

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**
**For the Fiscal Year Ended
June 30, 2015**



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

January 22, 2016

**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, 2015, 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, 2015 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, 2015 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, 2015. 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, Granville Health System (Granville Medical Center), Granville County Tourism Development Authority and South Granville Memorial Gardens 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 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 2014 the unemployment rate for Granville County was 6.6%, but by October 2015 it has decreased to 4.9%.

The impact of the recession in the late 2000's 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 over 100 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.

The Board is enhancing the overall long range planning process by requesting that, in FY 2016, the County manager and staff develop a five year County-wide strategic plan. As of the date of this letter, a plan has been developed and is being prepared to be presented to the Board for approval.

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, 2014. This was the sixteenth 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.

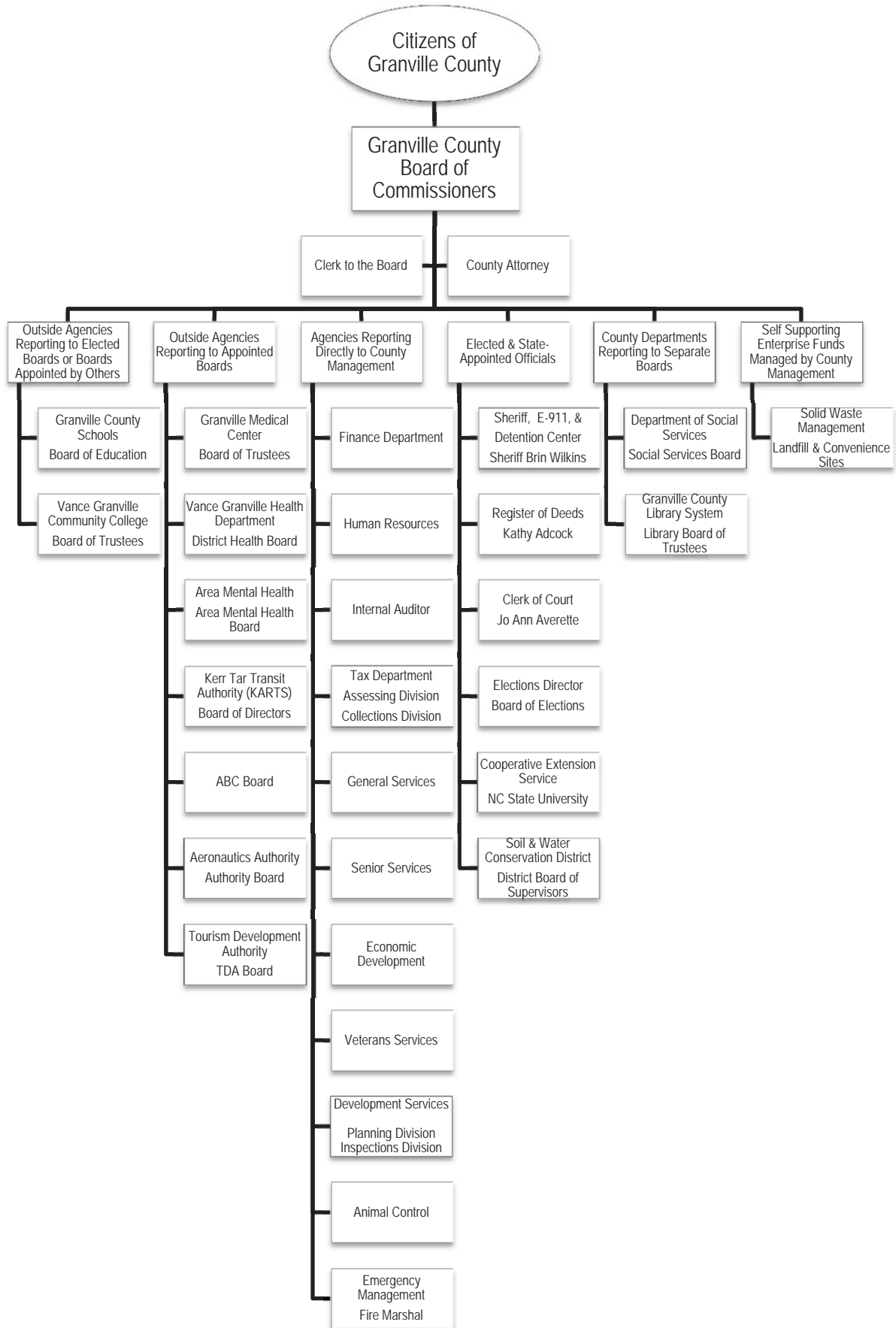
We appreciate the assistance and dedication of all employees in carrying out the services and programs approved by the Board of Commissioners. Preparation of this report would not have been possible without the dedicated efforts of the entire Finance Department staff and our independent auditors, Winston, 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, 2015**

**Board of County
Commissioners**

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

County Officials

Michael S. Felts	County Manager
Stephen M. McNally	Finance Director
Judy D. Stovall	Tax Administrator
Kathy M. Adcock	Register of Deeds
Brindell B. Wilkins	Sheriff
M. Scott Phillips	Director of Development Services
Tonya C. Burnette	Elections Director
Jason A. Falls	Director of Environmental Programs
Louis W. Bechtel	Director of Social Services
Pello L. Duncan	Veterans Services Director
Kathy B. May	Director of Senior Services
Jonathan Bradsher	Director of Granville County Library System
Paul W. Westfall	Director, Cooperative Extension
Wendy Pennington	Human Resources Director
Harry Mills	Economic Development Director
Raymond Allen	Parks/Grounds Maintenance Director
Monique Heggie	Internal Auditor
Matt Katz	Animal Management Director
Stacey Tapp	911 Center Manager
Gary Bowen	Maintenance Supervisor
Warren Daniel	SCS District Administrator
Angela Allen	Director, Tourism Development Authority
Doug Logan	Emergency Management Coordinator/Fire Marshal
Chris Brame	Network Administrator



Government Finance Officers Association

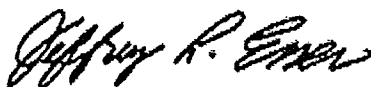
**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Granville County
North Carolina**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014



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, 2015, 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 General 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 upon 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, 2015, 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' Special Separation Allowance and Other Postemployment Benefits' Schedules of Funding Progress and Employer Contributions, the Local Government Employees' Retirement System Schedules of the County's Proportionate Share of Net Pension Asset and County Contributions, and the Register of Deeds' Supplemental Pension Fund Schedule of the County's Proportionate Share of the Net Pension Asset and Schedule of County Contributions on Exhibits A-1 thru A-8 respectively, 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 consists 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 and 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 January 22, 2016, 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
January 22, 2016



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, 2015. 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

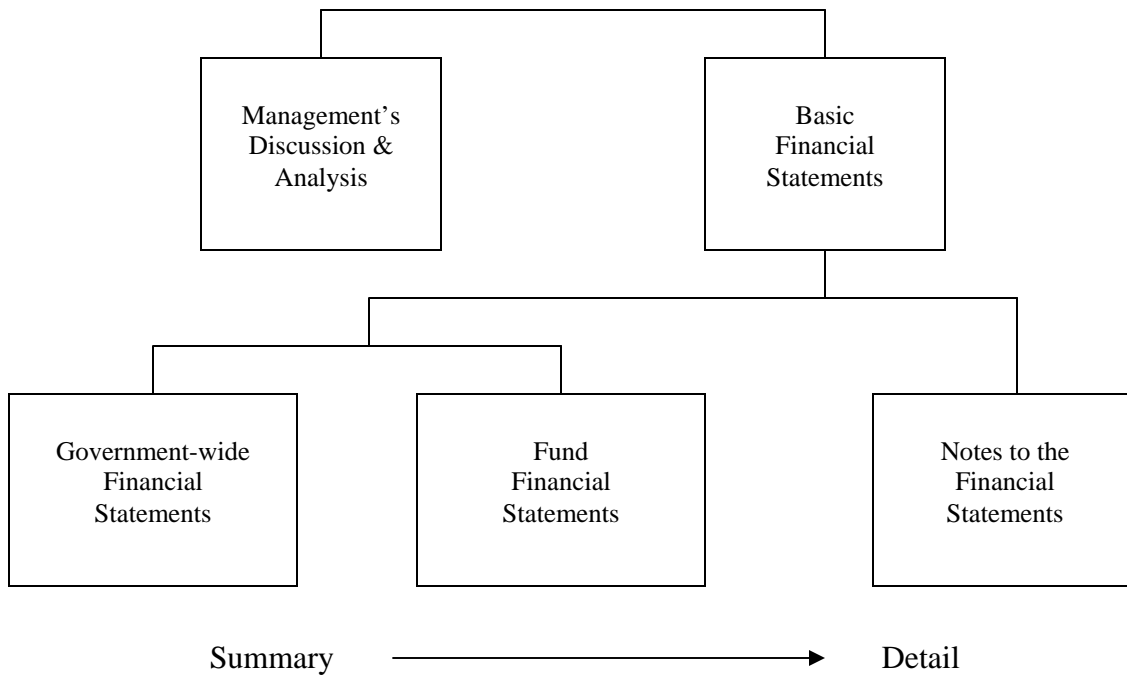
- The cash and cash equivalents (unrestricted) of the total primary government on the Statement of Net Position is \$35,123,814 which accounts for 35.3% of total primary government assets.
- The liabilities due in more than one year of \$108,963,897 account for 97.2% of total primary government liabilities.
- At the end of the current fiscal year, Granville County's governmental funds reported combined ending fund balances of \$43,239,908, after a net increase of \$8,963,549. Approximately fifty percent (50.5%) of this total amount or \$10,995,235 is restricted or non-spendable.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$28,287,719, or forty-three percent (43.2%) of total general fund expenditures for the fiscal year.
- Granville County's debt service for fiscal year 2015 accounts for 30.3% 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 four 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 42 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 85 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 \$13,051,619 as of June 30, 2015. The County's net position increased by \$1,153,075 for that same time period. \$10,995,235 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. \$24,830,791 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 \$(48,877,645) 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	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 50,984,923	\$ 37,954,546	\$ 1,374,439	\$ 1,347,772	\$ 52,359,362	\$ 39,302,318
Capital assets	41,865,079	35,984,036	5,372,550	5,402,269	47,237,629	41,386,305
Deferred outflows	2,180,281	1,531,226	14,541	-	2,194,822	1,531,226
Total assets & deferred outflows	\$ 95,030,283	\$ 75,469,808	\$ 6,761,530	\$ 6,750,041	\$ 101,791,813	\$ 82,219,849
Long-term liabilities outstanding	\$ 100,511,924	\$ 92,617,298	\$ 8,451,973	\$ 8,402,520	\$ 108,963,897	\$ 101,019,818
Other liabilities	2,920,113	1,946,842	203,472	162,065	3,123,585	2,108,907
Deferred inflows	2,701,450	70,703	54,500	-	2,755,950	70,703
Total liabilities & deferred Inflows	\$ 106,133,487	\$ 94,634,843	\$ 8,709,945	\$ 8,564,585	\$ 114,843,432	\$ 103,199,428
Net position:						
Net investment in capital assets	\$ 19,458,241	\$ 17,096,701	\$ 5,372,550	\$ 5,402,964	\$ 24,830,791	\$ 22,499,665
Restricted	10,995,235	10,140,935	-	-	10,995,235	10,140,935
Unrestricted	(41,556,680)	(46,402,671)	(7,320,965)	(7,217,508)	(48,877,645)	(53,620,179)
Total net position	\$ (11,103,204)	\$ (19,165,035)	\$ (1,948,415)	\$ (1,814,544)	\$ (13,051,619)	\$ (20,979,579)

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 98.12% to 98.84%.
- Both long-term liabilities and current assets related to governmental activities increased due to a \$11,750,000 installment financing for expansion of Granville Central High School.
- 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 \$8,342,799 to be expended over the next 30 years.

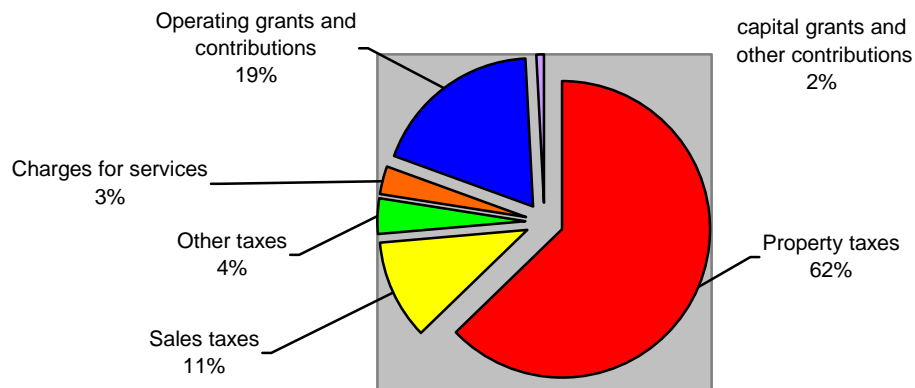
Governmental activities. Governmental activities increased the County's net position by \$1,256,654. The table and bulleted information provide more information related to governmental activities for the past two years.

Granville County's Changes in Net Position
Figure 3

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program Revenues:						
Charges for services	\$ 1,601,786	\$ 1,531,819	\$ 2,785,962	\$ 2,575,097	\$ 4,387,748	\$ 4,106,916
Operating grants and contributions	10,461,457	8,892,139	25,500	24,222	10,486,957	8,916,361
Capital grants and contributions	444,998	1,006,995	-	-	444,998	1,006,995
General revenues:						
Property taxes	35,119,245	35,899,937	-	-	35,119,245	35,899,937
Other taxes	8,261,285	7,883,395	-	-	8,261,285	7,883,395
Other	330,341	396,489	86,117	106,025	416,458	502,514
Total revenues	<u>56,219,112</u>	<u>55,610,774</u>	<u>2,897,579</u>	<u>2,705,344</u>	<u>59,116,691</u>	<u>58,316,118</u>
Expenses:						
General government	4,442,094	4,405,781	-	-	4,442,094	4,405,781
Public safety	10,425,328	10,655,790	-	-	10,425,328	10,655,790
Transportation	173,068	156,779	-	-	173,068	156,779
Economic and physical development	753,782	476,826	-	-	753,782	476,826
Human services	10,524,184	12,744,738	-	-	10,524,184	12,744,738
Community services	3,990,780	2,746,910	-	-	3,990,780	2,746,910
Education	21,994,864	14,859,485	-	-	21,994,864	14,859,485
Interest on long-term debt	2,658,358	2,303,425	-	-	2,658,358	2,303,425
Landfill	-	-	2,720,941	2,046,765	2,720,941	2,046,765
Other	-	-	280,217	261,089	280,217	261,089
Total expenses	<u>54,962,458</u>	<u>48,349,734</u>	<u>3,001,158</u>	<u>2,307,854</u>	<u>57,963,616</u>	<u>50,657,588</u>
Increase (decrease) in net position before transfers and special items	<u>1,256,654</u>	<u>7,261,040</u>	<u>(103,579)</u>	<u>397,490</u>	<u>1,153,075</u>	<u>7,658,530</u>
Increase (decrease) in net position	1,256,654	7,261,040	(103,579)	397,490	1,153,075	7,658,530
Net position, beginning	(19,165,035)	(26,931,232)	(1,814,544)	(2,212,034)	(20,979,579)	(29,143,266)
Restatement	<u>6,805,177</u>	<u>505,157</u>	<u>(30,292)</u>	<u>-</u>	<u>6,774,885</u>	<u>505,157</u>
Net position, ending	<u>\$ (11,103,204)</u>	<u>\$ (19,165,035)</u>	<u>\$ (1,948,415)</u>	<u>\$ (1,814,544)</u>	<u>\$ (13,051,619)</u>	<u>\$ (20,979,579)</u>

- Sales tax and other intergovernmental taxes increase \$377,890, indicative of an improving State economy.
- 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. Federal and State grants, as well as Treasury seized funds revenue, increased by nearly \$1,000,000 in FY 2015.
- Expenses for education include \$12,385,287 for school system operating expenses and \$1,259,378 in school system capital outlays. Approximately \$7,390,704 of educational expenses can be attributed to Granville Central High School expansion

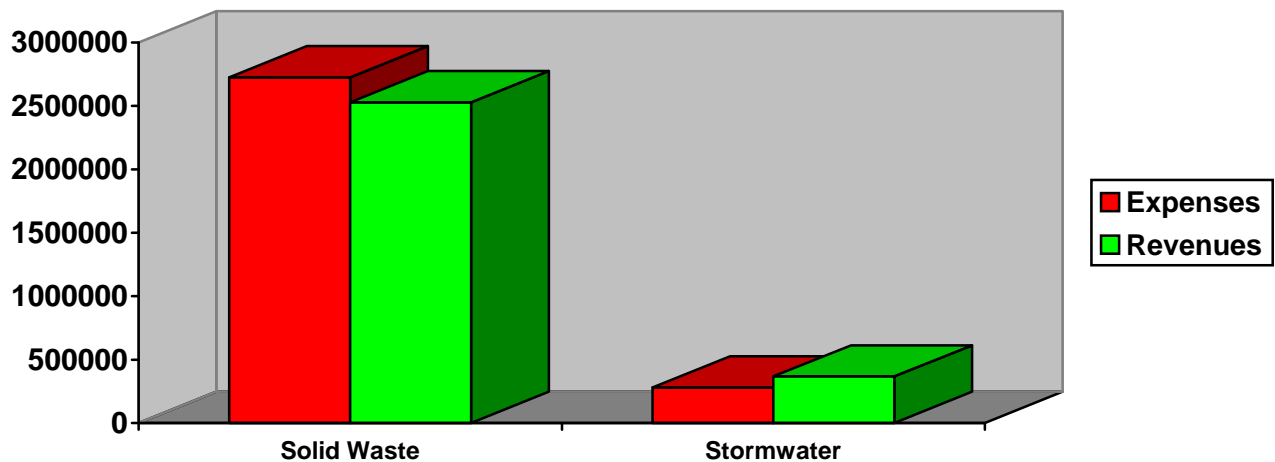
Revenues by Source Governmental Activities



Business-type activities. Business-type activities decreased the County's net position by \$103,579, which represents approximately three percent (3.5%) of the total business-type expenses.

- Granville County operates convenience sites for the collection of municipal solid waste (MSW) as well as 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.
- Landfill waste collection revenue, although increased from last year, is still not at a level to offset operating and post closure costs.
- Storm water operations contributed a net increase of just over \$85,000 to net position.

**Fiscal Year 2014-2015
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 \$28,287,719 while total fund balance reached \$37,633,543. The remainder of fund balance, \$9,345,824 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 43.2 percent of total General Fund expenditures, while total fund balance represents 57.5 percent of that same amount.

At June 30, 2015, the governmental funds of Granville County reported a combined fund balance of \$43,239,908, a 26.2 percent increase from last year. This is due to increases in intergovernmental revenues and taxes, a net increasing funding proceeds for capital projects and a decrease in non-departmental expenditures.

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 \$3,993,351.

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 2014-2015 Sales Tax & Other Tax revenues, and underestimated this revenue source by \$553,226 or 7%.

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 \$(7,658,465). The total net position for all proprietary funds is \$(1,948,415). The total change in net position for the proprietary funds was a decrease of \$103,579. This change in net position primarily results from decreased non-current liabilities for post closure care costs resulting from legislative changes and increased personnel costs.

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 2014-2015 activity resulted in a change in net position of \$386,822.

Capital Asset and Debt Administration

Capital Assets: Granville County's capital assets for its governmental and business-type activities as of June 30, 2015 totals \$47,237,629 (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:

- Renovation of the old DSS facility to the new Department of Senior Services on Lanier Street.
- Expansion of Granville Central High School.

Granville County's Capital Assets (net of depreciation)

Figure 4

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 7,701,851	\$ 7,701,851	\$ 1,020,695	\$ 1,020,695	\$ 8,722,546	\$ 8,722,546
Buildings	8,705,874	9,132,595	23,521	25,611	8,729,395	9,158,206
Improvements other than buildings	15,617,455	16,130,762	4,188,044	4,255,187	19,805,499	20,385,949
Machinery and equipment	1,699,615	1,865,540	38,586	64,011	1,738,201	1,929,551
Intangible Assets	6,870,000	-	-	-	6,870,000	-
Fixtures and Equipment	-	-	91,414	37,460	91,414	37,460
Construction in progress	1,270,284	1,153,288	10,290	-	1,280,574	1,153,288
Total	\$ 41,865,079	\$ 35,984,036	\$ 5,372,550	\$ 5,402,964	\$ 47,237,629	\$ 41,387,000

Additional information on Granville County's capital assets can be found in the notes to the financial statements beginning on page 56 of this report.

Long-term debt. At the end of fiscal year 2015, Granville County had total bonded debt outstanding of \$32,485,000, 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	
	2015	2014	2015	2014	2015	2014
General obligation bonds	\$32,485,000	\$35,675,000	\$ -	\$ -	\$ 32,485,000	\$ 35,675,000

Granville County's total general obligation debt decreased by \$3,190,000 (8.94 percent) during fiscal year 2014-2015 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 \$245,166,863, 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 73 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 4.9%, slightly lower than the state average of 5.9%, as of August 2015. The overall improvement in the economy is reflected in these rates, with the County's rate improving from the October 2014 level of 6.0%.
- The median annual income in Granville County is approximately \$35,194.
- Revlon is continuing a 47 million retrofit of new automated equipment.
- Ideal Fastener will initiate more than \$4.4 million in facility improvements.

Budget Highlights for the Fiscal Year Ending June 30, 2016

Governmental Activities: The tax base is projected to provide revenues of \$34,946,160 when calculated with the current collection percentage rate. The total projected assessed valuation for the County is \$4,291,052,546 for fiscal year 2015-2016.

Budgeted expenditures for fiscal year 2015-2016 in the General Fund reflect an increase from the previous fiscal year original budget of 2.8%. This is due primarily to increased labor costs, and increases in medical service debt service and operating costs.

The fiscal year 2015-2016 budget appropriates \$1,884,639 of available fund balance, to balance the general fund budget. Total revenues, excluding appropriated fund balance, reflect an increase of approximately 2.5% from the previous year original budget.

Business-type Activities: The budget for the operation of the solid waste activities reflects a 1.6% increase in operating expenditures due primarily to the construction of a new convenience site. 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, 2015

	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	\$ 34,074,363	\$ 1,049,451	\$ 35,123,814	\$ 2,598,134	\$ 696,835	\$ 312,007	\$ 141,161
Taxes receivable	1,127,624	-	1,127,624	-	-	-	-
Accrued interest receivable	353,004	-	353,004	-	-	-	-
Accounts receivable	5,853,409	296,166	6,149,575	15,624,290	-	-	25,630
Due from primary government	-	-	-	-	-	19,294	-
Inventories	-	-	-	1,204,148	275,178	-	2,659
Prepaid items	76,046	-	76,046	218,977	17,251	-	-
Internal balances	(6,461)	6,461	-	-	-	-	-
Restricted assets:							
Cash and cash equivalents	8,332,654	-	8,332,654	-	-	-	100,000
Assets whose use is limited	-	-	-	2,907,295	-	-	-
Goodwill	-	-	-	315,006	-	-	-
Net pension asset	1,174,284	22,361	1,196,645	-	13,623	-	-
Capital assets							
Land, improvements, and construction in progress	8,972,135	1,030,986	10,003,121	1,790,207	436,774	-	39,534
Other capital assets, net of depreciation	32,892,944	4,341,564	37,234,508	30,913,267	131,072	-	20,009
Total capital assets	41,865,079	5,372,550	47,237,629	32,703,474	567,846	-	59,543
Total Assets	92,850,002	6,746,989	99,596,991	55,571,324	1,570,733	331,301	328,993
DEFERRED OUTFLOWS OF RESOURCES							
	2,180,281	14,541	2,194,822	-	13,681	-	-
LIABILITIES							
Accounts payable & accrued liabilities	2,348,323	203,472	2,551,795	8,955,514	378,544	48	-
Accrued interest payable	552,496	-	552,496	-	-	-	-
Due to fiduciary funds	19,294	-	19,294	-	-	-	-
Long-term liabilities:							
Due within one year							
Bonds payable	2,668,875	-	2,668,875	-	-	-	-
Notes and COPS payable	3,175,000	-	3,175,000	811,556	-	-	-
Financing agreement payable	1,370,000	-	1,370,000	-	-	-	-
Compensated absences payable	211,836	4,196	216,032	1,772,277	-	-	-
Due in more than one year							
Bonds payable	31,595,946	-	31,595,946	-	-	-	-
Notes and COPS payable	49,236,462	-	49,236,462	16,885,429	-	-	-
Financing agreement payable	5,500,000	-	5,500,000	-	-	-	-
Accrued landfill closure and postclosure costs	-	8,342,799	8,342,799	-	-	-	-
Compensated absences payable	635,509	12,588	648,097	-	-	-	-
Other postemployment benefits obligation	5,437,087	92,390	5,529,477	-	12,399	-	-
Net pension obligation	681,209	-	681,209	-	-	-	-
Total long-term liabilities	100,511,924	8,451,973	108,963,897	19,469,262	12,399	-	-
Total Liabilities	103,432,037	8,655,445	112,087,482	28,424,776	390,943	48	-
DEFERRED INFLOWS OF RESOURCES							
	2,701,450	54,500	2,755,950	-	33,310	-	600
NET POSITION							
Net investment in capital assets	19,458,241	5,372,550	24,830,791	15,006,489	567,846	-	59,543
Restricted for:							
Stabilization by State Statute	4,029,994	-	4,029,994	-	-	19,294	25,630
Register of Deeds	35,050	-	35,050	-	-	-	-
Public Safety	229,137	-	229,137	-	-	-	-
Education	5,638,373	-	5,638,373	-	-	-	-
Community Services	265,776	-	265,776	-	-	-	-
Human Services	-	-	-	24,207	-	-	-
Economic and physical development	796,905	-	796,905	-	-	-	-
Working Capital	-	-	-	-	107,828	-	-
Cemetery Perpetual Care and Maintenance	-	-	-	-	-	-	100,000
Tourism Related Capital Development	-	-	-	-	-	72,126	-
Unrestricted (deficit)	(41,556,680)	(7,320,965)	(48,877,645)	12,115,852	484,487	239,833	143,220
Total Net Position	\$ (11,103,204)	\$ (1,948,415)	\$ (13,051,619)	\$ 27,146,548	\$ 1,160,161	\$ 331,253	\$ 328,993

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, 2015

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	\$ 4,442,094	\$ 487,489	\$ 65,893	\$ -	\$ (3,888,712)	\$ -	\$ (3,888,712)				
Public safety	10,425,328	817,649	918,182	-	(8,689,497)	-	(8,689,497)				
Transportation	173,068	-	807,152	-	634,084	-	634,084				
Economic and physical development	753,782	-	438,483	66,979	(248,320)	-	(248,320)				
Human services	10,524,184	37,670	7,246,267	-	(3,240,247)	-	(3,240,247)				
Community services	3,990,780	258,978	136,599	378,019	(3,217,184)	-	(3,217,184)				
Education	21,994,864	-	848,881	-	(21,145,983)	-	(21,145,983)				
Interest on long-term debt	2,658,358	-	-	-	(2,658,358)	-	(2,658,358)				
Total governmental activities	54,962,458	1,601,786	10,461,457	444,998	(42,454,217)	-	(42,454,217)				
Business-type activities:											
Solid Waste	2,720,941	2,528,876	-	-	-	(192,065)	(192,065)				
Stormwater	280,217	257,086	25,500	-	-	2,369	2,369				
Total business-type activities	3,001,158	2,785,962	25,500	-	-	(189,696)	(189,696)				
Total primary government	\$ 57,963,616	\$ 4,387,748	\$ 10,486,957	\$ 444,998	\$ (42,454,217)	\$ (189,696)	\$ (42,643,913)				
Component units:											
Granville Medical Center	\$ 59,774,007	\$ 57,382,957	\$ 991,300	\$ 132,873	\$ -	\$ -	\$ -	\$ (1,266,877)	\$ -	\$ -	\$ -
Granville County ABC Board	3,530,459	3,630,220	-	-	-	-	-	-	99,761	-	-
Granville County Tourism Development Authority	148,360	-	-	-	-	-	-	-	-	(148,360)	-
South Granville Memorial Gardens	56,105	66,281	-	-	-	-	-	-	-	-	10,176
Total component units	\$ 63,508,931	\$ 61,079,458	\$ 991,300	\$ 132,873	\$ -	\$ -	\$ -	\$ (1,266,877)	\$ 99,761	\$ (148,360)	\$ 10,176
General revenues:											
Taxes:											
Property taxes, levied for general purpose					\$ 35,119,245	\$ -	\$ 35,119,245	\$ -	\$ -	\$ -	\$ -
Local option sales tax					6,038,601	-	6,038,601	-	-	-	-
Other taxes											
Medicaid hold harmless					1,479,670	-	1,479,670	-	-	-	-
Various other taxes					743,014	-	743,014	-	-	188,142	-
Investment earnings, unrestricted					26,657	1,534	28,191	2,737	300	605	91
Miscellaneous, unrestricted					303,684	84,583	388,267	104,260	-	2,800	-
Total general revenues, special items and transfers					43,710,871	86,117	43,796,988	106,997	300	191,547	91
Change in net position					1,256,654	(103,579)	1,153,075	(1,159,880)	100,061	43,187	10,267
Net position, beginning, previously reported					(19,165,035)	(1,814,544)	(20,979,579)	28,306,428	1,078,961	288,066	318,126
Restatement					6,805,177	(30,292)	6,774,885	-	(18,861)	-	-
Net position, beginning, restated					(12,359,858)	(1,844,836)	(14,204,694)	28,306,428	1,060,100	288,066	318,126
Net position, ending					\$ (11,103,204)	\$ (1,948,415)	\$ (13,051,619)	\$ 27,146,548	\$ 1,160,161	\$ 331,253	\$ 328,393

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, 2015

	Major		Nonmajor	Total
	General	GCHS	Other	Governmental
	Fund	Expansion	Governmental	Governmental
		Fund	Funds	Funds
<u>ASSETS</u>				
Cash and cash equivalents	\$ 31,760,508	\$ -	\$ 1,341,046	\$ 33,101,554
Restricted cash	3,008,717	5,323,937	-	8,332,654
Taxes receivable	1,127,624	-	-	1,127,624
Accounts receivable	3,997,815	-	32,179	4,029,994
Prepaid items	1,916	-	34,930	36,846
Total Assets	<u>\$ 39,896,580</u>	<u>\$ 5,323,937</u>	<u>\$ 1,408,155</u>	<u>\$ 46,628,672</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable & accrued liabilities	\$ 1,029,058	\$ 1,076,499	\$ 49,228	\$ 2,154,785
Due to other funds	19,294	-	-	19,294
Total Liabilities	<u>1,048,352</u>	<u>1,076,499</u>	<u>49,228</u>	<u>2,174,079</u>
Deferred Inflows of Resources:	<u>1,214,685</u>	<u>-</u>	<u>-</u>	<u>1,214,685</u>
Fund balances:				
Nonspendable:				
Prepaid items	1,916	-	34,930	36,846
Restricted:				
Stabilization by State Statute	3,997,815	-	32,179	4,029,994
Register of Deeds	35,050	-	-	35,050
Education	1,390,935	4,247,438	-	5,638,373
Library	-	-	256,226	256,226
Public Safety	-	-	229,137	229,137
Recreation	-	-	9,550	9,550
Economic and physical development	-	-	796,905	796,905
Committed:				
Tax Revaluation	491,351	-	-	491,351
Public Safety	1,091,381	-	-	1,091,381
Assigned:				
Subsequent year's expenditures	1,884,639	-	-	1,884,639
Economic and physical development	452,737	-	-	452,737
Unassigned:	<u>28,287,719</u>	<u>-</u>	<u>-</u>	<u>28,287,719</u>
Total Fund Balances	<u>37,633,543</u>	<u>4,247,438</u>	<u>1,358,927</u>	<u>43,239,908</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 39,896,580</u>	<u>\$ 5,323,937</u>	<u>\$ 1,408,155</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, 2015

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

Total Fund Balance, Governmental Funds (Exhibit 3)	\$ 43,239,908
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	41,865,079
Net pension asset	1,174,284
Contributions to pension plans in the current fiscal year are deferred outflows of resources on the Statement of Net Position	813,080
Receivable for debt repayment from another municipality that was not recognized in the fund financial statements due to legal settlement	1,823,415
Other long-term assets are not available to pay for current-period expenditures and, therefore, are unavailable in the funds	1,720,205
Deferred inflows of resources for taxes and special assessments receivable	1,127,624
Internal service fund is used by management to charge insurance costs to individual funds; the assets and liabilities of the internal service fund are included in governmental activities in the statement of net position	818,471
Consolidation adjustment for internal balances between the internal service fund and the governmental funds	(6,461)
Pension related deferrals	(2,614,389)
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	(101,064,420)
Net position of governmental activities (Exhibit 1)	\$ (11,103,204)

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
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015**

	Major		Nonmajor	Total
	General	GCHS	Other	Governmental
	Fund	Expansion	Governmental	Funds
	Fund	Fund	Funds	Funds
<u>REVENUES</u>				
Ad valorem taxes	\$ 35,485,256	\$ -	\$ -	\$ 35,485,256
Sales and other taxes	8,109,374	-	-	8,109,374
Licenses, fees and other revenues	2,130,294	-	-	2,130,294
Restricted intergovernmental revenues	10,395,882	-	817,852	11,213,734
Investment earnings	26,380	-	277	26,657
Miscellaneous	214,744	-	21,822	236,566
Total Revenues	56,361,930	-	839,951	57,201,881
<u>EXPENDITURES</u>				
Current				
General government	3,070,425	-	-	3,070,425
Public safety	9,742,631	-	267,983	10,010,614
Community Services	2,998,710	-	33,044	3,031,754
Economic and physical development	-	-	56,777	56,777
Human services	10,122,056	-	-	10,122,056
Non-Departmental & Special Areas	2,701,203	-	-	2,701,203
Capital Outlay	-	7,390,704	590,197	7,980,901
Intergovernmental				
Education	14,604,207	-	-	14,604,207
Debt Service				
Principal	19,071,051	-	91,531	19,162,582
Interest	3,124,888	111,858	11,067	3,247,813
Total Expenditures	65,435,171	7,502,562	1,050,599	73,988,332
Revenues Over (Under) Expenditures	(9,073,241)	(7,502,562)	(210,648)	(16,786,451)

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, 2015**

	Major		Nonmajor	
	General	GCHS	Other	Total
	Fund	Expansion	Governmental	Governmental
	Fund	Fund	Funds	Funds
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers from other funds	581,696	-	35,839	617,535
Transfers to other funds	(35,839)	-	(581,696)	(617,535)
Issuance of debt	14,000,000	11,750,000	-	25,750,000
Total Other Financing Sources (Uses)	<u>14,545,857</u>	<u>11,750,000</u>	<u>(545,857)</u>	<u>25,750,000</u>
Net Change in Fund Balances	5,472,616	4,247,438	(756,505)	8,963,549
Fund Balance - July 1	<u>32,160,927</u>	<u>-</u>	<u>2,115,432</u>	<u>34,276,359</u>
Fund Balance - June 30	<u>\$ 37,633,543</u>	<u>\$ 4,247,438</u>	<u>\$ 1,358,927</u>	<u>\$ 43,239,908</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, 2015

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

Net changes in fund balances - total governmental funds (Exhibit 4)	\$ 8,963,549
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.	(960,881)
Cost of capital asset disposed of during the year, not recognized on modified accrual basis	(28,076)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	(970,126)
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	(6,491,982)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	795,115
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	381,794
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.	(432,739)
Total changes in net position of governmental activities (Exhibit 2)	<u>\$ 1,256,654</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, 2015

	General Fund			Variance with Final Positive (Negative)
	Original Budget	Final Budget	Actual	
<u>REVENUES</u>				
Ad valorem taxes	\$ 34,831,342	\$ 34,831,342	\$ 35,485,256	\$ 653,914
Sales and other taxes	7,556,148	7,556,148	8,109,374	553,226
Licenses, fees and other revenues	1,991,931	1,996,502	2,130,294	133,792
Restricted intergovernmental revenues	8,061,808	9,641,822	10,395,882	754,060
Investment earnings	41,000	41,000	26,380	(14,620)
Miscellaneous	142,000	142,000	214,744	72,744
Total Revenues	52,624,229	54,208,814	56,361,930	2,153,116
<u>EXPENDITURES</u>				
General government	3,298,562	3,452,354	3,070,425	381,929
Public safety	10,235,783	10,671,773	9,742,631	929,142
Community services	3,342,318	3,853,540	2,998,710	854,830
Human services	10,847,208	10,853,871	10,122,056	731,815
Non-departmental and special areas	2,696,456	3,840,900	2,701,203	1,139,697
Education	14,247,502	14,604,207	14,604,207	-
Contingency	180,000	26,000	-	26,000
Debt Service	9,650,911	10,361,446	22,195,939	(11,834,493)
Total Expenditures	54,498,740	57,664,091	65,435,171	(7,771,080)
Revenues Over (Under) Expenditures	(1,874,511)	(3,455,277)	(9,073,241)	(5,617,964)
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers from other funds	-	1,300	581,696	580,396
Transfers to other funds	-	(828,000)	(35,839)	792,161
Proceeds from debt	-	-	14,000,000	14,000,000
Appropriated Fund Balance	1,874,511	4,281,977	-	(4,281,977)
Total Other Financing Sources (Uses)	1,874,511	3,455,277	14,545,857	11,090,580
Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	\$ -	\$ -	5,472,616	\$ 5,472,616
Fund Balance - July 1			32,160,927	
Fund Balance - June 30			\$ 37,633,543	

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, 2015

	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	\$ 723,946	\$ 325,505	\$ 1,049,451	\$ 972,809
Accounts receivable	257,327	38,839	296,166	-
Prepaid items	-	-	-	39,200
Total Current Assets	981,273	364,344	1,345,617	1,012,009
Noncurrent Assets:				
Net pension asset	16,320	6,041	22,361	-
Capital assets:				
Land, improvements, and construction in progress	1,030,986	-	1,030,986	-
Other capital assets, net of depreciation	4,341,564	-	4,341,564	-
Total Capital Assets	5,372,550	-	5,372,550	-
Total Noncurrent Assets	5,388,870	6,041	5,394,911	-
Total Assets	6,370,143	370,385	6,740,528	1,012,009
DEFERRED OUTFLOWS OF RESOURCES	10,845	3,696	14,541	-
LIABILITIES				
Current Liabilities:				
Accounts Payable	181,166	22,306	203,472	193,538
Compensated absences payable	4,196	-	4,196	-
Total Current Liabilities	185,362	22,306	207,668	193,538
Noncurrent Liabilities:				
Accrued landfill closure and postclosure care costs	8,342,799	-	8,342,799	-
Other postemployment benefits	86,378	6,012	92,390	-
Compensated absences payable	12,588	-	12,588	-
Total Noncurrent Liabilities	8,441,765	6,012	8,447,777	-
Total Liabilities	8,627,127	28,318	8,655,445	193,538
DEFERRED INFLOWS OF RESOURCES	39,776	14,724	54,500	-
NET POSITION				
Net investment in capital assets	5,372,550	-	5,372,550	-
Unrestricted	(7,658,465)	331,039	(7,327,426)	818,471
Total Net Position	\$ (2,285,915)	\$ 331,039	(1,954,876)	\$ 818,471
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			6,461	
Net position of business-type activities			<u>\$ (1,948,415)</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, 2015

	Enterprise Funds			Internal Service Fund
	Major Fund	Non-major Fund		Non-major Fund
	Solid Waste Management	Stormwater Fund	Total	County Health Plan Fund
OPERATING REVENUES				
Restricted intergovernmental revenue	\$ -	\$ 25,500	\$ 25,500	\$ -
Charges for services	2,528,876	257,086	2,785,962	2,552,359
Miscellaneous	-	84,583	84,583	107,630
Total operating revenues	<u>2,528,876</u>	<u>367,169</u>	<u>2,896,045</u>	<u>2,659,989</u>
OPERATING EXPENSES				
Landfill closure and postclosure	87,573	-	87,573	-
Solid waste operations	1,078,202	-	1,078,202	-
Landfill operations	1,412,945	-	1,412,945	-
Stormwater operations	-	280,217	280,217	-
Depreciation	147,249	-	147,249	-
Health insurance administration	-	-	-	2,273,167
Total operating expenses	<u>2,725,969</u>	<u>280,217</u>	<u>3,006,186</u>	<u>2,273,167</u>
OPERATING INCOME (LOSS)	<u>(197,093)</u>	<u>86,952</u>	<u>(110,141)</u>	<u>386,822</u>
NONOPERATING REVENUES (EXPENSES)				
Interest earned on investments	1,534	-	1,534	-
Total nonoperating revenues (expenses)	<u>1,534</u>	<u>-</u>	<u>1,534</u>	<u>-</u>
CHANGE IN NET POSITION	(195,559)	86,952	(108,607)	386,822
TOTAL NET POSITION-BEGINNING	(2,068,248)	252,271	(1,815,977)	431,649
RESTATEMENT	<u>(22,108)</u>	<u>(8,184)</u>	<u>(30,292)</u>	<u>-</u>
NET POSITION, BEGINNING, RESTATED	<u>(2,090,356)</u>	<u>244,087</u>	<u>(1,846,269)</u>	<u>431,649</u>
TOTAL NET POSITION-ENDING	<u>\$ (2,285,915)</u>	<u>\$ 331,039</u>	<u>(1,954,876)</u>	<u>\$ 818,471</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			<u>5,028</u>	
Change in net position of business-type activities			<u>\$ (103,579)</u>	

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, 2015

	Major Fund Enterprise Fund	Non-major Fund Enterprise Fund	Total Proprietary Funds	Non-major Fund Internal Service Fund County Health Plan Fund
	Solid Waste Management	Stormwater Fund		
Cash flows from operating activities:				
Cash received from customers	\$ 2,590,391	\$ 357,815	\$ 2,948,206	\$ 2,659,989
Cash paid for goods and services	(2,306,159)	(257,785)	(2,563,944)	(2,342,298)
Cash paid to employees for services	(216,826)	-	(216,826)	-
Net cash provided by operating activities	67,406	100,030	167,436	317,691
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(116,835)	-	(116,835)	-
Net cash provided by capital and related financing activities	(116,835)	-	(116,835)	-
Cash flows from investing activities:				
Interest on investments	1,534	-	1,534	-
Net cash provided by investing activities	1,534	-	1,534	-
Net increase in cash and cash equivalents	(47,895)	100,030	52,135	317,691
Cash and cash equivalents, July 1	771,841	225,475	997,316	655,118
Cash and cash equivalents, June 30	\$ 723,946	\$ 325,505	\$ 1,049,451	\$ 972,809
Reconciliation of operating income to net cash provided by operating activities:				
Operating income (loss)	\$ (197,093)	\$ 86,952	\$ (110,141)	\$ 386,822
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	147,249	-	147,249	-
Pension expense	1,088	403	1,491	-
Change in assets and liabilities:				
(Increase) decrease in accounts receivable	61,515	(9,354)	52,161	-
Increase (decrease) in accounts payable and accrued liabilities	21,792	19,616	41,408	(69,131)
Increase (decrease) in other postemployment benefits	16,242	6,013	22,255	-
Increase (decrease) in compensated absences payable	945	-	945	-
Increase (decrease) in deferred outflows of resources for pensions	(10,586)	(3,600)	(14,186)	-
Increase (decrease) in landfill closure and postclosure costs	26,254	-	26,254	-
Total adjustments	264,499	13,078	277,577	(69,131)
Net cash provided by operating activities	\$ 67,406	\$ 100,030	\$ 167,436	\$ 317,691

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, 2015

		Agency Funds
ASSETS		
Cash and investments	\$ 229,043	
Due from other fund	19,294	
Total Assets	\$ 248,337	
LIABILITIES AND NET POSITION		
Liabilities:		
Miscellaneous liabilities	\$ 229,043	
Due to component unit	19,294	
Total Liabilities	\$ 248,337	

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, 2015**

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, 2015**

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, 2015, 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

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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.

GCHS Expansion Fund. This fund is the fund used to account for the project for the expansion of Granville Central High School.

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 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 eight 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, and 2010 Southern Elementary School Project 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. All taxes, including those dedicated for specific purposes are reported as general revenues rather than program revenues. 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, County Health Plan 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.

**GRANVILLE COUNTY, NORTH CAROLINA
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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 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 \$ 491,351
General Fund	Register of Deeds 35,050
General Fund	Education 1,390,935
General Fund	Public Safety 1,091,381
GCHS Expansion Fund	Unexpended Bond Proceeds 5,323,937
Total Governmental Activities	<u>8,332,654</u>
Total Restricted Cash	<u>\$ 8,332,654</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, 2014. 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.

**GRANVILLE COUNTY, NORTH CAROLINA
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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 and expensed as the items are used in accordance with the consumption method.

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 several items that meet this criterion – a charge on refunding, pension related deferrals, and contributions made to the pension plan in the current fiscal year. 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 two items that meets the criterion for this category – prepaid taxes and other pension related deferrals.

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, 2015 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 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.

**GRANVILLE COUNTY, NORTH CAROLINA
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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 Economic and Physical Development-portion of fund balance that is restricted for use for economic and physical development.

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.

**GRANVILLE COUNTY, NORTH CAROLINA
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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 in 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.

12. Defined Benefit Pension Plans

The County participates in three cost-sharing, multiple-employer, defined benefit pension plans that are administered by the State; the Local Governmental Employees' Retirement System (LGERS) and the Registers of Deeds' Supplemental Pension Fund (RODSPF) (collectively, the "state-administered defined benefit pension plans"). For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net positions of the state-administered defined benefit pension plans and additions to/deductions from the state-administered defined benefit pension plans' fiduciary net positions have been determined on the same basis as they are reported by the state-administered defined benefit pension plans. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The County's employer contributions are recognized when due and the County has a legal requirement to provide the contributions. Benefits and refunds are recognized when due

**GRANVILLE COUNTY, NORTH CAROLINA
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and payable in accordance with the terms of the state-administered defined benefit pension plans. Investments are reported at fair value.

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 \$ (54,343,112) consists of the following:

<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)	\$ 56,637,443
Less accumulated depreciation	<u>(14,772,364)</u>
Net capital assets	<u>41,865,079</u>
Net pension asset	1,174,284
Contributions to the pension plan in the current fiscal year	813,080
Accrued interest receivable less the amount claimed as unearned revenue in the government-wide statements as these funds are unavailable in the fund statements.	353,004
Deferred charges related to advance refunding bond issued – included on government-wide statement of net position but are not current financial resources.	1,367,201
Receivable for debt repayment from another municipality that was not recognized in the fund financial statements due to legal settlement.	1,823,415
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	818,471
Internal receivable representing cost in excess of charges to business-type activities-current year	(6,461)
Deferred inflows of resources for taxes and special assessments receivable	1,127,624
Pension related deferrals	(2,614,389)
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	(91,260,337)
Compensated absences	(847,345)
Other postemployment benefits	(5,437,087)
Net pension obligation	(681,209)
Premium on bonds	(2,285,946)
Accrued interest payable	<u>(552,496)</u>
Total adjustment	<u>\$ (54,343,112)</u>

**GRANVILLE COUNTY, NORTH CAROLINA
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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 \$ (7,706,895) 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	\$ 598,571
Cost of disposed capital asset not recorded in the fund statements	(28,076)
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	(1,559,452)
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	19,015,932
New debt issued during the year is recorded as a source of funds on the fund statements; it has no effect on the statement of activities – it affects only the government-wide statement of net position	(25,750,000)
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	386,822
Less: Profit from charges to business-type activities	<u>(5,028)</u>
Net adjustment	381,794
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	795,115
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)	63,717
-Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	(31,491)
-Net pension obligation is accrued in the government-wide statements but not in the fund statements because they do not use current resources	(59,965)
-Other postemployment benefits are accrued in the government-wide statements but not in the fund statements because they do not use current resources	(778,362)
County's portion of collective pension expense	(66,728)
Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements	
-Increase in deferred inflows of resources-taxes receivable-at end of year	(349,093)
-Increase in accrued taxes receivable at end of year	<u>(16,918)</u>
Total adjustment	<u>\$ (7,706,895)</u>

**GRANVILLE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
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A. Stewardship, Compliance, and Accountability

A. Deficit Fund Balance or Net Position of Individual Funds

In Exhibit 6, the Solid Waste Management Fund had a deficit net position in the amount of \$2,285,915. This deficit net position resulted from incurring expenses prior to receipt of funding.

B. Excess of Expenditures over Appropriations

For the fiscal year ended June 30, 2015, expenditures made in the County Health Plan Fund exceeded the authorized appropriations for health insurance administration and claims by \$440,354 and \$1,832,813, respectively. Expenditures for debt service in the General Fund exceeded appropriations by \$11,834,493. Expenditures for architect and engineering fees and issuance costs in the GCHS Expansion Fund exceeded appropriations by \$17,994 and \$15,658, respectively. In the Library Expansion/Renovation Fund, transfers-out to the General Fund exceeded appropriations by \$7. In the 2010 Southern Elementary School Project Fund, transfers-out to the General Fund exceeded appropriations by \$10. In Solid Waste Operations in the Solid Waste Management Fund, expenditures exceeded appropriations by \$29,733. All 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.

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At June 30, 2015, the County's deposits had a carrying amount of \$33,096,267 and a bank balance of \$33,339,950. Of the bank balance, \$1,250,000 was covered by federal depository insurance, and \$32,089,950 in interest bearing deposits was covered by collateral held under the Pooling Method.

At June 30, 2015, Granville County had \$1,725 cash on hand.

At June 30, 2015, the carrying amount of deposits for Granville County ABC Board was \$693,035 and the bank balance was \$697,865. Of the bank balance, \$250,000 was covered by federal depository insurance, and \$447,865 was covered by collateral held by authorized escrow agents in the name of the State Treasurer. The ABC Board had \$3,800 cash on hand.

At September 30, 2014, the Hospital's deposits had a carrying amount of \$5,505,429 and a bank balance of \$5,662,885. Of the bank balance, \$540,669 was covered by federal depository insurance and \$5,122,216 was covered by collateral held under the Pooling method. The Hospital also had cash on hand at September 30, 2014, in the amount of \$2,878.

At June 30, 2015, the Tourism Development Authority had a carrying amount of \$312,007 and a bank balance of \$312,055. 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, 2015, the Memorial Gardens had a carrying amount of \$140,967 and a bank balance of \$141,336. All of the bank balance was covered by federal depository insurance.

2. Investments

At June 30, 2015, the County's investments consisted of \$8,212,029 in the North Carolina Capital Management Trust's Cash Portfolio and \$2,375,490 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, 2015, South Granville Memorial Gardens' investments consisted of \$100,194 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.

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<u>Year Levied</u>	<u>Tax</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 2,460,224	\$ 805,688	\$ 3,265,912
2013	2,509,972	596,082	3,106,054
2014	2,646,713	390,348	3,037,061
2015	<u>2,675,146</u>	<u>153,800</u>	<u>2,828,946</u>
Totals	<u>\$ 10,292,055</u>	<u>\$ 1,945,918</u>	<u>\$ 12,237,973</u>

4. Receivables

Receivables at the government-wide level at June 30, 2015, 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	\$ 2,535,525	\$ 1,630,628	\$ 3,285,705	\$ 7,451,858
Other Governmental Funds	32,179	-	-	32,179
Allowance for doubtful accounts	-	(150,000)	-	(150,000)
Total governmental activities	<u>\$ 2,567,704</u>	<u>\$ 1,480,628</u>	<u>\$ 3,285,705</u>	<u>\$ 7,334,037</u>
Business-type Activities:				
Solid Waste Management	\$ 251,857	\$ -	\$ 30,402	\$ 282,259
Stormwater Fund	38,839	-	-	38,839
Total	290,696	-	30,402	321,098
Allowance for doubtful accounts	(24,932)	-	-	(24,932)
Total business-type activities	<u>\$ 265,764</u>	<u>\$ -</u>	<u>\$ 30,402</u>	<u>\$ 296,166</u>

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

Local option sales tax	\$ 1,109,173
Sales tax refund receivable	265,830
Receivable-Henderson	1,823,415
Medicaid hold harmless	87,287
White goods tax	4,136
Scrap tire disposal tax	19,641
Solid waste tax distribution	<u>6,625</u>
Total	<u>\$ 3,316,107</u>

5. Capital Assets

Capital asset activity for the year ended June 30, 2015, was as follows:

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	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 7,701,851	\$ -	\$ -	\$ 7,701,851
Construction in Progress	<u>1,153,288</u>	<u>712,027</u>	<u>(595,031)</u>	<u>1,270,284</u>
Total capital assets not being depreciated	<u>8,855,139</u>	<u>712,027</u>	<u>(595,031)</u>	<u>8,972,135</u>
Capital assets being depreciated:				
Buildings	17,042,020	11,759	-	17,053,779
Improvements other than building	17,604,710	23,122	-	17,627,832
Machinery and Equipment	5,718,574	446,694	(51,571)	6,113,697
Intangible assets	<u>-</u>	<u>6,870,000</u>	<u>-</u>	<u>6,870,000</u>
Total capital assets being depreciated	<u>40,365,304</u>	<u>7,351,575</u>	<u>(51,571)</u>	<u>47,665,308</u>
Less accumulated depreciation for:				
Buildings	7,909,425	438,480	-	8,347,905
Improvements other than building	1,473,947	536,430	-	2,010,377
Machinery and Equipment	3,853,035	584,542	(23,495)	4,414,082
Intangible assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total accumulated depreciation	<u>13,236,407</u>	<u>\$ 1,559,452</u>	<u>\$ (23,495)</u>	<u>14,772,364</u>
Total capital assets being depreciated, net	<u>27,128,898</u>			<u>32,892,944</u>
Governmental activity capital assets, net	<u>\$ 35,984,037</u>			<u>\$ 41,865,079</u>

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

General government	\$ 263,705
Public safety	732,912
Human services	150,454
Community services	407,829
Economic development	4,552
Total depreciation expense	<u>\$ 1,559,452</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>10,290</u>	<u>-</u>	<u>10,290</u>
Total capital assets not being depreciated	<u>1,020,695</u>	<u>10,290</u>	<u>-</u>	<u>1,030,985</u>
Capital assets being depreciated:				
Buildings	39,017	-	-	39,017
Improvements other than buildings	4,478,394	47,000	-	4,525,394
Fixtures & Equipment	39,202	59,545	-	98,747
Machinery and equipment	<u>364,690</u>	<u>-</u>	<u>19,351</u>	<u>345,339</u>
Total capital assets being depreciated	<u>4,921,303</u>	<u>106,545</u>	<u>19,351</u>	<u>5,008,497</u>

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	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Less accumulated depreciation for:				
Buildings	13,406	2,090	-	15,496
Improvements other than buildings	223,208	114,142	-	337,350
Fixtures & Equipment	1,742	5,591	-	7,333
Machinery and equipment	<u>300,679</u>	<u>25,424</u>	<u>19,351</u>	<u>306,753</u>
Total accumulated depreciation	<u>539,035</u>	<u>\$ 147,248</u>	<u>\$ 19,351</u>	<u>666,932</u>
Total capital assets being depreciated, net	<u>4,382,268</u>			<u>4,341,565</u>
Business-type activities capital assets, net	<u>\$ 5,402,963</u>			<u>\$ 5,372,550</u>

Activity for the ABC Board for the year ended June 30, 2015, was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Capital assets not being depreciated:				
Land	\$ 436,774	\$ -	\$ -	\$ 436,774
Capital assets being depreciated:				
Buildings	214,557	-	-	214,557
Furniture and equipment	55,782	1,379	-	57,161
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>391,160</u>	<u>1,379</u>	<u>-</u>	<u>392,539</u>
Less accumulated depreciation for:				
Buildings	91,404	4,647	-	96,051
Furniture and equipment	46,028	3,254	-	49,282
Vehicles	23,208	-	-	23,208
Computers & software	52,964	7,688	-	60,652
Land improvements	<u>32,001</u>	<u>273</u>	<u>-</u>	<u>32,274</u>
Total capital assets being depreciated	<u>145,555</u>	<u>\$ 15,862</u>	<u>\$ -</u>	<u>131,072</u>
ABC Board capital assets, net	<u>\$ 582,329</u>			<u>\$ 567,846</u>

Activity for Granville Medical Center for the year ended September 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	\$ 1,790,207	\$ -	\$ -	\$ 1,790,207
Construction in Progress	<u>1,774,669</u>	<u>645,578</u>	<u>2,420,247</u>	<u>-</u>
Total capital assets not being depreciated	<u>3,564,876</u>	<u>645,578</u>	<u>2,420,247</u>	<u>1,790,207</u>
Capital assets being depreciated:				
Buildings	28,490,933	201,575	2,152,624	30,845,132
Capitalized interest	181,828	-	-	181,828
Land Improvements	1,651,972	-	55,782	1,707,754
Equipment and fixtures	<u>28,749,241</u>	<u>934,981</u>	<u>311,506</u>	<u>29,372,716</u>
Total capital assets being depreciated	<u>59,073,974</u>	<u>1,136,556</u>	<u>1,896,900</u>	<u>62,107,430</u>

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	Beginning Balances	Increases	Decreases	Ending Balances
Less accumulated depreciation for:				
Buildings	11,189,608	969,642	4,597	12,154,653
Land Improvements	942,699	64,630	-	1,007,329
Equipment and fixtures	16,626,812	1,924,057	518,688	18,032,181
Total accumulated depreciation	28,759,119	\$2,958,312	\$ 523,285	31,194,163
Total capital assets being depreciated, net	62,638,850			30,913,267
Business-type activities capital assets, net	\$ 33,879,731			\$ 32,703,474

B. Liabilities

1. Payables

Payables at the government-wide level at June 30, 2015, were as follows:

	Vendors	Accrued Interest	Total
Governmental Activities:			
General Fund	\$ 1,029,058	\$ 552,496	\$ 1,581,554
GCHS Expansion Fund	1,076,499	-	1,076,499
Other Governmental Funds	49,228	-	49,228
County Health Plan Fund	193,538	-	193,538
Total-governmental activities	\$ 2,348,323	\$ 552,496	\$ 2,900,819
Business-type Activities:			
Solid Waste Management	\$ 181,166	\$ -	\$ 181,166
Stormwater Fund	22,306	-	22,306
Total-business-type activities	\$ 203,472	\$ -	\$ 203,472

2. Pension Plan and Other Postemployment Obligations

a. Local Governmental Employees' Retirement System

Plan Description. The County is a participating employer in 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 membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. 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, by calling (919) 981-5454, or at www.osc.nc.gov.

Benefits Provided. LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's

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four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. County employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The County's contractually required contribution rate for the year ended June 30, 2015, was 7.41% of compensation for law enforcement officers and 7.07% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the County were \$791,446 for the year ended June 30, 2015.

Refunds of Contributions – County employees who have terminated service as a contributing member of LGERS, may file an application for a refund of their contributions. By state law, refunds to members with at least five years of service include 4% interest. State law requires a 60 day waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by LGERS.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2015, the County reported an asset of \$1,070,625 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013. The total pension liability was then rolled forward to the measurement date of June 30, 2014 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on a projection of the County's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2014, the County's proportion was .182%, which was a decrease of .004% from its proportion measured as of June 30, 2013.

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For the year ended June 30, 2015, the County recognized pension expense of \$71,387. At June 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 116,984
Net difference between projected and actual earnings on pension plan investments	-	2,492,392
Changes in proportion and differences between County contributions and proportionate share of contributions	17,013	-
County contributions subsequent to the measurement date	791,446	-
Total	<u>\$ 808,459</u>	<u>\$ 2,609,376</u>

\$791,446 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2016	\$ (648,153)
2017	(648,153)
2018	(648,153)
2019	(647,904)

Actuarial Assumptions. The total pension liability in the December 31, 2013 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	4.25 to 8.55 percent, including inflation and productivity factor
Investment rate of return	7.25 percent, net of pension plan investment expense, including inflation

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2013 valuation were based on the results of an actuarial experience study for the period January 1, 2005 through December 31, 2009.

Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current

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yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	36.0%	2.5%
Global Equity	40.5%	6.1%
Real Estate	8.0%	5.7%
Alternatives	6.5%	10.5%
Credit	4.5%	6.8%
Inflation Protection	4.5%	3.7%
Total	100%	

The information above is based on 30 year expectations developed with the consulting actuary for the 2013 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.19%. All rates of return and inflation are annualized.

A new asset allocation policy was finalized during the fiscal year ended June 30, 2014 to be effective July 1, 2014. The new asset allocation policy utilizes different asset classes, changes in the structure of certain asset classes, and adopts new benchmarks. Using the asset class categories in the preceding table, the new long-term expected arithmetic real rates of return are: Fixed Income 2.2%, Global Equity 5.8%, Real Estate 5.2%, Alternatives 9.8%, Credit 6.8% and Inflation Protection 3.4%.

Discount rate. The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's proportionate share of the net pension asset to changes in the discount rate. The following presents the County's proportionate share of the net pension asset calculated using the discount rate of 7.25 percent, as well as what the County's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

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	<u>1% Decrease</u> <u>(6.25%)</u>	<u>Discount</u> <u>Rate (7.25%)</u>	<u>1% Increase</u> <u>(8.25%)</u>
County's proportionate share of the net pension liability (asset)	\$3,634,165	\$(1,070,625)	\$(5,031,907)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Comprehensive Annual Financial Report (CAFR) for the State of North Carolina.

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 143 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, 2014, the Separation Allowance's membership consisted of:

Retirees receiving benefits	2
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>56</u>
Total	<u>58</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 78.

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 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.

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The annual required contribution for the current year was determined as part of the December 31, 2014 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, 2014, was 16 years.

<u>Three-Year Trend Information</u>			
<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/13	\$ 80,394	0.00%	\$ 572,027
6/30/14	72,448	32.07%	621,244
6/30/15	\$ 91,390	34.39%	\$ 681,209

Annual Pension Cost and Net Pension Obligation for Fiscal Year Ending 6/30/15

Employer annual required contribution	\$ 112,808
Interest on net pension obligation	31,062
Adjustment to annual required contribution	<u>(52,480)</u>
Annual pension cost	91,390
Employer contributions made for fiscal year ending 06/30/15	<u>31,425</u>
Increase (decrease) in net pension obligation	59,965
Net pension obligation beginning of fiscal year	<u>621,244</u>
Net pension obligation end of fiscal year	<u>\$ 681,209</u>

4. Funded Status and Funding Process:

As of December 31, 2014, the most recent actuarial valuation date, the plan was 0.0 percent funded. The actuarial accrued liability for benefits was \$832,450, and the actuarial value of assets was \$0.00, resulting in an unfunded actuarial accrued liability (UAAL) of \$832,450. The covered payroll (annual payroll of active employees covered by the plan) was \$2,420,173 and the ratio of the UAAL to the covered payroll was 34.40 percent.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents 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 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

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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, 2015, were \$146,843, which consisted of \$120,222 from the County and \$26,621 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 (RODSPF), a noncontributory, defined benefit plan administered by the North Carolina Department of State Treasurer. RODSPF provides supplemental pension benefits to any eligible county register of deeds who 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. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. 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, by calling (919) 981-5454, or at www.osc.nc.gov.

Benefits Provided. An individual's benefits for the year are calculated as a share of accumulated contributions available for benefits for that year, subject to certain statutory limits. An individual's eligibility is based on at least 10 years of service as a register of deeds with the individual's share increasing with years of service. Because of the statutory limits noted above, not all contributions available for benefits are distributed.

Contributions. Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County Commission under Article 1 of Chapter 161 of the North Carolina General Statutes. The statutory contribution currently has no relationship to the actuary's required contribution. The actuarially determined contribution this year and for the foreseeable future is zero. Registers of Deeds do not contribute. Contribution provisions are established by General Statute 161-50 and may be amended only by the North Carolina General Assembly. Contributions to the pension plan from the County were \$3,670 for the year ended June 30, 2015.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2015, the County reported an asset of \$103,658 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013. The total pension liability was then rolled forward to the measurement date of June 30, 2014 utilizing update procedures incorporating the actuarial assumptions. The

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County's proportion of the net pension asset was based on the County's share of contributions to the pension plan, relative to contributions to the pension plan of all participating RODSPF employers. At June 30, 2014, the County's proportion was .457%, which was an increase of .03% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the County recognized pension expense of \$(4,659). At June 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 951	\$ -
Net difference between projected and actual earnings on pension plan investments	-	558
Changes in proportion and differences between County contributions and proportionate share of contributions	-	4,455
County contributions subsequent to the measurement date	3,670	-
Total	<u>\$ 4,621</u>	<u>\$ 5,013</u>

\$3,670 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2016	\$ 1,732
2017	1,732
2018	458
2019	140

Actuarial Assumptions. The total pension liability in the December 31, 2013 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	4.25 to 7.75 percent, including inflation and productivity factor
Investment rate of return	5.75 percent, net of pension plan investment expense, including inflation

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2013 valuation were based on the results of an actuarial experience study for the period January 1, 2005 through December 31, 2009.

Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

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The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The adopted asset allocation policy for the RODSPF is 100% in the fixed income asset class. The best estimate of arithmetic real rate of return for the fixed income asset class as of June 30, 2014 is 2.5%:

The information above is based on 30 year expectations developed with the consulting actuary for the 2013 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.19%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 5.75%. The projection of cash flows used to determine the discount rate assumed that contributions from employers will be made at statutorily required rates. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's proportionate share of the net pension asset to changes in the discount rate. The following presents the County's proportionate share of the net pension asset calculated using the discount rate of 5.75 percent, as well as what the County's proportionate share of the net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (4.75 percent) or 1-percentage-point higher (6.75 percent) than the current rate:

	<u>1% Decrease</u> <u>(4.75%)</u>	<u>Discount</u> <u>Rate (5.75%)</u>	<u>1% Increase</u> <u>(6.75%)</u>
County's proportionate share of the net pension liability (asset)	\$ (93,080)	\$ (103,658)	\$ (112,750)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Comprehensive Annual Financial Report (CAFR) for the State of North Carolina.

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

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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.

Membership of the HCB Plan consisted of the following at December 31, 2014, the date of the latest actuarial valuation:

	<u>General Employees</u>	<u>Law Enforcement Officers</u>
Retirees receiving benefits	48	10
Terminated plan members entitled to but not yet receiving benefits	-	-
Active plan members	<u>207</u>	<u>54</u>
Total	<u>255</u>	<u>64</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 10.77% of annual covered payroll. For the current year, the County contributed \$264,926 or 2.5% 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 2.52% and 1.81% 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	\$ 1,139,342
Interest on net OPEB obligation	189,154
Adjustment to annual required contribution	<u>262,953</u>
Annual OPEB cost (expense)	1,065,543
Contributions made	<u>(264,926)</u>
Increase (decrease) in net OPEB obligation	800,617
Net OPEB obligation, beginning of year	<u>4,728,860</u>
Net OPEB obligation, end of year	<u>\$ 5,529,477</u>

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The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the HCB plan, and the net OPEB obligation for 2015 were as follows:

For Year Ended <u>June 30</u>	Annual OPEB <u>Cost</u>	Percentage of Annual OPEB <u>Cost Contributed</u>	Net OPEB <u>Obligation</u>
2015	\$1,065,543	24.9%	\$ 5,529,477
2014	737,369	15.6%	4,728,860
2013	\$ 771,601	7.7%	\$ 4,314,556

Funded Status and Funding Process – As of December 31, 2014, 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 \$11,831,951. The covered payroll (annual payroll of active employees covered by the plan) was \$10,581,978, and the ratio of the UAAL to the covered payroll was 111.8 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 progress, 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, 2014 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 7.50 to 5.00 percent annually for Pre-Medicare and 7.50 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, 2014, 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

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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 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, 2015 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,

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2014, 2013, and 2012 were \$1,416,000, \$1,389,000, and \$1,402,000, respectively. The contributions made by the Hospital equaled the required contributions for each year.

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 \$8,342,799 reported as landfill closure and postclosure care liability at June 30, 2015, 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 of Resources

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Charge on refunding of debt	\$ 1,367,201	\$ -
Pensions – difference between expected and actual experience	-	-
LGERS	-	116,984
Register of Deeds	951	-
Pensions – difference between projected and actual investment earnings	-	2,492,950
Pensions-change in proportion and difference between employer contributions and proportionate share of contributions	-	-
LGERS	17,013	-
Register of Deeds	-	4,455
Contributions to pension plan in 2014-2015 fiscal year	795,116	-
Prepaid taxes not yet earned (General)	-	87,061
Taxes receivable, net (General)	-	1,127,624
Total	<u>\$ 2,180,281</u>	<u>\$ 3,829,074</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

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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. 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 of the County's funds at any given time 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, 2015, 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.

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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. This utility agreement has since been challenged legally by the City of Oxford. The lawsuit regarding this matter was settled in August 2015. However, as of June 30, 2015, the lawsuit had reached an understanding concerning the outcome. Due to this, it was determined to show the lawsuit at June 30, 2015 as if the settlement had already taken place to best show the future liability of this financing agreement in the financial statements.

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%. This agreement was ended by a lawsuit settlement and the County is no longer obligated to make any payments and is due a receivable from the City of Henderson in the amount of \$1,823,415.

\$ -

The agreement with the City of Oxford was executed in August 2015, for the utility sales agreement for water and sewer services for an industrial park and required an initial payment of \$1,370,000 and financed the balance of \$5.5 million over seven years at a rate of 1.25%.

6,870,000

Total

\$ 6,870,000

For Granville County, the future minimum payments as of June 30, 2015, including \$278,416 of interest are:

Year Ending <u>June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2015	\$ 2,126,738	\$ 68,750
2016	766,197	59,291
2017	775,775	49,713
2018	785,472	40,016
2019	795,290	30,198
2020-2021	<u>1,620,528</u>	<u>30,448</u>
	<u>\$ 6,870,000</u>	<u>\$ 278,416</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 several tenants. Future minimum base rentals (each year lease payment is increased 3%) for the next five years under this lease as of September 30, 2014 are as follows:

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2015	\$ 748,000
2016	256,000
2017	210,000
2018	186,000
2019	<u>36,000</u>
Total	<u>\$ 1,436,000</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, 2015, 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. \$ 785,311

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	278,750
School Construction (Granville County Schools holds title to these assets upon project completion)	1,372,380

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. -

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%. 8,311,000

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%. 1,573,504

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In August 2014, the County entered into a \$9,000,000 installment financing agreement to finalize funding for the Granville Medical Center Emergency Room renovations. The funding was obtained through the USDA. Payments for this agreement are made monthly for 30 years with a 4.0% interest rate. 8,867,825

In August 2014, the County entered into a \$5,000,000 installment financing agreement to finalize funding for the Granville Medical Center Emergency Room renovations. The funding was obtained through the USDA. Payments for this agreement are made monthly for 30 years with a 4.0% interest rate. 4,926,567

In September 2014, the County entered into a \$11,750,000 installment financing agreement to fund expansion at Granville Central High School. Payments are due on April 1 and October 1 for the next 15 years. Interest will be paid at a rate of 3.18%. 11,750,000

Total \$ 37,865,337

For Granville County, the future minimum payments as of June 30, 2015, including \$14,309,120 of interest are:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2016	\$ 2,178,875	\$ 1,231,434
2017	2,197,286	1,163,368
2018	2,160,688	1,093,663
2019	2,124,855	1,026,753
2020	2,145,569	960,084
2021-2025	10,151,689	3,815,511
2026-2030	8,265,052	2,340,753
2031-2035	2,527,094	1,488,106
2036-2040	3,085,570	929,630
2041-2045	3,028,659	259,818
	<u>\$ 37,865,337</u>	<u>\$ 14,309,120</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). \$ 8,825,000

**GRANVILLE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

\$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
\$ 14,040,000

For Granville County, the future minimum payments as of June 30, 2015, including \$8,960,759 of interest are:

Year Ending <u>June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2016	\$ 490,000	\$ 692,110
2017	490,000	676,552
2018	495,000	659,065
2019	495,000	640,131
2020	495,000	619,960
2021-2025	2,475,000	2,761,963
2026-2031	<u>9,100,000</u>	<u>2,910,978</u>
	<u>\$ 14,040,000</u>	<u>\$ 8,960,759</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, 2015, 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*	\$ 5,700,000
\$1,600,000 Public Improvement 2009A bonds due on June 1 and December 1; interest at 3.0-4.5 percent	1,120,000
\$8,000,000 Library Bonds 2009B bonds due on June 1 and December 1; interest at 3.0-4.125 percent	5,600,000
\$10,215,000 Refunding Bonds 2009C due on June 1 and December 1; interest at 3.0-4.0 percent*	3,990,000
\$16,095,000 Refunding Bonds 2013 due on June 1 and December 1; interest at 2.5-4.0%	<u>16,075,000</u>
Total	<u>\$ 32,485,000</u>

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

**GRANVILLE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

Year Ending June 30	Governmental Activities	
	Principal	Interest
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	3,005,000	794,562
2021-2025	14,610,000	2,178,462
2025-2029	<u>2,445,000</u>	<u>218,150</u>
	<u>\$ 32,485,000</u>	<u>\$ 7,222,756</u>

At June 30, 2015, Granville County had a legal debt margin of \$245,166,863.

The Hospital's notes payable at September 30, 2014, are comprised of the following:

3.97 percent note, payable monthly, principal and interest of \$11,073 through March 2022; guaranteed by Granville County	\$ 860,364
4.09 percent note, monthly principal payments of \$13,889, plus interest through January 2018; collateralized by real estate.	555,555
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	14,758
3.73 percent note, payable semi-annually, principal and interest of \$79,324 through July 2027; collateralized by real estate	1,622,567
1.98 percent note, payable annually, principal and interest and interest payable annually of \$105,963 through June 2019: collateralized by equipment	499,743
4.00 percent note, payable monthly, principal and interest payable monthly of \$66,920 through December 2043: collateralized by real estate: guaranteed by Granville County	<u>13,979,745</u>
Total	<u>\$ 17,532,732</u>

The future principal and interest payments on long-term debt for years ending September 30, follows:

Year Ending September 30	Governmental Activities	
	Principal	Interest
2015	\$ 720,827	\$ 676,798
2016	735,105	649,586
2017	751,063	622,094
2018	661,307	595,245
2019	627,919	759,934
2020-2028	<u>14,036,511</u>	<u>7,328,758</u>
Total	<u>\$ 17,532,732</u>	<u>\$ 10,632,415</u>

**GRANVILLE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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, 2015:

	Balance <u>July 1, 2014</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>June 30, 2015</u>	Current Portion <u>of Balance</u>
Governmental activities:					
General obligation bonds	\$ 35,675,000	\$ -	\$ 3,190,000	\$ 32,485,000	\$ 3,175,000
Plus: Premiums on issuance	<u>2,528,032</u>	<u>-</u>	<u>242,086</u>	<u>2,285,946</u>	<u>242,086</u>
Total General obligation bonds	38,203,032	-	3,432,086	34,770,946	3,417,086
Financing Agreements	6,337,174	6,870,000	6,337,174	6,870,000	1,370,000
Installment Purchases	27,451,269	25,750,000	15,335,932	37,865,337	2,178,875
Certificates of participation	14,530,000	-	490,000	14,040,000	490,000
Compensated absences	815,854	847,345	815,854	847,345	211,836
Net pension liability (LGERS)	2,215,940	-	2,215,940	-	-
Net OPEB obligation	4,658,725	778,362	-	5,437,087	-
Net pension obligation	<u>621,244</u>	<u>59,965</u>	<u>-</u>	<u>681,209</u>	<u>-</u>
Total governmental activities	<u>\$ 94,833,238</u>	<u>\$ 34,305,672</u>	<u>\$28,626,986</u>	<u>\$ 100,511,924</u>	<u>\$ 7,667,797</u>
Business-type activities:					
Accrued landfill closure and postclosure costs	\$ 8,316,545	\$ 26,254	\$ -	\$ 8,342,799	\$ -
Compensated absences	15,839	16,784	15,839	16,784	4,196
Net pension liability (LGERS)	21,253	-	21,253	-	-
Net OPEB obligation	<u>70,136</u>	<u>22,254</u>	<u>-</u>	<u>92,390</u>	<u>-</u>
Total business-type activities	<u>\$ 8,423,773</u>	<u>\$ 65,292</u>	<u>\$ 37,092</u>	<u>\$ 8,451,973</u>	<u>\$ 4,196</u>

The LGERS plan had a net pension asset as of June 30, 2015; however, the plan had a net pension liability at the beginning of the fiscal year.

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.

**GRANVILLE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

C. Interfund Balances and Activity

	<u>Amount</u>
<i><u>Transfers From/To Other Funds</u></i>	
General Fund to Emergency Telephone System Fund to adjust beginning balance to match PSAP report	\$ 35,839
Library Expansion/Renovation Fund to General Fund to close out project	552,671
2010 Southern Elementary School Fund to General Fund to close out project	<u>29,025</u>
Total	<u>\$ 617,535</u>
<i><u>Due From/To Other Funds</u></i>	
From General Fund to Granville County Tourism Development Authority	<u>\$ 19,294</u>

D. Net Investment in Capital Assets

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Net capital assets	\$ 41,865,079	\$ 5,372,550
Capital debt calculation:		
Total debt, gross	98,225,978	-
Less:		
School debt for assets to which the county does not hold title	(52,880,741)	-
Hospital debt for assets which the county does not hold title	(23,023,208)	-
Unamortized assets related to capital debt	(15,919)	-
Add:		
Unamortized liabilities related to capital debt	<u>100,728</u>	<u>-</u>
Total capital debt	<u>22,406,838</u>	<u>-</u>
Net investment in capital assets	<u>\$ 19,458,241</u>	<u>\$ 5,372,550</u>

E. 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 provides management and citizens with information on the portion of General fund balance that is available for appropriation:

**GRANVILLE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Total fund balance-General Fund	\$ 37,633,543
Less:	
Prepaid items	1,916
Stabilization by State Statute	3,997,815
Appropriated fund balance in 2016 budget	1,884,639
Education	1,390,935
Register of Deeds	35,050
Tax Revaluation	491,351
Public Safety	1,091,381
Economic and Physical Development	452,737
Working Capital/Fund Balance Policy	19,630,551
Remaining Fund Balance	\$ 8,657,168

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.

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 \$618,965 and \$332,577 to the community college for operating and capital purposes, respectively, during the fiscal year ended June 30, 2015. 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, 2015. 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.

**GRANVILLE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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, 2015. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$34,561 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.

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, 2015. 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. Joint 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 \$20,788 to the Council during the fiscal year ended June 30, 2015. 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, that do not appear in the basic financial statements because they are not revenues and expenditures of the County.

**GRANVILLE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Federal</u>	<u>State</u>
Temporary Assistance to Needy Families	\$ 401,393	\$ (32)
Medical Assistance	39,062,179	21,377,460
Health Choice	983,166	310,941
CWS Adoption Subsidy	-	169,008
Adoption Assistance	181,270	48,586
State/County Special Assistance	-	352,618
Foster Care	68,781	17,563
Independent Living Transitional	1,276	-
Foster Care At Risk Maximization	-	200
State Foster Home	-	28,100
SFHF Maximization	-	15,757
Totals	<u>\$ 40,698,065</u>	<u>\$ 22,320,201</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.

VIII. Significant Effects of Subsequent Events

The County has evaluated events and transactions that occurred between June 30, 2015 and January 22, 2016, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements. The County refunded the Series 2006 General Obligation Bonds in July 2015. There were no additional events that occurred during this time that were deemed to be significant enough to be disclosed.

IX. Change in Accounting Principles/Restatement

The County implemented Governmental Accounting Standards Board (GASB) statement 68, *Accounting and Financial Reporting for Pensions (an amendment of GASB Statement No. 27)*, in the fiscal year ending June 30, 2015. The implementation of the statement required the County to record beginning net pension liability and the effects on net position of contributions made by the County during the measurement period (fiscal year ending June 30, 2014). As a result, net position for the governmental and business-type activities decreased by \$1,355,412 and \$30,292, respectively.

X. Restatement of Beginning Net Position

In August 2015, a lawsuit was settled for the County involving a financing agreement for water and sewer allocations. This agreement was deemed to be settled other than finalized paperwork as of June 30, 2015 so the effects of this settlement are included in these financial statements. Due to this, the prior debt was removed and the new debt is shown on the Statement of Net Position at June 30, 2015. However, booking this transaction caused a restatement of net position for Governmental Activities.

**GRANVILLE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

The beginning balance would have changed as follows:

	Governmental Activities <u>Net Position</u>
Balance, July 1, 2014	\$ (19,165,035)
Change due to:	
Lawsuit Settlement	8,160,589
Pension Restatement due to accounting change	<u>(1,355,412)</u>
Total	<u>6,805,177</u>
Balance, July 1, 2013, as restated	<u><u>\$ (12,359,858)</u></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
- Schedule of Funding Progress for the Other Postemployment Benefits
- Schedule of Employer Contributions for the Other Postemployment Benefits
- Schedule of County's Proportionate Share of the Net Pension Liability (Asset) for the Local Governmental Employees' Retirement System
- Schedule of County Contributions for the Local Governmental Employees' Retirement System
- Schedule of County's Proportionate Share of the Net Pension Liability (Asset) for the Register of Deeds' Supplemental Pension Fund
- Schedule of County Contributions for the Register of Deeds' Supplemental Pension Fund

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)
12/31/2009	\$ -	\$ 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%
12/31/2014	\$ -	\$ 832,450	\$ 832,450	0.00%	\$ 2,420,173	34.40%

**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
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%
2015	\$ 112,808	27.86%

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	12/31/2014
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%
12/31/2014	\$ -	\$ 11,831,951	\$ 11,831,951	0.00%	\$ 10,581,978	111.80%

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

Year Ended June 30	Annual Required Contribution	Percentage Contributed
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%
2015	\$ 1,139,342	23.25%

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	12/31/2014
Actuarial cost method	Projected unit credit
Amortization method	Level dollar amount; 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	7.50%-5.00%
Year of Ultimate trend rate	2020
Cost-of-living adjustments	N/A

*Includes inflation at 3.00% percent.

GRANVILLE COUNTY, NORTH CAROLINA
SCHEDULE OF COUNTY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM
LAST TWO FISCAL YEARS

	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset)	0.182%	0.186%
County's proportionate share of the net pension liability (asset)	(1,070,625)	2,237,193
County's covered-employee payroll	\$ 11,056,961	\$ 10,899,278
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-9.68%	20.53%
Plan fiduciary net position as a percentage of the total pension liability	102.64%	94.35%

*The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.

**GRANVILLE COUNTY, NORTH CAROLINA
SCHEDULE OF COUNTY CONTRIBUTIONS
LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM
LAST TWO FISCAL YEARS**

	2015	2014
Contractually required contribution	\$ 791,446	\$ 786,842
Contributions in relation to the contractually required contribution	<u>791,446</u>	<u>786,842</u>
Contribution deficiency (excess)	-	-
County's covered-employee payroll	\$ 11,078,798	\$ 11,056,961
Contributions as a percentage of covered-employee payroll	7.14%	7.12%

GRANVILLE COUNTY, NORTH CAROLINA
SCHEDULE OF COUNTY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
REGISTER OF DEEDS' SUPPLEMENTAL PENSION FUND
LAST TWO FISCAL YEARS

	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset)	0.457%	0.427%
County's proportionate share of the net pension liability (asset)	\$ (103,658)	\$ (91,205)
County's covered-employee payroll	\$ 161,292	\$ 156,569
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-64.27%	-58.25%
Plan fiduciary net position as a percentage of the total pension liability	193.88%	190.50%

*The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.

**GRANVILLE COUNTY, NORTH CAROLINA
SCHEDULE OF COUNTY CONTRIBUTIONS
REGISTER OF DEEDS' SUPPLEMENTAL PENSION FUND
LAST TWO FISCAL YEARS**

	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 3,670	\$ 3,734
Contributions in relation to the contractually required contribution	<u>3,670</u>	<u>3,734</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>
County's covered-employee payroll	\$ 161,292	\$ 156,569
Contributions as a percentage of covered-employee payroll	2.28%	2.38%

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.
- **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
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	2015			2014
	Budget	Actual	Variance Positive (Negative)	Actual
REVENUES				
Ad Valorem Taxes:				
Current year	\$ 33,542,842	\$ 34,519,636	\$ 976,794	\$ 34,764,352
Prior year	990,000	738,635	(251,365)	983,817
Penalties and interest	298,500	226,985	(71,515)	322,950
Total	34,831,342	35,485,256	653,914	36,071,119
Sales and Other Taxes:				
Article 39 one percent		1,714,023		1,594,962
Article 40 one-half of one percent		2,818,637		2,618,725
Article 42 one-half of one percent		1,504,900		1,396,846
Article 44 one-half of one percent		1,041		3,658
Article 44 Hold Harmless		-		212,724
State excise tax - Register of Deeds		206,861		188,602
Beer and wine		173,920		160,616
Taxes on federal exempt land		20,608		22,627
Medicaid hold harmless		1,479,670		1,346,450
Occupancy taxes		189,714		160,985
Total	7,556,148	8,109,374	553,226	7,706,195
Licenses, Fees and Other Revenues:				
Privilege licenses		3,480		6,189
Taxes on Oxford Housing Authority		6,647		6,647
Planning		70,699		72,273
Inspection		527,931		400,851
Sheriff wage refund		48,395		51,554
Boarding state and federal prisoners		7,261		6,433
Ambulance fees		12,337		60,521
Library fees		39,745		34,059
Rents		19,051		20,689
Sheriff's fees		112,899		112,059
Election fees		42		46,653
Franchise fees		141,784		164,364
Animal control		37,208		33,047
Information technology fees		24,000		-
Collection fees		124,004		127,908
Senior Center fitness fees		6,212		8,015
Administrative fees		-		12,500
Register of Deeds		212,507		210,713
GAP fees		30,917		36,565
Aging fees		19,121		15,863
Federal interest subsidy		428,789		430,102
Federal and State grants		3,852		2,623
Miscellaneous		243,101		290,189
Sale of capital assets		10,312		6,258
Total	1,996,502	2,130,294	133,792	2,156,075

GRANVILLE COUNTY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	2015			2014
	Budget	Actual	Variance Positive (Negative)	Actual
Restricted and Intergovernmental				
Revenues:				
Debt Contribution from hospital		1,286,214		767,623
Court facility fees		50,303		46,418
CSC officer's fees		7,589		7,171
Register of Deeds		37,186		36,756
ABC bottle tax		13,127		12,579
Federal and State grants		8,528,012		7,681,282
Excise recreation - Heritage		188,316		173,249
Jail fees		26,063		18,522
Sheriff Federal treasury seized funds		151,889		-
Miscellaneous		107,183		111,073
Total	9,641,822	10,395,882	754,060	8,854,673
Investment earnings	41,000	26,380	(14,620)	41,395
Micellaneous Revenues				
Granville County ABC Board	142,000	214,744	72,744	215,106
Granville County Tourism Development Authority	-	-	-	-
Total	142,000	214,744	72,744	215,106
Total Revenues	54,208,814	56,361,930	2,153,116	55,044,563
EXPENDITURES				
<u>General Government</u>				
Board of Commissioners				
Salaries and employee benefits		158,290		151,341
Other operating expenditures		62,035		64,851
Capital outlay		1,209		-
Total	234,987	221,534	13,453	216,192
Administration				
Salaries and employee benefits		259,089		263,036
Other operating expenditures		11,924		8,204
Capital outlay		1,209		-
Total	300,986	272,222	28,764	271,240
Information Technology				
Salaries and employee benefits		169,310		127,309
Other operating expenditures		3,206		3,153
Capital outlay		1,390		5,166
Total	179,476	173,906	5,570	135,628

GRANVILLE COUNTY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	2015			2014
	Budget	Actual	Variance Positive (Negative)	Actual
Board of Elections				
Salaries and employee benefits		215,235		214,353
Other operating expenditures		100,806		149,759
Capital outlay		2,714		18,066
Total	343,074	318,755	24,319	382,178
Finance Department				
Salaries and employee benefits		323,138		296,814
Other operating expenditures		100,306		96,673
Capital outlay		5,018		1,350
Total	456,512	428,462	28,050	394,837
Tax Administration				
Salaries and employee benefits		401,880		478,127
Other operating expenditures		328,016		275,184
Capital outlay		-		-
Total	846,192	729,896	116,296	753,311
Register of Deeds				
Salaries and employee benefits		222,541		214,648
Other operating expenditures		33,684		38,443
Capital outlay		2,421		-
Total	267,975	258,646	9,329	253,091
General Services/Court Facilities				
Salaries and employee benefits		171,099		226,766
Other operating expenditures		329,763		301,571
Capital outlay		3,912		1,191
Total	628,129	504,774	123,355	529,528
Human Resources				
Salaries and employee benefits		60,149		82,420
Other operating expenditures		26,958		25,065
Capital outlay		342		-
Total	119,641	87,449	32,192	107,485
Internal Auditor				
Salaries and employee benefits		68,941		65,872
Other operating expenditures		5,840		3,098
Total	75,382	74,781	601	68,970
Total General Government	3,452,354	3,070,425	381,929	3,112,460
<u>Public Safety</u>				
Other Emergency Services	50,000	41,903	8,097	39,277

GRANVILLE COUNTY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	2015			2014
	Budget	Actual	Variance Positive (Negative)	Actual
Sheriff's Department/Detention Center				
Salaries and employee benefits		5,210,945		5,184,845
Other operating expenditures		1,652,030		1,666,152
Capital outlay		154,276		281,735
Total	7,667,524	7,017,251	650,273	7,132,732
Fire Service	907,363	907,363	-	971,170
Forestry				
Salaries and employee benefits		29,237		26,284
Other operating expenditures		71,426		62,174
Capital outlay		-		908
Total	104,266	100,663	3,603	89,366
Emergency Management				
Salaries and employee benefits		206,142		198,773
Other operating expenditures		56,615		185,285
Total	341,430	262,757	78,673	384,058
Emergency Services				
Salaries and employee benefits		1,149,418		1,101,794
Other operating expenditures		230,073		274,328
Capital outlay		33,203		2,500
Total	1,601,190	1,412,694	188,496	1,378,622
Total Public Safety	10,671,773	9,742,631	929,142	9,995,225
<u>Community Services</u>				
Cooperative Extension Service				
Salaries and employee benefits		214,346		249,302
Other operating expenditures		51,494		51,822
Total	374,839	265,840	108,999	301,124
County Library System				
Salaries and employee benefits		629,728		564,267
Other operating expenditures		275,936		254,868
Capital outlay		8,435		-
Total	998,438	914,099	84,339	819,135
Recreation & Community Service				
Other operating expenditures		134,662		136,726
Total	136,726	134,662	2,064	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, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	2015		2014
	Budget	Actual	Variance Positive (Negative)
			Actual
Development Services			
Planning			
Salaries and employee benefits		283,730	267,300
Other operating expenditures		20,441	21,642
Capital outlay		4,556	5,773
Inspection Department			
Salaries and employee benefits		419,363	399,459
Other operating expenditures		23,600	25,779
Capital outlay		22,653	20,461
Construction Administration			
Other operating expenditures		618	226
Capital outlay		329,792	596,179
Total	1,657,757	1,104,753	553,004
Soil Conservation Program			
Salaries and employee benefits		-	-
Other operating expenditures		-	-
Total	-	-	-
Jonesland Park Operations			
Salaries and employee benefits		197,081	194,120
Other operating expenditures		124,793	117,991
Capital outlay		56,944	39,097
Total	419,842	378,818	41,024
Economic Development			
Salaries and employee benefits		128,040	137,896
Other operating expenditures		37,373	35,856
Capital outlay		1,191	-
Total	203,824	166,604	37,220
Tourism			
Salaries and employee benefits	62,114	33,934	28,180
Total Community Services	3,853,540	2,998,710	854,830
Human Services			
Health and Medical Services			
Granville Medical Center		848,368	1,205,454
Granville-Vance District Health Dept.		325,656	400,653
Area Mental Health		136,807	138,388
Total	1,311,022	1,310,831	191
Social Services			
Salaries and employee benefits		3,957,363	3,866,225
Other operating expenditures		3,568,884	3,537,452
Capital outlay		39,446	60,479
Total	8,184,992	7,565,693	619,299
			7,464,156

GRANVILLE COUNTY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	2015			2014
	Budget	Actual	Variance Positive (Negative)	Actual
Veterans Services				
Salaries and employee benefits		12,055		11,509
Other operating expenditures		1,035		1,728
Total	15,398	13,090	2,308	13,237
Senior Services-Nutrition/In-Home Aid				
Salaries and employee benefits		610,887		598,342
Other operating expenditures		621,555		634,821
Capital outlay		-		6,429
Total	1,342,459	1,232,442	110,017	1,239,592
Total Human Services	10,853,871	10,122,056	731,815	10,461,480
<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	-	1,259,378
Total	13,644,665	13,644,665	-	13,644,665
Vance-Granville Community College				
Operating expenditures		626,965		581,597
Capital Outlay		332,577		187,966
Total	959,542	959,542	-	769,563
Total Education	14,604,207	14,604,207	-	14,414,228
<u>Non-Departmental & Special Areas</u>				
Special Projects	268,570	239,372	29,198	213,801
Pass Thru Funds	578,650	565,709	12,941	525,101
Non-Departmental	2,831,680	1,707,980	1,123,700	3,161,090
Granville County Tourism Development Authority	162,000	188,142	(26,142)	159,513
Total Non-Departmental & Special Areas	3,840,900	2,701,203	1,139,697	4,059,505
<u>Debt Service</u>				
Hospital Financing				
Principal		14,569,067		356,096
Interest		717,147		411,527
Total	1,353,103	15,286,214	(13,933,111)	767,623
Park Financing				
Principal		73,832		74,040
Interest		10,842		13,566
Total	84,674	84,674	-	87,606

GRANVILLE COUNTY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	2015			2014
	Budget	Actual	Variance Positive (Negative)	Actual
Water & Sewer Allocation-Triangle North				
Principal		639,000		861,159
Interest		191,558		288,669
Total	1,781,736	830,558	-	1,149,828
Schools Debt Service				
Principal		3,389,152		3,403,944
Interest		1,983,341		1,895,405
	6,519,933	5,372,493	1,147,440	5,299,349
Library Series 2009				
Principal		400,000		400,000
Interest		222,000		234,000
Total	622,000	622,000	-	634,000
Total Debt Service	10,361,446	22,195,939	(11,834,493)	7,938,406
Total Expenditures	57,638,091	65,435,171	(7,797,080)	53,159,605
Revenues Over (Under) Expenditures	(3,429,277)	(9,073,241)	(5,643,964)	1,884,958
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers-in:				
Library Expansion/Renovation Fund	-	552,671	552,671	-
2010 Southern Elementary School Fund	-	29,025	29,025	-
R. H. Thornton Library Memorial Fund	1,300	-	(1,300)	-
Total transfers-in	1,300	581,696	580,396	-
Transfers-out:				
Emergency Telephone System Fund		(35,839)		(41,848)
GCHS Expansion Fund		-		(445,257)
Total transfers-out	(828,000)	(35,839)	(792,161)	(487,105)
Contingency	(26,000)	-	26,000	-
Debt proceeds	-	14,000,000	14,000,000	-
Fund balance appropriated	4,281,977	-	(4,281,977)	-
Total Other Financial Sources (Uses)	3,429,277	14,545,857	11,116,580	(487,105)
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ -	5,472,616	\$ 5,472,616	1,397,853
Fund Balance-July 1		32,160,927		30,763,074
Fund Balance-June 30		\$ 37,633,543		\$ 32,160,927

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, 2015

	<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	40,000	-	-	-	(40,000)
<u>EXPENDITURES</u>					
Capital Outlay					
Building & site construction	8,985,435	-	6,849,107	6,849,107	2,136,328
Architect & engineering fees	610,521	425,985	202,530	628,515	(17,994)
Program management fees	376,276	-	-	-	376,276
Other contracts & charges	1,099,225	19,272	339,067	358,339	740,886
Contingency	872,343	-	-	-	872,343
Total	11,943,800	445,257	7,390,704	7,835,961	4,107,839
Debt Service					
Issuance costs	96,200	-	111,858	111,858	(15,658)
Total	96,200	-	111,858	111,858	(15,658)
Total Expenditures	12,040,000	445,257	7,502,562	7,947,819	4,092,181
Revenues Over (Under) Expenditures	(12,000,000)	(445,257)	(7,502,562)	(7,947,819)	4,052,181
<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	12,000,000	-	11,750,000	11,750,000	(250,000)
Total Other Financing Sources (Uses)	12,000,000	445,257	11,750,000	12,195,257	195,257
Excess of Revenues and Other Sources Over (Under) Expenditures And Other Uses	\$ -	\$ -	4,247,438	\$4,247,438	\$ 4,247,438
Fund Balance - July 1			-		
Fund Balance - June 30			\$4,247,438		

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.

**GRANVILLE COUNTY, NORTH CAROLINA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2015**

	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	June 30,2015
<u>ASSETS</u>								
Current Assets:								
Cash and cash equivalents	\$ 274,566	\$ 754,741	\$ 260,025	\$ 42,164	\$ 9,550	\$ -	\$ -	\$ 1,341,046
Accounts receivable	32,179	-	-	-	-	-	-	32,179
Prepaid expenses	34,930	-	-	-	-	-	-	34,930
Total Assets	<u>\$ 341,675</u>	<u>\$ 754,741</u>	<u>\$ 260,025</u>	<u>\$ 42,164</u>	<u>\$ 9,550</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,408,155</u>
<u>LIABILITIES AND FUND EQUITY</u>								
Liabilities:								
Accounts payable and accrued liabilities	\$ 45,429	\$ -	\$ 3,799	\$ -	\$ -	\$ -	\$ -	\$ 49,228
Total Liabilities	<u>45,429</u>	<u>-</u>	<u>3,799</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>49,228</u>
Fund Balances:								
Nonspendable:								
Prepaid items	34,930	-	-	-	-	-	-	34,930
Restricted:								
Stabilization by State Statute	32,179	-	-	-	-	-	-	32,179
Library	-	-	256,226	-	-	-	-	256,226
Public Safety	229,137	-	-	-	-	-	-	229,137
Recreation	-	-	-	-	9,550	-	-	9,550
Economic Development	-	754,741	-	42,164	-	-	-	796,905
Total Fund Equity	<u>296,246</u>	<u>754,741</u>	<u>256,226</u>	<u>42,164</u>	<u>9,550</u>	<u>-</u>	<u>-</u>	<u>1,358,927</u>
Total Liabilities and Fund Equity	<u>\$ 341,675</u>	<u>\$ 754,741</u>	<u>\$ 260,025</u>	<u>\$ 42,164</u>	<u>\$ 9,550</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,408,155</u>

**GRANVILLE COUNTY, NORTH CAROLINA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2015**

	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	June 30, 2015
<u>REVENUES</u>								
Restricted intergovernmental revenues	\$ 386,154	\$ 66,979	\$ -	\$ -	\$ 364,719	\$ -	\$ -	\$ 817,852
Investment earnings	29	-	248	-	-	-	-	277
Miscellaneous	-	-	8,520	-	13,300	-	2	21,822
Total Revenues	386,183	66,979	8,768	-	378,019	-	2	839,951
<u>EXPENDITURES</u>								
Public safety	267,983	-	-	-	-	-	-	267,983
Economic development	-	56,777	-	-	-	-	-	56,777
Community services	-	-	33,044	-	-	-	-	33,044
Capital outlay	-	435,528	-	-	149,904	4,765	-	590,197
Debt service								
Principal	91,531	-	-	-	-	-	-	91,531
Interest	11,067	-	-	-	-	-	-	11,067
Total Expenditures	370,581	492,305	33,044	-	149,904	4,765	-	1,050,599
Revenues Over (under) Expenditures	15,602	(425,326)	(24,276)	-	228,115	(4,765)	2	(210,648)
<u>OTHER FINANCING SOURCES (USES)</u>								
Transfers in								
General Fund	35,839	-	-	-	-	-	-	35,839
Total	35,839	-	-	-	-	-	-	35,839
Transfers out								
General Fund	-	-	-	-	-	(552,671)	(29,025)	(581,696)
Total	-	-	-	-	-	(552,671)	(29,025)	(581,696)
Total Other Financing Sources (Uses)	35,839	-	-	-	-	(552,671)	(29,025)	(545,857)
Net Change in Fund Balances	51,441	(425,326)	(24,276)	-	228,115	(557,436)	(29,023)	(756,505)
Fund Balance - July 1	244,805	1,180,067	280,502	42,164	(218,565)	557,436	29,023	2,115,432
Fund Balance - June 30	\$ 296,246	\$ 754,741	\$ 256,226	\$ 42,164	\$ 9,550	\$ -	\$ -	\$ 1,358,927

**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, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014**

	2015			2014
	Budget	Actual	Variance Positive (Negative)	Actual
<u>REVENUES</u>				
Restricted intergovernmental revenues:				
State Cell Surcharge	\$ 360,409	\$ 386,154	\$ 25,745	\$ 360,410
Investment earnings	25	29	4	15
Total Revenues	<u>360,434</u>	<u>386,183</u>	<u>25,749</u>	<u>360,425</u>
<u>EXPENDITURES</u>				
Public safety:				
Telephone		135,956		115,953
Other operating expenditures		127,854		156,092
Capital outlay		4,173		-
Debt service:				
Principal		91,531		91,533
Interest		11,067		14,471
Total Expenditures	<u>451,605</u>	<u>370,581</u>	<u>81,024</u>	<u>378,049</u>
Revenues Over (Under) Expenditures	<u>(91,171)</u>	<u>15,602</u>	<u>106,773</u>	<u>(17,624)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfer (to) from other funds				
General Fund	35,376	35,839	463	41,848
Fund balance appropriated	<u>55,795</u>	<u>-</u>	<u>(55,795)</u>	<u>-</u>
Total	<u>91,171</u>	<u>35,839</u>	<u>(55,332)</u>	<u>41,848</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>51,441</u>	<u>\$ 51,441</u>	<u>24,224</u>
Fund Balance - July 1		<u>244,805</u>		<u>220,581</u>
Fund Balance - June 30		<u>\$ 296,246</u>		<u>\$ 244,805</u>
<u>Explanation for transfers</u>				
Transfer from the General Fund to adjust beginning balance to actual		<u>\$ 35,839</u>		<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		\$ 51,441		\$ 24,224
Plus: Transfers to General Fund to adjust fund balance to the proper beginning balance		<u>(35,839)</u>		<u>(41,848)</u>
Net Change per PSAP Revenue-Expenditure Report		15,602		(17,624)
Beginning Balance, PSAP Revenue-Expenditure Report		280,644		262,429
Ending Balance, PSAP Revenue-Expenditure Report		<u>\$ 296,246</u>		<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, 2015

	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	481,105	481,105	-	481,105	-
2012 CDBG C-1	202,500	8,656	48,034	56,690	(145,810)
2012 CDBG L-1	22,500	2,643	18,945	21,588	(912)
Total restricted intergovernmental revenues	1,106,105	802,954	66,979	869,933	(236,172)
Miscellaneous revenues					
Other revenues	45,206	45,206	-	45,206	-
Total	1,151,311	848,160	66,979	915,139	(236,172)
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	9,556	55,865	65,421	137,079
2012 L-1 Scattered Site Housing	22,500	21,588	912	22,500	-
Capital outlay					
NC Grant 10-C-2143					
Administration	12,317	12,317	-	12,317	-
Building Lease and Fit-up	347,516	347,515	-	347,515	1
Public Facilities Improvements	3,919,506	1,975,595	435,528	2,411,123	1,508,383
Total	4,904,339	2,677,121	492,305	3,169,426	1,734,913
Revenues Over (Under) Expenditures	(3,753,028)	(1,828,961)	(425,326)	(2,254,287)	1,498,741
OTHER FINANCING SOURCES (USES)					
Transfers from other funds					
General Fund	3,753,028	3,009,028	-	3,009,028	(744,000)
Total Other Financing Sources (Uses)	3,753,028	3,009,028	-	3,009,028	(744,000)
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ -	\$ 1,180,067	(425,326)	\$ 754,741	\$ 754,741
Fund Balance - July 1			1,180,067		
Fund Balance - June 30			\$ 754,741		

**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, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014**

	2015			2014
	Budget	Actual	Variance Positive (Negative)	Actual
<u>REVENUES</u>				
Donations	\$ 39,800	\$ 8,520	\$ (31,280)	\$ 7,949
Investment Earnings	200	248	48	289
Total Revenues	40,000	8,768	(31,232)	8,238
<u>EXPENDITURES</u>				
Projects	41,300	33,044	8,256	10,855
Total Expenditures	41,300	33,044	8,256	10,855
Revenues over (under) expenditures	(1,300)	(24,276)	(22,976)	(2,617)
OTHER FINANCING SOURCES (USES)				
Transfer-in(out) General Fund	1,300	-	(1,300)	-
Total other financing sources (uses)	1,300	-	(1,300)	-
Revenues and other sources over (under) expenditures and other uses	\$ -	(24,276)	\$ (24,276)	(2,617)
FUND BALANCE				
Beginning of year - July 1		280,502		283,119
End of year - June 30		\$ 256,226		\$ 280,502

**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, 2015**

	<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>					
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					
Waterline Project	503,591	503,591	-	503,591	-
Total	503,591	503,591	-	503,591	-
Total Expenditures	503,591	503,591	-	503,591	-
Revenues Over (Under) Expenditures	(4,960)	(4,960)	-	(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	\$ -	\$ 122,040	-	\$ 122,040	\$ 122,040
Fund Balance - July 1			42,164		
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, 2015**

	Project Authorization	Prior Years	Current Year	Total to Date	Variance Positive (Negative)
<u>REVENUES</u>					
Restricted intergovernmental revenues					
Federal and state grants	\$ 1,477,096	\$ 61,117	\$ 364,719	\$ 425,836	\$ (1,051,260)
Miscellaneous					
Donations	9,150	9,150	-	9,150	-
Other	203,280	15,960	13,300	29,260	174,020
Total Revenues	1,689,526	86,227	378,019	464,246	(877,240)
<u>EXPENDITURES</u>					
Professional Services		97,831	22,171	120,002	
Supplies and Materials		406	-	406	
Greenway Construction		311,830	127,733	439,563	
Total Expenditures	1,939,521	410,067	149,904	559,971	1,379,550
Revenues Over (Under) Expenditures	(249,995)	(323,840)	228,115	(95,725)	154,270
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfers-in (out)					
General Fund	249,995	105,275	-	105,275	(144,720)
Total	249,995	105,275	-	105,275	(144,720)
Excess of Revenues and Other Sources					
Over (Under) Expenditures and Other Uses	\$ -	\$ (218,565)	228,115	\$ 9,550	\$ 9,550
Fund Balances:					
Beginning of year - July 1			(218,565)		
End of year - June 30			\$ 9,550		

**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, 2015**

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Favorable (Unfavorable)
REVENUES					
Investment earnings	\$ 23,024	\$ 23,029	\$ -	\$ 23,029	\$ 5
Total	23,024	23,029	-	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		198,122	4,765	202,887	
Total	1,764,739	1,759,973	4,765	1,764,738	1
Thornton Expansion					
Architectural Services		181,940	-	181,940	
Contract Services		96,240	-	96,240	
Building Rent		105,491	-	105,491	
Furniture & Fixtures		381,515	-	381,515	
Construction Renovation		2,034,805	-	2,034,805	
Total	2,799,991	2,799,991	-	2,799,991	-
South Branch Addition					
Architectural Services		156,321	-	156,321	
Furniture & Fixtures		264,832	-	264,832	
Construction & Renovation		2,241,966	-	2,241,966	
Road and Pavement Improvements		108,817	-	108,817	
Total	2,771,936	2,771,936	-	2,771,936	-
Stovall Addition					
Architectural Services		63,183	-	63,183	
Furniture & Fixtures		82,853	-	82,853	
Land		50,666	-	50,666	
Construction & Renovation		732,408	-	732,408	
Total	929,110	929,110	-	929,110	-
Berea Renovation					
Architectural Services		11,992	-	11,992	
Furniture & Fixtures		33,038	-	33,038	
Construction and Renovation		141,124	-	141,124	
Total	186,154	186,154	-	186,154	-
Debt Service					
Principal	480,000	480,000	-	480,000	-
Interest	250,270	250,269	-	250,269	1
Total	730,270	730,269	-	730,269	1
Total Expenditures	9,182,200	9,177,433	4,765	9,182,198	2
Revenues Over (Under) Expenditures	(9,159,176)	(9,154,404)	(4,765)	(9,159,169)	7
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	(677,664)	(125,000)	(552,671)	(677,671)	(7)
General Fund	125,000	125,000	-	125,000	-
Total Other Financing Sources (Uses)	9,159,176	9,711,840	(552,671)	9,159,169	(7)
Excess of Revenues and Other Sources Over (Under) Expenditures And Other Uses	\$ -	\$ 557,436	(557,436)	\$ -	\$ -
Fund Balance - July 1			557,436		
Fund Balance - June 30			\$ -		

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, 2015

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Favorable (Unfavorable)
REVENUES					
Investment earnings	\$ 33,816	\$ 33,821	\$ -	\$ 33,821	\$ 5
Miscellaneous revenue	4,100	4,100	2	4,102	2
Total Revenues	37,916	37,921	2	37,923	7
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)	(14,787,715)	2	(14,787,713)	10
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)	(29,025)	(2,212,287)	(10)
Issuance of debt	16,000,000	16,000,000	-	16,000,000	-
Total Other Financing Sources (Uses)	14,787,723	14,816,738	(29,025)	14,787,713	(10)
Excess of Revenues and Other Sources Over (Under) Expenditures And Other Uses	\$ -	\$ 29,023	(29,023)	\$ -	\$ -
Fund Balance - July 1			29,023		
Fund Balance - June 30			\$ -		

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, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	2015			2014
	Budget	Actual	Variance Positive (Negative)	Actual
<u>REVENUES</u>				
Restricted intergovernmental				
NC Electronics Management Funds	\$ 1,000	\$ -	\$ 1,000	\$ -
Operating revenues				
Landfill user fees	1,499,188	1,275,284	(223,904)	1,147,695
Solid waste charges	1,053,000	1,069,841	16,841	1,050,422
Other operating revenues				
White goods		18,432		17,869
Scrap tire disposal tax		89,650		69,978
Solid waste disposal tax		28,871		27,144
Compost/Mulch sales		8,770		5,368
Miscellaneous		38,028		7,024
Total	<u>105,950</u>	<u>183,751</u>	<u>77,801</u>	<u>127,383</u>
Total Operating Revenues	<u>2,659,138</u>	<u>2,528,876</u>	<u>(129,262)</u>	<u>2,325,500</u>
Nonoperating Revenues				
Interest earned on investments	<u>700,664</u>	<u>1,534</u>	<u>(699,130)</u>	<u>1,778</u>
Total Revenues	<u>3,359,802</u>	<u>2,530,410</u>	<u>(828,392)</u>	<u>2,327,278</u>
<u>EXPENDITURES</u>				
Solid Waste Operations				
Printing		408		77
Supplies and materials		595		288
Manned sites		361,836		386,462
Oil and Anti-Freeze Disposal		1,630		2,028
Freon Removal		1,260		924
Waste disposal		399,221		393,111
Container transportation		291,423		249,880
Maintenance and grounds		4,175		2,262
Miscellaneous		7,228		4,642
Total	<u>1,038,043</u>	<u>1,067,776</u>	<u>(29,733)</u>	<u>1,039,959</u>
Site remodeling and construction	<u>140,021</u>	<u>67,717</u>	<u>72,304</u>	<u>5,837</u>
Total Solid Waste Operations	<u>1,178,064</u>	<u>1,135,493</u>	<u>42,571</u>	<u>1,045,796</u>

GRANVILLE COUNTY, NORTH CAROLINA
SOLID WASTE MANAGEMENT
SCHEDULE OF REVENUES AND EXPENDITURES-BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	2015			2014
	Budget	Actual	Variance Positive (Negative)	Actual
Landfill Operations				
Salaries and employee benefits		216,826		188,226
Administrative fee		-		7,500
Professional services		142,480		176,262
Credit card charges		6,288		3,240
Gas, oil, tires		5,358		3,649
Supplies and materials		4,796		4,530
Brush grinding		32,756		25,925
Travel		1,258		434
Telephone and postage		4,158		4,409
Utilities		7,391		9,067
Printing		228		158
Maintenance and grounds		3,898		15,481
Advertising		1,320		171
Tire disposal		79,881		79,379
Registration and training		10,332		2,450
Contract services		884,595		889,063
Computer service		1,274		1,320
Noncapitalized equipment		2,417		21,105
Total Landfill Operations	1,548,348	1,405,256	143,092	1,432,369
Convenience sites				
Professional services	95,120	-	95,120	13,455
Budgetary Appropriations				
Capital outlay - landfill	105,565	59,544	46,021	39,202
Capital outlay - convenience sites	566,415	61,319	505,096	62,141
Total	671,980	120,863	551,117	101,343
Total Expenditures	3,493,512	2,661,612	736,780	2,592,963
Revenues Over (Under) Expenditures	(133,710)	(131,202)	2,508	(265,685)
<u>OTHER FINANCING SOURCES (USES)</u>				
Fund Balance Appropriated				
Landfill	13,710	-	(13,710)	-
Solid Waste	120,000	-	(120,000)	-
Total Other Financing Sources (Uses)	133,710	-	(133,710)	-
Revenues Over (Under) Sources and Other Uses	\$ -	\$ (131,202)	\$ (131,202)	\$ (265,685)

GRANVILLE COUNTY, NORTH CAROLINA
SOLID WASTE MANAGEMENT
SCHEDULE OF REVENUES AND EXPENDITURES-BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	2015		2014
	Budget	Actual	Variance Positive (Negative) Actual
RECONCILIATION FROM BUDGETARY BASIS (MODIFIED ACCRUAL) TO FULL ACCRUAL			
Excess of revenues over (under) expenditures	\$	(131,202)	\$ (265,685)
Depreciation		(147,249)	(142,435)
Capital outlay		116,835	39,202
Contributions to the pension plan in the current fiscal year		10,586	-
(Increase) decrease in accrued landfill closure and postclosure care costs		(26,254)	656,876
(Increase) decrease in other postemployment benefits		(16,242)	(9,846)
(Increase) decrease in accrued vacation payable		(945)	(2,209)
Pension expense		(1,088)	-
Net Income (loss)	\$	<u>(195,559)</u>	<u>\$ 275,903</u>

GRANVILLE COUNTY, NORTH CAROLINA
STORMWATER FUND
SCHEDULE OF REVENUES AND EXPENDITURES-BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	2015		Variance	2014
	Budget	Actual	Positive (Negative)	Actual
<u>REVENUES</u>				
Restricted intergovernmental revenue				
Federal grant	\$ 25,000	\$ 25,500	\$ 500	\$ 24,222
Operating revenues				
Stormwater fees	235,000	257,086	22,086	249,597
Other operating revenues				
Contributions	103,291	84,583	(18,708)	104,247
Total Revenues	363,291	367,169	3,878	378,066
<u>EXPENDITURES</u>				
Stormwater Operations				
Salaries and employee benefits		81,302		79,690
Professional Services		94,284		118,731
Supplies and materials		899		801
Postage		5		-
Dues and subscriptions		53,359		42,286
Advertising		2,014		1,344
Waste disposal		339		895
Contracted services		39,730		7,500
Maintenance		1,601		1,528
Administration		-		5,000
Miscellaneous		3,868		3,314
Total	363,291	277,401	85,890	261,089
Revenues Over (Under) Expenditures	\$ -	\$ 89,768	\$ 89,768	\$ 116,977
RECONCILIATION FROM BUDGETARY BASIS (MODIFIED ACCRUAL) TO FULL ACCRUAL				
Excess of revenues over (under) expenditures		\$ 89,768		\$ 116,977
Contributions to the pension plan in the current fiscal year		3,600		-
(Increase) decrease in other postemployment benefits		(6,013)		-
Pension expense		(403)		-
Net Income (loss)		\$ 86,952		\$ 116,977

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, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	2015			2014
	Budget	Actual	Variance Positive (Negative)	Actual
Revenues				
Contributions from employees	\$ -	\$ 2,552,359	\$ 2,552,359	\$ 2,573,193
Insurance settlements	-	107,630	107,630	110,760
Miscellaneous	-	-	-	30,474
Total revenues	-	2,659,989	2,659,989	2,714,427
Expenditures				
Health insurance administration	-	440,354	(440,354)	507,037
Claims	-	1,832,813	(1,832,813)	1,813,349
Total expenditures	-	2,273,167	(2,273,167)	2,320,386
Revenues over (under) expenditures	<u>\$ -</u>	<u>386,822</u>	<u>\$ 386,822</u>	<u>394,041</u>
Fund balances				
Beginning of year, July 1		<u>431,649</u>		<u>37,608</u>
End of year, June 30		<u>\$ 818,471</u>		<u>\$ 431,649</u>
Reconciliation from financial plan basis (modified accrual) to full accrual:				
Total revenues		\$ 2,659,989		\$ 2,714,427
Total expenditures		<u>2,273,167</u>		<u>2,320,386</u>
Change in net position		<u>\$ 386,822</u>		<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.
- **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, 2015

	Agency Funds				Total Agency Funds
	Social Services Fund	Granville County Tourism Development Authority	Inmate Trust Fund	Sheriff's Evidence, Execution and Special Fund	
ASSETS					
Cash and investments	\$ 68,569	\$ -	\$ 10,208	\$ 150,266	\$ 229,043
Due from other fund	-	19,294	-	-	19,294
Total Assets	<u>\$ 68,569</u>	<u>\$ 19,294</u>	<u>\$ 10,208</u>	<u>\$ 150,266</u>	<u>\$ 248,337</u>
LIABILITIES AND NET POSITION					
Liabilities:					
Miscellaneous liabilities	\$ 68,569	\$ -	\$ 10,208	\$ 150,266	\$ 229,043
Due to component unit	-	19,294	-	-	19,294
Total Liabilities	<u>68,569</u>	<u>19,294</u>	<u>10,208</u>	<u>150,266</u>	<u>248,337</u>
Total Liabilities and Net Position	<u>\$ 68,569</u>	<u>\$ 19,294</u>	<u>\$ 10,208</u>	<u>\$ 150,266</u>	<u>\$ 248,337</u>

GRANVILLE COUNTY, NORTH CAROLINA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015
<u>Social Services</u>				
Assets				
Cash and cash equivalents	\$ 75,790	\$ 288,612	\$ 295,833	\$ 68,569
Liabilities				
Miscellaneous liabilities	\$ 75,790	\$ 288,612	\$ 295,833	\$ 68,569
<u>Granville County Tourism Development Authority</u>				
Assets				
Due from other fund	\$ -	\$ 188,142	\$ 168,848	\$ 19,294
Liabilities				
Due to component unit	\$ -	\$ 188,142	\$ 168,848	\$ 19,294
<u>Inmate Trust Fund</u>				
Assets				
Cash and cash equivalents	\$ 8,293	\$ 133,243	\$ 131,328	\$ 10,208
Liabilities				
Miscellaneous liabilities	\$ 8,293	\$ 133,243	\$ 131,328	\$ 10,208
<u>Sheriff's Evidence, Execution and Special Account Fund</u>				
Assets				
Cash and cash equivalents	\$ 159,638	\$ 35,828	\$ 45,200	\$ 150,266
Liabilities				
Miscellaneous liabilities	\$ 159,638	\$ 35,828	\$ 45,200	\$ 150,266
<u>Total - All Agency Funds</u>				
Assets				
Cash and cash equivalents	\$ 243,721	\$ 457,683	\$ 472,361	\$ 229,043
Due from other fund	-	188,142	168,848	19,294
Total	\$ 243,721	\$ 645,825	\$ 641,209	\$ 248,337
Liabilities				
Miscellaneous liabilities	\$ 243,721	\$ 457,683	\$ 472,361	\$ 229,043
Due to component unit	-	188,142	168,848	19,294
Total	\$ 243,721	\$ 645,825	\$ 641,209	\$ 248,337

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, 2015

Fiscal Year	Uncollected Balance June 30, 2014	Additions	Collections and Adjustments	Uncollected Balance June 30, 2015
2015	\$ -	\$ 34,095,406	\$ (33,689,305)	\$ 406,101
2014	670,593	-	(531,907)	138,686
2013	206,886	-	(112,879)	94,007
2012	76,217	-	(18,834)	57,383
2011	63,450	-	(10,990)	52,460
2010	113,311	-	(8,962)	104,349
2009	47,736	-	(6,100)	41,636
2008	147,958	-	(5,910)	142,048
2007	201,630	-	(4,999)	196,631
2006	50,764	-	(6,441)	44,323
2005	48,172	-	(48,172)	-
	<u>\$ 1,626,717</u>	<u>\$ 34,095,406</u>	<u>\$ (34,444,499)</u>	<u>\$ 1,277,624</u>
				<u>(150,000)</u>
				<u>\$ 1,127,624</u>

Reconcilement with revenues:

Taxes-ad valorem-General Fund	\$ 35,485,256	
Interest and Discounts	<u>(1,084,432)</u>	
		34,400,824

Amounts written off for tax year 2004 - 2005
per statute of limitations

43,675

Total Collections and Credits

\$ 34,444,499

**GRANVILLE COUNTY, NORTH CAROLINA
ANALYSIS OF CURRENT TAX LEVY
COUNTY-WIDE LEVY
JUNE 30, 2015**

	County-wide			Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
	Property Valuation	Rate	Total Levy		
Original levy:					
Property taxed at current year's rate	\$ 3,682,196,152	0.830	\$ 30,562,228	\$ 30,562,228	\$ -
Motor vehicles at current year's rate	425,683,950	0.830	3,533,177	-	3,533,177
Discoveries:					
Current and prior year's taxes	131,119,277	0.830	1,088,290	1,088,290	-
Abatements	(5,085,060)	0.830	(42,206)	(41,796)	(410)
Total Property Valuation	<u>\$ 4,233,914,319</u>				
Net Levy			35,141,489	31,608,722	3,532,767
Uncollected taxes at June 30, 2015			<u>406,101</u>	<u>401,560</u>	<u>4,541</u>
Current year's taxes collected			<u>\$ 34,735,388</u>	<u>\$ 31,207,162</u>	<u>\$ 3,528,226</u>
Current levy collection percentage			<u>98.84%</u>	<u>98.73%</u>	<u>99.87%</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									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities										
Net investment in capital assets	\$ 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	\$ 19,458,241
Restricted	-	-	30,967	-	-	13,824,466	22,894,879	11,770,892	10,140,935	10,995,235
Unrestricted	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)	(41,556,680)
Total governmental activities net position	<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>	<u>(11,103,204)</u>
Business-type activities										
Net investment in capital assets	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	5,372,550
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	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)	(7,320,965)
Total business-type activities net position	<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>	<u>(1,948,415)</u>
Primary government										
Net investment in capital assets	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	24,830,791
Restricted	-	-	30,967	-	-	13,824,466	22,894,879	11,770,892	10,140,935	10,995,235
Unrestricted	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)	(48,877,645)
Total primary government net position	<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>	<u>\$ (13,051,619)</u>

TABLE 2

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Governmental activities:										
General government	\$ 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	\$ 4,442,094
Public safety	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	10,425,328
Transportation	133,184	161,752	228,242	142,623	161,465	161,525	135,410	148,296	156,779	173,068
Environmental Protection	282,791	-	-	-	-	-	-	-	-	-
Economic and physical development	282,791	28,224	333,567	357,293	1,142,750	560,181	9,772,776	797,499	476,826	753,782
Human Services	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	10,524,184
Community Services	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	3,990,780
Education	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	21,994,864
Non-departmental and special areas	1,879,547	2,407,906	2,211,016	-	-	-	-	-	-	-
Interest on long-term debt	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	2,658,358
Total governmental activities expenses	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	54,962,458
Business-type activities										
Water and Sewer	1,249,509	1,340,252	1,085,232	-	-	-	-	-	-	-
Solid Waste	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	2,720,941
Stormwater	-	-	-	-	-	-	-	209,073	261,089	280,217
Total business-type activities	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	3,001,158
Total primary government expenses	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	57,963,616
Program Revenues										
Governmental activities:										
Charges for services:										
General government	643,915	610,973	677,758	487,200	484,736	394,790	625,684	507,272	527,492	487,489
Public Safety	1,088,446	802,327	924,126	795,836	687,119	621,263	643,455	703,591	676,055	817,649
Environmental Protection	370	-	-	-	-	-	-	-	-	-
Economic and physical development	-	-	-	-	-	17,800	3,560	-	-	-
Human Services	1,285,775	1,137,207	1,499,949	1,763,894	1,987,299	299,919	89,602	97,873	84,399	37,670
Community Services	321,200	354,237	286,584	212,183	203,054	192,996	185,681	200,492	243,873	258,978
Education	-	-	-	-	-	1,488,000	-	-	-	-
Operating grants and contributions										
General government	261,063	14,732	11,808	14,568	37,694	149,436	55,955	69,878	29,930	65,893
Public Safety	345,704	357,011	526,668	676,647	645,268	678,364	1,057,350	1,711,479	926,318	918,182
Transportation	-	-	-	177,704	192,410	261,137	259,741	291,028	191,221	807,152
Economic and physical development	75,000	-	-	3,009	-	738,449	27,500	326,361	58,986	438,483
Human Services	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	7,246,267
Community Services	193,210	193,001	180,085	195,205	265,444	168,581	151,288	156,245	138,529	136,599
Education	5,000	-	-	-	-	-	800,000	1,060,202	1,000,000	848,881
Capital grants and contributions										
General government	6,323	-	-	-	28,758	-	-	-	-	-
Public Safety	300,368	-	-	-	-	-	-	-	-	-
Transportation	105,253	149,097	171,471	382,062	-	-	-	-	-	-
Economic and physical development	333,941	(14,349)	275,635	120,224	848,919	108,058	147,875	41,415	508,364	66,979
Community Services	89,631	108,513	370,000	417,650	80,000	90,000	-	-	498,631	378,019
Education	400,000	758,693	1,103,970	1,920,000	600,000	-	-	-	-	-
Total governmental activities program revenues	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	12,508,241

TABLE 2

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Business-type activities										
Charges for services:										
Water and Sewer	1,553,407	1,555,540	1,201,171	-	-	-	-	-	-	-
Solid Waste	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	2,528,876
Stormwater	-	-	-	-	-	-	-	248,572	249,597	257,086
Capital grants and contributions	-	-	-	-	-	4,137	4,692	3,493	24,222	25,500
Total business-type activities program revenues	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	2,811,462
Total primary government program revenues	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	15,319,703
Net (expenses)/revenue										
Governmental activities										
General Government	(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)	(3,888,712)
Public Safety	(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)	(8,689,497)
Transportation	(27,931)	(12,655)	(56,771)	417,143	30,945	99,612	124,331	142,732	34,442	634,084
Environmental Protection	(282,421)	-	-	-	-	-	-	-	-	-
Economic and physical development	126,150	(42,573)	(57,932)	(234,060)	(293,831)	304,126	(9,593,841)	(429,723)	90,524	(248,320)
Human Services	(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)	(3,240,247)
Community Services	(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)	(3,217,184)
Education	(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)	(21,145,983)
Non-departmental and special areas	(1,879,547)	(2,407,906)	(2,211,016)	-	-	-	-	-	-	-
Interest on long term debt	(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)	(2,658,358)
Business-type activities										
Water and sewer	303,898	215,288	115,939	-	-	-	-	-	-	-
Solid waste	38,493	(49,468)	(4,924,834)	(672,247)	(561,341)	(36,714)	(277,066)	(2,628,499)	278,735	(192,065)
Stormwater	-	-	-	-	-	-	-	39,499	12,730	2,369
Total primary government net expenses	(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)	(42,646,282)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes	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	35,119,245
Local option sales tax	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	6,038,601
Other taxes and licenses	865,181	295,200	1,019,520	666,540	523,113	1,576,079	1,777,995	1,993,976	2,056,480	2,222,684
Investment earnings	1,994,666	1,878,138	1,317,899	536,617	182,190	127,862	61,598	49,130	41,765	26,657
Miscellaneous	309,682	578,191	180,056	265,978	(163,201)	378,224	609,548	297,442	354,724	303,684
Transfers	227,150	(810,551)	594,882	-	-	(2,973,770)	-	-	-	-
Total general revenues, special items and transfers	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	43,710,871
Total governmental activities	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	43,710,871
Business-type activities:										
Investment earnings	129,052	162,654	144,531	60,025	5,522	3,864	4,524	5,062	1,778	1,534
Miscellaneous	246,233	162,360	-	-	-	-	-	95,795	104,247	84,583
Transfers	(227,150)	810,551	(4,278,578)	-	-	2,973,770	-	-	-	-
Total general revenues, special items and transfers	148,135	1,135,565	(4,134,047)	60,025	5,522	2,977,634	4,524	100,857	106,025	86,117
Total business-type activities	148,135	1,135,565	(4,134,047)	60,025	5,522	2,977,634	4,524	100,857	106,025	86,117
Total primary government	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	43,796,988
Changes in Net Position										
Governmental activities	(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	1,256,654
Business-type activities	490,526	1,301,385	(8,942,942)	(612,222)	(555,819)	2,940,920	(272,542)	(2,488,143)	397,490	(103,579)
Total primary government	\$ (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	\$ 1,153,075

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
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
2015	\$ 35,119,245	\$ 6,038,601	\$ 26,254	\$ 189,714	\$ 2,006,716	\$ 43,380,530

* 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	2015
General Fund						
Nonspendable						
Prepaid items	\$ -	\$ 4,000	\$ 368	\$ 900	\$ 1,635	\$ 1,916
Restricted						
Stabilization by State Statute	3,334,751	2,831,605	2,694,795	2,092,758	3,247,393	3,997,815
Register of Deeds	-	12,748	33,561	-	12,618	35,050
Human Services	-	-	13,591,044	5,416,399	3,538,668	-
Education	739,572	-	-	695,447	1,043,189	1,390,935
Committed						
Tax Revaluation	110	98,122	196,283	294,687	392,987	491,351
Public Safety	-	-	591,606	945,368	1,022,524	1,091,381
Assigned						
Subsequent year's expenditures	990,730	768,172	1,418,657	1,735,002	1,874,511	1,884,639
Economic & Physical Development	1,003,828	960,000	1,232,800	956,521	548,995	452,737
Unassigned	18,741,118	19,324,317	11,353,100	18,625,992	20,478,407	28,287,719
Total General Fund	\$ 24,810,109	\$ 23,998,964	\$ 31,112,214	\$ 30,763,074	\$ 32,160,927	\$ 37,633,543
All other governmental funds						
Nonspendable						
Prepaid items	\$ -	\$ -	\$ -	\$ -	\$ 34,930	\$ 34,930
Restricted						
Stabilization by State Statute	39,779	39,779	135,549	83,357	30,034	32,179
Education	(62,241)	5,993,606	1,251,264	29,021	29,023	4,247,438
Recreation	(11,928)	67,752	63,319	59,061	-	9,550
Library	8,217,974	3,620,138	1,938,922	927,776	837,938	256,226
Public Safety	1,204,897	1,258,838	194,485	158,231	179,841	229,137
Economic & Physical Development	-	-	2,644,258	2,308,842	1,222,231	796,905
Committed						
Economic & Physical Development	1,622,072	210,014	33,564	642	-	-
Unassigned	-	-	-	-	(218,565)	-
Total other governmental funds	\$ 11,010,553	\$ 11,190,127	\$ 6,261,361	\$ 3,566,930	\$ 2,115,432	\$ 5,606,365

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

* Fiscal years 2005 through 2010 are presented in the Pre-GASB 54 format on the bottom table with Fiscal years 2010, 2011, 2012, 2013, 2014 and 2015 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									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
Ad Valorem taxes	\$ 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	\$ 35,485,256
Sales and other taxes	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	8,109,374
Licenses, fees and other revenue	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	2,127,385
Unrestricted Intergovernmental Revenues	59	-	500	-	-	-	-	-	-	-
Restricted Intergovernmental Revenues	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	11,216,643
Investment earnings	2,001,898	1,870,843	1,361,872	536,617	182,190	127,862	61,598	49,130	41,765	26,657
Miscellaneous	281,486	241,952	250,119	324,509	341,778	371,189	293,653	177,404	350,646	236,566
Total Revenues	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	57,201,881
Expenditures										
Current:										
General government	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	3,070,425
Public safety	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	10,010,614
Community services	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	3,031,754
Economic and physical development	249,843	400	317,475	78,384	74,319	108,058	406,286	467,279	27,644	56,777
Human Services	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	10,122,056
Non-departmental & special areas	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	2,701,203
Capital Outlay	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	7,980,901
Intergovernmental:										
Education	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	14,604,207
Debt service:										
Bond issuance cost	7,655	32,302	-	-	42,653	235,107	-	345,343	-	-
Principal	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	19,162,582
Interest	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	3,247,813
Total expenditures	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	73,988,332
Excess of revenues over (under) expenditures	(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)	(16,786,451)
Other financing sources (uses)										
Debt proceeds	-	11,000,000	3,859,760	-	19,815,000	16,000,000	14,000,000	26,855,000	-	25,750,000
Premium on debt	-	48,122	-	-	463,302	-	-	2,525,946	-	-
Payments to refunded bond escrow agent	-	-	-	-	(10,500,708)	-	-	(18,350,717)	-	-
Transfers in from other funds	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	617,535
Transfers out to other funds	(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)	(617,535)
Total other financing sources (uses)	227,150	10,237,571	4,454,642	-	9,777,594	13,026,230	14,000,000	10,810,229	-	25,750,000
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(8,819,633)	(13,537,278)	1,856,420	20,573	7,515,781	(631,571)	2,184,484	(3,043,571)	(53,645)	8,963,549
Net change in fund balances	\$ (8,819,633)	\$ (13,537,278)	\$ 1,856,420	\$ 20,573	\$ 7,515,781	\$ (631,571)	\$ 2,184,484	\$ (3,043,571)	\$ (53,645)	\$ 8,963,549
Debt service as a percentage of noncapital expenditures	7.01%	5.84%	9.74%	10.39%	11.40%	11.79%	15.05%	11.45%	14.88%	30.69%

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
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
2015	\$ 35,485,256	\$ 6,038,601	\$ 13,127	\$ 591,103	\$ 42,128,087

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
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%
2015	\$ 3,682,196,152	\$ 425,683,950	\$ 131,119,277	\$ (5,085,060)	\$ 4,233,914,319	0.830	\$ 35,141,489	\$ 33,999,118	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									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
County Direct Rates*										
County-wide Rate	0.830	0.830	0.795	0.795	0.795	0.825	0.755	0.755	0.700	0.700
Municipality Rates										
City of Oxford	0.620	0.620	0.600	0.600	0.600	0.600	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	0.490
City of Creedmoor	0.700	0.700	0.700	0.700	0.700	0.700	0.725	0.725	0.700	0.690
Town of Butner^	0.350	0.350	0.350	0.350	0.350	0.250	0.250	0.250	0.250	0.200
Lyon Station**	N/A	N/A	N/A	N/A	N/A	N/A	N/A	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, 2015
CURRENT YEAR AND NINE YEARS AGO***

Taxpayer	2015			2007		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Revlon	\$ 87,424,183	1	2.06%	\$ 67,127,366	1	2.02%
Certainteed Corporation	58,688,022	2	1.39%	31,946,482	2	0.96%
Duke Energy Progress	35,999,184	3	0.85%	29,940,047	3	0.90%
Shalag	34,800,021	4	0.82%			
Bridgestone Commercial Solutions^	34,167,257	5	0.81%	21,524,964	5	0.65%
SantaFe Natural Tobacco Company	32,146,138	6	0.76%	-	-	0.00%
WAKE EMC	25,494,037	7	0.60%	18,808,827	8	0.57%
Public Service Co. of NC	24,763,069	8	0.58%	-	-	0.00%
Carefusion EIT LLC**	20,932,027	9	0.49%	20,841,179	6	0.63%
Newton Instrument Company	19,598,899	10	0.46%	15,742,802	10	0.47%
Butner Acquisition Company	-	-	0.00%	18,550,812	9	0.56%
Athol Manufacturing Corp	-	-	0.00%	27,535,605	4	0.83%
Central Leasing USA	-	-	0.00%	20,394,561	7	0.61%
Totals	<u>\$ 374,012,837</u>		<u>8.83%</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
2006	\$ 22,031,861	\$ 20,892,320	94.83%	\$ 1,095,218	\$ 21,987,538	99.80%
2007	23,253,821	21,965,301	94.46%	1,091,889	23,057,190	99.15%
2008	26,387,480	25,234,247	95.63%	1,011,185	26,245,432	99.46%
2009	27,319,983	26,261,609	96.13%	1,016,738	27,278,347	99.85%
2010	30,180,232	29,039,361	96.22%	1,036,522	30,075,883	99.65%
2011	31,512,371	30,623,639	97.18%	836,272	31,459,911	99.83%
2012	31,762,444	30,856,878	97.15%	848,183	31,705,061	99.82%
2013	32,427,425	31,513,749	97.18%	819,669	32,333,418	99.71%
2014	35,605,455	34,934,862	98.12%	531,907	35,466,769	99.61%
2015	\$ 35,141,489	\$ 34,735,388	98.84%	\$ -	\$ 34,735,388	98.84%

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			
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%
2015	\$ 34,770,946	\$ 37,865,337	\$ 6,870,000	\$ 14,040,000	\$ -	\$ -	\$ 93,546,283	1,605	4.56%

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

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
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
2015	\$ 34,770,946	\$ -	\$ 34,770,946	1.70%	0.82%	597

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									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debt limit	\$ 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	\$ 338,713,146
Total net debt applicable to limit	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	93,546,283
Legal debt margin	<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>	<u>\$ 245,166,863</u>
Total net debt applicable to the limit as a percentage of debt limit	18.00%	20.24%	19.70%	17.86%	19.55%	16.76%	26.45%	28.13%	25.18%	27.62%
Legal Debt Margin Calculation for Fiscal Year 2015										
Assessed value										\$ 4,233,914,319
Add back: exempt real property										-
Total assessed value										<u>4,233,914,319</u>
Debt limit (8% of total assessed value)										338,713,146
Debt applicable to limit:										
General obligation bonds										34,770,946
Installment Obligations										37,865,337
Certificates of Participation										14,040,000
Lease Financing Agreements - Governmental Activities										<u>6,870,000</u>
Total net debt applicable to limit										<u>93,546,283</u>
Legal debt margin										<u>\$ 245,166,863</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
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%
2015	58,284	35,194	82	17.7	7,964	4.9%

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

Fiscal year 2015 figure based on 2014 Est from NC Dept. of Commerce ACCESSNC table.

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)

Fiscal year 2015 figure based on 2014 Est. Median Worker Earnings from NC Dept. of Commerce ACCESSNC table.

Source 3: Percent high school graduates and percent bachelor's degree or higher are from the

North Carolina Department of Commerce files

Fiscal year 2015 figure based on 2014 Est from NC Dept. of Commerce ACCESSNC table.

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

Fiscal year 2015 figure supplied by Granville County School Systems

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

Economic Analysis Division

Fiscal year 2015 figure based on 2014 Est from NC Dept. of Commerce ACCESSNC table.

TABLE 15

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

2015				2010			
Employer	Employees	Rank	Percentage of Total County Employment	Employer	Employees	Rank	Percentage of Total County Employment
Revlon	1,336	1	4.91%	Revlon	2,000	1	7.71%
Altec Industries	575	2	2.11%	Altec Industries	300	2	1.16%
Food Lion Distribution	365	3	1.34%	Flextronics	325	3	1.25%
Carolina Sunrock	292	4	1.07%	Food Lion Distribution	300	4	1.16%
Certainteed Corporation	250	5	0.92%	Ideal Fastener	300	5	1.16%
Ideal Fastner	230	6	0.85%	Certainteed Corporation	300	6	1.16%
Bridgestone Bandag	207	7	0.76%	Clayton Homes	250	7	0.96%
Clayton Homes	200	8	0.74%	Newton Instrument Co.	175	8	0.67%
Gate Precast	150	9	0.55%	Pallet One of North Carolina, Inc.	175	9	0.67%
Santa Fe Natural Tobacco	140	10	0.51%	Bandag, Inc.	168	10	0.65%
Newton Instruments	135	11	0.50%	Carolina Sunrock	151	11	0.58%
Carefusion	130	12	0.48%	Gate Precast	150	12	0.58%
	<u>4,010</u>		<u>14.74%</u>	Total	<u>4,594</u>		<u>17.71%</u>

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)

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Function										
General Government	39	39	38	40	35	35	35.5	35	36.5	39
Human Services	95	95	98	98	98.5	98.5	100	98	98	99.5
Community Services	34.5	35.5	37	37	40.5	42.5	44.5	49.5	56	56
Public Safety										
Sheriff's Dept./Detention Center	79.5	79.5	85	85	90.5	94.5	99.5	99	99.5	100
Emergency Services*	77.5	78.5	78.5	78.5	72.5	25	26	25	29	31
Emergency Management	3.5	3.5	3.5	3.5	3	3	4	3	3	4
Solid Waste	5	5	5	5	4	4	4.5	4.5	4.5	5.5
Water & Sewer	3	3	-	-	-	-	-	-	-	-
Total	337	339	345	347	344	302.5	314	314	326.5	335

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									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Public Safety/Sheriff										
Incident Reports**	2,069	1,780	2,072	7,641	8,773	10,220	8,920	8,918	8,763	8,446
Miscellaneous Incident Reports	5,611	6,566	6,051	-	-	-	-	-	-	-
Arrests	1,795	1,238	1,251	1,117	1,023	1,353	1,409	1,189	1,014	887
Court Papers	9,195	9,194	8,824	9,096	8,221	8,026	7,427	6,965	5,945	7,532
Public Safety/Emerg Mgmt/Fire										
Number of calls answered (includes fire & medical first response calls)	2,963	2,403	2,749	2,755	2,475	2,754	2,594	2,585	1,953	2,335
Inspections	167	170	206	141	172	205	233	263	216	235
Solid Waste										
MSW Landfill Tonnage (May 1, 2013 - present)								3,091	17,403	20,634
C & D Landfill Tonnage	28,184	29,920	32,833	19,810	16,493	17,171	14,237	13,024	15,447	13,480
Convenience Sites Tonnage	7,548	8,563	8,808	8,572	8,635	8,248	8,069	7,643	7,543	8,625
Civil Citations	5	6	3	5	4	10	5	7	5	4
Criminal Citations	1	-	-	-	1	1	2	-	1	1
Community Services/Library										
Items Added to Physical Collection	7,931	9,060	9,465	8,231	2,429	8,903	7,297	6,904	5,468	6,079
Items Added to Virtual Collection^	-	-	-	-	-	-	4,067	160	N/A	n/a
Circulation	155,110	154,080	159,820	165,076	178,460	186,335	209,706	136,094	118,346	126,891
Internet Use	28,995	31,647	42,658	68,323	36,648	42,276	45,828	61,369	45,713	54,830
Program Attendance	7,762	11,803	10,564	6,347	4,378	4,261	6,594	6,584	14,160	17,367
Community Services/Planning & Inspections										
Number of Building Permits Issued	613	736	672	612	573	443	393	474	459	513
Number of Mobile Home Permits Issued	105	80	121	69	60	61	57	59	52	57
Number of Other Permits Issued (Includes Electrical, Plumbing & Mechanical)	848	507	431	466	548	574	588	695	768	825
Human Services/Social Services										
Average # Adult Medicaid Eligible Cases	2,253	2,300	2,327	2,317	2,293	2,340	2,464	2,525	2,515	3,000
Average # Family & Child Medicaid Cases	2,839	3,116	3,281	3,562	4,031	4,168	4,335	4,366	4,315	5,887
Average # Households Receiving Food Stamps	1,953	2,077	2,173	2,365	3,041	3,738	4,156	4,187	4,412	4,192
Average \$ Fraud Collections per Month	2,432	3,802	4,147	4,242	3,853	3,313	3,158	2,814	1,714	2,564
Education										
School enrollment	8,704	8,756	8,831	8,786	8,637	8,545	8,505	8,479	8,037	7,964

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									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
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	924	1508	1508	1510	1528	1534	1595	1513	1521
Culture and recreation										
Parks	1	1	1	2	2	2	2	2	2	2
Libraries	4	4	4	4	4	4	4	4	4	4
Education										
Schools	16	18	18	18	19	19	20	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 auditing 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, each major fund, and the aggregate remaining fund information of Granville County, North Carolina as of and for the year ended June 30, 2015 and the related notes to the financial statements, which collectively comprises Granville County's basic financial statements, and have issued our report thereon dated January 22, 2016. 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 questioned costs, 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 questioned costs to be material weaknesses. [15-1 and 15-2].

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 deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies. [15-3 and 15-4].

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 questioned costs as items 15-1, 15-2, 15-3 and 15-4.

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 questioned costs. 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.

We noted certain matters that we reported to management of Granville County, in a separate letter dated January 22, 2016.

Winston, Williams, Creech, Evans & Company, LLP

Winston, Williams, Creech, Evans & Company, LLP
Certified Public Accountants
Oxford, NC
January 22, 2016

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

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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 each of Granville County's major federal program for the year ended June 30, 2015. Granville County's major federal programs are 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 each of Granville County's major federal programs 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 each 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 and State Children's Health Insurance 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 numbers 15-5 for Eligibility and 15-11 for Internal Control and CFDA 93.767 State Children's Health Insurance Program as described in finding numbers 15-10 for Eligibility and 15-11 for Internal Control. Compliance with such requirements is necessary, in our opinion, for Granville County to comply with the requirements applicable to those programs.

Qualified Opinion on the Medical Assistance Program and State Children's Health Insurance 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 and State Children's Health Insurance Program for the year ended June 30, 2015.

Unmodified Opinion on Subsidized Child Care

In our opinion, 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 each of its other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2015.

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 15-3, 15-4, 15-5, 15-6, 15-7, 15-8, 15-9, 15-10, and 15-11. 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 each 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 15-5, 15-10, and 15-11 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 deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 15-3, 15-4, 15-6, 15-7, 15-8, and 15-9 to be significant deficiencies.

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.

We noted certain matters that we reported to management of Granville County, in a separate letter dated January 22, 2016.

Winston, Williams, Creech, Evans & Company, LLP

Winston, Williams, Creech, Evans & Company, LLP
Certified Public Accountants
Oxford, NC
January 22, 2016

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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 programs for the year ended June 30, 2015. Granville County's major state programs are 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 each of 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 each 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 and Children's Health Insurance 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 15-5 for Eligibility and 15-11 for internal control and CFDA 93.767 Children's Health Insurance Program as described in finding 15-10 for Eligibility and 15-11 for Internal Control. Compliance with such requirements is necessary, in our opinion, for Granville County to comply with the requirements applicable to those programs.

Qualified Opinion on the Medical Assistance Program and Children's Health Insurance 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 and Children's Health Insurance Program for the year ended June 30, 2015.

Unmodified Opinion on Each of the Other Major State Programs

In our opinion, 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 each of its major state programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2015.

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 15-3, 15-4, 15-5, 15-6, 15-7, 15-8, 15-9, 15-10, and 15-11. Our opinion on each 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 15-5, 15-10, and 15-11 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 deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 15-3, 15-4, 15-6, 15-7, 15-8, and 15-9 to be significant deficiencies.

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.

We noted certain matters that we reported to management of Granville County, in a separate letter dated January 22, 2016.

Winston, Williams, Creech, Evans & Company, LLP

Winston, Williams, Creech, Evans & Company, LLP
Certified Public Accountants
Oxford, NC
January 22, 2016

**GRANVILLE COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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: Unmodified, for all federal programs except for Medical Assistance Program and State Children's Insurance Program, which was 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:

<u>CFDA#</u>	<u>Program Name</u>
93.778	Medical Assistance Program
93.767	Children's Health Insurance Program
93.558, 93.575 ,93.596,	Subsidized Child Care
93.658	

Dollar threshold used to distinguish between Type A and Type B Programs \$ 1,381,698

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, 2015**

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: Unmodified, for all federal programs except for Medical Assistance Program and State Children's Insurance Program, which was 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
Children's Health Insurance Program
Subsidized Child Care
Economic Infrastructure
Granville Hub Road Extension
Public School Building Capital Fund

Section II – Financial Statement Findings

Finding 15-1

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 \$2,273,167 more in the County Health Plan Fund, \$11,832,813 more in debt service in the General Fund, \$33,652 more in the GCHS Expansion Fund, and \$29,733 more in the Solid Waste Management 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 County Health Plan Fund was inadvertently left out of the budget ordinance for the year. The financing of the additional bonds received in the fiscal year were not properly budgeted.

**GRANVILLE COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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 these funds. All expenditures will be monitored more closely in the future to ensure budget amendments are made timely for additional expenditures.

Finding 15-2

Restatement of Beginning Net Position

MATERIAL WEAKNESS
MATERIAL NONCOMPLIANCE

Criteria: Net Position was restated due to the settlement of a lawsuit involving a financing agreement for water and sewer allocations.

Condition: Net Position was restated by \$8,160,589 due to the lawsuit settlement.

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

Cause: In August 2015, a lawsuit was settled for the County involving a financing agreement for water and sewer allocations. This agreement was deemed settled other than finalized paperwork as of June 30, 2015 so the effects of this settlement are included in these financial statements. Due to this, the prior debt was removed and the new debt is shown on the Statement of Net Position at June 30, 2015.

Recommendation: Granville County should review financings to ensure they are properly accounted for in the appropriate fiscal 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 15-3

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

Questioned Costs: NC DHHS paid an amount of \$1,000 for the two chosen months to Granville County DSS for adult day care for one individual who was coded incorrectly. NC DHHS paid \$135.91 for one of the chosen months to Granville County DSS for family reunification for one

**GRANVILLE COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

individual that was coded incorrectly.

Context: Out of the 18 part IV files that were selected for testing, 2 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. Another file's 5027 form indicated a service code of 30 but it was actually 155.

Effect: NC DHHS reimbursed local DSS for services for which there is no documentation indicating he was approved. It is possible that these errors could lead NC DHHS to reimburse the local DSS from funding that is actually not available. Benefits could be paid to ineligible applicants.

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. All files have been corrected.

Finding 15-4

**SIGNIFICANT DEFICIENCY
SIGNIFICANT NONCOMPLIANCE**

Criteria: Day sheets should account for 100% of an employee's time as required in the DSS Services Information System and that program codes and activity codes are summarized correctly, that day sheet entries are supported by documentation in case record files and that day sheet summaries are transferred to the DSS-1571 accurately.

Condition: There were four files that did not clearly document / support the information reported on the day sheets selected for testing.

Questioned Costs: There were no questioned costs.

Context: Out of the 40 that were selected for day sheet testing, 4 of the files did not have available support in NC FAST for the day sheet entry.

Effect: Employees may not be accounting for 100% of their time. Time may be incorrectly stated on the Day Sheets.

Cause: Ineffective record keeping. Transfer of caseworkers between programs who then may not understand the rules applied for Day Sheets. Workers are becoming familiar with the new system and may not have entered something correctly.

Recommendation: Files should be reviewed internally to ensure proper documentation is in place to support work reported on the DSS Form 1571. 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 work claimed on the 1571 Part IV has proper documentation in the client's files.

**GRANVILLE COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Section III – Federal Award Findings and Questioned Costs

See also findings 15-3 and 15-4.

**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: 15-5

MATERIAL WEAKNESS

MATERIAL NONCOMPLIANCE

Income Verification and Budget Calculations for Eligibility

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

Condition: There were eight cases that contained errors regarding budget calculations and income verification.

Questioned Costs: Unable to determine questioned costs. Contact was made with the state to obtain questioned costs and we were unable to receive the information before the issuance of our audit report.

Context: Out of the 60 cases, 2 files utilized incorrect conversion factors when converting earned income to a monthly amount, 1 file had a keying error on the budget, 1 file did not calculate deductions correctly, 1 file did not complete a budget, 2 files contained errors regarding the legacy system profile sheet and 1 budget utilized the wrong household size when comparing income to the State-provided income maintenance amounts for that program.

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

Cause: Ineffective case review process and incomplete documentation to support eligibility determination.

Recommendation: Files should be reviewed internally to ensure proper documentation is in place for eligibility. Workers should be retrained on what files should contain and the importance of complete and accurate record keeping stressed.

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.

**GRANVILLE COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**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 15-6

SIGNIFICANT DEFICIENCY

SIGNIFICANT NONCOMPLIANCE

Verification of Liquid Assets

Criteria: Liquid Assets include cash, bank accounts, certificates of deposits, securities, or any asset which can be converted to cash. The record should contain verification of liquid assets and whether countable or non-countable for the purposes of eligibility. The countable reserves are then compared to and must be below the State-provided reserve limits for the particular Medicaid program.

Condition: Three cases did not verify liquid assets appropriately.

Questioned Costs: Unable to determine questioned costs. Contact was made with the state to obtain questioned costs and we were unable to receive the information before the issuance of our audit report.

Context: Two of the three cases did not verify liquid assets properly. In one case, the OLV stated it was junked but there was no signature or rebuttal in the file. It also is required that they write where it was junked, but this was also missing. In another case, all vehicles that should have been included were not included and there was not a rebuttal to support excluding the vehicles. A third case was not re-evaluated at the end of the spend-down period since their reserves were over the limit at application and was placed on spend-down status.

Effect: Case did not calculate liquid assets correctly. It is possible that these errors could lead to incorrectly approving or denying an applicant benefits. Benefits could be paid to ineligible applicants.

Cause: Improper application of the rules for reserves and required spend down if they are over the limit for the Medicaid program.

Recommendation: Files should be reviewed internally to ensure proper documentation is in place for eligibility. Workers should be retrained on what files should contain and the importance of complete and accurate record keeping should be stressed. Workers should be retrained on the rules for reserve calculations and spend down of reserves.

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 monitor/maintain a case that is on spend-down.

**GRANVILLE COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**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: Children's Health Insurance Program
CFDA #: 93.767

Finding 15-7

SIGNIFICANT DEFICIENCY
SIGNIFICANT NONCOMPLIANCE
Verification of Health Insurance

Criteria: For North Carolina Health Choice cases, if the individual stated that he had health insurance, the information regarding the policy should be documented in the case record. If the case had health insurance and was approved for North Carolina Health Choice, the record should contain verification that health insurance was terminated prior to approval of benefits, or, that the policy does not provide comprehensive coverage or does not provide coverage in the area in which the recipient lives.

Condition: One file did not properly verify health insurance was terminated upon approval for North Carolina Health Choice.

Questioned Costs: Unable to determine questioned costs. Contact was made with the state to obtain questioned costs and we were unable to receive the information before the issuance of our audit report.

Context: There is no verification that the insurance was cancelled. On an application in September 2011, applicant stated they have insurance and a copy of the card was in the file. There was no verification in the file that the policy was cancelled.

Recommendation: Files should be reviewed internally to ensure proper documentation is in place for eligibility. Workers should be retrained on what files should contain and the importance of complete and accurate record keeping stressed.

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.

**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: Children's Health Insurance Program
CFDA #: 93.767

Finding 15-8

SIGNIFICANT DEFICIENCY
SIGNIFICANT NONCOMPLIANCE
Verification of Residency

Criteria: The case record should contain two acceptable verifications of the State Residence as determined by the County or the applicant's declaration that he is unable to obtain two sources of verification.

**GRANVILLE COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Condition: Two files did not properly verify residency.

Questioned Costs: Unable to determine questioned costs. Contact was made with the state to obtain questioned costs and we were unable to receive the information before the issuance of our audit report.

Context: There were two case files that did not verify NC residency. For one file there was only one form of verification for NC residency. A second case only had record of one form of residency verification and there was not a declaration stating two forms could not be provided.

Recommendation: Files should be reviewed internally to ensure proper documentation is in place for eligibility. Workers should be retrained on what files should contain and the importance of complete and accurate record keeping stressed.

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.

**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: Children's Health Insurance Program

CFDA #: 93.767

Finding 15-9

SIGNIFICANT DEFICIENCY

SIGNIFICANT NONCOMPLIANCE

Verification of Citizenship

Criteria: Required verification of citizenship/alien status and identity should be in the case record.

Condition: Two files did not properly verify citizenship.

Questioned Costs: Unable to determine questioned costs. Contact was made with the state to obtain questioned costs and we were unable to receive the information before the issuance of our audit report.

Context: One file did not have the proper verification of citizenship. The County verified the birth at the Register of Deeds but the verification was not done for the correct child. The information did not match the child's information in the file. On another case, the system did not have the correct citizenship code. The code indicated that the file should contain a birth certificate however one was not in the file. There was evidence that the mother was on Medicaid at the time of birth.

Recommendation: Files should be reviewed internally to ensure proper documentation is in place for eligibility. Workers should be retrained on what files should contain and the importance of complete and accurate record keeping stressed.

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.

**GRANVILLE COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**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: Children's Health Insurance Program

CFDA #: 93.767

Finding 15-10

MATERIAL WEAKNESS

MATERIAL NONCOMPLIANCE

Budget and Income Verification

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

Condition: There were 17 errors regarding the budget, profile sheets and income verification.

Questioned Costs: Unable to determine questioned costs. Contact was made with the state to obtain questioned costs and we were unable to receive the information before the issuance of our audit report.

Context: Out of 60 cases tested, there were 15 cases that contained a total of 17 errors. In one case, the wrong conversion factor was to convert earned income to a monthly amount. One case did not have a budget in the file. One file used the maintenance amount from the prior year in the budget when comparing income to the State-provided maintenance amounts. Four files contained income that was not verified, documentation to show how it was verified, or the budget was a different amount from the verification. Four cases included typos on the profile sheet from the legacy software with regards to income, deductions, etc. Four cases involved self-employment income and errors were encountered in the calculation of that net income. One file did not include child support on the budget, thus understating income. Another file included a wage verification form that was received after the budget had been completed but no updated budget was prepared to ensure the applicant was still eligible.

Recommendation: Files should be reviewed internally to ensure proper documentation is in place for eligibility. Workers should be retrained on what files should contain and the importance of complete and accurate record keeping stressed. Workers should also be trained on the changes to the budgets due to the Integrated Eligibility Policy Manual. Specifically self-employment income and deductions should be addressed to ensure caseworkers know what deductions are allowed and what period of time should be covered to calculate the average monthly net income.

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. Management will review section 4000 in the Integrated Manual concerning income. NCFast communications and administrative letters from DAM will be reviewed with staff upon receipt to ensure that staff stays abreast of policy changes.

**GRANVILLE COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**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, Children's Health Insurance Program
CFDA #: 93.778, 93.767

Finding 15-11

**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 2000 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 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

**GRANVILLE COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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.

Due to backlog experienced in the County, temporary workers were brought in to help decrease the backlog. This increased the amount of time that supervisors had to spend training and greatly increased the number of workers with little to no experience with Medicaid policy.

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 15-3, 15-4, 15-5, 15-6, 15-7, 15-8, 15-9, 15-10, and 15-11

**GRANVILLE COUNTY, NORTH CAROLINA
CORRECTIVE ACTION PLAN
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Section II – Financial Statement Findings

Finding: 15-1

Name of contact person: Steve McNally, Finance Officer

Corrective Action: The County will strive in the future to better anticipate the expenses in these funds. All expenditures will be monitored more closely in the future to ensure budget amendments are made timely for additional expenditures.

Proposed Completion Date: June 30, 2016

Finding: 15-2

Name of Contact Person: Steve McNally, Finance Officer

Corrective Action: Be aware that, in the future, financings may need to be adjusted as terms are changed. Ensure that financings are properly recorded on the County's books when entered into.

Proposed Completion Date: June 30, 2016

Section III – Federal Award Findings and Questioned Costs

See Finding 15-1 and 15-2.

Finding: 15-3

Name of contact person: Earnestine Howard

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, 2016

Finding: 15-4

Name of Contact Person: Earnestine Howard

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

Proposed Completion Date: June 30, 2016

Finding: 15-5

**GRANVILLE COUNTY, NORTH CAROLINA
CORRECTIVE ACTION PLAN
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Name of Contact Person: Earnestine Howard

Corrective Action: The County 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.

Proposed Completion Date: June 30, 2016

Finding: 15-6

Name of Contact Person: Earnestine Howard

Corrective Action: The County 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 monitor/maintain a case that is on spend-down.

Proposed Completion Date: June 30, 2016

Finding: 15-7

Name of Contact Person: Earnestine Howard

Corrective Action: The County 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.

Proposed Completion Date: June 30, 2016

Finding: 15-8

Name of Contact Person: Earnestine Howard

Corrective Action: The County 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.

Proposed Completion Date: June 30, 2016

Finding: 15-9

Name of Contact Person: Earnestine Howard

Corrective Action: The County will perform internal reviews on a test basis to ensure proper documentation is taking place for eligibility. The county

**GRANVILLE COUNTY, NORTH CAROLINA
CORRECTIVE ACTION PLAN
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

will continue to conduct refresher trainings of employees on what information is required to be kept in files.

Proposed Completion Date: June 30, 2016

Finding: 15-10

Name of Contact Person: Earnestine Howard

Corrective Action: We will perform internal reviews on a test basis to ensure proper documentation is taking place for eligibility. Management will review section 4000 in the Integrated Manual concerning income. NCFast communications and administrative letters from DAM will be reviewed with staff upon receipt to ensure that staff stays abreast of policy changes.

Proposed Completion Date: June 30, 2016

Finding: 15-11

Name of Contact Person: Earnestine Howard

Corrective Action: 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.

Proposed Completion Date: June 30, 2016

Section IV – State Award Findings and Questioned Costs

See Findings 15-1, 15-2, 15-3, 15-4, 15-5, 15-6, 15-7, 15-8 , and 15-9

**GRANVILLE COUNTY, NORTH CAROLINA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Finding: 14-1

Status: See Finding 15-1.

Finding: 14-2

Status: Corrected.

Finding: 14-3

Status: Corrected.

Finding: 14-4

Status: See finding 15-3

Finding: 14-5

Status: Corrected. Training is on-going.

Finding: 14-6

Status: See Finding 15-11

GRANVILLE COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2015

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>			
<u>Food and Nutrition Service</u>			
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	10.561	422,737	(14)
Total Food and Nutrition Services Cluster		422,737	(14)
Total U.S. Dept. of Agriculture		422,737	(14)
<u>Institute of Museum and Library Science</u>			
Passed through the N.C. Dept of Cultural Resources:			
Basic Equipment Grant	45.310	4,445	-
<u>U.S. Dept. of Homeland Security</u>			
Passed-through N.C. Dept. of Public Safety:			
Homeland Security Grant Program	97.067	150,942	-
Emergency Management Performance Grant	97.042	15,118	-
Total U.S. Dept. of Homeland Security		166,060	-
<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	66,979	-
Total U.S. Dept. of Housing and Urban Development		66,979	-
<u>U.S. Dept. of Justice</u>			
<u>Bureau of Justice Assistance</u>			
State Criminal Alien Assistance Program	16.606	6,930	-
Bulletproof Vest Partnership Program	16.607	3,640	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	14,655	-
<u>Criminal Division</u>			
Equitable Sharing Program	16.922	13,204	-
Total U.S. Dept. of Justice		38,429	-
<u>U.S. Dept. of Transportation</u>			
Federal Transit Administration (FTA)			
Passed-through the N.C. Dept. of Transportation:			
ARRA Highway Planning and Construction	20.205	364,719	-
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	182,776	22,847
Total U.S. Dept. of Transportation		547,495	22,847
<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	14,396	960
<u>Aging Cluster:</u>			
Special Programs for the Aging Title III, Part B Grants for Supportive Services and Senior Centers	93.044	31,936	187,049
Special Programs for the Aging Title III, Part C Nutrition Services:			
Congregate Nutrition	93.045	71,874	12,684
Home-Delivered Meals	93.045	43,592	47,224
Nutrition Services Incentive Program	93.053	26,981	-
Total Aging Cluster		174,383	246,957
Total Administration for Community Living		188,779	247,917

GRANVILLE COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2015

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:			
<u>Foster Care and Adoption Cluster:</u>			
Foster Care-Title IV-E - ARRA:			
IV-E Optional	93.658	57,055	41,340
Title IV-E Foster Care - Administration	93.658	10,799	5,593
Foster Care - Direct Benefit Payments	93.658	68,781	17,563
Adoption Assistance - ARRA:			
Adoption Assistance - Direct Benefit Payments	93.659	181,270	48,586
IV-E Adoption Assistance	93.659	9,107	-
Total Foster Care and Adoption Cluster		327,012	113,082
Temporary Assistance for Needy Families:			
Temporary Assistance for Needy Families (TANF)	93.558	340,462	-
TANF - Direct Benefit Payments	93.558	401,393	(32)
Child Support Enforcement	93.563	430,003	-
Refugee and Entrant Assistance_State Administered Programs:			
Refugee and Entrant Assistance	93.566	38,524	-
Promoting Safe and Stable Families	93.556	5,682	-
Low-Income Home Energy Assistance:			
Administration	93.568	36,674	-
Energy Assistance Payments- Direct Benefit Payments	93.568	191,100	-
Crisis Intervention Program	93.568	174,355	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	30,965	-
Social Services Block Grant (SSBG):			
SSBG-Other Service and Training	93.667	181,108	43,706
Chafee Foster Care Independence Program	93.674	9,309	2,327
Chafee Foster Care Independence Program	93.674	1,276	-
Total Division of Social Services		2,167,863	159,083
Passed-through the N.C. Dept. of Health and Human Services, Division of Child Development:			
Subsidized Child Care Cluster:			
<u>Child Care Development Fund Cluster:</u>			
Division of Social Services:			
Child Care Development Fund-Administration	93.596	80,336	-
Division of Child Development:			
Child Care and Development Block Grant	93.575	530,540	-
Child Care and Development Fund - Mandatory	93.596	169,233	-
Child Care and Development Fund - Match	93.596	312,087	134,274
Total Child Care Development Fund Cluster		1,092,196	134,274
Temporary Assistance for Needy Families	93.558	139,298	-
TANF-Maintenance of Effort		-	52,892
State Appropriations		-	102,241
Total Subsidized Child Care Cluster		1,231,494	289,407
<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	39,062,179	21,377,460
Children's Health Insurance Program	93.767	983,166	310,942
Passed-through the N.C. Dept. of Health and Human Services, Division of Social Services:			
Administration:			
Medical Assistance Program	93.778	1,175,015	4,370
Children's Health Insurance Program	93.767	(3,817)	(1,196)
Passed-through the N.C. Dept. of Insurance, Division of SHIIP			
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations, and Evaluations			
	93.779	5,779	-
Total U.S. Dept. of Health and Human Services		44,621,679	22,140,066
Total federal awards		46,056,603	22,410,816

**GRANVILLE COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2015**

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		-	104,517
Total N.C. Dept. of Cultural Resources		-	104,517
<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
<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		-	19,466
Division of Social Services:			
State/County Special Assistance for Adults - Direct Benefit Payments		-	352,619
State Foster Care at Risk Max-Direct Program Benefit		-	200
CWS Adoption Subsidy - Direct		-	169,008
Child Welfare/CPS		-	129,925
Energy Assistance		-	10,781
Incentive/Program Integrity		-	2,043
Smart Start		-	26,316
State Foster Home - Direct		-	28,100
SFHF Maximization - Direct		-	15,757
Total N.C. Dept. of Health and Human Services		-	754,215
<u>N.C. Department of Public Instruction</u>			
Public School Building Capital Fund			
ADM Funds		-	521
Lottery Funds		-	848,359
Total Public School Building Capital Fund		-	848,880
Total N.C. Department of Public Instruction		-	848,880
<u>N.C. Dept. of Transportation</u>			
<u>Rural Operating Assistance Program (ROAP) Cluster:</u>			
Granville Hub Road Extension		-	453,298
ROAP Elderly and Disabled Transportation Assistance Program		-	66,251
ROAP Rural General Public Program		-	67,644
ROAP Work First Transitional-Employment		-	14,336
Total N.C. Dept. of Transportation		-	601,529
<u>N.C. Dept. of Commerce</u>			
N.C. Rural Economic Development Center			
One NC		-	37,500
Economic Infrastructure		-	366,000
Total N.C. Dept. of Commerce		-	403,500
<u>N.C. Dept. of Public Safety</u>			
Juvenile Crime Prevention Programs		-	189,832
Total State awards		-	2,927,973
Total federal and State awards		\$ 46,056,603	\$ 25,338,789

GRANVILLE COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2015

NOTES TO PRECEDING SCHEDULE OF FEDERAL AND STATE AWARDS:

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal and state awards (SEFA) includes the federal and state grant activity of Granville County, North Carolina, under the programs of the federal government and the state of North Carolina for the year ended June 30, 2015. The information in this SEFA is presented in accordance with the requirement of Office of Management and Budget (OMB) Circular A-133, Audits of State, Local Governments, Non-Profit Organizations and the State Audit Implementation Act. Because the SEFA presents only a selected portion of the operations of Granville County, it is not intended to and does not present the financial position, changes in net assets or cash flows of Granville County.

2. SUBRECIPIENTS

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

<u>Program Title</u>	<u>CFDA #</u>	<u>Federal Expenditures</u>	<u>State Expenditures</u>
Public School Building Capital Fund	-	\$ -	\$ 848,359
EDTAP (ROAP)	-	-	66,251
N.C. Dept. of Juvenile Justice and Delinquency Prevention	-	-	189,832
U.S. Dept. of Homeland Security	97.067	150,942	-

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.