy	15,947,881
Remaining Fund Balance	<u>\$ 4,536,026</u>

The County has adopted a minimum fund balance policy for the General Fund which instructs management to conduct business of the County in such a manner that available fund balance is at least equal to or greater than 30% of General Fund expenditures.

**GRANVILLE COUNTY, NORTH CAROLINA
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IV. Joint Ventures

a. Vance-Granville Community College

The County, in conjunction with Vance County, Warren County, Franklin County, the State of North Carolina, and the Boards of Education of Vance, Granville, Warren and Franklin Counties, participates in a joint venture to operate Vance-Granville Community College. Each participant appoints members of the thirteen-member board of trustees of the community college. No participant appoints a majority. The president of the community college's student government serves as an ex-officio nonvoting member of the community college's board of trustees. The community college is included as a component unit of the State. The County has the basic responsibility for providing funding for facilities of the community college and also provides some financial support for the community college's operations. In addition to providing annual appropriations for the facilities, the County periodically issues general obligation bonds to provide financing for new and restructured facilities. The County has an ongoing financial responsibility for the community college because of the statutory responsibilities to provide funding for the community college's facilities. The County contributed \$581,597 and \$187,966 to the community college for operating and capital purposes, respectively, during the fiscal year ended June 30, 2014. The participating governments do not have any equity interest in the joint venture; therefore, no equity interest has been reflected in the County's financial statements at June 30, 2014. Complete financial statements for the community college may be obtained from the community college's administrative offices, at P.O. Box 918, Henderson, N.C. 27536.

b. Granville-Vance Health District

Granville County and Vance County participate in a multi-county health district joint venture. Granville County places one member on the Health District Board. Granville County has an ongoing financial responsibility to the Health District since it is legally required to provide health services either directly or jointly with other counties. The County does not retain an equity interest in the Health District. Complete financial statements for the Health District can be obtained at 115 Charles D. Rollins Road, Henderson, N.C. 27536.

c. Area Mental Health

Granville County participates with Alamance, Cabarrus, Caswell, Chatham, Davidson, Franklin, Halifax, Orange, Person, Rowan, Stanly, Union, Vance, and Warren counties in an Area Authority and Managed Care Organization operated by Cardinal Innovations Healthcare Solutions. Each participating government appoints representation on the Five-County Oversight Board and has representation on the Board of Directors of Cardinal Innovations. The County does not retain an equity interest in the program. Complete financial statements for Cardinal Innovations Health Care Solutions may be obtained from their administrative offices located at 4855 Milestone Avenue, Kannapolis, NC 28081.

d. Kerr Area Transit Authority

The County also participates in a joint venture to operate Kerr Area Transit Authority. The County appoints six members to the twenty-one member board. None of the participating governments have any equity interest in the Authority, so no equity interest has been reflected in the financial statements at June 30, 2014. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$34,299 to the Authority to supplement its activities. Complete financial statements for the Authority may be obtained at 943 West Andrews Avenue, Henderson, N.C. 27536.

**GRANVILLE COUNTY, NORTH CAROLINA
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e. Aeronautics Authority of the City of Henderson, City of Oxford, County of Granville and County of Vance

The County also participates in a joint venture to operate the Aeronautics Authority of the City of Henderson, City of Oxford, County of Granville and County of Vance. The County appoints one member to the four-member board. None of the participating governments have any equity interest in the Authority, so no equity interest has been reflected in the financial statements at June 30, 2014. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$28,750 to the Authority to supplement its activities. Complete financial statements for the Authority may be obtained from P.O. Box 368, Henderson, N.C. 27536.

V. Jointly Governed Organization

The County, in conjunction with four other counties and fifteen municipalities, established Kerr-Tar Regional Council of Governments (Council) to coordinate various funding received from federal and State agencies. Each participating government appoints members to the Council's governing board. The County paid membership fees of \$17,508 to the Council during the fiscal year ended June 30, 2014. Complete financial statements for the Council may be obtained from the Council's administrative offices at 510 Dabney Drive, Henderson, N.C. 27536.

VI. Benefit Payments Issued by the State

The amounts listed below were paid directly to individual recipients by the State from federal and State moneys. County personnel are involved with certain functions, primarily eligibility determinations that cause benefit payments to be issued by the State. These amounts disclose this additional aid to County recipients, which does not appear in the general-purpose financial statements because they are not revenues and expenditures of the County.

	<u>Federal</u>	<u>State</u>
Temporary Assistance to Needy Families	\$ 481,106	\$ (161)
Medical Assistance	39,087,204	21,503,809
Health Choice	1,264,362	398,872
CWS Adoption Subsidy	-	176,574
Adoption Assistance	165,768	44,724
State/County Special Assistance	-	367,004
Foster Care	59,872	15,182
State Foster Home	-	22,469
SFHF Maximization	-	39,503
	<u> </u>	<u> </u>
Totals	<u>\$ 41,058,312</u>	<u>\$ 22,567,976</u>

VII. Summary Disclosure of Significant Commitments and Contingencies

Federal and State Assisted Programs

The County has received proceeds from several federal and State grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant moneys to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statement for the refund of grant moneys.

**GRANVILLE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
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VIII. Significant Effects of Subsequent Events

The County has evaluated events and transactions that occurred between June 30, 2014 and December 15, 2014, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements. The County obtained final financing in the amount of \$14,000,000 for Emergency Room improvements at Granville Health System in August 2014. The County also obtained funding for \$11,750,000 in September 2014 for improvements to Granville Central High School. The County is in the process of coming to a settlement with the City of Oxford regarding the supply of water and sewer to the Triangle North Granville industrial site. In this arrangement, the County will be guaranteed 1.5 million GPD of water and wastewater treatment in exchange of a payment to Oxford of \$6.9 million, of which \$1.4 million will be paid in January 2015 and the balance will be financed over the following seven years. Likewise, the County will terminate its water supply agreement with the City of Henderson, and Henderson will refund \$1,853,416 of payments made by the County for this arrangement.

IX. Restatement of Beginning Net Position

During the 13-14 audit, various items were found that had not been booked in the past appropriately. These items involved the upfit of the building being rented for Senior Services and the capitalization of the newly renovated DSS building. These items were handled using a CDBG grant and were not capitalized in the past appropriately.

The beginning balance would have changed as follows:

	Governmental Activities <u>Net Position</u>
Balance, July 1, 2013	\$ (26,931,232)
Change due to:	
Capitalization of Upfit of Senior Services location	122,297
Capitalization of Costs to Date for DSS building	<u>382,860</u>
Total	<u>505,157</u>
Balance, July 1, 2013, as restated	<u>\$ (26,426,075)</u>

REQUIRED SUPPLEMENTAL FINANCIAL DATA

This section contains additional information required by generally accepted accounting principles.

- Schedule of Funding Progress for the Law Enforcement Officers' Special Separation Allowance
- Schedule of Employer Contributions for the Law Enforcement Officers' Special Separation Allowance
- Notes to Required Schedules for the Law Enforcement Officers' Special Separation Allowance
- Schedule of Funding Progress for the Other Postemployment Benefits
- Schedule of Employer Contributions for the Other Postemployment Benefits
- Notes to the Required Schedules for the Other Postemployment Benefits

GRANVILLE COUNTY, NORTH CAROLINA
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
12/31/2008	\$ -	\$ 414,361	\$ 414,361	0.00%	\$ 1,828,912	22.66%
12/31/2009	-	610,621	610,621	0.00%	1,780,358	34.30%
12/31/2010	-	637,867	637,867	0.00%	2,066,001	30.87%
12/31/2011	-	661,523	661,523	0.00%	2,347,433	28.18%
12/31/2012	-	686,884	686,884	0.00%	2,433,232	28.23%
12/31/2013	\$ -	\$ 762,821	\$ 762,821	0.00%	\$ 2,396,991	31.82%

**GRANVILLE COUNTY, NORTH CAROLINA
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS**

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2009	\$ 46,026	32.94%
2010	51,918	94.86%
2011	73,992	61.42%
2012	78,992	49.75%
2013	86,407	0.00%
2014	\$ 90,452	25.68%

Notes to the Required Schedules:

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as for the latest actuarial valuation follows:

Valuation date	12/31/2013
Actuarial cost method	Projected unit credit
Amortization method	Level dollar closed
Remaining amortization period	17 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	5.00%
Projected salary increases*	4.25 - 7.85%
Cost-of-living adjustments	N/A

*Includes inflation at 3.00% percent.

**GRANVILLE COUNTY, NORTH CAROLINA
OTHER POSTEMPLOYMENT BENEFITS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
12/31/2007	\$ -	\$ 14,015,747	\$ 14,015,747	0.00%	\$ 10,701,980	131.00%
12/31/2009	-	8,615,262	8,615,262	0.00%	11,322,982	76.10%
12/31/2010	-	8,967,272	8,967,272	0.00%	10,043,765	89.30%
12/31/2012	\$ -	\$ 8,974,943	\$ 8,974,943	0.00%	\$ 10,491,674	85.50%

**GRANVILLE COUNTY, NORTH CAROLINA
OTHER POSTEMPLOYMENT BENEFITS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS**

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2009	\$ 1,351,483	11.65%
2010	1,402,164	7.06%
2011	725,613	24.05%
2012	725,613	25.90%
2013	765,161	7.79%
2014	\$ 729,565	44.27%

Notes to the Required Schedules:

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as for the latest actuarial valuation follows:

Valuation date	12/31/2012
Actuarial cost method	Projected unit credit
Amortization method	Level percentage of pay; open
Remaining amortization period	30 years
Asset valuation method	Market value of Assets
Actuarial assumptions:	
Investment rate of return*	4.00%
Medical cost trend	
Pre-Medicare trend rate	8.50%-5.00%
Year of Ultimate trend rate	2018
Cost-of-living adjustments	N/A

*Includes inflation at 3.00% percent.

COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES

MAJOR GOVERNMENTAL FUNDS

- **General Fund:** This fund is used to account for resources traditionally associated with government that are not required legally or by sound financial management to be accounted for in other funds.

GRANVILLE COUNTY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	2014			2013
	Budget	Actual	Variance Positive (Negative)	Actual
REVENUES				
Ad Valorem Taxes:				
Current year	\$ 33,021,969	\$ 34,764,352	\$ 1,742,383	\$ 31,260,824
Prior year	990,000	983,817	(6,183)	1,172,651
Penalties and interest	278,500	322,950	44,450	305,220
Total	34,290,469	36,071,119	1,780,650	32,738,695
Sales and Other Taxes:				
Article 39 one percent		1,594,962		1,425,933
Article 40 one-half of one percent		2,618,725		2,677,790
Article 42 one-half of one percent		1,396,846		1,323,740
Article 44 one-half of one percent		3,658		26,808
Article 44 Hold Harmless		212,724		523,072
State excise tax - Register of Deeds		188,602		133,252
Beer and wine		160,616		159,884
Taxes on federal exempt land		22,627		21,139
Medicaid hold harmless		1,346,450		1,386,262
Occupancy taxes		160,985		167,032
Total	6,885,958	7,706,195	820,237	7,844,912
Licenses, Fees and Other Revenues:				
Privilege licenses		6,189		6,340
Taxes on Oxford Housing Authority		6,647		6,647
Planning		72,273		63,084
Inspection		400,851		400,690
Sheriff wage refund		51,554		49,333
Boarding state and federal prisoners		6,433		8,020
Ambulance fees		60,521		69,485
Library fees		34,059		43,280
Rents		20,689		24,700
Sheriff's fees		112,059		127,744
Election fees		46,653		89
Franchise fees		164,364		113,420
Animal control		33,047		34,993
Collection fees		127,908		130,822
Senior Center fitness fees		8,015		8,258
Administrative fees		12,500		25,000
Register of Deeds		210,713		224,353
GAP fees		36,565		34,161
Aging fees		15,863		20,130
Federal interest subsidy		430,102		471,456
Federal and State grants		2,623		4,031
Miscellaneous		284,805		213,318
Sale of capital assets		6,258		14,758
Total	2,074,797	2,150,691	75,894	2,094,112

GRANVILLE COUNTY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	2014			2013
	Budget	Actual	Variance Positive (Negative)	Actual
Restricted and Intergovernmental Revenues:				
Debt Contribution from hospital		767,623		695,098
Court facility fees		46,418		51,011
CSC officer's fees		7,171		13,080
Register of Deeds		36,756		39,224
ABC bottle tax		12,579		12,167
Federal and State grants		7,681,282		8,478,595
Excise recreation - Heritage		173,249		123,051
Jail fees		18,522		18,720
Sheriff Federal treasury seized funds		-		255,283
Miscellaneous		116,457		122,488
Total	9,187,680	8,860,057	(327,623)	9,808,717
Investment earnings	75,000	41,395	(33,605)	47,326
Micellaneous Revenues				
Granville County ABC Board	142,000	215,106	73,106	170,839
Granville County Tourism Development Authority	-	-	-	-
Total	142,000	215,106	73,106	170,839
Total Revenues	52,655,904	55,044,563	2,388,659	52,704,601
EXPENDITURES				
<u>General Government</u>				
Board of Commissioners				
Salaries and employee benefits		151,341		148,905
Other operating expenditures		64,851		59,599
Total	227,362	216,192	11,170	208,504
Administration				
Salaries and employee benefits		263,036		266,214
Other operating expenditures		8,204		8,026
Capital outlay		-		250
Total	291,615	271,240	20,375	274,490
Information Technology				
Salaries and employee benefits		127,309		93,930
Other operating expenditures		3,153		3,791
Capital outlay		5,166		1,130
Total	155,454	135,628	19,826	98,851

GRANVILLE COUNTY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	2014			2013
	Budget	Actual	Variance Positive (Negative)	Actual
Board of Elections				
Salaries and employee benefits		214,353		213,506
Other operating expenditures		149,759		162,994
Capital outlay		18,066		1,332
Total	399,410	382,178	17,232	377,832
Finance Department				
Salaries and employee benefits		296,814		328,029
Other operating expenditures		96,673		100,549
Capital outlay		1,350		1,883
Total	463,257	394,837	68,420	430,461
Tax Administration				
Salaries and employee benefits		478,127		456,908
Other operating expenditures		275,184		167,102
Capital outlay		-		696
Total	763,764	753,311	10,453	624,706
Register of Deeds				
Salaries and employee benefits		214,648		196,288
Other operating expenditures		38,443		105,438
Total	279,424	253,091	26,333	301,726
General Services/Court Facilities				
Salaries and employee benefits		226,766		188,972
Other operating expenditures		301,571		323,748
Capital outlay		1,191		1,056
Total	608,719	529,528	79,191	513,776
Human Resources				
Salaries and employee benefits		82,420		80,449
Other operating expenditures		25,065		28,650
Capital outlay		-		799
Total	123,985	107,485	16,500	109,898
Internal Auditor				
Salaries and employee benefits		65,872		61,948
Other operating expenditures		3,098		3,269
Total	74,113	68,970	5,143	65,217
Total General Government	3,387,103	3,112,460	274,643	3,005,461
<u>Public Safety</u>				
Other Emergency Services	49,700	39,277	10,423	26,900

GRANVILLE COUNTY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	2014			2013
	Budget	Actual	Variance Positive (Negative)	Actual
Sheriff's Department/Detention Center				
Salaries and employee benefits		5,184,845		5,093,712
Other operating expenditures		1,666,152		1,774,884
Capital outlay		281,735		116,597
Total	7,125,782	7,132,732	(6,950)	6,985,193
Fire Service	971,170	971,170	-	799,091
Forestry				
Salaries and employee benefits		26,284		25,969
Other operating expenditures		62,174		77,434
Capital outlay		908		-
Total	102,601	89,366	13,235	103,403
Emergency Management				
Salaries and employee benefits		198,773		189,083
Other operating expenditures		185,285		86,571
Capital outlay		-		6,982
Total	426,185	384,058	42,127	282,636
Emergency Services				
Salaries and employee benefits		1,101,794		1,057,223
Other operating expenditures		274,328		242,312
Capital outlay		2,500		2,011
Total	1,510,791	1,378,622	132,169	1,301,546
Total Public Safety	10,186,229	9,995,225	191,004	9,498,769
<u>Community Services</u>				
Cooperative Extension Service				
Salaries and employee benefits		249,302		256,710
Other operating expenditures		51,822		64,098
Total	342,414	301,124	41,290	320,808
County Library System				
Salaries and employee benefits		564,267		607,974
Other operating expenditures		254,868		287,268
Total	989,512	819,135	170,377	895,242
Recreation & Community Service				
Other operating expenditures		136,726		136,726
Total	146,726	136,726	10,000	136,726

GRANVILLE COUNTY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	2014		2013
	Budget	Actual	Variance Positive (Negative)
			Actual
Development Services			
Planning			
Salaries and employee benefits		267,300	255,827
Other operating expenditures		21,642	21,658
Capital outlay		5,773	-
Inspection Department			
Salaries and employee benefits		399,459	384,090
Other operating expenditures		25,779	25,991
Capital outlay		20,461	15,751
Construction Administration			
Other operating expenditures		226	342
Capital outlay		596,179	645,426
Total	2,271,849	1,336,819	935,030
Soil Conservation Program			
Salaries and employee benefits		-	76,811
Other operating expenditures		-	2,205
Total	-	-	79,016
Jonesland Park Operations			
Salaries and employee benefits		194,120	202,688
Other operating expenditures		117,991	120,614
Capital outlay		39,097	105,653
Total	424,186	351,208	72,978
Economic Development			
Salaries and employee benefits		137,896	136,255
Other operating expenditures		35,856	48,299
Total	198,553	173,752	24,801
Tourism			
Salaries and employee benefits	58,663	59,537	(874)
Total Community Services	4,431,903	3,178,301	1,253,602
Human Services			
Health and Medical Services			
Granville Medical Center		1,205,454	1,628,254
Granville-Vance District Health Dept.		400,653	325,631
Area Mental Health		138,388	136,019
Total	1,860,022	1,744,495	115,527
Social Services			
Salaries and employee benefits		3,866,225	3,801,513
Other operating expenditures		3,537,452	3,724,866
Capital outlay		60,479	18,201
Total	8,322,447	7,464,156	858,291

GRANVILLE COUNTY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	2014		Variance Positive (Negative)	2013
	Budget	Actual		Actual
Veterans Services				
Salaries and employee benefits		11,509		12,192
Other operating expenditures		1,728		1,662
Total	15,348	13,237	2,111	13,854
Senior Services-Nutrition/In-Home Aid				
Salaries and employee benefits		598,342		579,296
Other operating expenditures		634,821		676,276
Capital outlay		6,429		3,802
Total	1,240,081	1,239,592	489	1,259,374
Total Human Services	11,437,898	10,461,480	976,418	10,907,712
<u>Education</u>				
Granville County School System				
Current Expense	12,385,287	12,385,287	-	12,385,287
Capital	1,259,378	1,259,378	-	1,752,495
Total	13,644,665	13,644,665	-	14,137,782
Vance-Granville Community College				
Operating expenditures		581,597		594,885
Capital Outlay		187,966		92,489
Total	770,663	769,563	1,100	687,374
Total Education	14,415,328	14,414,228	1,100	14,825,156
<u>Non-Departmental & Special Areas</u>				
Special Projects	265,420	213,801	51,619	268,921
Pass Thru Funds	529,873	525,101	4,772	625,850
Non-Departmental	4,709,609	3,161,090	1,548,519	14,732,406
Granville County Tourism Development Authority	180,000	159,513	20,487	174,189
Total Non-Departmental & Special Areas	5,684,902	4,059,505	1,625,397	15,801,366
<u>Debt Service</u>				
Hospital Financing				
Principal		356,096		304,241
Interest		411,527		390,857
Total	767,707	767,623	84	695,098
Park Financing				
Principal		74,040		74,343
Interest		13,566		24,726
Total	87,701	87,606	95	99,069

GRANVILLE COUNTY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	2014			2013
	Budget	Actual	Variance Positive (Negative)	Actual
Water & Sewer Allocation-Triangle North				
Principal		861,159		850,528
Interest		288,669		170,152
Total	1,149,828	1,149,828	-	1,020,680
Schools Debt Service				
Principal		3,403,944		3,328,641
Interest		1,895,405		2,107,449
	6,649,089	5,299,349	1,349,740	5,436,090
Library Series 2009				
Principal		400,000		-
Interest		234,000		-
Total	634,000	634,000	-	-
Bond issuance costs	-	-	-	345,343
Total Debt Service	9,288,325	7,938,406	1,349,919	7,596,280
Total Expenditures	58,831,688	53,159,605	5,672,083	65,043,542
Revenues Over (Under) Expenditures	(6,175,784)	1,884,958	8,060,742	(12,338,941)
OTHER FINANCING SOURCES (USES)				
Transfers-in:				
2010 Southern Elementary School Fund	-	-	-	1,183,262
R. H. Thornton Library Memorial Fund	3,300	-	(3,300)	-
Expo and Conference Center Fund	42,163	-	(42,163)	-
Total transfers-in	45,463	-	(45,463)	1,183,262
Transfers-out:				
Emergency Telephone System Fund		(41,848)		-
GCHS Expansion Fund		(445,257)		-
CDBG Fund		-		(3,690)
Health Plan		-		(220,000)
Total transfers-out	(750,000)	(487,105)	(262,895)	(223,690)
Debt proceeds	-	-	-	10,760,000
Refunding bond proceeds	-	-	-	16,095,000
Refunding bond premium	-	-	-	2,525,946
Payment to refunded bond escrow agent	-	-	-	(18,350,717)
Fund balance appropriated	6,880,321	-	(6,880,321)	-
Total Other Financial Sources (Uses)	6,175,784	(487,105)	(6,662,889)	11,989,801
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ -	1,397,853	\$ 1,397,853	(349,140)
Fund Balance-July 1		30,763,074		31,112,214
Fund Balance-June 30		\$ 32,160,927		\$ 30,763,074

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditures for specific purposes.

- **Emergency Telephone System Fund:** This fund is used to account for the 911 revenues collected by the telephone industry to fund the emergency 911 system.
- **CDBG (Community Development Block Grant) Fund:** This fund is used to account for revenues and expenditures to rehabilitate substandard rural housing.
- **R. H. Thornton Library Memorial Fund:** This fund is used to account for the receipts and disbursements made on behalf of the R. H. Thornton Library.

Capital Project Funds

Capital Projects Funds are used to account for the acquisition and construction of major capital facilities and equipment.

- **Expo and Conference Center Fund:** This fund is used to account for funds associated with the Expo and Conference Center Project.
- **Granville Greenway Project Fund:** This fund is used to account for the funds associated with the Granville Greenway Project.
- **Library Expansion/Renovation Fund:** This fund is used to account for the funds associated with the expansion and renovation of the County's libraries.
- **2010 Southern Elementary School Project Fund:** This fund is used to account for the proceeds of bonds to be issued in 2010 for the construction of a school.
- **GCHS Expansion Fund:** This fund is used to account for the proceeds of debt to be used for expansion at Granville Central High School.

**GRANVILLE COUNTY, NORTH CAROLINA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2014**

	Special Revenue Funds			Capital Projects Funds					
	Emergency Telephone System Fund	CDBG Fund	R. H. Thornton Library Memorial Fund	Expo and Conference Center Fund	Granville Greenway Project Fund	Library Expansion/ Renovation Fund	2010 Southern Elementary School Project Fund	GCHS Expansion Fund	June 30, 2014
<u>ASSETS</u>									
Current Assets:									
Cash and cash equivalents	\$ 180,391	\$ 1,180,139	\$ 280,502	\$ 42,164	\$ -	\$ -	\$ -	\$ 5,500	\$ 1,688,696
Restricted cash	-	-	-	-	-	557,436	29,023	-	586,459
Accounts receivable	30,034	-	-	-	-	-	-	-	30,034
Prepaid expenses	34,930	-	-	-	-	-	-	-	34,930
Total Assets	<u>\$ 245,355</u>	<u>\$ 1,180,139</u>	<u>\$ 280,502</u>	<u>\$ 42,164</u>	<u>\$ -</u>	<u>\$ 557,436</u>	<u>\$ 29,023</u>	<u>\$ 5,500</u>	<u>\$ 2,340,119</u>
<u>LIABILITIES AND FUND EQUITY</u>									
Liabilities:									
Accounts payable and accrued liabilities	\$ 550	\$ 72	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,500	\$ 6,122
Due to other funds	-	-	-	-	218,565	-	-	-	218,565
Total liabilities	<u>550</u>	<u>72</u>	<u>-</u>	<u>-</u>	<u>218,565</u>	<u>-</u>	<u>-</u>	<u>5,500</u>	<u>224,687</u>
Fund Balances:									
Nonspendable:									
Prepaid items	34,930	-	-	-	-	-	-	-	34,930
Restricted:									
Stabilization by State Statute	30,034	-	-	-	-	-	-	-	30,034
Library	-	-	280,502	-	-	557,436	-	-	837,938
Public Safety	179,841	-	-	-	-	-	-	-	179,841
Education	-	-	-	-	-	-	29,023	-	29,023
Economic Development	-	1,180,067	-	42,164	-	-	-	-	1,222,231
Unassigned:	-	-	-	-	(218,565)	-	-	-	(218,565)
Total fund equity	<u>244,805</u>	<u>1,180,067</u>	<u>280,502</u>	<u>42,164</u>	<u>(218,565)</u>	<u>557,436</u>	<u>29,023</u>	<u>-</u>	<u>2,115,432</u>
Total Liabilities and Fund Equity	<u>\$ 245,355</u>	<u>\$ 1,180,139</u>	<u>\$ 280,502</u>	<u>\$ 42,164</u>	<u>\$ -</u>	<u>\$ 557,436</u>	<u>\$ 29,023</u>	<u>\$ 5,500</u>	<u>\$ 2,340,119</u>

**GRANVILLE COUNTY, NORTH CAROLINA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2014**

	Special Revenue Funds			Capital Projects Funds					
	Emergency Telephone System Fund	CDBG Fund	R. H. Thornton Library Memorial Fund	Expo and Conference Center Fund	Granville Greenway Project Fund	Library Expansion/ Renovation Fund	2010 Southern Elementary School Project Fund	GCHS Expansion Fund	June 30,2014
REVENUES									
Restricted intergovernmental revenues	\$ 360,410	\$ 492,404	\$ -	\$ 387,000	\$ -	\$ -	\$ -	\$ -	\$ 1,239,814
Investment earnings	15	-	289	-	-	64	2	-	370
Miscellaneous	-	-	7,949	111,631	15,960	-	-	-	135,540
Total Revenues	360,425	492,404	8,238	498,631	15,960	64	2	-	1,375,724
EXPENDITURES									
Public safety	272,045	-	-	-	-	-	-	-	272,045
Economic development	-	27,644	-	-	-	-	-	-	27,644
Community services	-	-	10,855	-	-	-	-	-	10,855
Education	-	-	-	-	-	-	-	445,257	445,257
Capital outlay	-	1,593,535	-	457,109	314,593	87,285	-	-	2,452,522
Debt service									
Principal	91,533	-	-	-	-	-	-	-	91,533
Interest	14,471	-	-	-	-	-	-	-	14,471
Total Expenditures	378,049	1,621,179	10,855	457,109	314,593	87,285	-	445,257	3,314,327
Revenues Over (under) Expenditures	(17,624)	(1,128,775)	(2,617)	41,522	(298,633)	(87,221)	2	(445,257)	(1,938,603)
OTHER FINANCING SOURCES (USES)									
Transfers in									
General Fund	41,848	-	-	-	-	-	-	445,257	487,105
Total	41,848	-	-	-	-	-	-	445,257	487,105
Total Other Financing Sources (Uses)	41,848	-	-	-	-	-	-	445,257	487,105
Net Change in Fund Balances	24,224	(1,128,775)	(2,617)	41,522	(298,633)	(87,221)	2	-	(1,451,498)
Fund Balance - July 1	220,581	2,308,842	283,119	642	80,068	644,657	29,021	-	3,566,930
Fund Balance - June 30	\$ 244,805	\$ 1,180,067	\$ 280,502	\$ 42,164	\$ (218,565)	\$ 557,436	\$ 29,023	\$ -	\$ 2,115,432

**GRANVILLE COUNTY, NORTH CAROLINA
EMERGENCY TELEPHONE SYSTEM FUND
SCHEDULE OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013**

	2014		Variance	2013
	Budget	Actual	Positive (Negative)	Actual
<u>REVENUES</u>				
Restricted intergovernmental revenues:				
State Cell Surcharge	\$ 360,050	\$ 360,410	\$ 360	\$ 374,097
ECAT Funding	-	-	-	4,853
Investment earnings	200	15	(185)	120
Total Revenues	<u>360,250</u>	<u>360,425</u>	<u>175</u>	<u>379,070</u>
<u>EXPENDITURES</u>				
Public safety:				
Telephone		115,953		138,677
Other operating expenditures		156,092		130,844
Capital outlay		-		1,824
Debt service:				
Principal		91,533		91,537
Interest		14,471		17,876
Total Expenditures	<u>473,740</u>	<u>378,049</u>	<u>95,691</u>	<u>380,758</u>
Revenues Over (Under) Expenditures	<u>(113,490)</u>	<u>(17,624)</u>	<u>95,866</u>	<u>(1,688)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfer (to) from other funds				
General Fund	-	41,848	41,848	-
Fund balance appropriated	113,490	-	(113,490)	-
Total	<u>113,490</u>	<u>41,848</u>	<u>(71,642)</u>	<u>-</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>24,224</u>	<u>\$ 24,224</u>	<u>(1,688)</u>
Fund Balance - July 1		<u>220,581</u>		<u>222,269</u>
Fund Balance - June 30		<u>\$ 244,805</u>		<u>\$ 220,581</u>
<u>Explanation for transfers</u>				
Transfer from the General Fund to adjust beginning balance to actual		<u>\$ 41,848</u>		
<u>Emergency Telephone System Unspent Balance</u>				
Amounts reported above are different from the PSAP Revenue-Expenditure Report because:				
Net Change in Fund Balance, reported on Budget to Actual		\$ 24,224		
Plus: Transfers to General Fund to adjust fund balance to the proper beginning balance		<u>(41,848)</u>		
Net Change per PSAP Revenue-Expenditure Report		<u>(17,624)</u>		
Beginning Balance, PSAP Revenue-Expenditure Report		262,429		
Ending Balance, PSAP Revenue-Expenditure Report		<u>\$ 244,805</u>		

GRANVILLE COUNTY, NORTH CAROLINA
CDBG FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Positive (Negative)
REVENUES					
Restricted intergovernmental revenues					
Federal and State grants					
CDBG grant					
C-1 Scattered Site Housing Funds	\$ 375,568	\$ 288,341	\$ -	\$ 288,341	\$ (87,227)
L-1 Scattered Site Supplemental Funds	24,432	22,209	-	22,209	(2,223)
NC Grant 10-C-2143	584,560	-	481,105	481,105	(103,455)
2012 CDBG C-1	202,500	-	8,656	8,656	(193,844)
2012 CDBG L-1	22,500	-	2,643	2,643	(19,857)
Total restricted intergovernmental revenues	1,209,560	310,550	492,404	802,954	(406,606)
Miscellaneous revenues					
Other revenues	45,206	45,206	-	45,206	-
Total	1,254,766	355,756	492,404	848,160	(406,606)
EXPENDITURES					
Economic development					
CDBG grant expenditures					
C-1 Scattered Site Housing	375,568	288,341	-	288,341	87,227
L-1 Scattered Site Supplemental	24,432	22,209	-	22,209	2,223
2012 C-1 Scattered Site Housing	202,500	3,500	6,056	9,556	192,944
2012 L-1 Scattered Site Housing	22,500	-	21,588	21,588	912
Capital outlay					
NC Grant 10-C-2143					
Administration	53,142	12,317	-	12,317	40,825
Building Lease and Fit-up	411,996	346,715	800	347,515	64,481
Public Facilities Improvements	3,173,656	382,860	1,592,735	1,975,595	1,198,061
Total	4,263,794	1,055,942	1,621,179	2,677,121	1,586,673
Revenues Over (Under) Expenditures	(3,009,028)	(700,186)	(1,128,775)	(1,828,961)	1,180,067
OTHER FINANCING SOURCES (USES)					
Transfers from other funds					
General Fund	3,009,028	3,009,028	-	3,009,028	-
Total Other Financing Sources (Uses)	3,009,028	3,009,028	-	3,009,028	-
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ -	\$ 2,308,842	(1,128,775)	\$ 1,180,067	\$ 1,180,067
Fund Balance - July 1			2,308,842		
Fund Balance - June 30			\$ 1,180,067		

**GRANVILLE COUNTY, NORTH CAROLINA
R. H. THORNTON LIBRARY FUND
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013**

	2014			2013
	Budget	Actual	Variance Positive (Negative)	Actual
<u>REVENUES</u>				
Donations	\$ 20,000	\$ 7,949	\$ (12,051)	\$ 6,565
Investment Earnings	300	289	(11)	567
Total Revenues	20,300	8,238	(12,062)	7,132
<u>EXPENDITURES</u>				
Projects	17,000	10,855	6,145	34,818
Total Expenditures	17,000	10,855	6,145	34,818
Revenues over (under) expenditures	3,300	(2,617)	(5,917)	(27,686)
OTHER FINANCING SOURCES (USES)				
Transfer-in(out) General Fund	(3,300)	-	3,300	-
Total other financing sources (uses)	(3,300)	-	3,300	-
Revenues and other sources over (under) expenditures and other uses	\$ -	(2,617)	\$ (2,617)	(27,686)
FUND BALANCE				
Beginning of year - July 1		283,119		310,805
End of year - June 30		\$ 280,502		\$ 283,119

**GRANVILLE COUNTY, NORTH CAROLINA
EXPO AND CONFERENCE CENTER FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014**

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Favorable (Unfavorable)
<u>REVENUES</u>					
Restricted intergovernmental					
Federal and state grants	\$ 387,000	\$ -	\$ 387,000	\$ 387,000	\$ -
Miscellaneous	111,631	-	111,631	111,631	-
Total Revenues	498,631	-	498,631	498,631	-
<u>EXPENDITURES</u>					
Capital Outlay					
Construction/Renovation	-	-	-	-	-
Waterline Project	503,591	46,482	457,109	503,591	-
Total	503,591	46,482	457,109	503,591	-
Total Expenditures	503,591	46,482	457,109	503,591	-
Revenues Over (Under) Expenditures	(4,960)	(46,482)	41,522	(4,960)	-
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfer from (to) other funds					
General Fund	(42,163)	-	-	-	42,163
General fund	47,123	127,000	-	127,000	79,877
Total Other Financing Sources (Uses)	4,960	127,000	-	127,000	122,040
Excess of Revenues and Other Sources Over (Under) Expenditures And Other Uses	\$ -	\$ 80,518	41,522	\$ 122,040	\$ 122,040
Fund Balance - July 1			642		
Fund Balance - June 30			\$ 42,164		

**GRANVILLE COUNTY, NORTH CAROLINA
GRANVILLE GREENWAY PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014**

	Project Authorization	Prior Years	Current Year	Total to Date	Variance Positive (Negative)
<u>REVENUES</u>					
Restricted intergovernmental revenues					
Federal and state grants	\$ 421,096	\$ 61,117	\$ -	\$ 61,117	\$ (359,979)
Miscellaneous					
Donations	9,150	9,150	-	9,150	-
Other	-	-	15,960	15,960	(15,960)
Total Revenues	430,246	70,267	15,960	86,227	(375,939)
<u>EXPENDITURES</u>					
Professional Services		95,068	2,763	97,831	
Supplies and Materials		406	-	406	
Greenway Construction		-	311,830	311,830	
Total Expenditures	535,521	95,474	314,593	410,067	125,454
Revenues Over (Under) Expenditures	(105,275)	(25,207)	(298,633)	(323,840)	(218,565)
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfers-in (out)					
General Fund	105,275	105,275	-	105,275	-
Total	105,275	105,275	-	105,275	-
Excess of Revenues and Other Sources					
Over (Under) Expenditures and Other Uses	\$ -	\$ 80,068	(298,633)	\$ (218,565)	\$ (218,565)
Fund Balances:					
Beginning of year - July 1			80,068		
End of year - June 30			\$ (218,565)		

**GRANVILLE COUNTY, NORTH CAROLINA
LIBRARY EXPANSION/RENOVATION FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014**

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Favorable (Unfavorable)
REVENUES					
Investment earnings	\$ 23,024	\$ 22,965	\$ 64	\$ 23,029	\$ 5
Total	23,024	22,965	64	23,029	5
EXPENDITURES					
General Library Projects					
Issuance Costs		41,970	-	41,970	
Architectural Services		121,409	-	121,409	
Construction		1,398,472	-	1,398,472	
Offsite Book Services		113,753	84,369	198,122	
Total	1,759,973	1,675,604	84,369	1,759,973	-
Thornton Expansion					
Architectural Services		181,940	-	181,940	
Contract Services		97,840	(1,600)	96,240	
Building Rent		105,491	-	105,491	
Furniture & Fixtures		381,515	-	381,515	
Construction Renovation		2,032,544	2,261	2,034,805	
Total	2,799,991	2,799,330	661	2,799,991	-
South Branch Addition					
Architectural Services		156,321	-	156,321	
Furniture & Fixtures		264,661	171	264,832	
Construction & Renovation		2,241,766	200	2,241,966	
Road and Pavement Improvements		108,817	-	108,817	
Total	2,771,936	2,771,565	371	2,771,936	-
Stovall Addition					
Architectural Services		63,183	-	63,183	
Furniture & Fixtures		82,496	357	82,853	
Land		50,666	-	50,666	
Construction & Renovation		732,408	-	732,408	
Total	929,110	928,753	357	929,110	-
Berea Renovation					
Architectural Services		11,992	-	11,992	
Furniture & Fixtures		32,904	134	33,038	
Construction and Renovation		139,731	1,393	141,124	
Total	186,154	184,627	1,527	186,154	-
Debt Service					
Principal	880,000	480,000	-	480,000	400,000
Interest	407,700	250,269	-	250,269	157,431
Total	1,287,700	730,269	-	730,269	557,431
Total Expenditures	9,734,864	9,090,148	87,285	9,177,433	557,431
Revenues Over (Under) Expenditures	(9,711,840)	(9,067,183)	(87,221)	(9,154,404)	557,436
OTHER FINANCING SOURCES (USES)					
Debt Issued	9,600,000	9,600,000	-	9,600,000	-
Premium on Debt Issued	111,840	111,840	-	111,840	-
Transfers-in (out)					
General Fund	(125,000)	(125,000)	-	(125,000)	-
General Fund	125,000	125,000	-	125,000	-
Total Other Financing Sources (Uses)	9,711,840	9,711,840	-	9,711,840	-
Excess of Revenues and Other Sources Over (Under) Expenditures And Other Uses	\$ -	\$ 644,657	(87,221)	\$ 557,436	\$ 557,436
Fund Balance - July 1			644,657		
Fund Balance - June 30			\$ 557,436		

**GRANVILLE COUNTY, NORTH CAROLINA
2010 SOUTHERN ELEMENTARY SCHOOL PROJECT
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014**

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Favorable (Unfavorable)
REVENUES					
Investment earnings	\$ 33,816	\$ 33,819	\$ 2	\$ 33,821	\$ 5
Miscellaneous revenue	4,100	4,100	-	4,100	-
Total Revenues	37,916	37,919	2	37,921	5
EXPENDITURES					
Capital Outlay					
Land acquisition	357,021	357,020	-	357,020	1
Building & site construction	11,519,942	11,519,942	-	11,519,942	-
Architect & engineering fees	782,730	782,730	-	782,730	-
Program management fees	482,411	482,410	-	482,410	1
Other contracts & charges	1,447,744	1,447,744	-	1,447,744	-
Total	14,589,848	14,589,846	-	14,589,846	2
Debt Service					
Issuance costs	235,791	235,790	-	235,790	1
Total	235,791	235,790	-	235,790	1
Total Expenditures	14,825,639	14,825,636	-	14,825,636	3
Revenues Over (Under) Expenditures	(14,787,723)	(14,787,717)	2	(14,787,715)	8
OTHER FINANCING SOURCES (USES)					
Transfer from General Fund	1,000,000	1,000,000	-	1,000,000	-
Transfer to General Fund	(2,212,277)	(2,183,262)	-	(2,183,262)	29,015
Issuance of debt	16,000,000	16,000,000	-	16,000,000	-
Total Other Financing Sources (Uses)	14,787,723	14,816,738	-	14,816,738	29,015
Excess of Revenues and Other Sources Over (Under) Expenditures And Other Uses	\$ -	\$ 29,021	2	\$ 29,023	\$ 29,023
Fund Balance - July 1			29,021		
Fund Balance - June 30			\$ 29,023		

GRANVILLE COUNTY, NORTH CAROLINA
GCHS EXPANSION FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Project Authorization</u>	<u>Actual Prior Years</u>	<u>Actual Current Year</u>	<u>Actual Total to Date</u>	<u>Variance Favorable (Unfavorable)</u>
<u>REVENUES</u>					
Investment earnings	\$ 40,000	\$ -	\$ -	\$ -	\$ (40,000)
Total Revenues	<u>40,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(40,000)</u>
<u>EXPENDITURES</u>					
Capital Outlay					
Building & site construction	8,985,435	-	-	-	8,985,435
Architect & engineering fees	610,521	-	425,985	425,985	184,536
Program management fees	376,276	-	-	-	376,276
Other contracts & charges	1,099,225	-	19,272	19,272	1,079,953
Contingency	898,543	-	-	-	898,543
Total	<u>11,970,000</u>	<u>-</u>	<u>445,257</u>	<u>445,257</u>	<u>11,524,743</u>
Debt Service					
Issuance costs	<u>70,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>70,000</u>
Total	<u>70,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>70,000</u>
Total Expenditures	<u>12,040,000</u>	<u>-</u>	<u>445,257</u>	<u>445,257</u>	<u>11,594,743</u>
Revenues Over (Under) Expenditures	<u>(12,000,000)</u>	<u>-</u>	<u>(445,257)</u>	<u>(445,257)</u>	<u>11,554,743</u>
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfer from General Fund	750,000	-	445,257	445,257	(304,743)
Transfer to General Fund	(750,000)	-	-	-	750,000
Issuance of debt	<u>12,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(12,000,000)</u>
Total Other Financing Sources (Uses)	<u>12,000,000</u>	<u>-</u>	<u>445,257</u>	<u>445,257</u>	<u>(11,554,743)</u>
Excess of Revenues and Other Sources Over (Under) Expenditures And Other Uses	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance - July 1			<u>-</u>		
Fund Balance - June 30			<u>\$ -</u>		

ENTERPRISE FUND

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the government's council is that the cost of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; where the government's council has decided that the periodic determination of net income is appropriate for accountability purposes.

- **Solid Waste Management Fund:** This fund is used to account for the operations of the County's solid waste activities.
- **Stormwater Fund:** This fund is used to account for the operations of the County's stormwater activities.

GRANVILLE COUNTY, NORTH CAROLINA
SOLID WASTE MANAGEMENT
SCHEDULE OF REVENUES AND EXPENDITURES-BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2014
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	2014			2013
	Budget	Actual	Variance Positive (Negative)	Actual
REVENUES				
Restricted intergovernmental				
NC Electronics Management Funds	\$ 1,000	\$ -	\$ 1,000	\$ 3,493
Operating revenues				
Landfill user fees	1,332,309	1,147,695	(184,614)	482,336
Solid waste charges	1,050,000	1,050,422	422	1,052,085
Other operating revenues				
White goods		17,869		18,687
Scrap tire disposal tax		69,978		74,492
Solid waste disposal tax		27,144		26,939
Compost/Mulch sales		5,368		1,518
Miscellaneous		7,024		30,050
Total	<u>83,100</u>	<u>127,383</u>	<u>44,283</u>	<u>151,686</u>
Total Operating Revenues	<u>2,466,409</u>	<u>2,325,500</u>	<u>(139,909)</u>	<u>1,689,600</u>
Nonoperating Revenues				
Interest earned on investments	<u>701,550</u>	<u>1,778</u>	<u>(699,772)</u>	<u>5,062</u>
Total Revenues	<u>3,167,959</u>	<u>2,327,278</u>	<u>(839,681)</u>	<u>1,694,662</u>
EXPENDITURES				
Solid Waste Operations				
Printing		77		695
Supplies and materials		288		322
Manned sites		386,462		420,927
Oil and Anti-Freeze Disposal		2,028		2,031
Freon Removal		924		1,236
Waste disposal		393,111		361,281
Container transportation		249,880		256,976
Maintenance and grounds		2,262		5,443
Miscellaneous		4,642		390
Total	<u>1,039,750</u>	<u>1,039,959</u>	<u>(209)</u>	<u>1,049,301</u>
Site remodeling and construction	<u>22,550</u>	<u>5,837</u>	<u>16,713</u>	<u>-</u>
Total Solid Waste Operations	<u>1,062,300</u>	<u>1,045,796</u>	<u>16,504</u>	<u>1,049,301</u>

GRANVILLE COUNTY, NORTH CAROLINA
SOLID WASTE MANAGEMENT
SCHEDULE OF REVENUES AND EXPENDITURES-BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2014
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	2014		Variance	2013
	Budget	Actual	Positive (Negative)	Actual
Landfill Operations				
Salaries and employee benefits		188,226		181,021
Administrative fee		7,500		25,000
Professional services		176,262		63,170
Credit card charges		3,240		1,552
Gas, oil, tires		3,649		5,488
Supplies and materials		4,530		5,923
Brush grinding		25,925		-
Travel		434		472
Telephone and postage		4,409		3,889
Utilities		9,067		6,366
Printing		158		270
Maintenance and grounds		15,481		4,926
Advertising		171		694
Tire disposal		79,379		65,020
Registration and training		2,450		793
Contract services		889,063		342,737
Computer service		1,320		1,774
Noncapitalized equipment		21,105		554
Miscellaneous		-		1,333
Total Landfill Operations	1,448,702	1,432,369	16,333	710,982
Convenience sites				
Professional services	95,120	13,455	81,665	-
Budgetary Appropriations				
Capital outlay - landfill	99,980	39,202	60,778	3,610,039
Capital outlay - convenience sites	566,415	62,141	504,274	106,868
Total	666,395	101,343	565,052	3,716,907
Total Expenditures	3,272,517	2,592,963	597,889	5,477,190
Revenues Over (Under) Expenditures	(104,558)	(265,685)	(161,127)	(3,782,528)
OTHER FINANCING SOURCES (USES)				
Fund Balance Appropriated				
Landfill	93,558	-	(93,558)	-
Solid Waste	11,000	-	(11,000)	-
Total Other Financing Sources (Uses)	104,558	-	(104,558)	-
Revenues Over (Under) Sources and Other Uses	\$ -	\$ (265,685)	\$ (265,685)	\$ (3,782,528)

GRANVILLE COUNTY, NORTH CAROLINA
SOLID WASTE MANAGEMENT
SCHEDULE OF REVENUES AND EXPENDITURES-BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2014
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	2014		2013
	Budget	Actual	Actual
		Variance Positive (Negative)	
RECONCILIATION FROM BUDGETARY BASIS (MODIFIED ACCRUAL) TO FULL ACCRUAL			
Excess of revenues over (under) expenditures	\$	(265,685)	\$ (3,782,528)
Depreciation		(142,435)	(34,774)
Capital outlay		39,202	3,610,039
(Increase) decrease in accrued landfill closure and postclosure care costs		656,876	(2,402,322)
(Increase) decrease in other postemployment benefits		(9,846)	(9,615)
(Increase) decrease in accrued vacation payable		(2,209)	(1,060)
Net Income (loss)	\$	<u>275,903</u>	<u>\$ (2,620,260)</u>

GRANVILLE COUNTY, NORTH CAROLINA
STORMWATER FUND
SCHEDULE OF REVENUES AND EXPENDITURES-BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2014
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	2014		Variance	2013
	Budget	Actual	Positive (Negative)	Actual
<u>REVENUES</u>				
Restricted intergovernmental revenue				
Federal grant	\$ 25,500	\$ 24,222	\$ (1,278)	\$ -
Operating revenues				
Stormwater fees	220,000	249,597	29,597	248,572
Other operating revenues				
Contributions	86,594	104,247	17,653	95,795
Total Revenues	332,094	378,066	45,972	344,367
<u>EXPENDITURES</u>				
Stormwater Operations				
Salaries and employee benefits		79,690		-
Professional Services		118,731		184,345
Supplies and materials		801		160
Postage		-		919
Dues and subscriptions		42,286		17,105
Advertising		1,344		169
Waste disposal		895		67
Contracted services		7,500		4,179
Maintenance		1,528		445
Administration		5,000		1,684
Miscellaneous		3,314		1,684
Total	332,094	261,089	71,005	210,757
Revenues Over (Under) Expenditures	-	116,977	116,977	133,610
<u>OTHER FINANCING SOURCES (USES)</u>				
Fund Balance Appropriated	-	-	-	-
Revenues Over (Under) Sources and Other Uses	\$ -	\$ 116,977	\$ 116,977	\$ 133,610
RECONCILIATION FROM BUDGETARY BASIS (MODIFIED ACCRUAL) TO FULL ACCRUAL				
Excess of revenues over (under) expenditures		\$ 116,977		\$ 133,610
Depreciation		-		-
Capital outlay		-		-
Net Income (loss)		\$ 116,977		\$ 133,610

INTERNAL SERVICE FUND

Internal Service funds are used to account for the financing of goods and services provided by one department or other departments of the County.

- **County Health Plan Fund:** This fund is used to account for the County's health insurance transactions.

GRANVILLE COUNTY, NORTH CAROLINA
COUNTY HEALTH PLAN FUND
SCHEDULE OF REVENUES AND EXPENDITURES-BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2014
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	2014			2013
	Budget	Actual	Variance Positive (Negative)	Actual
Revenues				
Contributions from employees	\$ 2,164,011	\$ 2,573,193	\$ 409,182	\$ 2,127,281
Insurance settlements	-	110,760	110,760	555,222
Miscellaneous	-	30,474	30,474	8,378
Total revenues	<u>2,164,011</u>	<u>2,714,427</u>	<u>550,416</u>	<u>2,690,881</u>
Expenditures				
Health insurance administration	503,670	507,037	(3,367)	479,103
Claims	1,660,341	1,813,349	(153,008)	2,500,566
Total expenditures	<u>2,164,011</u>	<u>2,320,386</u>	<u>(156,375)</u>	<u>2,979,669</u>
Revenues over (under) expenditures	-	394,041	394,041	(288,788)
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfer from General Fund	-	-	-	220,000
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>220,000</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	394,041	<u>\$ 394,041</u>	(68,788)
Fund balances				
Beginning of year, July 1		<u>37,608</u>		<u>106,396</u>
End of year, June 30		<u>\$ 431,649</u>		<u>\$ 37,608</u>
Reconciliation from financial plan basis (modified accrual) to full accrual:				
Total revenues		\$ 2,714,427		
Total expenditures		<u>2,320,386</u>		
Change in net position		<u>\$ 394,041</u>		

AGENCY FUNDS

Agency funds are used to account for assets held by the County as an agent for individuals, private organizations, other governments and/or other funds.

- **Social Services Fund:** This agency fund is used to account for the receipts and disbursements made by the County on behalf of individuals for whom the County serves as or is, in fact, their legal guardian or custodian.
- **DMV Interest Fund:** This agency fund is used to account for the receipts and disbursements made by the County to the DMV.
- **Granville County Tourism Development Authority Fund:** This agency fund is used to account for the expenditures of occupancy tax received from the County.
- **Inmate Trust Fund:** This agency fund is used to account for receipts and disbursements made by the County on behalf of inmates.
- **Sheriff's Evidence, Execution and Special Account Fund:** This agency fund is used to account for receipts and disbursements made by the County involving sheriff's funds.

GRANVILLE COUNTY, NORTH CAROLINA
COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2014

	Agency Funds					Total Agency Funds
	Social Services Fund	Granville County Tourism Development Authority	DMV Interest Fund	Inmate Trust Fund	Sheriff's Evidence, Execution and Special Fund	
ASSETS						
Cash and investments	\$ 75,790	\$ -	\$ -	\$ 8,293	\$ 159,638	\$ 243,721
Total Assets	<u>\$ 75,790</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,293</u>	<u>\$ 159,638</u>	<u>\$ 243,721</u>
LIABILITIES AND NET POSITION						
Liabilities:						
Miscellaneous liabilities	\$ 75,790	\$ -	\$ -	\$ 8,293	\$ 159,638	\$ 243,721
Total Liabilities	<u>75,790</u>	<u>-</u>	<u>-</u>	<u>8,293</u>	<u>159,638</u>	<u>243,721</u>
Net Position:						
Unreserved	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Net Position	<u>\$ 75,790</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,293</u>	<u>\$ 159,638</u>	<u>\$ 243,721</u>

GRANVILLE COUNTY, NORTH CAROLINA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Balance July 1, 2013	Additions	Deductions	Balance June 30, 2014
<u>Social Services</u>				
Assets				
Cash and cash equivalents	\$ 36,279	\$ 243,841	\$ 204,330	\$ 75,790
Liabilities				
Miscellaneous liabilities	\$ 36,279	\$ 243,841	\$ 204,330	\$ 75,790
<u>Granville County Tourism Development Authority</u>				
Assets				
Due from other fund	\$ 32,208	\$ -	\$ 32,208	\$ -
Liabilities				
Due to component unit	\$ 32,208	\$ -	\$ 32,208	\$ -
<u>DMV Interest Fund</u>				
Assets				
Cash and cash equivalents	\$ 2,567	\$ -	\$ 2,567	\$ -
Liabilities				
Due to DMV	\$ 2,567	\$ -	\$ 2,567	\$ -
<u>Inmate Trust Fund</u>				
Assets				
Cash and cash equivalents	\$ 10,013	\$ 119,888	\$ 121,608	\$ 8,293
Liabilities				
Miscellaneous liabilities	\$ 10,013	\$ 119,888	\$ 121,608	\$ 8,293
<u>Sheriff's Evidence, Execution and Special Account Fund</u>				
Assets				
Cash and cash equivalents	\$ 132,666	\$ 97,905	\$ 70,933	\$ 159,638
Liabilities				
Miscellaneous liabilities	\$ 132,666	\$ 97,905	\$ 70,933	\$ 159,638
<u>Total - All Agency Funds</u>				
Assets				
Cash and cash equivalents	\$ 181,525	\$ 461,634	\$ 399,438	\$ 243,721
Due from other fund	32,208	-	32,208	-
Total	\$ 213,733	\$ 461,634	\$ 431,646	\$ 243,721
Liabilities				
Miscellaneous liabilities	\$ 181,525	\$ 461,634	\$ 399,438	\$ 243,721
Due to component unit	32,208	-	32,208	-
Total	\$ 213,733	\$ 461,634	\$ 431,646	\$ 243,721

OTHER SCHEDULES

This schedule contains additional information required on property taxes.

- Schedule of Ad Valorem Taxes Receivable
- Analysis of Current Tax Levy

GRANVILLE COUNTY, NORTH CAROLINA
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
GENERAL FUND
JUNE 30, 2014

Fiscal Year	Uncollected Balance June 30, 2013	Additions	Collections and Adjustments	Uncollected Balance June 30, 2014
2014	\$ -	\$ 34,531,220	\$ (33,860,627)	\$ 670,593
2013	913,676	-	(706,790)	206,886
2012	144,103	-	(67,886)	76,217
2011	85,224	-	(21,774)	63,450
2010	230,903	-	(117,592)	113,311
2009	54,304	-	(6,568)	47,736
2008	151,574	-	(3,616)	147,958
2007	204,518	-	(2,888)	201,630
2006	53,161	-	(2,397)	50,764
2005	50,856	-	(2,684)	48,172
2004	50,328	-	(50,328)	-
	<u>\$ 1,938,647</u>	<u>\$ 34,531,220</u>	<u>\$ (34,843,150)</u>	<u>\$ 1,626,717</u>
				<u>(150,000)</u>
				<u>\$ 1,476,717</u>
Reconcilement with revenues:				
Taxes-ad valorem-General Fund			\$ 36,071,119	
Interest and Discounts			<u>(1,276,833)</u>	
				34,794,286
 Amounts written off for tax year 2003 - 2004 per statute of limitations				
				<u>48,864</u>
Total Collections and Credits				<u>\$ 34,843,150</u>

**GRANVILLE COUNTY, NORTH CAROLINA
ANALYSIS OF CURRENT TAX LEVY
COUNTY-WIDE LEVY
JUNE 30, 2014**

	County-wide			Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
	Property Valuation	Rate	Total Levy		
Original levy:					
Property taxed at current year's rate	\$ 3,645,649,362	0.830	\$ 30,258,890	\$ 30,258,890	\$ -
Motor vehicles at current year's rate	378,966,386	0.830	3,145,421	-	3,145,421
Motor vehicles at prior year's rate	141,749,560	0.795	1,126,909	-	1,126,909
Discoveries:					
Current and prior year's taxes	135,053,012	0.830	1,120,940	1,086,546	34,394
Abatements	(5,627,108)	0.830	(46,705)	(12,362)	(34,343)
Total Property Valuation	<u>\$ 4,295,791,212</u>				
Net Levy			35,605,455	31,333,074	4,272,381
Uncollected taxes at June 30, 2014			670,593	472,402	198,191
Current year's taxes collected			<u>\$ 34,934,862</u>	<u>\$ 30,860,672</u>	<u>\$ 4,074,190</u>
Current levy collection percentage			<u>98.12%</u>	<u>98.49%</u>	<u>95.36%</u>

STATISTICAL SECTION

Financial Trends

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

Debt Capacity

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

TABLE 1

GRANVILLE COUNTY, NORTH CAROLINA
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental activities										
Net investment in capital assets	\$ 10,597,557	\$ 10,561,872	\$ 11,865,211	\$ 13,396,938	\$ 14,464,315	\$ 7,040,787	\$ 13,168,461	\$ 5,749,001	\$ 13,801,596	\$ 17,096,701
Restricted	107,052	-	-	30,967	-	-	13,824,466	22,894,879	11,770,892	10,140,935
Unrestricted	7,951,477	1,896,288	(20,032,740)	(19,228,369)	(16,983,575)	(8,000,642)	(35,778,192)	(46,031,350)	(52,503,720)	(46,402,671)
Total governmental activities net position	<u>18,656,086</u>	<u>12,458,160</u>	<u>(8,167,529)</u>	<u>(5,800,464)</u>	<u>(2,519,260)</u>	<u>(959,855)</u>	<u>(8,785,265)</u>	<u>(17,387,470)</u>	<u>(26,931,232)</u>	<u>(19,165,035)</u>
Business-type activities										
Net investment in capital assets	2,904,420	2,882,938	3,592,659	1,332,910	1,311,992	1,300,529	1,289,341	1,930,932	5,506,197	5,402,964
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	2,884,623	3,396,631	3,988,295	(2,694,898)	(3,148,445)	(3,692,801)	(740,690)	(1,654,823)	(7,718,231)	(7,217,508)
Total business-type activities net position	<u>5,789,043</u>	<u>6,279,569</u>	<u>7,580,954</u>	<u>(1,361,988)</u>	<u>(1,836,453)</u>	<u>(2,392,272)</u>	<u>548,651</u>	<u>276,109</u>	<u>(2,212,034)</u>	<u>(1,814,544)</u>
Primary government										
Net investment in capital assets	13,501,977	13,444,810	15,457,870	14,729,848	15,776,307	8,341,316	14,457,802	7,679,933	19,307,793	22,499,665
Restricted	107,052	-	-	30,967	-	-	13,824,466	22,894,879	11,770,892	10,140,935
Unrestricted	10,836,100	5,292,919	(16,044,445)	(21,923,267)	(20,132,020)	(11,693,443)	(36,518,882)	(47,686,173)	(60,221,951)	(53,620,179)
Total primary government net position	<u>\$ 24,445,129</u>	<u>\$ 18,737,729</u>	<u>\$ (586,575)</u>	<u>\$ (7,162,452)</u>	<u>\$ (4,355,713)</u>	<u>\$ (3,352,127)</u>	<u>\$ (8,236,614)</u>	<u>\$ (17,111,361)</u>	<u>\$ (29,143,266)</u>	<u>\$ (20,979,579)</u>

TABLE 2

**GRANVILLE COUNTY, NORTH CAROLINA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses										
Governmental activities:										
General government	\$ 2,457,507	\$ 2,844,996	\$ 2,496,066	\$ 2,764,176	\$ 4,253,006	\$ 4,318,453	\$ 3,557,567	\$ 4,259,610	\$ 4,555,774	\$ 4,405,781
Public safety	7,886,433	9,096,766	9,465,578	10,376,749	11,756,164	11,838,566	8,745,611	9,823,361	10,620,057	10,655,790
Transportation	87,213	133,184	161,752	228,242	142,623	161,465	161,525	135,410	148,296	156,779
Environmental Protection	-	282,791	-	-	-	-	-	-	-	-
Economic and physical development	328,880	282,791	28,224	333,567	357,293	1,142,750	560,181	9,772,776	797,499	476,826
Human Services	10,045,609	10,796,551	12,612,304	11,196,564	10,841,983	9,883,423	11,189,177	11,590,347	23,560,271	12,744,738
Community Services	2,022,929	2,005,795	2,610,956	2,542,373	2,952,212	2,889,358	3,219,464	3,246,796	3,853,986	2,746,910
Education	12,140,438	23,610,030	35,180,474	16,596,758	14,935,997	15,247,427	24,697,465	17,583,181	14,864,489	14,859,485
Non-departmental and special areas	1,512,564	1,879,547	2,407,906	2,211,016	-	-	-	-	-	-
Interest on long-term debt	849,244	1,760,155	1,938,828	2,115,040	2,053,147	1,985,372	2,423,796	2,425,015	2,507,886	2,303,425
Total governmental activities expenses	37,330,817	52,692,606	66,902,088	48,364,485	47,292,425	47,466,814	54,554,786	58,836,496	60,908,258	48,349,734
Business-type activities										
Water and Sewer	1,322,082	1,249,509	1,340,252	1,085,232	-	-	-	-	-	-
Solid Waste	1,352,833	1,396,116	1,642,393	6,520,539	2,197,983	2,088,641	1,721,247	1,822,661	4,318,099	2,046,765
Stormwater	-	-	-	-	-	-	-	-	209,073	261,089
Total business-type activities	2,674,915	2,645,625	2,982,645	7,605,771	2,197,983	2,088,641	1,721,247	1,822,661	4,527,172	2,307,854
Total primary government expenses	40,005,732	55,338,231	69,884,733	55,970,256	49,490,408	49,555,455	56,276,033	60,659,157	65,435,430	50,657,588
Program Revenues										
Governmental activities:										
Charges for services:										
General government	553,307	643,915	610,973	677,758	487,200	484,736	394,790	625,684	507,272	527,492
Public Safety	791,072	1,088,446	802,327	924,126	795,836	687,119	621,263	643,455	703,591	676,055
Environmental Protection	-	370	-	-	-	-	-	-	-	-
Economic and physical development	-	-	-	-	-	-	17,800	3,560	-	-
Human Services	1,129,081	1,285,775	1,137,207	1,499,949	1,763,894	1,987,299	299,919	89,602	97,873	84,399
Community Services	245,038	321,200	354,237	286,584	212,183	203,054	192,996	185,681	200,492	243,873
Education	-	-	-	-	-	-	1,488,000	-	-	-
Operating grants and contributions										
General government	42,165	261,063	14,732	11,808	14,568	37,694	149,436	55,955	69,878	29,930
Public Safety	312,546	345,704	357,011	526,668	676,647	645,268	678,364	1,057,350	1,711,479	926,318
Transportation	-	-	-	-	177,704	192,410	261,137	259,741	291,028	191,221
Economic and physical development	-	75,000	-	-	3,009	-	738,449	27,500	326,361	58,986
Human Services	5,248,188	5,479,592	5,756,078	5,967,518	6,055,551	6,247,734	5,868,017	6,421,666	6,237,855	6,547,155
Community Services	288,268	193,210	193,001	180,085	195,205	265,444	168,581	151,288	156,245	138,529
Education	-	5,000	-	-	-	-	-	800,000	1,060,202	1,000,000
Capital grants and contributions										
General government	-	6,323	-	-	-	28,758	-	-	-	-
Public Safety	11,404	300,368	-	-	-	-	-	-	-	-
Transportation	87,213	105,253	149,097	171,471	382,062	-	-	-	-	-
Economic and physical development	763,129	333,941	(14,349)	275,635	120,224	848,919	108,058	147,875	41,415	508,364
Community Services	75,000	89,631	108,513	370,000	417,650	80,000	90,000	-	-	498,631
Education	200,000	400,000	758,693	1,103,970	1,920,000	600,000	-	-	-	-
Total governmental activities program revenues	9,746,411	10,934,791	10,227,520	11,995,572	13,221,733	12,308,435	11,076,810	10,469,357	11,403,691	11,430,953

TABLE 2

**GRANVILLE COUNTY, NORTH CAROLINA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Business-type activities										
Charges for services:										
Water and Sewer	1,259,392	1,553,407	1,555,540	1,201,171	-	-	-	-	-	-
Solid Waste	1,438,167	1,434,609	1,592,925	1,595,705	1,525,736	1,527,300	1,680,396	1,540,903	1,686,107	2,325,500
Stormwater	-	-	-	-	-	-	-	-	248,572	249,597
Capital grants and contributions	-	-	-	-	-	-	4,137	4,692	3,493	24,222
Total business-type activities program revenues	2,697,559	2,988,016	3,148,465	2,796,876	1,525,736	1,527,300	1,684,533	1,545,595	1,938,172	2,599,319
Total primary government program revenues	12,443,970	13,922,807	13,375,985	14,792,448	14,747,469	13,835,735	12,761,343	12,014,952	13,341,863	14,030,272
Net (expenses)/revenue										
Governmental activities										
General Government	(1,862,035)	(1,933,695)	(1,870,361)	(2,074,610)	(3,751,238)	(3,767,265)	(3,013,341)	(3,577,971)	(3,978,624)	(3,848,359)
Public Safety	(6,771,411)	(7,362,248)	(8,306,240)	(8,925,955)	(10,283,681)	(10,506,179)	(7,445,984)	(8,122,556)	(8,204,987)	(9,053,417)
Transportation	-	(27,931)	(12,655)	(56,771)	417,143	30,945	99,612	124,331	142,732	34,442
Environmental Protection	-	(282,421)	-	-	-	-	-	-	-	-
Economic and physical development	434,249	126,150	(42,573)	(57,932)	(234,060)	(293,831)	304,126	(9,593,841)	(429,723)	90,524
Human Services	(3,668,340)	(4,031,184)	(5,719,019)	(3,729,097)	(3,022,538)	(1,648,390)	(5,021,241)	(5,079,079)	(17,224,543)	(6,113,184)
Community Services	(1,414,623)	(1,401,754)	(1,955,205)	(1,705,704)	(2,127,174)	(2,340,860)	(2,767,887)	(2,909,827)	(3,497,249)	(1,865,877)
Education	(11,940,438)	(23,205,030)	(34,421,781)	(15,492,788)	(13,015,997)	(14,647,427)	(23,209,465)	(16,783,181)	(13,804,287)	(13,859,485)
Non-departmental and special areas	(1,512,564)	(1,879,547)	(2,407,906)	(2,211,016)	-	-	-	-	-	-
Interest on long term debt	(849,244)	(1,760,155)	(1,938,828)	(2,115,040)	(2,053,147)	(1,985,372)	(2,423,796)	(2,425,015)	(2,507,886)	(2,303,425)
Business-type activities										
Water and sewer	(62,690)	303,898	215,288	115,939	-	-	-	-	-	-
Solid waste	85,334	38,493	(49,468)	(4,924,834)	(672,247)	(561,341)	(36,714)	(277,066)	(2,628,499)	278,735
Stormwater	-	-	-	-	-	-	-	-	39,499	12,730
Total primary government net expenses	(27,561,762)	(41,415,424)	(56,508,748)	(41,177,808)	(34,742,939)	(35,719,720)	(43,514,690)	(48,644,205)	(52,133,066)	(36,640,046)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes	19,218,210	22,243,741	23,410,571	26,593,546	27,423,928	30,260,553	31,614,844	31,803,407	31,967,760	35,899,937
Local option sales tax	9,150,914	9,636,678	10,697,330	9,030,075	7,712,604	5,915,129	4,929,327	5,512,386	5,977,343	5,826,915
Other taxes and licenses	785,834	865,181	295,200	1,019,520	666,540	523,113	1,576,079	1,777,995	1,993,976	2,056,480
Investment earnings	574,177	1,994,666	1,878,138	1,317,899	536,617	182,190	127,862	61,598	49,130	41,765
Miscellaneous	129,741	309,682	578,191	180,056	265,978	(163,201)	378,224	609,548	297,442	354,724
Transfers	-	227,150	(810,551)	594,882	-	-	(2,973,770)	-	-	-
Total general revenues, special items and transfers	29,858,876	35,277,098	36,048,879	38,735,978	36,605,667	36,717,784	35,652,566	39,764,934	40,285,651	44,179,821
Total governmental activities	29,858,876	35,277,098	36,048,879	38,735,978	36,605,667	36,717,784	35,652,566	39,764,934	40,285,651	44,179,821
Business-type activities:										
Investment earnings	60,065	129,052	162,654	144,531	60,025	5,522	3,864	4,524	5,062	1,778
Miscellaneous	15,645	246,233	162,360	-	-	-	-	-	95,795	104,247
Transfers	-	(227,150)	810,551	(4,278,578)	-	-	2,973,770	-	-	-
Total general revenues, special items and transfers	75,710	148,135	1,135,565	(4,134,047)	60,025	5,522	2,977,634	4,524	100,857	106,025
Total business-type activities	75,710	148,135	1,135,565	(4,134,047)	60,025	5,522	2,977,634	4,524	100,857	106,025
Total primary government	29,934,586	35,425,233	37,184,444	34,601,931	36,665,692	36,723,306	38,630,200	39,769,458	40,386,508	44,285,846
Changes in Net Position										
Governmental activities	2,274,470	(6,480,717)	(20,625,689)	2,367,065	2,534,975	1,559,405	(7,825,410)	(8,602,205)	(9,218,916)	7,261,040
Business-type activities	98,354	490,526	1,301,385	(8,942,942)	(612,222)	(555,819)	2,940,920	(272,542)	(2,488,143)	397,490
Total primary government	\$ 2,372,824	\$ (5,990,191)	\$ (19,324,304)	\$ (6,575,877)	\$ 1,922,753	\$ 1,003,586	\$ (4,884,490)	\$ (8,874,747)	\$ (11,707,059)	\$ 7,658,530

TABLE 3

GRANVILLE COUNTY, NORTH CAROLINA
GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

Fiscal Year	Property Tax	Local Sales Tax	Alcoholic Beverage Tax	Occupancy Tax*	Other Tax	Total
2005	\$ 19,218,210	\$ 9,150,914	\$ 21,752	\$ 96,797	\$ 667,285	\$ 29,154,958
2006	22,243,741	9,636,678	23,074	99,249	742,858	32,745,600
2007	23,410,571	10,697,330	22,856	112,187	160,157	34,403,101
2008	26,593,546	9,030,075	22,762	155,041	841,717	36,643,141
2009	27,423,928	7,712,604	23,582	202,191	440,767	35,803,072
2010	30,260,553	5,915,129	23,224	188,877	311,012	36,698,795
2011	31,614,844	4,929,327	23,213	185,671	1,367,195	38,120,250
2012	31,803,407	5,512,386	23,774	178,497	1,575,724	39,093,788
2013	31,967,760	5,977,343	24,334	167,032	1,802,610	39,939,079
2014	\$ 35,899,937	\$ 5,826,915	\$ 25,158	\$ 160,985	\$ 1,870,337	\$ 43,783,332

* Occupancy tax levy rate changed from 3% to 6% effective January 1, 2008.

**GRANVILLE COUNTY, NORTH CAROLINA
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

TABLE 4

	Fiscal Year				
	Restated* 2010	2011	2012	2013	2014
General Fund					
Nonspendable					
Prepaid items	\$ -	\$ 4,000	\$ 368	\$ 900	\$ 1,635
Restricted					
Stabilization by State Statute	3,334,751	2,831,605	2,694,795	2,092,758	3,247,393
Register of Deeds	-	12,748	33,561	-	12,618
Human Services	-	-	13,591,044	5,416,399	3,538,668
Education	739,572	-	-	695,447	1,043,189
Committed					
Tax Revaluation	110	98,122	196,283	294,687	392,987
Public Safety	-	-	591,606	945,368	1,022,524
Assigned					
Subsequent year's expenditures	990,730	768,172	1,418,657	1,735,002	1,874,511
Economic & Physical Development	1,003,828	960,000	1,232,800	956,521	548,995
Unassigned	18,741,118	19,324,317	11,353,100	18,625,992	20,478,407
Total general fund	<u>\$ 24,810,109</u>	<u>\$ 23,998,964</u>	<u>\$ 31,112,214</u>	<u>\$30,763,074</u>	<u>\$32,160,927</u>
All other governmental funds					
Nonspendable					
Prepaid items	\$ -	\$ -	\$ -	\$ -	\$ 34,930
Restricted					
Stabilization by State Statute	39,779	39,779	135,549	83,357	30,034
Education	(62,241)	5,993,606	1,251,264	29,021	29,023
Recreation	(11,928)	67,752	63,319	59,061	-
Library	8,217,974	3,620,138	1,938,922	927,776	837,938
Public Safety	1,204,897	1,258,838	194,485	158,231	179,841
Economic & Physical Development	-	-	2,644,258	2,308,842	1,222,231
Committed					
Economic & Physical Development	1,622,072	210,014	33,564	642	-
Unassigned	-	-	-	-	(218,565)
Total other governmental funds	<u>\$ 11,010,553</u>	<u>\$ 11,190,127</u>	<u>\$ 6,261,361</u>	<u>\$ 3,566,930</u>	<u>\$ 2,115,432</u>

	Fiscal Year					
	2005	2006	2007	2008	2009	2010
General fund						
Reserved by state statute	\$ 2,369,164	\$ 2,862,589	\$ 4,026,907	\$ 3,109,806	\$ 3,215,946	\$ 3,007,806
Reserved For Register of Deeds	107,052	-	-	30,967	-	-
Unreserved (available for appropriation)						
Designated for subsequent year's expenditures	1,525,000	612,000	2,259,481	724,520	492,435	870,530
Designated for repayment of economic incentives	-	-	-	-	-	1,003,828
Undesignated	11,871,907	14,332,810	11,966,953	16,290,833	18,146,260	18,349,340
Total general fund	<u>15,873,123</u>	<u>17,807,399</u>	<u>18,253,341</u>	<u>20,156,126</u>	<u>21,854,641</u>	<u>23,231,504</u>
All other governmental funds						
Reserved by state statute	320,894	418,445	1,074,342	471,549	504,490	423,684
Reserved for school construction	23,857,405	11,783,531	-	-	-	-
Reserved for public improvement construction	771,360	735,887	632,366	-	-	-
Unreserved (available for appropriation)						
Designated for subsequent year's expenditures						
Special revenue funds	911,450	896,468	132,227	229,895	1,230,872	995,489
Capital Projects	190,700	299,700	(496,053)	231,450	324,125	120,200
Undesignated, reported in nonmajor						
Special revenue funds	4,313,666	4,230,627	3,262,041	4,781,019	3,455,655	2,771,931
Capital Projects	1,799,973	3,046,881	2,823,396	1,668,041	935,099	8,277,854
Total all other governmental funds	<u>\$ 32,165,448</u>	<u>\$ 21,411,539</u>	<u>\$ 7,428,319</u>	<u>\$ 7,381,954</u>	<u>\$ 6,450,241</u>	<u>\$ 12,589,158</u>

* Fiscal years 2005 through 2010 are presented in the Pre-GASB 54 format on the bottom table with Fiscal years 2010, 2011, 2012, 2013, and 2014 presented showing the GASB 54 format. Fiscal year 2010 was restated by County Finance Staff and represents and was not subject to audit procedures.

TABLE 5

GRANVILLE COUNTY, NORTH CAROLINA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues										
Ad Valorem taxes	\$ 19,165,754	\$ 21,843,847	\$ 23,180,548	\$ 26,674,614	\$ 27,364,379	\$ 30,144,926	\$ 31,596,349	\$ 31,873,214	\$ 32,738,695	\$ 36,071,119
Sales and other taxes	9,868,620	10,419,305	10,921,364	9,711,264	8,256,308	6,327,694	5,432,983	7,271,408	7,844,912	7,706,195
Licenses, fees and other revenue	2,577,563	3,243,739	3,064,839	3,220,267	3,305,715	3,384,135	1,824,726	2,074,806	2,093,304	2,150,691
Unrestricted Intergovernmental Revenues	-	59	-	500	-	-	-	-	-	-
Restricted Intergovernmental Revenues	7,157,237	7,801,743	7,570,086	9,043,073	10,009,759	8,897,671	11,251,616	9,382,743	10,229,890	10,099,871
Investment earnings	530,267	2,001,898	1,870,843	1,361,872	536,617	182,190	127,862	61,598	49,130	41,765
Miscellaneous	209,480	281,486	241,952	250,119	324,509	341,778	371,189	293,653	177,404	350,646
Total Revenues	39,508,921	45,592,077	46,849,632	50,261,709	49,797,287	49,278,394	50,604,725	50,957,422	53,133,335	56,420,287
Expenditures										
Current:										
General government	2,303,869	2,460,838	2,248,000	2,504,483	2,949,824	2,939,723	2,670,103	2,912,726	3,005,461	3,112,460
Public safety	7,402,563	8,060,394	10,259,786	9,739,259	10,627,195	10,873,165	8,414,677	10,087,628	9,770,114	10,267,270
Community services	1,920,934	2,009,635	2,256,353	2,362,405	2,466,093	2,267,231	3,540,856	3,116,885	3,443,616	3,189,156
Economic and physical development	-	249,843	400	317,475	78,384	74,319	108,058	406,286	467,279	27,644
Human Services	9,971,117	10,673,809	12,648,743	11,223,967	10,178,787	9,204,421	10,683,498	10,683,159	10,907,712	10,461,480
Non-departmental & special areas	1,599,777	1,786,621	2,486,971	2,349,153	1,891,782	1,879,904	2,456,295	7,761,846	15,801,366	4,059,505
Capital Outlay	1,295,200	1,952,219	1,534,687	2,878,658	1,654,172	3,431,384	4,637,671	2,091,297	1,021,405	2,452,522
Intergovernmental:										
Education	12,140,438	23,610,030	35,180,474	16,606,743	14,935,997	15,247,427	24,698,148	17,583,181	14,864,489	14,859,485
Debt service:										
Bond issuance cost	54,831	7,655	32,302	-	-	42,653	235,107	-	345,343	-
Principal	1,225,284	2,048,355	2,079,937	2,762,535	2,916,266	3,558,017	4,325,081	5,317,182	4,649,290	5,186,772
Interest	770,772	1,779,461	1,896,828	2,115,253	2,078,214	2,021,963	2,493,032	2,812,748	2,711,060	2,857,638
Total expenditures	38,684,785	54,638,860	70,624,481	52,859,931	49,776,714	51,540,207	64,262,526	62,772,938	66,987,135	56,473,932
Excess of revenues over (under) expenditures	824,136	(9,046,783)	(23,774,849)	(2,598,222)	20,573	(2,261,813)	(13,657,801)	(11,815,516)	(13,853,800)	(53,645)
Other financing sources (uses)										
Debt proceeds	26,265,000	-	11,000,000	3,859,760	-	19,815,000	16,000,000	14,000,000	26,855,000	-
Premium on debt	143,117	-	48,122	-	-	463,302	-	-	2,525,946	-
Payments to refunded bond escrow agent	-	-	-	-	-	(10,500,708)	-	-	(18,350,717)	-
Transfers in from other funds	3,825,456	5,248,744	6,215,220	8,816,162	4,607,877	5,747,250	2,939,116	4,207,569	1,186,952	487,105
Transfers out to other funds	(3,825,456)	(5,021,594)	(7,025,771)	(8,221,280)	(4,607,877)	(5,747,250)	(5,912,886)	(4,207,569)	(1,406,952)	(487,105)
Total other financing sources (uses)	26,408,117	227,150	10,237,571	4,454,642	-	9,777,594	13,026,230	14,000,000	10,810,229	-
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	27,232,253	(8,819,633)	(13,537,278)	1,856,420	20,573	7,515,781	(631,571)	2,184,484	(3,043,571)	(53,645)
Net change in fund balances	\$ 27,232,253	\$ (8,819,633)	\$ (13,537,278)	\$ 1,856,420	\$ 20,573	\$ 7,515,781	\$ (631,571)	\$ 2,184,484	\$ (3,043,571)	\$ (53,645)
Debt service as a percentage of noncapital expenditures	5.16%	7.01%	5.84%	9.74%	10.39%	11.40%	11.79%	15.05%	11.45%	14.66%

TABLE 6

GRANVILLE COUNTY, NORTH CAROLINA
GENERAL GOVERNMENTAL TAX REVENUES BY SOURCES
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

Fiscal Year	Property Tax	Sales Tax	Alcoholic Beverage Tax	Other Taxes	Total
2005	\$ 19,165,754	\$ 9,150,913	\$ 10,876	\$ 481,258	\$ 28,808,801
2006	21,843,847	9,636,678	11,537	549,156	32,041,218
2007	23,180,548	10,068,167	11,428	617,735	33,877,878
2008	26,674,614	9,030,075	11,381	558,964	36,275,034
2009	27,364,379	7,712,604	11,791	531,913	35,620,687
2010	30,144,926	5,915,129	11,612	400,953	36,472,620
2011	31,596,349	4,929,327	11,606	503,656	37,040,938
2012	31,873,214	5,512,386	11,887	490,872	37,888,359
2013	32,738,695	5,977,343	12,167	481,307	39,209,512
2014	\$ 36,071,119	\$ 5,826,915	\$ 12,579	\$ 532,830	\$ 42,443,443

TABLE 7

**GRANVILLE COUNTY, NORTH CAROLINA
ASSESSED VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30	Property Excluding Registered Motor Vehicles	Motor Vehicles	Plus Discoveries	Less Abatements	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Estimated Actual Taxable/Market Value	Assessed Value as a Percentage of Market Value
2005	\$ 2,567,539,769	\$ 336,260,935	\$ 100,945,512	\$ (6,795,906)	\$ 2,997,950,310	0.635	\$ 19,036,984	\$ 20,017,860	95.10%
2006	3,022,046,199	146,147,086	105,541,000	(112,754,714)	3,160,979,571	0.700	22,126,857	22,378,731	98.87%
2007	2,834,801,060	433,685,429	126,242,857	(72,754,857)	3,321,974,489	0.700	23,253,821	24,615,032	94.47%
2008	2,997,456,552	391,436,935	123,665,695	(7,263,444)	3,505,295,738	0.755	26,464,983	29,948,337	88.11%
2009	3,117,166,533	381,288,212	129,114,437	(9,028,382)	3,618,540,800	0.755	27,319,983	31,730,526	86.10%
2010	3,203,221,864	411,796,666	119,939,515	(65,594,788)	3,669,363,257	0.825	30,272,247	30,820,858	98.22%
2011	3,495,709,869	341,241,745	127,933,962	(9,200,000)	3,955,685,576	0.795	31,447,700	30,325,651	103.70%
2012	3,517,432,454	360,457,359	124,469,560	(7,083,396)	3,995,275,977	0.795	31,762,444	30,258,592	104.97%
2013	3,574,424,012	378,323,522	137,054,969	(10,881,132)	4,078,921,371	0.795	32,427,425	29,975,434	108.18%
2014	\$ 3,645,649,362	\$ 520,715,946	\$ 135,053,012	\$ (5,627,108)	\$ 4,295,791,212	0.830	\$ 35,605,455	\$ 34,448,002	103.36%

Source: Granville County Tax Department

TABLE 8

**GRANVILLE COUNTY, NORTH CAROLINA
PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
County Direct Rates*										
County-wide Rate	0.830	0.795	0.795	0.795	0.825	0.755	0.755	0.700	0.700	0.635
Municipality Rates										
City of Oxford	0.620	0.600	0.600	0.600	0.600	0.550	0.550	0.550	0.550	0.550
Town of Stem	0.450	0.450	0.450	0.450	0.450	0.450	0.450	0.450	0.450	0.450
Town of Stovall	0.490	0.490	0.490	0.490	0.490	0.490	0.490	0.490	0.490	0.440
City of Creedmoor	0.700	0.700	0.700	0.700	0.700	0.725	0.725	0.700	0.690	0.650
Town of Butner^	0.350	0.350	0.350	0.350	0.250	0.250	0.250	0.250	0.200	0.200
Lyon Station**	N/A	N/A	N/A	N/A	N/A	N/A	0.095	0.095	0.095	0.095
Oxford Parking Authority	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100
Oxford Municipal Service District	0.200	0.200	0.200	0.200	0.200	0.200	0.200	0.200	0.200	0.200
Oxford Economic Development District	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100

^ Town of Butner was incorporated in fiscal year 2007-2008, prior to then the tax was levied as the special taxing district named "Butner Police and Fire Protection"

** Lyon Station was turned over to South Granville Water and Sewer Authority and is no longer a taxing district as of January 1, 2008.

TABLE 9

**GRANVILLE COUNTY, NORTH CAROLINA
PRINCIPAL PROPERTY TAXPAYERS
JUNE 30, 2014
CURRENT YEAR AND EIGHT YEARS AGO***

Taxpayer	2014			2007		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Revlon	\$ 75,559,686	1	1.83%	\$ 67,127,366	1	2.02%
Certainteed Corporation	63,590,386	2	1.54%	31,946,482	2	0.96%
Progress Energy Carolinas	40,266,866	3	0.98%	29,940,047	3	0.90%
SantaFe Natural Tobacco Company	28,456,286	4	0.69%	-	-	0.00%
Bridgestone Commercial Solutions^	27,221,235	5	0.66%	21,524,964	5	0.65%
WAKE EMC	25,992,574	6	0.63%	18,808,827	8	0.57%
Public Service Co. of NC	27,428,688	7	0.66%	-	-	0.00%
Butner Acquisition Company	20,101,045	8	0.49%	18,550,812	9	0.56%
Carefusion EIT LLC**	19,853,326	9	0.48%	20,841,179	6	0.63%
Newton Instrument Company	19,598,899	10	0.47%	15,742,802	10	0.47%
Athol Manufacturing Corp	-	-	0.00%	27,535,605	4	0.83%
Central Leasing USA	-	-	0.00%	20,394,561	7	0.61%
Totals	<u>\$ 348,068,991</u>		<u>8.43%</u>	<u>\$ 272,412,645</u>		<u>8.20%</u>

Source: Granville County Tax Department

* Management decided to present this table over a five year period rather than provide ten individual years of information to improve usefulness of the information. Given the changes in business environments, five years was determined to provide a clearer picture of economic change. (Note additional years information can be viewed on the County's web site under the Finance Department section: www.granvillecounty.org)

^ In 2007 Company name was Bandag Inc.

** In 2007 Company name was Alaris Medical Systems, Inc.

TABLE 10

**GRANVILLE COUNTY, NORTH CAROLINA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

Fiscal Year Ended December 31	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2005	\$ 19,036,984	\$ 18,176,364	95.48%	\$ 812,448	\$ 18,988,812	99.75%
2006	22,031,861	20,892,320	94.83%	1,088,777	21,981,097	99.77%
2007	23,253,821	21,965,301	94.46%	1,086,890	23,052,191	99.13%
2008	26,387,480	25,234,247	95.63%	1,005,275	26,239,522	99.44%
2009	27,319,983	26,261,609	96.13%	1,010,638	27,272,247	99.83%
2010	30,180,232	29,039,361	96.22%	1,027,560	30,066,921	99.62%
2011	31,512,371	30,623,639	97.18%	825,282	31,448,921	99.80%
2012	31,762,444	30,856,878	97.15%	829,349	31,686,227	99.76%
2013	32,427,425	31,513,749	97.18%	706,790	32,220,539	99.36%
2014	\$ 35,605,455	\$ 34,934,862	98.12%	\$ -	\$ 34,934,862	98.12%

Source: Granville County Tax Department

TABLE 11

**GRANVILLE COUNTY, NORTH CAROLINA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

Fiscal Year	Governmental Activities					Business-type Activities	Total Primary Government	Per Capita *	Percentage of Personal Income*
	General Obligation Bonds	Installment Obligations	Financing Agreements	Certificates of Participation	Capital Leases	Capital Leases			
2005	\$ 41,855,000	\$ -	\$ -	\$ -	\$ 550,481	\$ 779,848	\$ 43,185,329	809	3.46%
2006	39,890,000	-	-	-	467,126	661,761	41,018,887	762	3.00%
2007	47,415,000	1,481,608	-	-	380,581	539,157	49,816,346	885	3.34%
2008	44,965,000	5,118,689	-	-	290,725	-	50,374,414	915	3.26%
2009	42,515,000	4,745,717	-	-	197,431	-	47,458,148	844	3.11%
2010	49,345,000	4,369,561	-	-	100,570	-	53,815,131	957	3.47%
2011	46,635,414	3,990,096	-	16,000,000	-	-	66,625,510	1,100	3.92%
2012	43,363,248	17,607,184	8,048,861	15,510,000	-	-	84,529,293	1,389	4.86%
2013	41,650,118	27,935,125	7,198,333	15,020,000	-	-	91,803,576	1,582	5.15%
2014	\$ 38,203,031	\$ 27,451,269	\$ 6,337,174	\$ 14,530,000	\$ -	\$ -	\$ 86,521,474	1,488	4.64%

Note 1: Details regarding the county's outstanding debt can be found in the notes to the financial statements.

Note 2: Per Capita amounts are based on population numbers as of July 1 of the fiscal year.

* Total Personal income can be calculated using population and per capita income information found on Table 14 (total personal income for Granville County estimated at \$1,740,073,170 for fiscal year 2012).

TABLE 12

**GRANVILLE COUNTY, NORTH CAROLINA
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS**

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Personal Income*	Percentage of Estimated Actual Taxable Value of Property	Per Capita
2005	\$ 41,855,000	\$ -	\$ 41,855,000	3.36%	1.40%	784
2006	39,890,000	-	39,890,000	2.91%	1.26%	741
2007	47,415,000	-	47,415,000	3.28%	1.43%	868
2008	44,965,000	-	44,965,000	2.91%	1.28%	817
2009	42,515,000	-	42,515,000	2.79%	1.17%	756
2010	49,345,000	-	49,345,000	3.11%	1.34%	859
2011	46,635,414	-	46,635,414	2.74%	1.18%	770
2012	43,363,248	-	43,363,248	2.49%	1.09%	712
2013	41,650,118	-	41,650,118	2.34%	1.02%	718
2014	\$ 38,203,031	\$ -	\$ 38,203,031	2.05%	0.89%	657

Note: Population figures are as of July 1 of the fiscal year.

* Total Personal income can be calculated using population and per capita income information found on Table 14
(total personal income for Granville County estimated at \$1,740,073,170 for fiscal year 2012).

TABLE 13

**GRANVILLE COUNTY, NORTH CAOLINA
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Debt limit	\$ 239,836,025	\$ 252,878,366	\$ 265,757,959	\$ 280,423,659	\$ 289,483,264	\$ 293,549,061	\$ 316,454,846	\$ 319,622,078	\$ 326,313,710	\$ 343,663,297
Total net debt applicable to limit	48,228,645	45,525,754	53,785,453	55,254,560	51,695,353	57,390,915	53,041,051	84,529,293	91,803,576	86,521,474
Legal debt margin	<u>\$ 191,607,380</u>	<u>\$ 207,352,612</u>	<u>\$ 211,972,506</u>	<u>\$ 225,169,099</u>	<u>\$ 237,787,911</u>	<u>\$ 236,158,146</u>	<u>\$ 263,413,795</u>	<u>\$ 235,092,785</u>	<u>\$ 234,510,134</u>	<u>\$ 257,141,823</u>
Total net debt applicable to the limit as a percentage of debt limit	20.11%	18.00%	20.24%	19.70%	17.86%	19.55%	16.76%	26.45%	28.13%	25.18%
Legal Debt Margin Calculation for Fiscal Year 2014										
Assessed value										\$ 4,295,791,212
Add back: exempt real property										-
Total assessed value										<u>4,295,791,212</u>
Debt limit (8% of total assessed value)										343,663,297
Debt applicable to limit:										
General obligation bonds										38,203,031
Installment Obligations										27,451,269
Certificates of Participation										14,530,000
Lease Financing Agreements - Governmental Activities										<u>6,337,174</u>
Total net debt applicable to limit										<u>86,521,474</u>
Legal debt margin										<u>\$ 257,141,823</u>

TABLE 14

**GRANVILLE COUNTY, NORTH CAROLINA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

Fiscal Year	(1) Population	(2) Per Capita Income	(3) Percent High School Graduate	Percent Bachelor's Degree or Higher	(4) School Enrollment	(5) Unemployment Rate
2005	53,356	23,361	73	13	8,677	6.5%
2006	53,840	25,430	72.4	13	8,704	5.1%
2007	54,606	26,492	66.9	13	8,756	5.2%
2008	55,045	28,098	60.7	13	8,831	6.5%
2009	56,250	27,104	58.4	13	8,786	10.4%
2010	57,434	27,588	65.3	14	8,637	9.9%
2011	60,547	28,085	78.3	14	8,545	10.5%
2012	60,863	28,590	79.9	14	8,505	10.1%
2013	58,036	30,722	81.7	15	8,479	9.8%
2014	58,162	32,087	81.7	15	8,037	6.8%

Source 1: Population figures are from the North Carolina Department of the State Demographer

Source 2: Per capita income figures are from the United States Department of Commerce
Bureau of Economic Analysis. Most recent data available thru 2010.

Fiscal year 2011 & 2012 were estimated based on NC Department of Commerce growth projections.

(Note: fiscal years 2003 - 2010 were restated to reflect a single source of information. Previous
tables in prior year CAFR documents utilized a different source for this information)

Source 3: Percent high school graduates and percent bachelor's degree or higher are from the
North Carolina Department of Commerce files

Source 4: School Enrollment numbers are from the Department of Public Instruction

Source 5: Unemployment rates are from the North Carolina Department of Commerce - Labor &
Economic Analysis Division

TABLE 15

**GRANVILLE COUNTY, NORTH CAROLINA
PRINCIPAL EMPLOYERS
CURRENT YEAR AND FIVE YEARS AGO***

2014				2010			
Employer	Employees	Rank	Percentage of Total County Employment	Employer	Employees	Rank	Percentage of Total County Employment
Revlon	1,374	1	4.94%	Revlon	2,000	1	7.71%
Altec Industries	642	2	2.31%	Altec Industries	300	2	1.16%
Food Lion Distribution	270	3	0.97%	Flextronics	325	3	1.25%
Certainteed Corporation	242	4	0.87%	Food Lion Distribution	300	4	1.16%
Ideal Fastner	230	5	0.83%	Ideal Fastener	300	5	1.16%
Clayton Homes	206	6	0.74%	Certainteed Corporation	300	6	1.16%
Bridgestone Bandag	198	7	0.71%	Clayton Homes	250	7	0.96%
Gate Precast	150	8	0.54%	Newton Instrument Co.	175	8	0.67%
Santa Fe Natural Tobacco	140	9	0.50%	Pallet One of North Carolina, Inc.	175	9	0.67%
Newton Instruments	139	10	0.50%	Bandag, Inc.	168	10	0.65%
PalletOne of North Carolina, Inc.	122	11	0.44%	Carolina Sunrock	151	11	0.58%
Care Fusion	118	12	0.42%	Gate Precast	150	12	0.58%
Total	3,831		13.77%	Total	4,594		17.71%

Source: Information from Granville County Economic Development Commisison

* Management decided to present this table over a three year period rather than provide ten individual years of information to improve usefulness of the information. Given the changes in business environments, a three year period was determined to provide a clearer picture of economic change. (Note additional years information can be viewed on the County's web site under the Finance Department section: www.granvillecounty.org)

GRANVILLE COUNTY, NORTH CAROLINA
FULL-TIME EQUIVALENT COUNTY EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS
 (UNAUDITED)

Function	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Government	31	39	39	38	40	35	35	35.5	35	36.5
Human Services	90	95	95	98	98	98.5	98.5	100	98	98
Community Services	28.5	34.5	35.5	37	37	40.5	42.5	44.5	49.5	56
Public Safety										
Sheriff's Dept./Detention Center	77	79.5	79.5	85	85	90.5	94.5	99.5	99	99.5
Emergency Services*	77	77.5	78.5	78.5	78.5	72.5	25	26	25	29
Emergency Management	1.5	3.5	3.5	3.5	3.5	3	3	4	3	3
Solid Waste	3	5	5	5	5	4	4	4.5	4.5	4.5
Water & Sewer	3	3	3	-	-	-	-	-	-	-
Total	311	337	339	345	347	344	302.5	314	314	326.5

Source: Granville County Human Resource Department & Granville County Finance Department

* Emergency Services includes, Forestry, EMS, Emergency Communications, & Animal Control. On July 1, 2010 EMS Services & Staff were transferred to Granville Health Systems.

TABLE 17

GRANVILLE COUNTY, NORTH CAROLINA
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS
(UNAUDITED)

Function	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Public Safety/Sheriff										
Incident Reports**	1,611	2,069	1,780	2,072	7,641	8,773	10,220	8,920	8,918	8,763
Miscellaneous Incident Reports	5,267	5,611	6,566	6,051	-	-	-	-	-	-
Arrests	1,327	1,795	1,238	1,251	1,117	1,023	1,353	1,409	1,189	1,014
Court Papers	9,138	9,195	9,194	8,824	9,096	8,221	8,026	7,427	6,965	5,945
Public Safety/Emerg Mgmt/Fire										
Number of calls answered (includes fire & medical first response calls)	2,915	2,963	2,403	2,749	2,755	2,475	2,754	2,594	2,585	1,953
Inspections	163	167	170	206	141	172	205	233	263	216
Solid Waste										
MSW Landfill Tonnage (May 1, 2013 - present)									3,091	17,403
C & D Landfill Tonnage	28,184	28,184	29,920	32,833	19,810	16,493	17,171	14,237	13,024	15,447
Convenience Sites Tonnage	7,548	7,548	8,563	8,808	8,572	8,635	8,248	8,069	7,643	7,543
Civil Citations	5	5	6	3	5	4	10	5	7	5
Criminal Citations	1	1	-	-	-	1	1	2	-	1
Community Services/Library										
Items Added to Physical Collection	9,886	7,931	9,060	9,465	8,231	2,429	8,903	7,297	6,904	5,468
Items Added to Virtual Collection^	-	-	-	-	-	-	-	4,067	160	N/A
Circulation	156,423	155,110	154,080	159,820	165,076	178,460	186,335	209,706	136,094	118,346
Internet Use	19,013	28,995	31,647	42,658	68,323	36,648	42,276	45,828	61,369	45,713
Program Attendance	9,951	7,762	11,803	10,564	6,347	4,378	4,261	6,594	6,584	14,160
Community Services/Planning & Inspections										
Number of Building Permits Issued	467	613	736	672	612	573	443	393	474	459
Number of Mobile Home Permits Issued	118	105	80	121	69	60	61	57	59	52
Number of Other Permits Issued (Includes Electrical, Plumbing & Mechanical)	675	848	507	431	466	548	574	588	695	768
Human Services/Social Services										
Average # Adult Medicaid Eligible Cases	2,167	2,253	2,300	2,327	2,317	2,293	2,340	2,464	2,525	2,515
Average # Family & Child Medicaid Cases	2,577	2,839	3,116	3,281	3,562	4,031	4,168	4,335	4,366	4,315
Average # Households Receiving Food Stamps	1,701	1,953	2,077	2,173	2,365	3,041	3,738	4,156	4,187	4,412
Average \$ Fraud Collections per Month	2,501	2,432	3,802	4,147	4,242	3,853	3,313	3,158	2,814	1,714
Education										
School enrollment	8,677	8,704	8,756	8,831	8,786	8,637	8,545	8,505	8,479	8,037

Sources: Various county government departments. School enrollment statistics are from the North Carolina Department of Public Instruction

^ Virtual collection includes e-books & downloadable audio books.

** Beginning fiscal year 2009, the Granville County Sheriff's Department combines miscellaneous incident reports and individually initiated incident reports.

GRANVILLE COUNTY, NORTH CAROLINA
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS
 (UNAUDITED)

Function	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Public Safety										
Sheriff (Stations)	2	2	2	2	2	2	2	2	2	2
Fire stations	14	14	14	14	14	14	14	14	14	14
Highways and streets										
Streets (miles)	918	918	924	1508	1508	1510	1528	1534	1595	1513
Culture and recreation										
Parks	1	1	1	1	2	2	2	2	2	2
Libraries	4	4	4	4	4	4	4	4	4	4
Education										
Schools	14	16	18	18	18	19	19	20	20	20

Source: North Carolina Department of Public Instruction, Granville County
 Granville County Finance Office

COMPLIANCE SECTION

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Report On Internal Control over Financial Reporting and On Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Independent Auditor's Report

To The Board of County Commissioners
Granville County, North Carolina

We have audited, in accordance with the audited standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, the major fund, and the aggregate remaining fund information of Granville County, North Carolina as of and for the year ended June 30, 2014 and the related notes to the financial statements, which collectively comprises Granville County's basic financial statements, and have issued our report thereon dated December 15, 2014. Our report includes a reference to other auditors who audited the financial statements of the Granville Medical Center as described in our report on Granville County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported separately by those auditors. The financial statements of Granville Medical Center, Granville County ABC Board, Granville County Tourism Development Authority, and South Granville Memorial Gardens were not audited in accordance with *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Granville County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness Granville County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses to be material weaknesses. [14-1 and 14-2].

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and responses to be a significant deficiency. [14-3].

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Granville County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Governmental Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 14-1, 14-2, and 14-3.

Granville County's Response to Findings

Granville County's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Winston, Williams, Creech, Evans & Company, LLP

Winston, Williams, Creech, Evans & Company, LLP
Certified Public Accountants
Oxford, NC
December 15, 2014

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Report On Compliance with Requirements Applicable To Each Major Federal Program and Internal Control over Compliance In Accordance With OMB Circular A-133 and the State Single Audit Implementation Act

Independent Auditor's Report

To the Board of County Commissioners
Granville County, North Carolina

Report on Compliance for Each Major Federal Program

We have audited Granville County, North Carolina, compliance with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on Granville County's major federal program for the year ended June 30, 2014. Granville County's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for Granville County's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Granville County's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of Granville County's compliance.

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Basis for Qualified Opinion on the Medical Assistance Program

As described in the accompanying schedule of findings and questioned costs, Granville County did not comply with requirements regarding the CFDA 93.778 Medical Assistance Program as described in finding number 14-3 for Crosscutting and finding numbers 14-4, 14-5, and 14-6 for Eligibility. Compliance with such requirements is necessary, in our opinion, for Granville County to comply with the requirements applicable to that program.

Qualified Opinion on the Medical Assistance Program

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, Granville County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Medical Assistance Program for the year ended June 30, 2014.

Other matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 14-3, 14-4, 14-5, and 14-6. Our opinion on the major federal program is not modified with respect to these matters.

Granville County's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs and the corrective action plan. Granville County's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control over Compliance

Management of Granville County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Granville County's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for its major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies

in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 14-4, 14-5, and 14-6 to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 14-3 to be a significant deficiency.

Granville County's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs and the corrective action plan. Granville County's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

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Report on Compliance with Requirements Applicable To Each Major State Program and Internal Control over Compliance In Accordance With OMB Circular A-133 and the State Single Audit Implementation Act

Independent Auditor's Report

To the Board of County Commissioners
Granville County, North Carolina

Report on Compliance for the Major State Program

We have audited Granville County, North Carolina, compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of Granville County's major state program for the year ended June 30, 2014. Granville County's major state program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for Granville County's major state program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and applicable sections of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about Granville County's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

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We believe that our audit provides a reasonable basis for our opinion on compliance for the major state program. However, our audit does not provide a legal determination on Granville County's compliance.

Basis for Qualified Opinion on the Medical Assistance Program

As described in the accompanying schedule of findings and questioned costs, Granville County did not comply with requirements regarding CFDA 93.778 Medical Assistance Program as described in finding number 14-3 for Crosscutting, and finding numbers 14-4, 14-5, and 14-6 for Eligibility. Compliance with such requirements is necessary, in our opinion, for Granville County to comply with the requirements applicable to that program.

Qualified Opinion on the Medical Assistance Program

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, Granville County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Medical Assistance Program for the year ended June 30, 2014.

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item 14-3, 14-4, 14-5, and 14-6. Our opinion on the major state program is not modified with respect to these matters.

Granville County's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs and the corrective action plan. Granville County's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control over Compliance

Management of Granville County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Granville County's internal control over compliance with the types of requirements that could have a direct and material effect on a major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for the major state program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned

functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 14-4, 14-5, and 14-6 to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 14-3 to be a significant deficiency.

Granville County's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs and the corrective action plan. Granville County's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Winston, Williams, Creech, Evans & Company, LLP

Winston, Williams, Creech, Evans & Company, LLP
Certified Public Accountants
Oxford, NC
December 15, 2014

**GRANVILLE COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Section I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? X yes no
- Significant Deficiency(s) identified that are not considered to be material weaknesses X yes none reported

Noncompliance material to financial statements noted X yes no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? X yes no
- Significant Deficiency(s) identified that are not considered to be material weaknesses X yes none reported

Type of auditor's report issued on compliance for major federal programs: Modified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133 X yes no

Identification of major federal programs:

CFDA#
93.778

Program Name
Medical Assistance Program

Dollar threshold used to distinguish between Type A and Type B Programs \$ 1,388,931

Auditee qualified as low-risk auditee? yes X no

**GRANVILLE COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

State Awards

Internal control over major State programs:

- Material weakness(es) identified? X yes no
- Significant Deficiency(s) identified that are not considered to be material weaknesses X yes none reported

Type of auditor's report issued on compliance for major State programs: Modified

Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act X yes no

Identification of major State programs:

Program Name
Medical Assistance

Section II – Financial Statement Findings

Finding 14-1

Excess of Expenditures over Appropriations

MATERIAL WEAKNESS
MATERIAL NONCOMPLIANCE

Criteria: G.S. 159-8(a) states that monies received and expended by a local government or public authority should be included in the budget ordinance.

Condition: Granville County expended \$156,375 more in the County Health Plan Fund than was appropriated in the annual budget ordinance and amendments.

Effect: Expenditures are over appropriations in the annual budget ordinance and amendments.

Cause: There is a lack of routine transactions and reviews of budget implications and amendments. The transactions in this account involved a payout of health benefits to the previous provider, as well as, the new provider.

Recommendation: Non-routine transactions should be reviewed for budget implications and appropriate budget amendments should be adopted.

Views of Responsible officials and corrective action plans: The County agrees with this finding. The County will strive in the future to better anticipate the expenses in this fund.

**GRANVILLE COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Finding 14-2

Restatement of Beginning Net Position

MATERIAL WEAKNESS

MATERIAL NONCOMPLIANCE

Criteria: Net Position was restated due to capital assets not being booked properly in the past.

Condition: Net Position was restated by \$505,157 due to the capitalization of upfit for the Senior Center location and the costs to date for the DSS building renovation.

Effect: A prior period adjustment was done to the financial statements that affected net position in the governmental activities.

Cause: Various items were found that had not been booked properly in the past. These items involved the upfit of buildings being rented for the Senior Center and the capitalization of the newly renovated DSS building. The funding for these programs involved CDBG grants that normally do not involve capitalization of assets by the County.

Recommendation: Granville County should review capitalizations of projects to make sure they are recorded properly in the proper years.

Views of the responsible officials and planned corrective actions: The County agrees with this finding. More care will be taken to ensure that this does not happen in the future.

Finding 14-3

SIGNIFICANT DEFICIENCY

SIGNIFICANT NONCOMPLIANCE

Criteria: The part IV files for 1571 reporting should contain a valid DSS-5027 form indicating approval for each of the services being provided. We verify the date of services being provided, as well as, the services code. It is required that the client is receiving services within the approval dates indicated on the 5027 form. It is also required that the services that are being reported on the 1571 match the services that are approved on the 5027 form.

Condition: The part IV file did not have the proper code in the approval documentation known as Form 5027.

Questioned Costs: DSS paid an amount of \$77 to the client for the chosen month. The County reviewed costs charged to the 120 code during 13-14. Totals costs for the year for this code are unavailable at this time.

Context: Out of the 21 part IV files that were selected for testing, 1 of the files did not contain a valid DSS-5027 form indicating the proper services they were receiving. The part IV of the 1571 report indicated the client was receiving service code 120-Family Reunification plan; however, there was no indication of this service on the 5027 for this client.

Effect: DSS reimbursed the client for services for which there is no documentation indicating he was approved. It is possible that these errors could lead to incorrectly approving or denying an applicant benefits. Benefits could be paid to ineligible applicants.

**GRANVILLE COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Cause: Ineffective file review process and incomplete documentation to support approval determination.

Recommendation: Files should be reviewed internally to ensure proper documentation is in place for approval before expenses are claimed on the Form 1571 Part IV. Workers should be retrained on what files should contain and the importance of complete and accurate record keeping should be stressed.

Views of Responsible officials and corrective action plans: The County agrees with this finding. Proper procedures will be put in place to ensure that coding claimed on the 1571 Part IV has proper documentation in the client's files.

Section III – Federal Award Findings and Questioned Costs

See Finding 14-3

US Department of Health and Human Services

Centers for Medicare and Medicaid Services

Passed-through the N.C. Dept. of Health and Human Services Division of Medical Assistance

Program Name: Medical Assistance Program

CFDA #: 93.778

Finding: 14-4

MATERIAL WEAKNESS

MATERIAL NONCOMPLIANCE

Income Verification and Budget Calculations for Eligibility

Criteria: Case files should contain income verification such as pay stubs, wage verification form, award letters for benefits, etc. Earned income is converted to a monthly amount for comparison to income limits for assistance. Unearned income must also be verified. On-line Verifications (OLV) are required to be run at every certification and recertification period, and any hits documented and determined whether they are included in budget/eligibility determination. Total monthly income from a completed budget is then compared to the State provided maintenance amount for the respective Medicaid program and must be lower than that amount.

Condition: 5 files contained incorrect information on the budget. Two cases did not correctly convert wage information provided by the client to a monthly amount, one case did not properly calculate net self-employment income, one file did not exclude the Social Security COLA during the disregard period, and one file did not calculate earned income correctly.

Questioned Costs: There were no questioned costs on these cases as all applicants were still eligible for the benefits received.

Context: Out of the 60 files examined, two files did not properly convert income provided to a monthly amount. One of those files did not have enough pay check stubs to convert to a monthly amount so the revised budget used client statement to calculate income. Client statements of income should be a last resort and should not be used on an initial application. One file used current wages and past wage information that was no longer applicable to calculate monthly income. One case file incorrectly included the Social Security COLA during the mandated COLA disregard period. Another case file did not properly calculate net self-employment income, as only income information was included. Work related expenses were excluded from the calculation of net income.

**GRANVILLE COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Effect: Cases did not have correct budget calculations. It is possible that these errors could lead to incorrectly approving or denying an applicant benefits. Benefits can be paid to ineligible applicants.

Cause: The County has had turnover during the year in leadership and moved caseworkers around among the different programs (universal caseworker). The case review process for caseworkers new to the programs was ineffective and caseloads were increased. Workers did not document properly in case files and maintain support for services, budget amounts, etc. Record keeping policies for Medicaid files were ineffective.

Recommendation: Files should be reviewed internally to ensure proper documentation is in place for eligibility. Workers should be retrained on what files should contain, what constitutes income for each program and the acceptable deductions from income, and the importance of complete and accurate record keeping should be stressed. The County should implement a record keeping policy for all of its award programs to ensure that required documentation is clearly identified and a consistent manner of filing the information is instituted.

Views of responsible officials and planned corrective actions: The County agrees with the finding and will perform internal reviews on a test basis to ensure proper documentation is taking place for eligibility. Additional training of employees will take place to ensure they are aware of what information is required to be kept in files, how to calculate income, and the appropriate deductions.

**US Department of Health and Human Services
Centers for Medicare and Medicaid Services**

Passed-through the N.C. Dept. of Health and Human Services Division of Medical Assistance

Program Name: Medical Assistance Program

CFDA #: 93.778

Finding 14-5

MATERIAL WEAKNESS

MATERIAL NONCOMPLIANCE

Verification of Deductible for Eligibility

Criteria: Outstanding medical bills must be provided and verified to show that the applicant has met the deductible before authorizing them for Medicaid.

Condition: One deductible case was authorized; however, there were no medical bills or notations of verification that the deductible had been met by the applicant.

Questioned Costs: Claims paid during this certification period totaled \$578.

Context: Out of 60 cases reviewed, one file authorized a deductible case without verifying that the deductible was met for that certification period.

Effect: The case did not contain the proper information to support the deductible being met and authorizing the Medicaid case. Benefits were then paid out for an ineligible applicant.

Cause: The County has had turnover during the year in leadership and moved caseworkers around among the different programs (universal caseworker). The case review process was ineffective. Workers did not document properly in case files and maintain support for authorizing a deductible case. There was ineffective record keeping policies for Medicaid files.

Recommendation: Files should be reviewed internally to ensure proper documentation is in place for eligibility. Workers should be retrained on what files should contain, what items are acceptable to be

**GRANVILLE COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

used to meet a deductible, and the importance of complete and accurate record keeping should be stressed. The County should implement a record keeping policy for all of its award programs to ensure that required documentation is clearly identified and a consistent manner of filing the information is instituted.

Views of responsible officials and planned corrective actions: The County agrees with the finding and will perform internal reviews on a test basis to ensure proper documentation is taking place for eligibility. The county will continue to conduct refresher trainings of employees on what information is required to be kept in files and how to properly track and calculate when a deductible is met.

**US Department of Health and Human Services
Centers for Medicare and Medicaid Services**

Passed-through the N.C. Dept. of Health and Human Services Division of Medical Assistance
Program Name: Medical Assistance Program
CFDA #: 93.778

Finding 14-6

**MATERIAL WEAKNESS
MATERIAL NONCOMPLIANCE
Program Internal Control**

Criteria: Local departments of Social Services (DSS) play an important role in determining eligibility for the Medical Assistance Program. Under authority of 42 CFR 431.1 and G.S. 108A, DSS has the responsibility to determine financial eligibility for families and non-SSI beneficiaries to be covered by the NC Medicaid Program. Internal Controls are in place as a safeguard to determine eligibility and to double check files for fraud and errors. With all of the changes in the eligibility rules, computer systems utilized, introduction of a universal caseworker, and required changes by the Affordable Care Act, strong internal controls should be in place.

Condition: The internal controls for 2nd party reviews and training are weak. Due to new systems, changes in rules, higher caseloads, and recent state-wide publicity regarding Medicaid administration, the morale of workers has decreased. These conditions appear to be occurring state-wide, but due to the State's decentralization of the eligibility determination, internal controls are addressed at the county level.

Questioned Costs: There are no questioned costs.

Context: A key internal control for eligibility is the 2nd party review process. The idea behind this is to spot check a randomly selected sample of files for accuracy. After the files have been reviewed the idea is to retrain workers in any ineffective areas. All programs should have a formal system for 2nd party reviews. Files pulled for the audit were reviewed and some changed prior to us auditing the file. Some corrections were made on certification periods that were in the auditor's sample. No 2nd party reviews have been done. Supervisors would like to see 8-10 files per worker being reviewed per month. Supervisors would like to see this number increase but since NC FAST created a backlog, it's hard to keep the reviews going. Supervisors are spending time answering questions about policy and reviewing new workers cases, leaving little time to do 2nd party reviews.

The Affordable Care Act, NC FAST, and the universal caseworker idea have impacted DSS negatively. With cases from the marketplace, DSS had to increase the caseload for workers, causing the morale among workers to decrease. With a caseload of 225 for Adult and 600-1200 for Family and Children, workers feel stressed and over worked. When morale is low, workers may be less dedicated to the assigned duties for a given day. With the pressure to clear backlog and to keep their ongoing cases, workers are more likely to rush thru tasks to be performed and not check their own

**GRANVILLE COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

work. With no incentive for overtime (and sometimes no approval for overtime), workers are not completing the task effectively in the given time frame.

With NC FAST being a new system, workers have to be trained in the system. Proper training has not taken place with workers. With technology changing daily, it is hard for workers to keep up with all the changes and handle their caseload each day. Workers are making errors due to changes in the system or not being able to understand the technology.

The introduction of Modified Adjusted Gross Income (MAGI) budgeting methodology has also caused an increase in the amount of time it takes to work a case (initial application or redetermination). Due to the process of household determination and composition, you may have several budgets to encompass all members of a “physical” household that are applying for services instead of being able to do one budget for all members of the household previously. In the initial phases of implementation it was not unheard of for a case to double and sometimes triple in the time it took to process the application or redetermination.

The introduction of the universal caseworker has also highlighted issues in training. Many caseworkers are now handling Medicaid cases that did not receive adequate training of Medicaid’s complicated rules for eligibility. If a worker had been hired as a new employee, the training and supervision of that employee is different than that of a worker who came over from Food Stamps or another area of DSS. The lack of knowledge/training of the Medicaid criteria, for income especially, proves to be an issue since this is different depending on the program being considered.

Effect: Applicants that have been approved to receive benefits may actually not be eligible and those that were denied may actually be eligible due to errors made in determining eligibility. Stressed and/or overworked workers may seek other employment and thus increase the turnover rate at DSS. The risk of fraud increases as morale decreases.

Cause: Overwhelming changes from the Affordable Care Act, the implementation of NC FAST and NC Tracks, the introduction of the universal caseworkers, turnover in DSS staff, and budget pressures.

Recommendation: More 2nd party reviews need to take place to ensure that eligibility is determined correctly and timely. Group training sessions should be held on the new systems to allow time for team members to share best practices or tricks learned. Consider the additional role of a quality control reviewer or an internal auditor to assist in 2nd party reviews; that way supervisors can spend more time training and supervising workers. Morale boosters should be sought out. These do not have to be monetary, but some manner/means to make workers feel appreciated for the work that they take on.

Views of responsible officials and planned corrective actions: The County agrees with the finding. The agency continues to take advantage of any one on one or other local and state trainings to prepare staff for their duties. We have knowledgeable staff members that are able to train and the staff members are asked to read their policies and job aides. Caseloads are reorganized as needed to help workers with their large caseloads; we are currently reorganizing caseloads and forming an intake unit to lessen work on the employees.

Section IV – State Award Findings and Questioned Costs

See Findings 14-3, 14-4, 14-5 and 14-6

**GRANVILLE COUNTY, NORTH CAROLINA
CORRECTIVE ACTION PLAN
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Section II – Financial Statement Findings

Finding: 14-1

Name of contact person: Steve McNally, Finance Officer

Corrective Action: Attempt to more accurately budget for health care expenditures.

Proposed Completion Date: June 30, 2015

Finding: 14-2

Name of Contact Person: Steve McNally, Finance Officer

Corrective Action: Be aware that, in the future, expenditures for renovations to rented property may constitute capitalization.

Proposed Completion Date: June 30, 2015

Finding: 14-3

Name of Contact Person: Luanne Cox

Corrective Action: Proper procedures will be put in place to ensure that coding claimed on the 1571 Part IV has proper documentation in the client's files.

Proposed Completion Date: June 30, 2015

Section III – Federal Award Findings and Questioned Costs

See Finding 14-3.

Finding: 14-4

Name of Contact Person: Luanne Cox

Corrective Action: Lead workers will perform 2nd party reviews to ensure proper documentation is contained in files. Workers will be retrained on what files should contain and the importance of complete and accurate record keeping will be stressed.

Proposed Completion Date: June 30, 2015

Finding 14-5

**GRANVILLE COUNTY, NORTH CAROLINA
CORRECTIVE ACTION PLAN
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Name of Contact Person: Luanne Cox

Corrective Action: Lead workers will perform 2nd party reviews to ensure proper documentation is contained in files. Workers will be retrained on what files should contain and the importance of complete and accurate record keeping will be stressed.

Proposed Completion Date: June 30, 2015

Finding 14-6

Name of Contact Person: Luanne Cox

Corrective Action: The agency continues to take advantage of any one on one or other local trainings to prepare staff for their duties. We have knowledgeable staff members that are able to train and the staff members are asked to read their policies and job aides. Caseloads are reorganized as needed to help workers with their large caseloads; we are currently reorganizing caseloads and forming an intake unit to lessen work on the employees.

Proposed Completion Date: June 30, 2015

Section IV – State Award Findings and Questioned Costs

See Findings 14-3, 14-4, 14-5, and 14-6

**GRANVILLE COUNTY, NORTH CAROLINA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Finding: 13-1

Status: The County has a new Finance Officer that will pay special attention to these expenditures in the future to ensure that the budget is more in line with expenditures.

Finding: 13-2

Status: Workers have been retrained on what constitutes income, how to calculate/convert income as required for the budget, and what items can be excluded from income. As rules around income calculations and what is included in income change, workers continue to receive training. 2nd party reviews continue to take place, but due to caseload, these are not at the level we would like. We will continue working to increase the percentage of 2nd party reviews that are done.

Finding: 13-3

Status: Training and coaching have been provided. We will continue to provide training on all types of liquid assets.

GRANVILLE COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2014

GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL (DIRECT & PASS- THROUGH) EXPENDITURES	STATE EXPENDITURES
FEDERAL AWARDS:			
<u>U.S. Dept. of Agriculture</u>			
Food and Nutrition Service			
Passed-through the N.C. Dept. of Health and Human Services: Division of Social Services			
Food and Nutrition Services Cluster:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program			
Total Food and Nutrition Services Cluster	10.561	378,254	-
Total U.S. Dept. of Agriculture		378,254	-
<u>U.S. Dept. of Homeland Security</u>			
Passed-through N.C. Dept. of Public Safety:			
Homeland Security Grant Program	97.067	2,617	-
Emergency Management Performance Grant	97.042	307	-
Total U.S. Dept. of Homeland Security		2,924	-
<u>U.S. Dept. of Housing and Urban Development</u>			
<u>Office of Community Planning and Development</u>			
Passed-through the N.C. Dept. of Commerce:			
Community Development Block Grant	14.228	492,404	-
Total U.S. Dept. of Housing and Urban Development		492,404	-
<u>U.S. Dept. of Justice</u>			
<u>Bureau of Justice Assistance</u>			
State Criminal Alien Assistance Program	16.606	3,556	-
Bulletproof Vest Partnership Program	16.607	2,275	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	26,276	-
<u>Criminal Division</u>			
Equitable Sharing Program	16.922	277,792	-
Total U.S. Dept. of Justice		309,899	-
<u>U.S. Dept. of Transportation</u>			
Federal Transit Administration (FTA)			
Passed-through the N.C. Dept. of Transportation:			
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	20,960	2,620
Total U.S. Dept. of Transportation		20,960	2,620
<u>U.S. Dept. of Health & Human Services</u>			
<u>Administration for Community Living</u>			
Passed-through Kerr-Tar Council of Governments:			
National Family Caregiver Support, Title III, Part E	93.052	11,773	751
<u>Aging Cluster:</u>			
Special Programs for the Aging Title III, Part B Grants for Supportive Services and Senior Centers	93.044	70,318	142,473
Special Programs for the Aging Title III, Part C Nutrition Services:			
Congregate Nutrition	93.045	66,670	4,256
Home-Delivered Meals	93.045	59,168	36,264
Nutrition Services Incentive Program	93.053	27,778	-
Total Aging Cluster		223,934	182,993
Total Administration for Community Living		235,707	183,744

GRANVILLE COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2014

GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL (DIRECT & PASS- THROUGH) EXPENDITURES	STATE EXPENDITURES
<u>Administration for Children and Families</u>			
Passed-through the N.C. Dept. of Health and Human Services, Division of Social Services:			
Foster Care and Adoption Cluster:			
Foster Care-Title IV-E - ARRA:			
IV-E Optional	93.658	56,133	30,186
Title IV-E Foster Care - Administration	93.658	12,963	6,790
Foster Care - Direct Benefit Payments	93.658	59,872	15,182
Adoption Assistance - ARRA:			
Adoption Assistance - Direct Benefit Payments	93.659	165,767	44,724
IV-E Adoption Assistance	93.659	12,653	-
Total Foster Care and Adoption Cluster		307,388	96,882
Temporary Assistance for Needy Families:			
Temporary Assistance for Needy Families (TANF)	93.558	489,314	4,400
TANF - Direct Benefit Payments	93.558	481,208	(134)
Child Support Enforcement	93.563	513,428	-
Refugee and Entrant Assistance_State Administered Programs:			
Refugee and Entrant Assistance	93.566	55,753	-
Promoting Safe and Stable Families	93.556	6,950	-
Family Support Payments to States_Assistance Payments	93.560	(101)	(28)
Low-Income Home Energy Assistance:			
Administration	93.568	37,257	-
Energy Assistance Payments- Direct Benefit Payments	93.568	162,296	-
Crisis Intervention Program	93.568	176,120	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	27,795	-
Social Services Block Grant (SSBG):			
SSBG-Other Service and Training	93.667	201,164	47,155
Chafee Foster Care Independence Program	93.674	15,348	3,838
Total Division of Social Services		2,135,504	152,113
Passed-through the N.C. Dept. of Health and Human Services, Division of Child Development:			
<u>Subsidized Child Care Cluster:</u>			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund:			
Child Care Development Fund-Administration (Passed through the Division of Social Services)	93.596	73,173	-
Child Care and Development Fund - Mandatory	93.596	272,624	-
Child Care and Development Fund - Match	93.596	242,984	95,172
Child Care and Development Block Grant	93.575	430,945	-
Temporary Assistance for Needy Families	93.558	247,766	-
TANF-Maintenance of Effort		-	97,515
ARRA Emergency Contingency Fund for State Appropriations		-	76,633
Total Subsidized Child Care Cluster		1,267,492	269,320
<u>Centers for Medicare and Medicaid Services</u>			
Passed-through the N.C. Dept. of Health and Human Services, Division of Medical Assistance:			
Direct Benefit Payments:			
Medical Assistance Program	93.778	39,087,204	21,503,809
Children's Health Insurance Program	93.767	1,264,362	398,872
Passed-through the N.C. Dept. of Health and Human Services, Division of Social Services:			
Administration:			
Medical Assistance Program	93.778	731,765	15,258
Children's Health Insurance Program	93.767	27,030	1,825
Passed-through the N.C. Dept. of Insurance, Division of SHIIP			
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations, and Evaluations	93.779	5,773	-
Total U.S. Dept. of Health and Human Services		45,093,253	22,524,941
Total federal awards		46,297,694	22,527,561

GRANVILLE COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2014

GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL (DIRECT & PASS- THROUGH) EXPENDITURES	STATE EXPENDITURES
STATE AWARDS:			
<u>N.C. Dept. of Cultural Resources</u>			
Division of State Library			
State Aid to Public Libraries		-	104,390
Total N.C. Dept. of Cultural Resources		-	104,390
<u>N.C. Dept. of Agriculture and Consumer Services</u>			
Division of Soil and Water Conservation			
SWC - Administration		-	25,500
Total N.C. Dept. of Agriculture and Consumer Services		-	25,500
The Golden Leaf Foundation		-	200,000
<u>N.C. Dept. of Health and Human Services</u>			
Division of Aging and Adult Services:			
Passed-through the Kerr-Tar Council of Governments:			
Senior Center Development		-	19,470
Division of Social Services:			
State/County Special Assistance for Adults - Direct Benefit Payments		-	367,004
CWS Adoption Subsidy - Direct		-	176,575
Energy Assistance		-	3,623
Incentive/Program Integrity		-	2,372
Smart Start		-	33,717
State Foster Home - Direct		-	22,469
SFHF Maximization - Direct		-	39,503
Total N.C. Dept. of Health and Human Services		-	664,732
<u>N.C. Department of Public Instruction</u>			
Public School Building Capital Fund			
ADM Funds		-	310,788
Lottery Funds		-	689,212
Total Public School Building Capital Fund		-	1,000,000
Total N.C. Department of Public Instruction		-	1,000,000
<u>N.C. Dept. of Transportation</u>			
Rural Operating Assistance Program (ROAP) Cluster:			
ROAP Elderly and Disabled Transportation Assistance Program		-	65,467
ROAP Rural General Public Program		-	87,151
ROAP Work First Transitional-Employment		-	15,023
Total N.C. Dept. of Transportation		-	167,641
<u>N.C. Dept. of Commerce</u>			
N.C. Rural Economic Development Center			
2011-243-40101-112		-	187,000
<u>N.C. Dept. of Public Safety</u>			
Juvenile Crime Prevention Programs		-	280,274
<u>N.C. Dept. of Administration</u>			
Grant Veteran Service		-	1,452
Total State awards		-	2,630,989
Total federal and State awards		\$ 46,297,694	\$ 25,158,550

GRANVILLE COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2014

NOTES TO PRECEDING SCHEDULE OF FEDERAL AND STATE AWARDS:

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal and state awards includes the federal and state grant activity of Granville County, North Carolina, and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirement of OMB Circular A-133. Audits of State, Local Governments, and Non-Profit Organizations and State Single Audit Implementation Act. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the general purpose financial statement. Certain benefit payments are paid directly to recipients and are not included in the county's general purpose financial statements. However, due to the County's involvement in determining eligibility, they are considered federal awards to the county and are included on this schedule.

2. SUBRECIPIENTS

Of the federal and state expenditures presented in this schedule, Granville County provided federal and State awards to subrecipients as

<u>Program Title</u>	<u>CFDA #</u>	<u>Federal Expenditures</u>	<u>State Expenditures</u>
Public School Building Capital Fund	-	\$ -	\$ 689,212
EDTAP (ROAP)	-	-	65,467
N.C. Dept. of Juvenile Justice and Delinquency Prevention	-	-	280,274
U.S. Dept. of Homeland Security	97.067	2,617	-

3. The following are clustered by the NC Department of Health and Human Services and are treated separately for state audit requirement purposes: Subsidized Child Care and Foster Care and Adoption.