

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT  
For the Fiscal Year Ended  
June 30, 2017**



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 29, 2018**

**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, 2017, 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, 2017 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 unmodified opinion that the County's financial statements for the fiscal year ended June 30, 2017 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, 2017. 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**

The unemployment rate has mirrored that of the State and has steadily improved since the recession of the late 2000's. This past year, Granville County's rate made significant improvement, dropping from 5.1% in October 2016 to 3.6% October 2017. Though national and state economic indicators suggest a continued recovery, the speed of the 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. 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 has further enhanced the overall long range planning process this year by approving a five year County-wide strategic plan developed by the County manager and staff. This plan is being implemented and will be reviewed annually.

### **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, 2016. This was the eighteenth 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, Creech, Evans & Company, LLP. We also express our appreciation to the members of the Board of County Commissioners

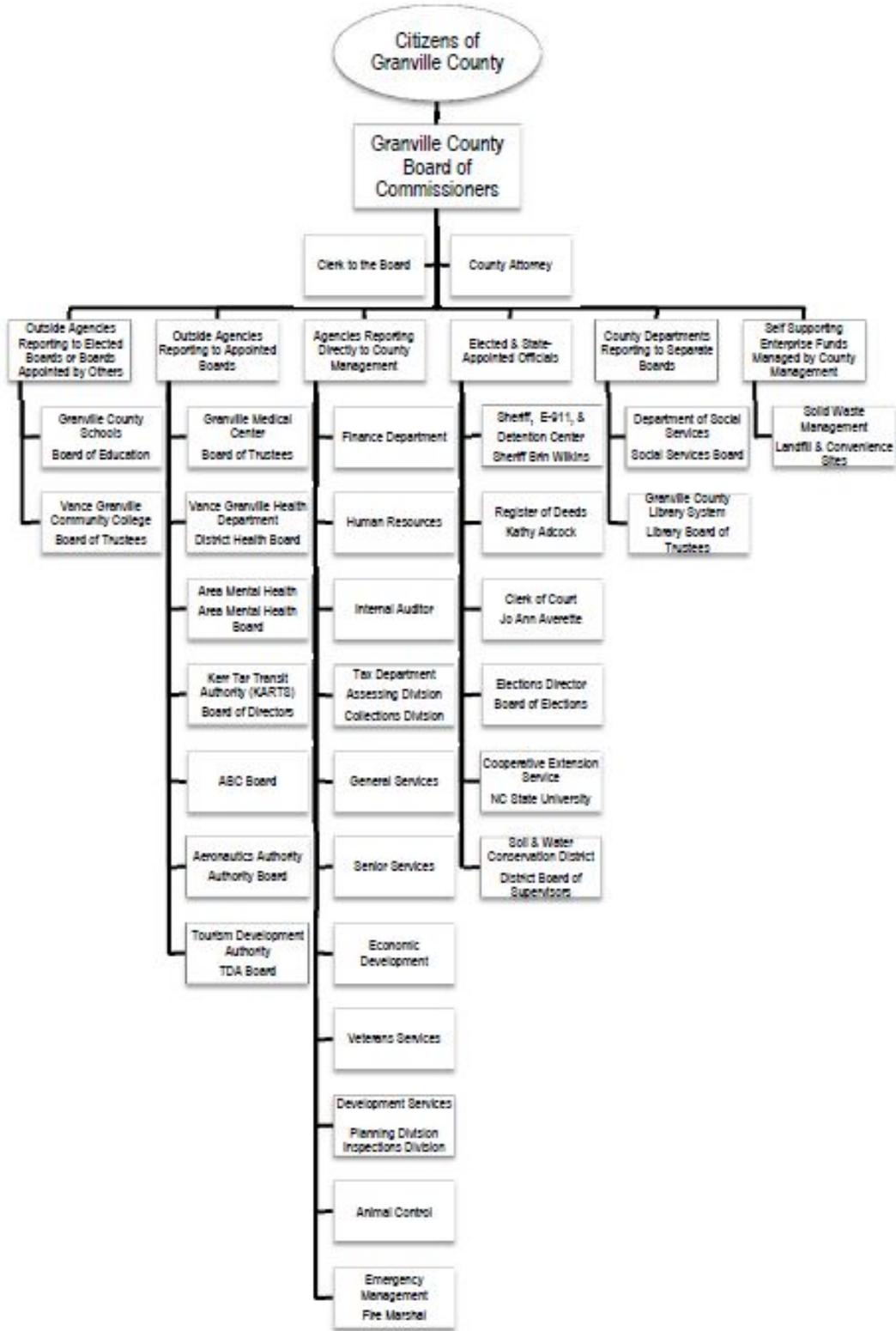
for their continued support, guidance, and advice in planning and conducting the financial activities of the County in a responsible and progressive manner. The County's excellent financial status is a tribute to their dedication and genuine concern about the quality of government in Granville County.

Respectfully submitted,

A handwritten signature in cursive script that reads "Steve McNally". The signature is written in black ink on a light-colored background.

Steve McNally  
Finance Director

# Granville County Government Organizational Chart



**GRANVILLE COUNTY, NORTH CAROLINA  
LIST OF PRINCIPAL OFFICIALS  
JUNE 30, 2017**

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**Board of County  
Commissioners**

Timothy Karan, Chairperson  
Edgar Smoak, Vice Chairperson  
Tony W. Cozart  
Sue Hinman  
Zelodis Jay  
Owen T. Roberts, Jr.  
David T. Smith  
Debra A. Weary, Clerk to the Board

**County Officials**

Michael S. Felts	County Manager
Stephen M. McNally	Finance Director
Sharon Brooks-Powell	Tax Administrator
Kathy M. Taylor	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
Doug Vaughan	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
Trent Brummitt	911 Center Manager
Gary Bowen	Maintenance Supervisor
Warren Daniel	SCS District Administrator
Doug Logan	Emergency Management Coordinator/Fire Marshal
Angela Allen	Director, Tourism Development Authority
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, 2016**

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  
Tara H. Roberson, CPA

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## 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, 2017, 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 Health System. 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 Health System, 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 Health System, 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.

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In making those risk assessments, the auditor considers internal control relevant to the entity's preparation 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, 2017, 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.

## **Change in Accounting Principle**

As discussed in Note IX to the financial statements, in 2017, the County adopted new accounting guidance, GASB 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and the Other Postemployment Benefits' Schedules of Funding Progress and Employer Contributions, the Local Government Employees' Retirement System's Schedules of the County's Proportionate Share of Net Pension Asset (Liability) and County Contributions, the Register of Deeds' Supplemental Pension Fund Schedule of the County's Proportionate Share of the Net Pension Asset and Schedule of County Contributions, and the Law Enforcement Officers' Special Separation Allowance Schedules of Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll 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 consisted 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 Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* 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 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 29, 2018, 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 29, 2018



# 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, 2017. 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

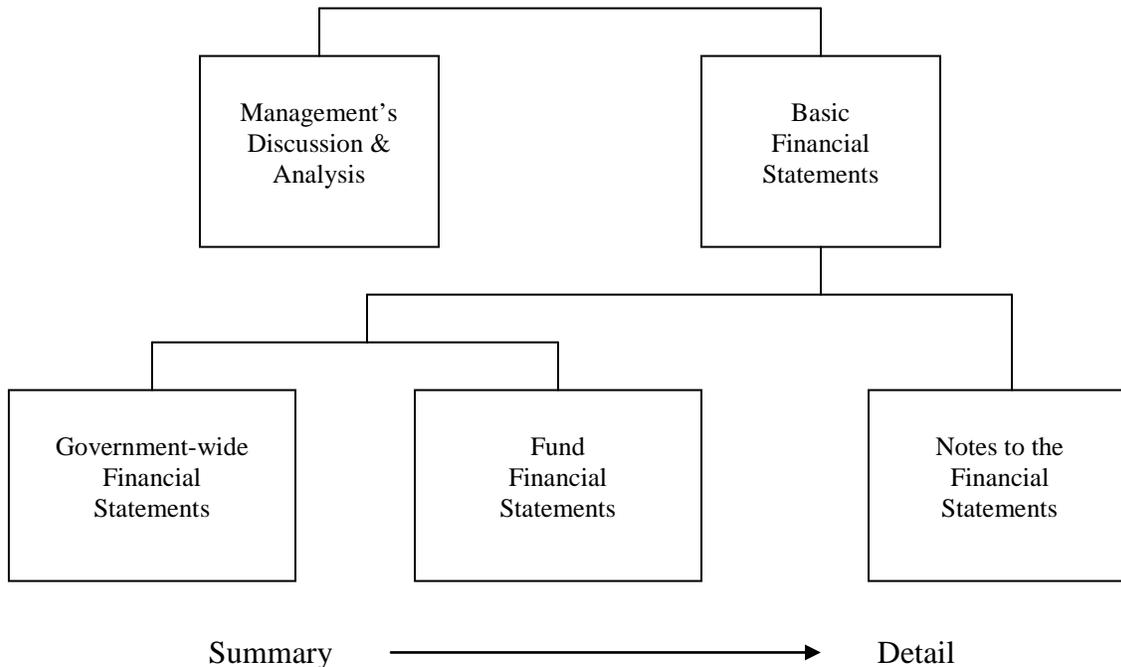
- The cash and cash equivalents (unrestricted) of the total primary government on the Statement of Net Position is \$42,006,771 which accounts for 42.9% of total primary government assets.
- The liabilities due in more than one year of \$92,991,239 account for 92.97% of total primary government liabilities.
- At the end of the current fiscal year, Granville County's governmental funds reported combined ending fund balances of \$45,172,732, after a net increase of \$5,308,764. Approximately thirteen percent (13.45%) of this total amount or \$6,076,468 is restricted or non-spendable.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$23,821,293, or forty-two percent (42%) of total general fund expenditures for the fiscal year.
- Granville County's debt service for fiscal year 2017 accounts for 17.3% 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 gage 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 Health System. 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 assets and deferred outflows of Granville County exceeded liabilities and deferred inflows by \$373,526 as of June 30, 2017. The County's net position increased by \$10,388,580 for that same time period. \$6,039,996 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. \$30,458,781 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 \$(36,125,251) 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	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 48,607,538	\$ 43,805,968	\$ 1,779,631	\$ 1,537,595	\$ 50,387,169	\$ 45,343,563
Capital assets	42,244,823	43,348,761	5,279,615	5,381,036	47,524,438	48,729,797
<b>Total assets</b>	<b>\$ 90,852,361</b>	<b>\$ 87,154,729</b>	<b>\$ 7,059,246</b>	<b>\$ 6,918,631</b>	<b>\$ 97,911,607</b>	<b>\$ 94,073,360</b>
Deferred outflows	\$ 4,651,884	\$ 2,000,566	\$ 66,511	\$ 16,909	\$ 4,718,395	\$ 2,017,475
Long-term liabilities outstanding	\$ 91,394,207	\$ 94,091,389	\$ 8,627,138	\$ 8,549,340	\$ 100,021,345	\$ 102,640,729
Other liabilities	1,755,334	1,956,915	214,846	340,115	1,970,180	2,297,030
<b>Total liabilities</b>	<b>\$ 93,149,541</b>	<b>\$ 96,048,304</b>	<b>\$ 8,841,984</b>	<b>\$ 8,889,455</b>	<b>\$ 101,991,525</b>	<b>\$ 104,937,759</b>
Deferred inflows	\$ 262,339	\$ 502,555	\$ 2,612	\$ 10,726	\$ 264,951	\$ 513,281
Net position:						
Net investment in capital assets	\$ 25,179,166	\$ 24,247,521	\$ 5,279,615	\$ 5,381,036	\$ 30,458,781	\$ 29,628,557
Restricted	6,039,996	6,348,920	-	-	6,039,996	6,348,920
Unrestricted	(29,126,797)	(37,992,005)	(6,998,454)	(7,366,313)	(36,125,251)	(45,358,318)
<b>Total net position</b>	<b>\$ 2,092,365</b>	<b>\$ (7,395,564)</b>	<b>\$ (1,718,839)</b>	<b>\$ (1,985,277)</b>	<b>\$ 373,526</b>	<b>\$ (9,380,841)</b>

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

- The ad valorem tax rate increased \$0.05 from \$0.83 to \$0.88 and total assessed value increased 3.0% (from \$4,363,884,515 to \$4,495,664,011), resulting in an increase in property tax revenue of \$2,945,221.
- Total sales taxes increased 22.7% (\$1,435,855). Specifically, Article 44 increased \$1,153,952.
- Medicaid Hold Harmless contribution increased 10% (\$152,053).
- Increased landfill revenues and convenience site fees increased solid wasted revenues by \$180,619.

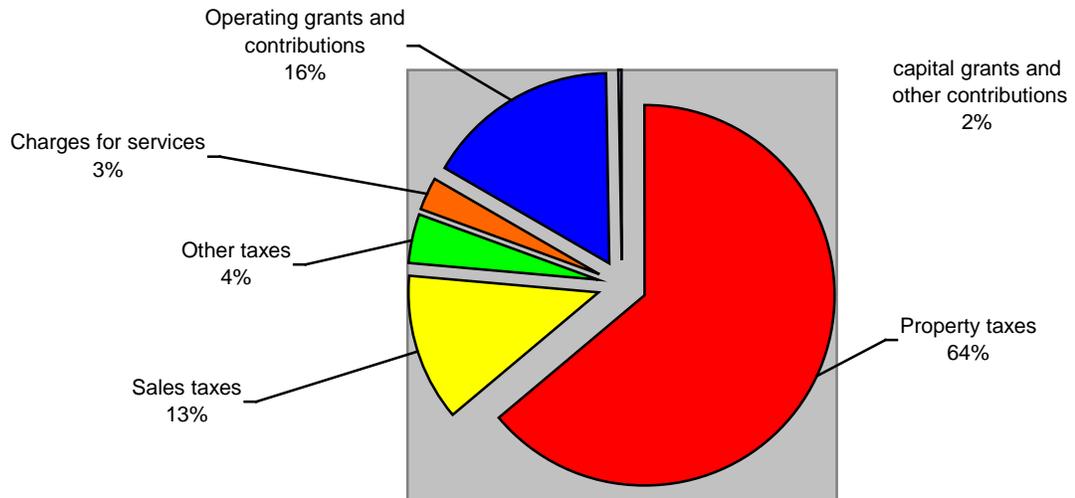
**Governmental activities.** Governmental activities increased the County's net position by \$10,122,142. The table and bulleted information provide more information related to governmental activities for the past two years.

**Granville County's Changes in Net Position  
Figure 3**

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
<b>Revenues:</b>						
<b>Program Revenues:</b>						
Charges for services	\$ 1,711,557	\$ 1,820,149	\$ 3,240,395	\$ 3,059,776	\$ 4,951,952	\$ 4,879,925
Operating grants and contributions	10,112,543	9,406,091	25,500	25,500	10,138,043	9,431,591
Capital grants and contributions	143,116	135,158	1,156	-	144,272	135,158
<b>General revenues:</b>						
Property taxes	39,171,884	36,226,663	-	-	39,171,884	36,226,663
Other taxes	10,302,457	8,618,099	-	-	10,302,457	8,618,099
Other	526,182	434,923	91,499	92,611	617,681	527,534
<b>Total revenues</b>	<b>61,967,739</b>	<b>56,641,083</b>	<b>3,358,550</b>	<b>3,177,887</b>	<b>65,326,289</b>	<b>59,818,970</b>
<b>Expenses:</b>						
General government	5,332,252	4,938,658	-	-	5,332,252	4,938,658
Public safety	11,501,856	11,120,875	-	-	11,501,856	11,120,875
Transportation	198,866	192,910	-	-	198,866	192,910
Economic and physical development	717,586	668,747	-	-	717,586	668,747
Human services	11,170,966	11,357,664	-	-	11,170,966	11,357,664
Community services	4,257,566	3,700,213	-	-	4,257,566	3,700,213
Education	16,306,405	18,380,346	-	-	16,306,405	18,380,346
Interest on long-term debt	2,360,100	2,574,030	-	-	2,360,100	2,574,030
Landfill	-	-	2,778,367	2,895,474	2,778,367	2,895,474
Other	-	-	313,745	319,275	313,745	319,275
<b>Total expenses</b>	<b>51,845,597</b>	<b>52,933,443</b>	<b>3,092,112</b>	<b>3,214,749</b>	<b>54,937,709</b>	<b>56,148,192</b>
Increase (decrease) in net position before transfers and special items	10,122,142	3,707,640	266,438	(36,862)	10,388,580	3,670,778
Increase (decrease) in net position	10,122,142	3,707,640	266,438	(36,862)	10,388,580	3,670,778
Net position, beginning	(7,395,564)	(11,103,204)	(1,985,277)	(1,948,415)	(9,380,841)	(13,051,619)
Restatement	(634,213)	-	-	-	(634,213)	-
<b>Net position, ending</b>	<b>\$ 2,092,365</b>	<b>\$ (7,395,564)</b>	<b>\$ (1,718,839)</b>	<b>\$ (1,985,277)</b>	<b>\$ 373,526</b>	<b>\$ (9,380,841)</b>

- Sales tax and other intergovernmental taxes increased \$1,435,855 from the previous year, indicative of an improving State economy.
- A 3% increase in assessed value, as well as a \$0.05 increase in the ad valorem tax, helped increase property tax revenue by \$2,945,221.
- Education expenditures decreased by over \$2,000,000 because of the reduction in education related capital outlays (Expenditures for the Granville Central High School were completed in the previous year.)

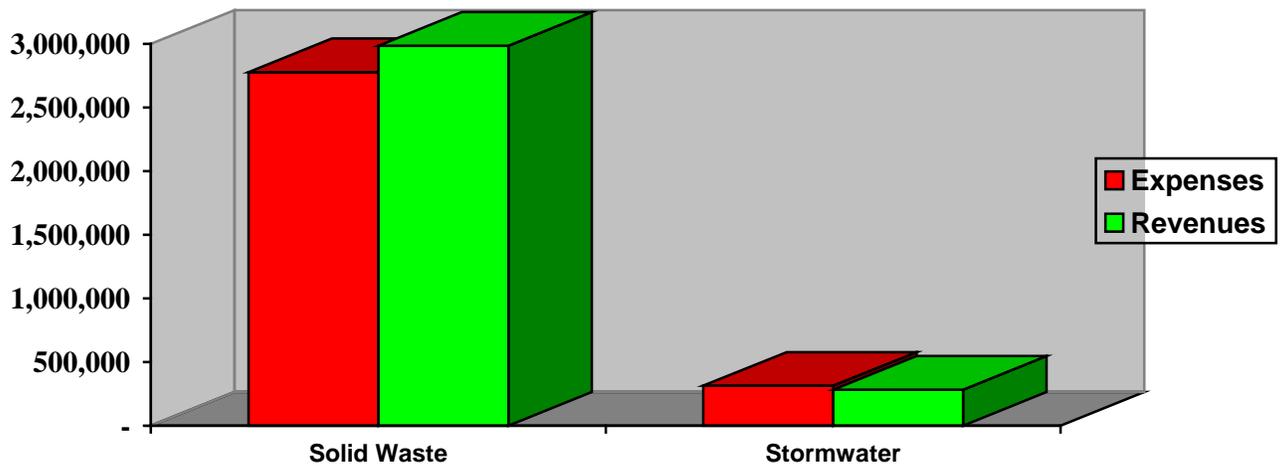
**Revenues by Source  
Governmental Activities**



**Business-type activities.** Business-type activities increased the County's net position by \$266,438, which represents approximately eight percent (8.6%) 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.
- Convenience site user fee revenue increased \$152,127 from the previous year. As a result, operations revenues exceeded expenditures by over \$71,000.
- Landfill waste collection revenue increased \$80,399 from prior year, and contractual service expenditures decreased 118,000. As a result, operations revenues exceed expenditures for the year by approximately \$125,000.
- The Stormwater fund achieved an operating income of \$47,532.

**Fiscal Year 2016-2017  
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 \$23,821,293 while total fund balance reached \$44,528,612. The remainder of fund balance, \$20,707,319 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 42 percent of total General Fund expenditures, while total fund balance represents 78.5 percent of that same amount.

At June 30, 2017, the governmental funds of Granville County reported a combined fund balance of \$45,172,732, a 13.3 percent increase from last year. This is due primarily to increased sales tax and ad valorem tax revenue more than offsetting increases in school system, revaluation and economic incentive 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 \$2,719,628.

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 again took a conservative approach when estimating fiscal year 2016-2017 Sales Tax & Other Tax revenues, and underestimated this revenue source by \$1,360,267 or 15.6%. Total General Fund revenues exceeded budget by \$3,408,511 or 5.8%.

**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 \$(7,483,483). The total net position for all proprietary funds is \$(1,727,697). The total change in net position for the proprietary funds was a increase of \$268,385. This change in net position is primarily due to increased convenience site user revenue (from a road side clean-up fee added in FY 2017) as well as increased landfill revenue and reduced landfill operations 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 2016-2017 activity resulted in a change in net position of (\$74,879).

**Capital Asset and Debt Administration**

**Capital Assets:** Granville County’s capital assets for its governmental and business-type activities as of June 30, 2017 totals \$47,524,438 (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:

- Purchases of vehicles throughout various departments

**Granville County’s Capital Assets  
(net of depreciation)**

**Figure 4**

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 7,701,851	\$ 7,701,851	\$ 1,020,695	\$ 1,020,695	\$ 8,722,546	\$ 8,722,546
Buildings	9,770,070	10,063,167	19,601	21,561	9,789,671	10,084,728
Improvements other than buildings	14,786,696	15,276,520	4,157,803	4,240,789	18,944,499	19,517,309
Machinery and equipment	1,466,343	1,573,741	3,269	13,161	1,469,612	1,586,902
Intangible Assets	6,526,500	6,698,250	-	-	6,526,500	6,698,250
Fixtures and Equipment	-	-	78,247	84,830	78,247	84,830
Construction in progress	1,993,363	2,035,232	-	-	1,993,363	2,035,232
<b>Total</b>	<b>\$ 42,244,823</b>	<b>\$ 43,348,761</b>	<b>\$ 5,279,615</b>	<b>\$ 5,381,036</b>	<b>\$ 47,524,438</b>	<b>\$ 48,729,797</b>

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 2017, Granville County had total bonded debt outstanding of \$26,318,000, 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	
2017	2016	2017	2016	2017	2016

General obligation bonds	\$26,318,000	\$29,494,000	\$ -	\$ -	\$ 26,318,000	\$ 29,494,000
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Granville County’s total general obligation debt decreased by \$3,176,000 (10.77 percent) during fiscal year 2016-2017 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 \$281,767,627, 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 3.6%, lower than the state average of 4.1%, as of October 2017. The overall improvement in the economy is reflected in these rates, with the County’s rate improving from the October 2016 level of 4.4%.
- Per Capita annual income in Granville County is approximately \$34,807.
- Revlon is expanding manufacturing facilities by \$16,125,000, which is projected to create 55 new jobs. (Granville County is providing \$275,000 in economic assistance on the project.)
- Shalag, Ideal Fastener, and NT Techno have initiated capital expansion projects of \$22.5 million in FY 2016-2017.

## **Budget Highlights for the Fiscal Year Ending June 30, 2018**

**Governmental Activities:** The tax base is projected to provide revenues of \$39,514,833 when calculated with the current collection percentage rate. The total projected assessed valuation for the County is \$4,527,446,988 for fiscal year 2017-2018.

Budgeted expenditures for fiscal year 2017-2018 in the General Fund reflect an increase from the previous fiscal year original budget of 3.9%. This is due primarily to increased labor costs, increased benefit costs, increased general operating costs, facility repairs for VGCC and School system, payment of fees traditionally paid by the School System, updating the County master plan, revaluation expenditures, and contingencies for Animal Management and Senior Services.

The fiscal year 2017-2018 budget appropriates \$386,385 of available fund balance to balance the general fund budget. Total revenues, excluding appropriated fund balance, reflect an increase of approximately .44% from the previous year original budget.

**Business-type Activities:** The budget for the operation of the solid waste activities reflects a 18.4% decrease in operating expenditures, due primarily to the closing of the C&D landfill.

The Stormwater fund budget for FY 2018 reflects a 25% increase from FY 2016-2017's actual expenditures due to increase in consultant fees, traveling and advertising; however, it represents a 13% decrease in the FY 2017 budget due to a reduction in budgeted contractual costs.

### **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, 2017**

	Primary Government			Component Units			
	Governmental Activities	Business- type Activities	Total	Granville Health System	Granville County ABC Board	Granville County Tourism Development Authority	South Granville Memorial Gardens
<b>ASSETS</b>							
Cash and cash equivalents	\$ 40,527,589	\$ 1,479,182	\$ 42,006,771	\$ 2,748,544	\$ 934,394	\$ 378,899	\$ 143,685
Taxes receivable	828,196	-	828,196	-	-	-	-
Accrued interest receivable	204,650	-	204,650	-	-	-	-
Accounts receivable	3,318,817	291,591	3,610,408	13,513,873	-	-	22,247
Due from primary government	-	-	-	-	-	46,362	-
Inventories	-	-	-	1,884,631	386,803	-	1,461
Prepaid items	75,672	-	75,672	409,439	11,212	-	-
Internal balances	(8,858)	8,858	-	-	-	-	-
Restricted assets:							
Cash and cash equivalents	3,579,374	-	3,579,374	-	-	-	100,789
Assets whose use is limited	-	-	-	5,749,441	-	-	-
Goodwill	-	-	-	95,834	-	-	-
Net pension asset	82,098	-	82,098	-	-	-	-
Capital assets							
Land, improvements, and construction in progress	9,695,215	1,020,695	10,715,910	2,020,167	436,774	-	39,534
Other capital assets, net of depreciation	32,549,608	4,258,920	36,808,528	28,980,432	168,283	-	18,907
Total capital assets	42,244,823	5,279,615	47,524,438	31,000,599	605,057	-	58,441
Total Assets	90,852,361	7,059,246	97,911,607	55,402,361	1,937,466	425,261	326,623
<b>DEFERRED OUTFLOWS OF RESOURCES</b>							
	4,651,884	66,511	4,718,395	5,228,372	56,272	-	-
<b>LIABILITIES</b>							
Accounts payable & accrued liabilities	1,168,474	214,846	1,383,320	6,408,027	404,038	363	-
Accrued interest payable	540,498	-	540,498	-	-	-	-
Due to fiduciary funds	46,362	-	46,362	-	-	-	-
Long-term liabilities:							
Due within one year							
Bonds payable	3,364,619	-	3,364,619	-	-	-	-
Notes and COPS payable	2,653,161	-	2,653,161	753,656	-	-	-
Financing agreement payable	775,775	-	775,775	-	-	-	-
Compensated absences payable	230,416	6,135	236,551	1,999,037	-	-	-
Capital leases payable	-	-	-	211,320	-	-	-
Due in more than one year							
Bonds payable	24,732,943	-	24,732,943	-	-	-	-
Notes and COPS payable	43,657,706	-	43,657,706	15,324,684	-	-	-
Capital leases payable	-	-	-	413,256	-	-	-
Financing agreement payable	3,201,290	-	3,201,290	-	-	-	-
Accrued landfill closure and postclosure costs	-	8,389,792	8,389,792	-	-	-	-
Compensated absences payable	691,248	18,404	709,652	-	-	-	-
Other postemployment benefits obligation	6,927,076	138,288	7,065,364	-	9,613	-	-
Net pension obligation-LGERS	3,758,206	74,519	3,832,725	7,324,813	52,422	-	-
Net pension obligation-LEOSSA	1,401,767	-	1,401,767	-	-	-	-
Total long-term liabilities	91,394,207	8,627,138	100,021,345	26,026,766	62,035	-	-
Total Liabilities	93,149,541	8,841,984	101,991,525	32,434,793	466,073	363	-
<b>DEFERRED INFLOWS OF RESOURCES</b>							
	262,339	2,612	264,951	442,353	1,893	-	600
<b>NET POSITION</b>							
Net investment in capital assets	25,179,166	5,279,615	30,458,781	14,297,683	605,057	-	58,441
Restricted for:							
Stabilization by State Statute	3,318,817	-	3,318,817	-	-	46,362	22,247
Register of Deeds	60,950	-	60,950	-	-	-	-
Public Safety	268,776	-	268,776	-	-	-	-
Education	2,088,926	-	2,088,926	-	-	-	-
Community Services	302,527	-	302,527	-	-	-	-
Human Services	-	-	-	55,071	-	-	-
Working Capital	-	-	-	-	123,483	-	-
Cemetery Perpetual Care and Maintenance	-	-	-	-	-	-	100,789
Tourism Related Capital Development	-	-	-	-	-	103,836	-
Unrestricted (deficit)	(29,126,797)	(6,998,454)	(36,125,251)	13,400,833	797,232	274,700	144,546
Total Net Position	\$ 2,092,365	\$ (1,718,839)	\$ 373,526	\$ 27,753,587	\$ 1,525,772	\$ 424,898	\$ 326,023

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, 2017**

Functions/Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Position								
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units					
					Governmental Activities	Business-Type Activities	Total	Granville Health System	Granville County ABC Board	Granville County Tourism Development Authority	South Granville Memorial Gardens		
Primary Government:													
Governmental Activities:													
General government	\$ 5,332,252	\$ 523,328	\$ 69,738	\$ -	\$ (4,739,186)	\$ -	\$ (4,739,186)						
Public safety	11,501,856	838,781	901,466	-	(9,761,609)	-	(9,761,609)						
Transportation	198,866	-	209,041	-	10,175	-	10,175						
Economic and physical development	717,586	-	459,405	-	(258,181)	-	(258,181)						
Human services	11,170,966	22,648	7,625,979	-	(3,522,339)	-	(3,522,339)						
Community services	4,257,566	326,800	166,602	143,116	(3,621,048)	-	(3,621,048)						
Education	16,306,405	-	680,312	-	(15,626,093)	-	(15,626,093)						
Interest on long-term debt	2,360,100	-	-	-	(2,360,100)	-	(2,360,100)						
Total governmental activities	<u>51,845,597</u>	<u>1,711,557</u>	<u>10,112,543</u>	<u>143,116</u>	<u>(39,878,381)</u>	<u>-</u>	<u>(39,878,381)</u>						
Business-type activities:													
Solid Waste	2,778,367	2,984,245	-	1,156	-	207,034	207,034						
Stormwater	313,745	256,150	25,500	-	-	(32,095)	(32,095)						
Total business-type activities	<u>3,092,112</u>	<u>3,240,395</u>	<u>25,500</u>	<u>1,156</u>	<u>-</u>	<u>174,939</u>	<u>174,939</u>						
Total primary government	<u>\$ 54,937,709</u>	<u>\$ 4,951,952</u>	<u>\$ 10,138,043</u>	<u>\$ 144,272</u>	<u>\$ (39,878,381)</u>	<u>\$ 174,939</u>	<u>\$ (39,703,442)</u>						
Component units:													
Granville Health System	\$ 59,067,513	\$ 58,608,067	\$ 490,131	\$ 143,946	\$ -	\$ -	\$ -	\$ 174,631	\$ -	\$ -	\$ -	\$ -	\$ -
Granville County ABC Board	3,906,002	4,156,007	-	-	-	-	-	-	250,005	-	-	-	-
Granville County Tourism Development Authority	172,831	-	-	-	-	-	-	-	-	(172,831)	-	-	-
South Granville Memorial Gardens	60,242	48,011	-	-	-	-	-	-	-	-	-	(12,231)	(12,231)
Total component units	<u>\$ 63,206,588</u>	<u>\$ 62,812,085</u>	<u>\$ 490,131</u>	<u>\$ 143,946</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 174,631</u>	<u>\$ 250,005</u>	<u>\$ (172,831)</u>	<u>\$ -</u>	<u>\$ (12,231)</u>	<u>\$ (12,231)</u>
General revenues:													
Taxes:													
Property taxes, levied for general purpose					\$ 39,171,884	\$ -	\$ 39,171,884	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Local option sales tax					7,758,228	-	7,758,228	-	-	-	-	-	-
Other taxes													
Medicaid hold harmless					1,638,624	-	1,638,624	-	-	-	-	-	-
Various other taxes					905,605	-	905,605	-	-	232,715	-	-	-
Investment earnings, unrestricted					169,172	11,872	181,044	15,869	471	1,082	789	-	-
Miscellaneous, unrestricted					357,010	79,627	436,637	152,082	6,782	2,590	-	-	-
Total general revenues, special items and transfers					<u>50,000,523</u>	<u>91,499</u>	<u>50,092,022</u>	<u>167,951</u>	<u>7,253</u>	<u>236,387</u>	<u>789</u>	<u>-</u>	<u>-</u>
Change in net position					10,122,142	266,438	10,388,580	342,582	257,258	63,556	(11,442)	-	-
Net position, beginning					(7,395,564)	(1,985,277)	(9,380,841)	27,411,005	1,268,514	361,342	337,465	-	-
Restatement					(634,213)	-	(634,213)	-	-	-	-	-	-
Net position, beginning, restated					<u>(8,029,777)</u>	<u>(1,985,277)</u>	<u>(10,015,054)</u>	<u>27,411,005</u>	<u>1,268,514</u>	<u>361,342</u>	<u>337,465</u>	<u>-</u>	<u>-</u>
Net position, ending					<u>\$ 2,092,365</u>	<u>\$ (1,718,839)</u>	<u>\$ 373,526</u>	<u>\$ 27,753,587</u>	<u>\$ 1,525,772</u>	<u>\$ 424,898</u>	<u>\$ 326,023</u>	<u>\$ -</u>	<u>\$ -</u>

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, 2017**

	Major	Nonmajor	
	General	Other	Total
	Fund	Governmental	Governmental
		Funds	Funds
<b><u>ASSETS</u></b>			
Cash and cash equivalents	\$ 38,728,522	\$ 639,495	\$ 39,368,017
Restricted cash	3,579,374	-	3,579,374
Taxes receivable	828,196	-	828,196
Accounts receivable	3,280,930	37,887	3,318,817
Prepaid items	1,542	34,930	36,472
Total Assets	<u>\$ 46,418,564</u>	<u>\$ 712,312</u>	<u>\$ 47,130,876</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>			
Liabilities:			
Accounts payable & accrued liabilities	\$ 916,591	\$ 68,192	\$ 984,783
Due to other funds	46,362	-	46,362
Total Liabilities	<u>962,953</u>	<u>68,192</u>	<u>1,031,145</u>
Deferred Inflows of Resources:	<u>926,999</u>	<u>-</u>	<u>926,999</u>
Fund balances:			
Nonspendable:			
Prepaid items	1,542	34,930	36,472
Restricted:			
Stabilization by State Statute	3,280,930	37,887	3,318,817
Register of Deeds	60,950	-	60,950
Human Services	-	-	-
Education	2,088,926	-	2,088,926
Community Services	-	302,527	302,527
Public Safety	-	268,776	268,776
Committed:			
Tax Revaluation	376,543	-	376,543
Public Safety	812,043	-	812,043
Assigned:			
Subsequent year's expenditures	386,385	-	386,385
Community Services	1,100,000	-	1,100,000
Public Safety	8,000,000	-	8,000,000
Human Services	2,000,000	-	2,000,000
Environmental Protection	1,000,000	-	1,000,000
Economic and Physical Development	1,600,000	-	1,600,000
Unassigned:	<u>23,821,293</u>	<u>-</u>	<u>23,821,293</u>
Total Fund Balances	<u>44,528,612</u>	<u>644,120</u>	<u>45,172,732</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 46,418,564</u>	<u>\$ 712,312</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, 2017**

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

Total Fund Balance, Governmental Funds (Exhibit 3)	\$ 45,172,732
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	42,244,823
Net pension asset	82,098
Contributions to pension plans in the current fiscal year are deferred outflows of resources on the Statement of Net Position	3,483,827
Other long-term assets are not available to pay for current-period expenditures and, therefore, are unavailable in the funds	1,372,707
Deferred inflows of resources for taxes and special assessments receivable	828,196
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	1,015,081
Consolidation adjustment for internal balances between the internal service fund and the governmental funds	(8,858)
Pension related deferrals	(163,536)
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	<u>(91,934,705)</u>
Net position of governmental activities (Exhibit 1)	<u>\$ 2,092,365</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**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	Major	Nonmajor	
	General	Other	Total
	Fund	Governmental	Governmental
	Funds	Funds	Funds
<b><u>REVENUES</u></b>			
Ad valorem taxes	\$ 39,426,432	\$ -	\$ 39,426,432
Sales and other taxes	10,094,167	-	10,094,167
Licenses, fees and other revenues	2,439,890	-	2,439,890
Restricted intergovernmental revenues	9,769,302	557,319	10,326,621
Investment earnings	166,647	2,525	169,172
Miscellaneous	126,464	58,061	184,525
	<u>62,022,902</u>	<u>617,905</u>	<u>62,640,807</u>
<b><u>EXPENDITURES</u></b>			
Current			
General government	3,367,050	-	3,367,050
Public safety	10,394,080	437,506	10,831,586
Community Services	3,528,653	36,772	3,565,425
Human services	10,151,155	-	10,151,155
Non-Departmental & Special Areas	3,170,991	-	3,170,991
Capital Outlay	-	48,561	48,561
Intergovernmental			
Education	16,306,405	-	16,306,405
Debt Service			
Principal	6,922,813	91,531	7,014,344
Interest	2,872,270	4,256	2,876,526
	<u>56,713,417</u>	<u>618,626</u>	<u>57,332,043</u>
Revenues Over (Under) Expenditures	<u>5,309,485</u>	<u>(721)</u>	<u>5,308,764</u>

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

**GRANVILLE COUNTY, NORTH CAROLINA  
COMBINED STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017**

	Major	Nonmajor	
	General	Other	Total
	Fund	Governmental	Governmental
	Fund	Funds	Funds
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers from other funds	17,750	645,416	663,166
Transfers to other funds	(645,416)	(17,750)	(663,166)
Total Other Financing Sources (Uses)	<u>(627,666)</u>	<u>627,666</u>	<u>-</u>
Net Change in Fund Balances	4,681,819	626,945	5,308,764
Fund Balance - July 1	<u>39,846,793</u>	<u>17,175</u>	<u>39,863,968</u>
Fund Balance - June 30	<u>\$ 44,528,612</u>	<u>\$ 644,120</u>	<u>\$ 45,172,732</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, 2017**

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)	\$ 5,308,764
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.	(1,103,938)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	(254,548)
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	7,107,347
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	887,232
Benefit payments and administration costs for LEOSSA are deferred outflows of resources on the Statement of Net Position	99,875
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	(72,932)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>(1,849,658)</u>
Total changes in net position of governmental activities (Exhibit 2)	<u><u>\$ 10,122,142</u></u>

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

**GRANVILLE COUNTY, NORTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	General Fund			Variance with Final Positive (Negative)
	Original Budget	Final Budget	Actual	
<b><u>REVENUES</u></b>				
Ad valorem taxes	\$ 38,754,605	\$ 38,754,605	\$ 39,426,432	\$ 671,827
Sales and other taxes	8,733,900	8,733,900	10,094,167	1,360,267
Licenses, fees and other revenues	2,217,170	2,302,170	2,439,890	137,720
Restricted intergovernmental revenues	8,472,494	8,624,716	9,769,302	1,144,586
Investment earnings	27,000	27,000	166,647	139,647
Miscellaneous	172,000	172,000	126,464	(45,536)
Total Revenues	<u>58,377,169</u>	<u>58,614,391</u>	<u>62,022,902</u>	<u>3,408,511</u>
<b><u>EXPENDITURES</u></b>				
General government	3,525,751	3,635,465	3,367,050	268,415
Public safety	10,500,313	11,159,322	10,394,080	765,242
Community services	5,014,150	5,123,297	3,528,653	1,594,644
Human services	11,183,258	11,168,532	10,151,155	1,017,377
Non-departmental and special areas	3,042,111	3,480,631	3,170,991	309,640
Education	15,378,275	16,306,411	16,306,405	6
Contingency	180,000	24,373	-	24,373
Debt Service	10,148,019	10,148,019	9,795,083	352,936
Total Expenditures	<u>58,971,877</u>	<u>61,046,050</u>	<u>56,713,417</u>	<u>4,332,633</u>
Revenues Over (Under) Expenditures	<u>(594,708)</u>	<u>(2,431,659)</u>	<u>5,309,485</u>	<u>7,741,144</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers from other funds	-	17,750	17,750	-
Transfers to other funds	-	(645,455)	(645,416)	39
Appropriated Fund Balance	594,708	3,059,364	-	(3,059,364)
Total Other Financing Sources (Uses)	<u>594,708</u>	<u>2,431,659</u>	<u>(627,666)</u>	<u>(3,059,325)</u>
Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	<u>\$ -</u>	<u>\$ -</u>	<u>4,681,819</u>	<u>\$ 4,681,819</u>
Fund Balance - July 1			<u>39,846,793</u>	
Fund Balance - June 30			<u>\$ 44,528,612</u>	

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, 2017**

	Enterprise Funds		Total	Internal Service Fund
	Major Fund	Non-major Fund		Non-major Fund
	Solid Waste Management	Stormwater Fund		County Health Plan Fund
<b>ASSETS</b>				
Current Assets:				
Cash and investments	\$ 853,941	\$ 625,241	\$ 1,479,182	\$ 1,159,572
Accounts receivable	279,440	12,151	291,591	-
Prepaid items	-	-	-	39,200
Total Current Assets	<u>1,133,381</u>	<u>637,392</u>	<u>1,770,773</u>	<u>1,198,772</u>
Noncurrent Assets:				
Net pension asset	-	-	-	-
Capital assets:				
Land, improvements, and construction in progress	1,020,695	-	1,020,695	-
Other capital assets, net of depreciation	4,258,920	-	4,258,920	-
Total Capital Assets	<u>5,279,615</u>	<u>-</u>	<u>5,279,615</u>	<u>-</u>
Total Noncurrent Assets	<u>5,279,615</u>	<u>-</u>	<u>5,279,615</u>	<u>-</u>
Total Assets	<u>6,412,996</u>	<u>637,392</u>	<u>7,050,388</u>	<u>1,198,772</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>51,847</u>	<u>14,664</u>	<u>66,511</u>	<u>-</u>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts Payable	73,084	141,762	214,846	183,691
Compensated absences payable	6,135	-	6,135	-
Total Current Liabilities	<u>79,219</u>	<u>141,762</u>	<u>220,981</u>	<u>183,691</u>
Noncurrent Liabilities:				
Net pension liability	58,089	16,430	74,519	-
Accrued landfill closure and postclosure care costs	8,389,792	-	8,389,792	-
Other postemployment benefits	121,171	17,117	138,288	-
Compensated absences payable	18,404	-	18,404	-
Total Noncurrent Liabilities	<u>8,587,456</u>	<u>33,547</u>	<u>8,621,003</u>	<u>-</u>
Total Liabilities	<u>8,666,675</u>	<u>175,309</u>	<u>8,841,984</u>	<u>183,691</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>2,036</u>	<u>576</u>	<u>2,612</u>	<u>-</u>
<b>NET POSITION</b>				
Net investment in capital assets	5,279,615	-	5,279,615	-
Unrestricted	<u>(7,483,483)</u>	<u>476,171</u>	<u>(7,007,312)</u>	<u>1,015,081</u>
Total Net Position	<u>\$ (2,203,868)</u>	<u>\$ 476,171</u>	<u>(1,727,697)</u>	<u>\$ 1,015,081</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			<u>8,858</u>	
Net position of business-type activities			<u>\$ (1,718,839)</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, 2017**

	Enterprise Funds		Total	Internal Service Fund
	Major Fund	Non-major Fund		Non-major Fund
	Solid Waste Management	Stormwater Fund		County Health Plan Fund
<b>OPERATING REVENUES</b>				
Restricted intergovernmental revenue	\$ -	\$ 25,500	\$ 25,500	\$ -
Charges for services	2,984,245	256,150	3,240,395	2,681,073
Miscellaneous	-	79,627	79,627	-
Total operating revenues	<u>2,984,245</u>	<u>361,277</u>	<u>3,345,522</u>	<u>2,681,073</u>
<b>OPERATING EXPENSES</b>				
Landfill closure and postclosure	59,649	-	59,649	-
Solid waste operations	1,166,301	-	1,166,301	-
Landfill operations	1,412,016	-	1,412,016	-
Stormwater operations	-	313,745	313,745	-
Depreciation	138,454	-	138,454	-
Health insurance administration	-	-	-	2,755,952
Total operating expenses	<u>2,776,420</u>	<u>313,745</u>	<u>3,090,165</u>	<u>2,755,952</u>
<b>OPERATING INCOME (LOSS)</b>	<u>207,825</u>	<u>47,532</u>	<u>255,357</u>	<u>(74,879)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest and fees	-	-	-	-
Interest earned on investments	11,872	-	11,872	-
Total nonoperating revenues (expenses)	<u>11,872</u>	<u>-</u>	<u>11,872</u>	<u>-</u>
<b>INCOME BEFORE CAPITAL CONTRIBUTIONS</b>	<u>219,697</u>	<u>47,532</u>	<u>267,229</u>	<u>(74,879)</u>
Capital contributions	1,156	-	1,156	-
<b>CHANGE IN NET POSITION</b>	220,853	47,532	268,385	(74,879)
<b>TOTAL NET POSITION-BEGINNING</b>	<u>(2,424,721)</u>	<u>428,639</u>	<u>(1,996,082)</u>	<u>1,089,960</u>
<b>TOTAL NET POSITION-ENDING</b>	<u>\$ (2,203,868)</u>	<u>\$ 476,171</u>	<u>(1,727,697)</u>	<u>\$ 1,015,081</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			<u>(1,947)</u>	
Change in net position of business-type activities			<u>\$ 266,438</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, 2017**

	Major Fund Enterprise Fund	Non-major Fund Enterprise Fund	Total Proprietary Funds	Non-major Fund Internal Service Fund County Health Plan Fund
Cash flows from operating activities:				
Cash received from customers	\$ 2,976,495	\$ 361,214	\$ 3,337,709	\$ 2,681,073
Cash paid for goods and services	(2,500,499)	(312,749)	(2,813,248)	(2,765,024)
Cash paid to employees for services	(265,443)	-	(265,443)	-
Net cash provided by operating activities	<u>210,553</u>	<u>48,465</u>	<u>259,018</u>	<u>(83,951)</u>
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(37,033)	-	(37,033)	-
Net cash provided by capital and related financing activities	<u>(37,033)</u>	<u>-</u>	<u>(35,877)</u>	<u>-</u>
Cash flows from noncapital and related financing activities:				
Capital contributions	1,156	-	1,156	-
Net cash provided by noncapital and related financing activities	<u>1,156</u>	<u>-</u>	<u>1,156</u>	<u>-</u>
Cash flows from investing activities:				
Interest on investments	11,872	-	11,872	-
Net cash provided by investing activities	<u>11,872</u>	<u>-</u>	<u>11,872</u>	<u>-</u>
Net increase in cash and cash equivalents	186,548	48,465	235,013	(83,951)
Cash and cash equivalents, July 1	<u>667,393</u>	<u>576,776</u>	<u>1,244,169</u>	<u>1,243,523</u>
Cash and cash equivalents, June 30	<u>\$ 853,941</u>	<u>\$ 625,241</u>	<u>\$ 1,479,182</u>	<u>\$ 1,159,572</u>
Reconciliation of operating income to net cash provided by operating activities:				
Operating income (loss)	\$ 207,825	\$ 47,532	\$ 255,357	\$ (74,879)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	138,454	-	138,454	-
Change in assets and liabilities:				
(Increase) decrease in accounts receivable	(8,906)	(63)	(8,969)	-
Increase (decrease) in accounts payable and accrued liabilities	(121,523)	(3,747)	(125,270)	(9,072)
Increase (decrease) in other postemployment benefits	17,667	5,569	23,236	-
Increase (decrease) in compensated absences payable	5,776	-	5,776	-
(Increase) decrease in deferred outflows of resources-pensions	(38,643)	(10,958)	(49,601)	-
Increase in net pension liability	41,976	11,907	53,883	-
Decrease in deferred inflows of resources - pensions	(6,340)	(1,775)	(8,115)	-
Increase (decrease) in landfill closure and postclosure costs	(25,733)	-	(25,733)	-
Total adjustments	<u>2,728</u>	<u>933</u>	<u>3,661</u>	<u>(9,072)</u>
Net cash provided by operating activities	<u>\$ 210,553</u>	<u>\$ 48,465</u>	<u>\$ 259,018</u>	<u>\$ (83,951)</u>

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, 2017**

	Agency Funds
<b>ASSETS</b>	
Cash and investments	\$ 300,379
Due from other fund	41,158
	341,537
Total Assets	\$ 341,537
	341,537
<b>LIABILITIES AND NET POSITION</b>	
Liabilities:	
Miscellaneous liabilities	\$ 300,379
Due to component unit	41,158
	341,537
Total Liabilities	\$ 341,537
	341,537

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, 2017**

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**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 Health System*

Granville Health System (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, 2017**

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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, 2017, 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 Health System  
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. However, some interfund services provided and used are not eliminated in the process of consolidation. These statements distinguish between the *governmental* and *business-type activities* of the County. Governmental activities

**GRANVILLE COUNTY, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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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.

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.

**Non-major Funds** – The County maintains five legally budgeted funds. The Emergency Telephone System Fund, CDBG Fund, and R. H. Thornton Library Memorial Fund are reported as non-major special revenue

**GRANVILLE COUNTY, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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funds. The Granville Greenway Project Fund is reported as a capital projects fund. The Stormwater Fund is the only enterprise fund that is a non-major fund.

**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 90 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 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

**GRANVILLE COUNTY, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
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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 CDBG Fund and the Granville Greenway Project 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 Health System, Granville County ABC Board, Granville County Tourism Development Authority, and South Granville Memorial Gardens are made in board-designated official depositories and are secured as required by G. S. 159-31. The County, the Hospital, the ABC Board, the Tourism Development Authority, and the Memorial Gardens may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the County, the Hospital, the ABC Board, the Tourism Development Authority, and the Memorial Gardens may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

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

**GRANVILLE COUNTY, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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 majority of 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. Non-participating interest earning contracts are accounted for at cost. The NC Capital Management Trust Government Portfolio, a SEC-registered 2a-7 external investment pool, is measured at amortized cost, 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 Health System, 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>Governmental Activities</u>	<u>Granville County Restricted Cash</u>	
General Fund	Tax Revaluation	\$ 376,543
General Fund	Register of Deeds	60,950
General Fund	Public Safety	812,043
General Fund	Reserve for hospital USDA loan	240,912
General Fund	Sinking fund set aside for debt payment	<u>2,088,926</u>
Total Governmental Activities		<u>3,579,374</u>
Total Restricted Cash		<u>\$ 3,579,374</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, 2016. 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.

**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.

**GRANVILLE COUNTY, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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**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 received prior to July 1, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after July 1, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. 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

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

**GRANVILLE COUNTY, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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	<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, 2017 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  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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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 Human Services-portion of fund balance that is restricted for us for human services.

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.

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

**GRANVILLE COUNTY, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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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 Community Services-portion of fund balance that has been budgeted by the board for recreation purposes for money needed to provide matching funds for PARTF grant and subdivision road development.

Assigned for Public Safety-portion of fund balance that has been budgeted by the board for public safety purposes of constructing a Law Enforcement and Animal Shelter.

Assigned for Human Services-portion of fund balance that has been budgeted by the board for human services purposes of upgrading the Senior Services Center.

Assigned for Environmental Protection-portion of fund balance that has been budgeted by the board for environmental protection purposes to help fund landfill closure costs.

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. The General Fund is the only governmental fund that reports a positive unassigned fund balance. Other governmental funds will only report an unassigned fund balance if their expenditures exceed the amounts that are restricted, committed or assigned for specific purposes which will cause a negative unassigned fund balance. 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.

**GRANVILLE COUNTY, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**12. Defined Benefit Pension Plans**

The County participates in two 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 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 \$ (43,080,367) 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)	\$ 60,224,005
Less accumulated depreciation	<u>(17,979,182)</u>
Net capital assets	<u>42,244,823</u>
Net pension asset	82,098
Contributions to the pension plan in the current fiscal year	3,383,952
Benefit payments and pension administration costs for LEOSSA	99,875
Accrued interest receivable less the amount claimed as unearned revenue in the government-wide statements as these funds are unavailable in the fund statements.	204,650
Deferred charges related to advance refunding bond issued – included on government-wide statement of net position but are not current financial resources.	1,168,057
Inte 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	1,015,081
Internal receivable representing cost in excess of charges to business-type activities-current year	(8,858)
Deferred inflows of resources for taxes and special assessments receivable	828,196
Pension related deferrals	(163,536)

**GRANVILLE COUNTY, NORTH CAROLINA  
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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	(76,605,932)
Compensated absences	(921,664)
Other postemployment benefits	(6,927,076)
Net pension obligation-LGERS	(3,758,206)
Net pension obligation-LEOSSA	(1,401,767)
Premium on bonds	(1,779,562)
Accrued interest payable	<u>(540,498)</u>
Total adjustment	<u>\$ (43,080,367)</u>

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

The government fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between net changes in fund balances for the governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. The total adjustment of \$ 4,813,378 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	\$ 696,409
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	(1,800,347)
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	6,867,728
Amortization on deferred premium payments on debt that is recorded in the statement of activities but not in the fund statements	239,619
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	(74,879)
Less: Profit from charges to business-type activities	<u>1,947</u>
Net adjustment	(72,932)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	887,232
Benefit payments and administration costs for LEOSSA are deferred outflows of resources on the Statement of Net Position	99,875
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	(178,348)
-Difference in interest expense between fund statements (modified accrual) and government-wide statements (full accrual)	36,635
-Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	(32,639)
-Other postemployment benefits are accrued in the government-wide statements but not in the fund statements because they do not use current resources	(750,837)
-County's portion of collective pension expense	(924,469)

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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	(122,826)
-Increase in accrued taxes receivable at end of year	<u>(131,722)</u>
Total adjustment	<u>\$ 4,813,378</u>

**I. 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 \$2,203,868. This deficit net position resulted from liabilities associated with landfill closure and postclosure costs.

**III. Detail Notes on All Funds**

**A. Assets**

**1. Deposits**

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

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

At June 30, 2017, the County's deposits had a carrying amount of \$11,360,787 and a bank balance of \$11,715,525. Of the bank balance, \$750,000 was covered by federal depository insurance, and \$10,965,525 in interest bearing deposits was covered by collateral held under the Pooling Method.

At June 30, 2017, Granville County had \$1,675 cash on hand.

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At June 30, 2017, the carrying amount of deposits for Granville County ABC Board was \$930,194 and the bank balance was \$898,009. Of the bank balance, \$250,000 was covered by federal depository insurance, and \$648,009 was covered by collateral held by authorized escrow agents in the name of the State Treasurer. The ABC Board had \$4,200 cash on hand.

At September 30, 2016, the Hospital's deposits had a carrying amount of \$8,497,985 and a bank balance of \$8,952,166. Of the bank balance, \$503,775 was covered by federal depository insurance and \$8,439,379 was covered by collateral held under the Pooling method. The Hospital also had cash on hand at September 30, 2016, in the amount of \$3,325.

At June 30, 2017, the Tourism Development Authority had a carrying amount of \$378,899 and a bank balance of \$378,899. 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, 2017, the Memorial Gardens had a carrying amount of \$143,179 and a bank balance of \$143,179. All of the bank balance was covered by federal depository insurance.

**2. Investments**

As of June 30, 2017, the County had the following investments and maturities.

<u>Investment</u>	<u>Valuation Measurement Method</u>	<u>Fair Value</u>	<u>Less than 6 months</u>
NC Capital Management Trust- Government Portfolio	Amortized Cost	\$ 13,282,795	\$ N/A
NC Capital Management Trust-Term*	Fair Value-Level 1	<u>21,241,267</u>	<u>21,241,267</u>
		<u>\$ 34,524,062</u>	<u>\$ 21,241,267</u>

\*Because the NC Capital Management Trust Term Portfolio has a weighted average maturity of less than 90 days, it was presented as an investment with a maturity of less than 6 months.

All investments are measured using the market approach: using prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets.

*Level of fair value hierarchy:* Level 1: Debt securities valued using directly observable, quoted prices (unadjusted) in active markets for identical assets. Level Two debt securities are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

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, 2017, South Granville Memorial Gardens' investments consisted of \$101,295 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.

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

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

<u>Year</u>	<u>Levied</u>	<u>Tax</u>	<u>Interest</u>	<u>Total</u>		
2014	\$	2,612,813	\$	855,612	\$	3,468,425
2015		2,634,090		625,575		3,259,665
2016		2,658,739		392,163		3,050,902
2017		<u>2,854,474</u>		<u>164,168</u>		<u>3,018,642</u>
Totals		<u>\$ 10,760,116</u>		<u>\$ 2,037,518</u>		<u>\$ 12,797,634</u>

**4. Receivables**

Receivables at the government-wide level at June 30, 2017, were as follows:

	<u>Accounts</u>	<u>Taxes and Accrued Interest</u>	<u>Due from other governments</u>	<u>Total</u>
<b>Governmental Activities:</b>				
General Fund	\$ 1,719,427	\$ 1,182,846	\$ 1,561,503	\$ 4,463,776
Other Governmental Funds	37,887	-	-	37,887
Allowance for doubtful accounts	-	(150,000)	-	(150,000)
Total governmental activities	<u>\$ 1,791,414</u>	<u>\$ 1,032,846</u>	<u>\$ 1,561,503</u>	<u>\$ 4,351,663</u>
<b>Business-type Activities:</b>				
Solid Waste Management	\$ 268,454	\$ -	\$ 33,843	\$ 302,297
Stormwater Fund	<u>12,151</u>	<u>-</u>	<u>-</u>	<u>12,151</u>
Total	280,605	-	33,843	314,448
Allowance for doubtful accounts	<u>(22,857)</u>	<u>-</u>	<u>-</u>	<u>(22,857)</u>
Total business-type activities	<u>\$ 257,748</u>	<u>\$ -</u>	<u>\$ 33,843</u>	<u>\$ 291,591</u>

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

Local option sales tax	\$ 1,314,068
Sales tax refund receivable	135,679
Medicaid hold harmless	111,756
White goods tax	5,641
Scrap tire disposal tax	20,838
Solid waste tax distribution	<u>7,364</u>
Total	<u>\$ 1,595,346</u>

**GRANVILLE COUNTY, NORTH CAROLINA  
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**5. Capital Assets**

Capital asset activity for the year ended June 30, 2017, was as follows:

	Beginning <u>Balances</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balances</u>
<b>Governmental activities:</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 7,701,851	\$ -	\$ -	\$ 7,701,851
Construction in Progress	<u>2,035,232</u>	<u>321,662</u>	<u>(363,531)</u>	<u>1,993,363</u>
Total capital assets not being depreciated	<u>9,737,083</u>	<u>321,662</u>	<u>(363,531)</u>	<u>9,695,214</u>
<b>Capital assets being depreciated:</b>				
Buildings	18,900,394	195,528	-	19,095,922
Improvements other than building	17,801,180	-	-	17,801,180
Machinery and Equipment	6,332,834	542,749	(113,895)	6,761,688
Intangible assets	<u>6,870,000</u>	<u>-</u>	<u>-</u>	<u>6,870,000</u>
Total capital assets being depreciated	<u>49,904,408</u>	<u>738,277</u>	<u>(113,895)</u>	<u>50,528,790</u>
Less accumulated depreciation for:				
Buildings	8,837,226	488,626	-	9,325,852
Improvements other than building	2,524,660	489,824	-	3,014,484
Machinery and Equipment	4,759,093	650,147	(113,895)	5,295,345
Intangible assets	<u>171,750</u>	<u>171,750</u>	<u>-</u>	<u>343,500</u>
Total accumulated depreciation	<u>16,292,730</u>	<u>\$ 1,800,347</u>	<u>\$ (113,895)</u>	<u>17,979,181</u>
Total capital assets being depreciated, net	<u>33,611,678</u>			<u>32,549,609</u>
Governmental activity capital assets, net	<u>\$ 43,348,761</u>			<u>\$ 42,244,823</u>

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

General government	\$ 264,795
Public safety	802,433
Human services	136,603
Community services	420,214
Economic development	176,302
Total depreciation expense	<u>\$ 1,800,347</u>

	Beginning <u>Balances</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balances</u>
<b>Business-type activities:</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 1,020,695	\$ -	\$ -	\$ 1,020,695
Construction in progress	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total capital assets not being depreciated	<u>1,020,695</u>	<u>-</u>	<u>-</u>	<u>1,020,695</u>
<b>Capital assets being depreciated:</b>				
Buildings	39,017	-	-	39,017
Improvements other than buildings	4,697,134	37,033	-	4,734,167
Fixtures & Equipment	98,747	-	-	98,747
Machinery and equipment	<u>345,339</u>	<u>-</u>	<u>-</u>	<u>345,339</u>
Total capital assets being depreciated	<u>5,180,237</u>	<u>37,033</u>	<u>-</u>	<u>5,217,270</u>

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	Beginning <u>Balances</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balances</u>
Less accumulated depreciation for:				
Buildings	17,456	1,960	-	19,416
Improvements other than buildings	456,345	120,019	-	576,364
Fixtures & Equipment	13,916	6,584	-	20,500
Machinery and equipment	332,178	9,892	-	342,070
Total accumulated depreciation	<u>819,895</u>	<u>\$ 138,455</u>	<u>\$ -</u>	<u>958,350</u>
Total capital assets being depreciated, net	<u>4,360,342</u>			<u>4,258,920</u>
Business-type activities capital assets, net	<u>\$ 5,381,037</u>			<u>\$ 5,279,615</u>

Activity for the ABC Board for the year ended June 30, 2017, was as follows:

	Beginning <u>Balances</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balances</u>
<b>Capital assets not being depreciated:</b>				
Land	\$ 436,774	\$ -	\$ -	\$ 436,774
<b>Capital assets being depreciated:</b>				
Buildings	214,557	46,831	-	261,388
Furniture and equipment	65,773	835	-	66,608
Vehicles	23,208	-	-	23,208
Computers & software	65,021	1,278	-	66,299
Land improvements	32,592	-	-	32,592
Total capital assets being depreciated	<u>401,151</u>	<u>48,944</u>	<u>-</u>	<u>450,095</u>
Less accumulated depreciation for:				
Buildings	100,698	4,647	-	105,345
Furniture and equipment	52,486	3,139	-	55,625
Vehicles	23,208	-	-	23,208
Computers & software	65,020	22	-	65,042
Land improvements	32,547	45	-	32,592
Total capital assets being depreciated	<u>273,959</u>	<u>\$ 7,853</u>	<u>\$ -</u>	<u>281,812</u>
ABC Board capital assets, net	<u>\$ 563,966</u>			<u>\$ 605,057</u>

Activity for Granville Health System for the year ended September 30, 2016, was as follows:

	Beginning <u>Balances</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balances</u>
Capital assets not being depreciated:				
Land	\$ 1,790,207	\$ -	\$ -	\$ 1,790,207
CIP	-	229,960	-	229,960
Total capital assets not being depreciated	<u>1,790,207</u>	<u>229,960</u>	<u>-</u>	<u>2,020,167</u>
Capital assets being depreciated:				
Buildings	30,938,388	37,021	-	30,975,409
Capitalized interest	181,828	-	-	181,828
Land Improvements	1,707,754	-	-	1,707,754
Equipment and fixtures	30,431,823	2,529,203	(396,945)	32,564,081
Total capital assets being depreciated	<u>63,259,793</u>	<u>2,566,224</u>	<u>(396,945)</u>	<u>65,429,072</u>
Less accumulated depreciation for:				
Buildings	13,070,775	888,876	-	13,959,651
Land Improvements	1,067,078	57,596	-	1,124,674
Equipment and fixtures	19,952,652	1,786,230	374,567	21,364,315
Total accumulated depreciation	<u>34,090,505</u>	<u>\$2,732,702</u>	<u>\$ 374,567</u>	<u>36,448,640</u>
Total capital assets being depreciated, net	<u>65,050,000</u>			<u>67,449,239</u>
Business-type activities capital assets, net	<u>\$ 30,959,495</u>			<u>\$ 31,000,599</u>

**B. Liabilities**

**GRANVILLE COUNTY, NORTH CAROLINA  
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**1. Payables**

Payables at the government-wide level at June 30, 2017, were as follows:

	<u>Vendors</u>	<u>Accrued Interest</u>	<u>Total</u>
Governmental Activities:			
General Fund	\$ 916,591	\$ 540,498	\$ 1,457,089
Other Governmental Funds	68,192	-	68,192
County Health Plan Fund	<u>183,691</u>	<u>-</u>	<u>183,691</u>
Total-governmental activities	<u>\$ 1,168,474</u>	<u>\$ 540,498</u>	<u>\$ 1,708,972</u>
Business-type Activities:			
Solid Waste Management	\$ 73,084	\$ -	\$ 73,084
Stormwater Fund	<u>141,762</u>	<u>-</u>	<u>141,762</u>
Total-business-type activities	<u>\$ 214,846</u>	<u>\$ -</u>	<u>\$ 214,846</u>

**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](http://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 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

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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, 2017, was 8.00% of compensation for law enforcement officers and 7.34% 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 \$900,473 for the year ended June 30, 2017. Contributions to the pension plan from the Hospital were approximately \$1,473,000 for the year ended September 30, 2016.

*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, 2017, the County reported a liability of \$3,832,725 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2015. The total pension liability was then rolled forward to the measurement date of June 30, 2016 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, 2017, the County's proportion was .018%, which was a decrease of .162% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2017, the County recognized pension expense of \$881,397. At June 30, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 72,010	\$ 134,303
Changes of assumption	262,507	
Net difference between projected and actual earnings on pension plan investments	2,119,014	-
Changes in proportion and differences between County contributions and proportionate share of contributions	66,837	-
County contributions subsequent to the measurement date	900,473	-
Total	<u>\$ 3,420,841</u>	<u>\$ 134,303</u>

\$900,473 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, 2017. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2018	\$ 373,767
2019	374,016
2020	1,021,839
2021	<u>616,443</u>
Total	<u>\$ 2,386,065</u>

At September 30, 2016, the Hospital reported a liability of \$7,324,813 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015. The total pension liability was then rolled forward to the measurement date of June 30, 2016 utilizing update procedures incorporating the actuarial assumptions. The Hospital's proportion of the net pension asset was based on a projection of the Hospital'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 September 30, 2016, the Hospital's proportion was 0.34516%, which was an increase of 0.00493% from its proportion measured as of September 30, 2015.

For the year ended September 30, 2016, the Hospital recognized pension expense of \$947,778. At September 30, 2016, the Hospital 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	\$ 137,621	\$ 256,670
Changes in assumptions	501,684	-
Net difference between projected and actual earnings on pension plan investments	4,049,701	-
Changes in proportion and differences between Hospital contributions and proportionate share of contributions	30,117	185,683
Hospital contributions subsequent to the measurement date	509,249	-
Total	<u>\$ 5,228,372</u>	<u>\$ 442,353</u>

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\$509,249 reported as deferred outflows related to pensions resulting from Hospital contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended September 30, 2017. Other amounts reported as deferred inflows related to pensions will be recognized in pension expense as follows:

Year ended September 30:	
2017	\$ 626,819
2018	627,225
2019	1,870,062
2020	<u>1,152,664</u>
Total	<u>\$ 4,276,770</u>

*Actuarial Assumptions.* The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.50 to 7.75 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.

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 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, 2017 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%	2.2%
Global Equity	40.5%	5.8%
Real Estate	8.0%	5.2%
Alternatives	6.5%	9.8%
Credit	4.5%	6.8%
Inflation Protection	4.5%	3.4%
Total	<u>100%</u>	

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The information above is based on 30 year expectations developed with the consulting actuary for the 2015 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 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:

	<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)	\$ 9,096,844	\$ 3,832,725	\$ (564,259)

*Sensitivity of the Hospital's proportionate share of the net pension asset to changes in the discount rate.* The following presents the Hospital's proportionate share of the net pension asset calculated using the discount rate of 7.25 percent, as well as what the Hospital'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:

	<u>1% Decrease</u> <u>(6.25%)</u>	<u>Discount</u> <u>Rate (7.25%)</u>	<u>1% Increase</u> <u>(8.25%)</u>
Hospital's proportionate share of the net pension liability (asset)	\$ 17,385,202	\$ 7,324,813	\$(1,078,369)

*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 under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have

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completed five or more years of creditable service. 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.

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2016, 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>53</u>
Total	<u>55</u>

**2. Summary of Significant Accounting Policies:**

*Basis of Accounting* – The County has chosen to fund the Separation Allowance on a pay as you go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. Benefits are recognized when due and payable in accordance with the terms of the plan.

The Separation Allowance has not assets accumulated in a trust that meets the criteria which are outlined in GASB Statement 73.

**3. Actuarial Assumptions**

The entry age actuarial cost method was used in the December 31, 2015 valuation. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.50 to 7.35 percent, including inflation and productivity factor
Discount rate	3.86 percent

The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2016.

Mortality rates are based on the RP-2000 Mortality tables with adjustments for mortality improvements based on Scale AA.

**4. 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 on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions by employees. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. The County paid \$99,875 as benefits came due for the reporting period.

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

At June 30, 2017, the County reported a total pension liability of \$1,401,767. The total pension liability was measured as of December 31, 2016 based on a December 31, 2015 actuarial valuation. The total pension liability was rolled forward to December 31, 2016 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2017, the County recognized pension expense of \$111,235.

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	30,268
County benefit payments and plan administrative expense made subsequent to the measurement date	99,875	-
Total	\$ 99,875	\$ 30,268

\$99,875 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2018. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year ended June 30:</b>	
2018	\$ 5,464
2019	5,464
2020	5,464
2021	5,464
2022	5,464
Thereafter	2,948

\$99,875 paid as benefits came due subsequent to the measurement date are reported as deferred outflows of resources.

*Sensitivity of the County's total pension liability to changes in the discount rate.* The following presents the County's total pension liability calculated using the discount rate of 3.86 percent, as well as what the County's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.86 percent) or 1-percentage-point higher (4.86 percent) than the current rate:

	<b>1% Decrease (2.86%)</b>	<b>Discount Rate (3.86%)</b>	<b>1% Increase (4.86%)</b>
Total pension liability	\$ 1,529,053	\$ 1,401,767	\$ 1,285,700

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**Schedule of Changes in Total Pension Liability  
Law Enforcement Officer's Special Separation Allowance**

	<u>2017</u>
Beginning balance	\$ 1,350,911
Service Cost	69,009
Interest on the total pension liability	47,690
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	-
Changes of assumptions or other inputs	(35,732)
Benefit payments	(30,111)
Other changes	-
Ending balance of the total pension liability	<u>\$ 1,401,767</u>

The plan currently uses mortality tables that vary by age, 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.

**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 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, 2017, were \$155,400, which consisted of \$126,979 from the County and \$28,421 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, cost-sharing, multiple-employer, defined benefit pension 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

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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](http://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 \$4,224 for the year ended June 30, 2017.

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

At June 30, 2017, the County reported an asset of \$82,098 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2016. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2015. The total pension liability was then rolled forward to the measurement date of June 30, 2016 utilizing update procedures incorporating the actuarial assumptions. The 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, 2017, the County's proportion was .439%, which was a decrease of .02% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2017, the County recognized pension expense of \$(5,689). At June 30, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Differences between expected and actual experience	\$ 88	\$ 1,063
Changes of assumptions	21,873	-
Net difference between projected and actual earnings on pension plan investments	140	-
Changes in proportion and differences between County contributions and proportionate share of contributions	3,293	513
County contributions subsequent to the measurement date	<u>4,228</u>	<u>-</u>
Total	<u>\$ 29,622</u>	<u>\$ 1,576</u>

\$4,228 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

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pension asset in the year ended June 30, 2018. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2018	\$ 9,690
2019	10,697
2020	4,349
2021	(920)

*Actuarial Assumptions.* The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.5 to 7.75 percent, including inflation and productivity factor
Investment rate of return	3.75 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, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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 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, 2016 is 1.4%:

The information above is based on 30 year expectations developed with the consulting actuary for the 2016 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 3.05%. 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

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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 3.75 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 (2.75 percent) or 1-percentage-point higher (4.75 percent) than the current rate:

	<u>1% Decrease</u> <u>(2.75%)</u>	<u>Discount</u> <u>Rate (3.75%)</u>	<u>1% Increase</u> <u>(4.75%)</u>
County's proportionate share of the net pension liability (asset)	\$ (66,197)	\$ (82,098)	\$ (95,456)

*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 provides hospital insurance, for any employee hired before July 1, 2014, in an amount equal to a single employee's coverage, who upon retirement, meet one of the following criteria:

- Age 65 or older and have been previously employed by the County on a regular full-time basis for at least 20 years.
- Age 62 or older and have been previously employed by the County on a regular full-time basis for at least 22 years.
- Age 55 or older and have been previously employed by the County on a regular full-time basis for at least 25 years.
- County Commissioners having served three complete terms. County Commissioners having served two complete terms may continue coverage by assuming financial responsibility for the payment of the entire premium.

Also, the County's retirees can continue to purchase coverage for their dependents at the County's group rates until the retiree reaches the age of 65 if upon retirement they were providing additional spousal or dependent coverage. At age 65, the retiree will shift to a Medicare supplement policy until termination of coverage by the insured, death or other reason. 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 June 30, 2016, the date of the latest actuarial valuation:

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	<u>General Employees</u>	<u>Law Enforcement Officers</u>
Retirees receiving benefits	49	9
Terminated plan members entitled to but not yet receiving benefits	-	-
Active plan members	<u>166</u>	<u>43</u>
Total	<u>215</u>	<u>52</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 offers the option for dependent coverage if paid in full by the retiree. The County has chosen to fund the healthcare benefits on a pay as you go basis.

The current ARC rate is 12.32% of annual covered payroll. For the current year, the County contributed \$267,088 or 2.9% 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 2.29% and .59% 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	251,652
Adjustment to annual required contribution	<u>349,833</u>
Annual OPEB cost (expense)	1,041,161
Contributions made	<u>(267,088)</u>
Increase (decrease) in net OPEB obligation	774,073
Net OPEB obligation, beginning of year	<u>6,291,290</u>
Net OPEB obligation, end of year	<u>\$ 7,065,363</u>

The County’s annual OPEB cost, the percentage of annual OPEB cost contributed to the HCB plan, and the net OPEB obligation for 2017 were as follows:

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For Year Ended	<u>Three-Year Trend Information</u>		
	<u>June 30</u>	Annual OPEB <u>Cost</u>	Percentage of Annual OPEB <u>Cost Contributed</u>
2017	\$ 1,041,161	25.7%	\$ 7,065,363
2016	1,021,024	25.4%	6,291,290
2015	\$ 1,065,543	24.9%	\$ 5,229,477

*Funded Status and Funding Process* – As of June 30, 2016, 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 \$13,947,914. The covered payroll (annual payroll of active employees covered by the plan) was \$9,248,413, and the ratio of the UAAL to the covered payroll was 150.8 percent.

In the June 30, 2016 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 7.75 to 5.00 percent annually for Pre-Medicare and 5.75 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 June 30, 2016, was 30 years.

**f. Other Employment Benefits**

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

**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 11 years remaining under the postclosure requirements and the Oxford site has 30 postclosure years remaining. The \$8,389,792 reported as landfill closure and postclosure care liability at June 30,

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2017, represents the latest estimate for the remaining years of postclosure maintenance and monitoring required for the Oxford and Butner landfills. The County also operates a C&D landfill at the Oxford site, which as of December 2016, and will be capped and monitored for 30 years. 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	\$ 1,168,057	\$ -
Pensions – difference between expected and actual experience		
LGERS	72,010	134,303
Register of Deeds	88	1,063
Changes of assumptions		
LGERS	262,507	-
Register of Deeds	21,873	-
LEOSSA	-	30,268
Pensions – difference between projected and actual investment earnings		
LGERS	2,119,014	-
Register of Deeds	140	-
Pensions-change in proportion and difference between employer contributions and proportionate share of contributions		
LGERS	66,837	-
Register of Deeds	3,293	514
Contributions to pension plan in 2016-2017 fiscal year	904,701	-
Benefit payments/administrative costs paid subsequent to the measurement date (LEOSSA)	99,875	-
Prepaid taxes not yet earned (General)	-	98,803
Taxes receivable, net (General)	-	828,196
Total	<u>\$ 4,718,395</u>	<u>\$ 1,093,147</u>

**5. Risk Management**

The County is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County participates in two self-funded risk-financing pools administered by the North Carolina Association of County Commissioners Joint Risk Management Agency. Through these pools, the County obtains property coverage equal to replacement cost values of owned property subject to total insured values, with sub-

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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 Dees 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 ABC Board has property, general liability, auto liability, workers' compensation, and employee health coverage. The Board also has liquor legal liability. There have been no significant reductions in insurance coverage from the prior year and settled claims have not exceeded coverage in any of the past three fiscal years.

Granville Health System is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets, business interruption; errors and omissions; employee injuries and illnesses; natural disasters; medical malpractice; and employee health benefits. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage in any of the three preceding years. The Hospital is insured for medical malpractice claims and judgments.

**6. Contingent Liabilities**

At June 30, 2017, 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.

**GRANVILLE COUNTY, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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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.

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. \$ -

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%. 3,977,065

Total \$ 3,977,065

For Granville County, the future minimum payments as of June 30, 2017, including \$150,375 of interest are:

Year Ending <u>June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2018	\$ 775,775	\$ 49,713
2019	785,472	40,016
2020	795,290	30,198
2021	805,231	20,257
2022	<u>815,297</u>	<u>10,191</u>
	<u>\$ 3,977,065</u>	<u>\$ 150,375</u>

**b. Operating Lease**

The Hospital has entered into an operating lease agreement 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. There are two renewal options of five years each under the agreement. Currently this space is subleased to several tenants. Rental terms include maturity dates from three to five years with each lease having renewal options to extend the original terms. Rental income under these subleases amounted to approximately \$110,000 and \$194,000 as of September 30, 2016 and 2015, respectively.

Total rental expense charged to operations amounted to approximately \$872,800 and \$996,000 for the years ended September 30, 2016 and 2015, respectively. Approximate future minimum rentals for years ending September 30 are as follows:

**GRANVILLE COUNTY, NORTH CAROLINA  
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2017	\$	725,000
2018		606,000
2019		463,000
2020		285,000
2021		258,000
Total		\$ 2,337,000

**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, 2017, 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 Health System 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 Health System.	\$ 573,876
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	55,750
School Construction (Granville County Schools holds title to these assets upon project completion)	1,006,412
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%.	7,033,000
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 Health System 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%.	1,367,930
In August 2014, the County entered into a \$9,000,000 installment financing agreement to finalize funding for the Granville Health System 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.	8,532,067
In August 2014, the County entered into a \$5,000,000 installment financing agreement to finalize funding for the Granville Health System 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.	4,740,029

**GRANVILLE COUNTY, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
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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%.

	9,941,803
Total	\$ 33,250,867

For Granville County, the future minimum payments as of June 30, 2017, including \$11,922,096 of interest are:

Year Ending <u>June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2018	\$ 2,158,161	\$ 1,096,190
2019	2,122,766	1,028,842
2020	2,143,960	961,693
2021	2,166,027	893,670
2022	2,162,950	824,804
2023-2027	9,744,966	3,201,088
2028-2032	5,061,452	1,893,597
2033-2037	2,737,206	1,277,994
2038-2042	3,342,110	673,090
2043-2045	1,611,269	71,128
	\$ 33,250,867	\$ 11,922,096

**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). \$ 7,845,000

**\$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. 5,215,000

**Total** \$ 13,060,000

**GRANVILLE COUNTY, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

For Granville County, the future minimum payments as of June 30, 2017, including \$7,592,096 of interest are:

Year Ending <u>June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2018	\$ 495,000	\$ 659,065
2019	495,000	640,131
2020	495,000	619,960
2021	495,000	598,675
2022	495,000	576,400
2023-2027	7,690,000	4,123,015
2028-2031	2,895,000	374,850
	<u>\$ 13,060,000</u>	<u>\$ 7,592,096</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, 2017, are comprised of the following individual issues:

**General Obligation Bonds**

<b>\$1,600,000</b> Public Improvement 2009A bonds due on June 1 and December 1; interest at 3.0-4.5 percent	\$ 960,000
<b>\$8,000,000</b> Library Bonds 2009B bonds due on June 1 and December 1; interest at 3.0-4.125 percent	4,800,000
<b>\$10,215,000</b> Refunding Bonds 2009C due on June 1 and December 1; interest at 3.0-4.0 percent*	1,690,000
<b>\$16,095,000</b> Refunding Bonds 2013 due on June 1 and December 1; interest at 2.5-4.0%	13,980,000
<b>\$5,485,000</b> Refunding Bonds 2015 due on May 1 and November 1; interest at 2.27%	<u>4,888,000</u>
Total	<u>\$ 26,318,000</u>

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

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

Year Ending <u>June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2018	\$ 3,125,000	\$ 898,383
2019	3,070,000	830,167
2020	3,034,000	739,990
2021	3,073,000	627,349
2022	3,062,000	513,045
2023-2027	9,994,000	1,009,168
2028-2029	960,000	60,100
	<u>\$ 26,318,000</u>	<u>\$ 4,678,202</u>

**GRANVILLE COUNTY, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
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At June 30, 2017, Granville County had a legal debt margin of \$281,267,627.

The Hospital's notes payable at September 30, 2016, are comprised of the following:

3.97 percent note, payable monthly, principal and interest of \$11,073 through March 2022; guaranteed by Granville County	\$ 644,160
4.09 percent note, monthly principal and interest of \$13,889, through January 2018; collateralized by real estate.	236,110
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	-
3.73 percent note, payable and interest payable semi-annually of \$79,324 through July 2027; collateralized by real estate	1,422,570
1.98 percent note, principal and interest payable annually of \$105,963 through June 2019: collateralized by equipment	305,704
4.00 percent note, principal and interest payable monthly of \$66,920 through December 2043: collateralized by real estate: guaranteed by Granville County	<u>13,469,796</u>
Total	<u>\$ 16,078,340</u>

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

Year Ending September 30	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2017	\$ 753,656	\$ 622,094
2018	677,893	595,245
2019	630,728	572,815
2020	547,895	549,851
2021	566,769	527,793
Thereafter	<u>12,901,399</u>	<u>6,251,114</u>
Total	<u>\$ 16,078,340</u>	<u>\$ 9,118,912</u>

**f. Refunding & Advance Refundings**

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

**GRANVILLE COUNTY, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
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On July 29, 2015, the County issued \$5,485,000 of general obligation refunding bonds to provide resources to pay off 2006 school 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 \$157,552. 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 11 years and resulted in an economic gain of \$278,696.

**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, 2017:

	Balance July 1, 2016	Increases	Decreases	Balance June 30, 2017	Current Portion of Balance
<b>Governmental activities:</b>					
General obligation bonds	\$ 29,494,000	\$ -	\$ 3,176,000	\$ 26,318,000	\$ 3,125,000
Plus: Premiums on issuance	<u>2,019,181</u>	<u>-</u>	<u>239,619</u>	<u>1,779,562</u>	<u>239,619</u>
Total General obligation bonds	31,513,181	-	3,415,619	28,097,562	3,364,619
Financing Agreements	4,743,262	-	766,197	3,977,065	775,775
Installment Purchases	35,686,398	-	2,435,531	33,250,867	2,158,161
Certificates of participation	13,550,000	-	490,000	13,060,000	495,000
Compensated absences	889,025	921,664	889,025	921,664	230,416
Net pension liability (LGRS)	786,475	2,971,731	-	3,758,206	-
Net OPEB obligation	6,176,239	750,837	-	6,927,076	-
Net pension obligation	<u>746,809</u>	<u>654,958</u>	<u>-</u>	<u>1,401,767</u>	<u>-</u>
Total governmental activities	<u>\$ 94,091,389</u>	<u>\$ 5,299,190</u>	<u>\$ 7,996,372</u>	<u>\$ 91,394,207</u>	<u>\$ 7,023,971</u>
<b>Business-type activities:</b>					
Accrued landfill closure and postclosure costs	\$ 8,415,525	\$ -	\$ 25,733	\$ 8,389,792	\$ -
Compensated absences	18,763	24,539	18,763	24,539	6,135
Net pension liability (LGRS)	20,636	53,883	-	74,519	-
Net OPEB obligation	<u>115,052</u>	<u>23,236</u>	<u>-</u>	<u>138,288</u>	<u>-</u>
Total business-type activities	<u>\$ 8,569,976</u>	<u>\$ 101,658</u>	<u>\$ 44,496</u>	<u>\$ 8,627,138</u>	<u>\$ 6,135</u>

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

**C. Interfund Balances and Activity**

<i>Transfers From/To Other Funds</i>	<u>Amount</u>
General Fund to Granville Greenway Project Fund to close out the CMAZ grant and fund the LAPP grant.	\$ 68,298
General Fund to CDBG Fund to close out the project fund.	577,118
R.H. Thornton Library Fund to General Fund to fund the assistant director's salary.	<u>17,750</u>
Total	<u>\$ 663,166</u>

<i>Due From/To Other Funds</i>	<u>Amount</u>
From General Fund to Granville County Tourism Development Authority to show occupancy tax owed for fiscal year and not yet transferred	<u>\$ 46,362</u>
Total	<u>\$ 46,362</u>

**GRANVILLE COUNTY, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
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**D. Net Investment in Capital Assets**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Net capital assets	\$ 42,244,823	\$ 5,279,615
Capital debt calculation:		
Total debt, gross	76,605,932	-
Less:		
School debt for assets to which the county does not hold title	(44,399,152)	-
Hospital debt for assets which the county does not hold title	(15,213,902)	-
Unamortized assets related to capital debt (excluding school related)	(11,632)	-
Add:		
Unamortized liabilities related to capital debt (excluding school related)	<u>84,411</u>	<u>-</u>
Total capital debt	<u>17,065,657</u>	<u>-</u>
Net investment in capital assets	<u>\$ 25,179,166</u>	<u>\$ 5,279,615</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:

<u>Total Fund Balance-General Fund</u>	<u>\$ 44,528,612</u>
Less:	
Prepaid items	1,542
Stabilization by State Statute	3,280,930
Appropriated fund balance in 2018 budget	386,385
Education	2,088,926
Register of Deeds	60,950
Tax Revaluation	376,543
Public Safety	8,812,043
Human Services	2,000,000
Environmental Protection	1,000,000
Community Services	1,100,000
Economic and Physical Development	1,600,000
Working Capital/Fund Balance Policy	17,014,014
<u>Remaining Fund Balance</u>	<u>\$ 6,807,279</u>

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

**GRANVILLE COUNTY, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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**IV. Joint Ventures**

**A. Vance-Granville Community College**

The County, in conjunction with Vance County, Warren County, Franklin County, the State of North Carolina, and the Boards of Education of Vance, Granville, Warren and Franklin Counties, participates in a joint venture to operate Vance-Granville Community College. Each participant appoints members of the thirteen-member board of trustees of the community college. No participant appoints a majority. The president of the community college's student government serves as an ex-officio nonvoting member of the community college's board of trustees. The community college is included as a component unit of the State. The County has the basic responsibility for providing funding for facilities of the community college and also provides some financial support for the community college's operations. In addition to providing annual appropriations for the facilities, the County periodically issues general obligation bonds to provide financing for new and restructured facilities. The County has an ongoing financial responsibility for the community college because of the statutory responsibilities to provide funding for the community college's facilities. The County contributed \$701,298 and \$21,240 to the community college for operating and capital purposes, respectively, during the fiscal year ended June 30, 2017. 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, 2017. Complete financial statements for the community college may be obtained from the community college's administrative offices, at P.O. Box 918, Henderson, N.C. 27536.

**B. Granville-Vance Health District**

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

**C. Area Mental Health**

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

**D. Kerr Area Transit Authority**

The County also participates in a joint venture to operate Kerr Area Transit Authority. The County appoints six members to the twenty-one member board. None of the participating governments have any equity interest in the Authority, so no equity interest has been reflected in the financial statements at June 30, 2017. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$43,397 to the Authority to supplement its activities. Complete financial statements for the Authority may be obtained at 943 West Andrews Avenue, Henderson, N.C. 27536.

**GRANVILLE COUNTY, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
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**E. Aeronautics Authority of the City of Henderson, City of Oxford, County of Granville and County of Vance**

The County also participates in a joint venture to operate the Aeronautics Authority of the City of Henderson, City of Oxford, County of Granville and County of Vance. The County appoints one member to the four-member board. None of the participating governments have any equity interest in the Authority, so no equity interest has been reflected in the financial statements at June 30, 2017. 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 \$21,520 to the Council during the fiscal year ended June 30, 2017. 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.

	<u>Federal</u>	<u>State</u>
Temporary Assistance to Needy Families	\$ 349,109	\$ (23)
Medical Assistance	42,489,059	22,609,863
Health Choice	1,098,754	4,362
CWS Adoption Subsidy	-	130,579
Adoption Assistance	187,442	48,353
State/County Special Assistance	-	330,386
Foster Care	42,034	9,439
Independent Living Transitional	2,310	-
FC At Risk Maximization	-	5,371
State Foster Home	-	19,013
SFHF Maximization	-	12,851
Totals	<u>\$ 44,168,708</u>	<u>\$ 23,170,194</u>

**VII. Summary Disclosure of Significant Commitments and Contingencies**

**Federal and State Assisted Programs**

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

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

The County has evaluated events and transactions that occurred between June 30, 2017 and January 29, 2018, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements. The 2009A and 2009B general obligation bonds were refinanced in November 2017 in the amount of \$5,044,000. There were no other 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) No. Statement 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, in the fiscal year ending June 30, 2017. The implementation of the statement required the County to record beginning total pension liability and the effects on net position of benefit payments and administrative expenses paid by the County to the Law Enforcement Officers' Special Separation Allowance during the measurement period. As a result, net position for the governmental activities decreased \$634,213.

## **REQUIRED SUPPLEMENTAL FINANCIAL DATA**

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

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- 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
- Schedule of Changes in Total Pension Liability for the Law Enforcement Officers' Special Separation Allowance
- Schedule of Total Pension Liability as a Percentage of Covered Payroll for the Law Enforcement Officers' Special Separation Allowance

**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%
6/30/2016	-	13,947,914	13,947,914	0.00%	9,248,413	150.80%

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

Year Ended June 30	Annual Required Contribution	Percentage Contributed
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%
2016	1,139,342	22.75%
2017	\$ 1,139,342	23.44%

**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	6/30/2016
Actuarial cost method	Projected unit credit
Amortization method	Level dollar amount; closed
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	7.75%-5.00%
Medicare trend rate	5.75%-5.00%
Year of Ultimate trend rate	2022
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 FOUR FISCAL YEARS**

	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
County's proportion of the net pension liability (asset)	0.018%	0.180%	0.182%	0.186%
County's proportionate share of the net pension liability (asset)	3,832,725	807,011	(1,070,625)	2,237,193
County's covered-employee payroll	\$ 11,595,359	\$ 11,078,798	\$ 11,056,961	\$ 10,899,278
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	33.05%	7.28%	-9.68%	20.53%
Plan fiduciary net position as a percentage of the total pension liability	91.47%	98.09%	102.64%	94.35%

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

Information included above is intended to include ten years; however, only the years above have information available.  
Additional years will be included as information becomes available.

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 900,473	\$ 794,490	\$ 791,446	\$ 786,842
Contributions in relation to the contractually required contribution	<u>900,473</u>	<u>794,490</u>	<u>791,446</u>	<u>786,842</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
County's covered-employee payroll	\$ 12,039,675	\$ 11,595,359	\$ 11,078,798	\$ 11,056,961
Contributions as a percentage of covered-employee payroll	7.48%	6.85%	7.14%	7.12%

Information included above is intended to include ten years; however, only the years above have information available. Additional years will be included as information becomes available.

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset)	0.439%	0.459%	0.457%	0.427%
County's proportionate share of the net pension liability (asset)	\$ (82,098)	\$(106,274)	\$ (103,658)	\$ (91,205)
County's covered-employee payroll	\$ 179,639	\$ 161,292	\$ 156,569	\$ 144,198
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-45.70%	-65.89%	-66.21%	-58.25%
Plan fiduciary net position as a percentage of the total pension liability	160.17%	197.29%	193.88%	190.50%

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

Information included above is intended to include ten years; however, only the years above have information available.  
Additional years will be included as information becomes available.

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

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	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 4,228	\$ 3,928	\$ 3,670	\$ 3,734
Contributions in relation to the contractually required contribution	<u>4,228</u>	<u>3,928</u>	<u>3,670</u>	<u>3,734</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
County's covered-employee payroll	\$179,428	\$179,639	\$161,292	\$156,569
Contributions as a percentage of covered-employee payroll	2.36%	2.19%	2.28%	2.38%

Information included above is intended to include ten years; however, only the years above have information available. Additional years will be included as information becomes available.

**GRANVILLE COUNTY, NORTH CAROLINA  
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY**

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	<b>2017</b>
Beginning Balance	\$ 1,350,911
Service Cost	69,009
Interest on the total pension liability	47,690
Changes of assumptions or other inputs	(35,732)
Benefit payments	(30,111)
Ending balance of the total pension liability	\$ 1,401,767

The amounts presented for each fiscal year were determined as of the prior fiscal year ending December 31.

Information included above is intended to include ten years; however, only the years above have information available. Additional years will be included as information becomes available.

**GRANVILLE COUNTY, NORTH CAROLINA  
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF TOTAL PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL**

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	<b>2017</b>
Total pension liability	\$ 1,401,767
Covered payroll	2,539,432
Total pension liability as a percentage of covered payroll	55.20%

**Notes to the schedules:**

Granville County has no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 73 to pay related benefits.

Information included above is intended to include ten years; however, only the years above have information available. Additional years will be included as information becomes available.

**COMBINING AND INDIVIDUAL FUND**  
**STATEMENTS AND SCHEDULES**

## MAJOR GOVERNMENTAL FUNDS

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

**GRANVILLE COUNTY, NORTH CAROLINA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2017**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	2017		2016	
	Budget	Actual	Variance Positive (Negative)	Actual
<b>REVENUES</b>				
Ad Valorem Taxes:				
Current year	\$ 37,851,305	\$ 38,913,850	\$ 1,062,545	\$ 35,689,829
Prior year	650,000	360,940	(289,060)	483,444
Penalties and interest	253,300	151,642	(101,658)	246,624
Total	38,754,605	39,426,432	671,827	36,419,897
Sales and Other Taxes:				
Article 39 one percent		1,859,114		1,776,424
Article 40 one-half of one percent		3,088,928		2,974,134
Article 42 one-half of one percent		1,656,234		1,571,692
Article 44 one-half of one percent		1,153,952		123
State excise tax - Register of Deeds		273,030		257,455
Beer and wine		167,097		161,178
Taxes on federal exempt land		23,282		24,532
Medicaid hold harmless		1,638,624		1,486,571
Occupancy taxes		233,054		208,577
Intangible taxes		852		-
Total	8,733,900	10,094,167	1,360,267	8,460,686
Licenses, Fees and Other Revenues:				
Privilege licenses		2,994		3,570
Taxes on Oxford Housing Authority		-		6,647
Planning		72,019		77,943
Inspection		540,600		645,262
Sheriff wage refund		48,048		50,038
Boarding state and federal prisoners		13,937		11,573
Ambulance fees		14,875		15,426
Library fees		41,396		42,324
Rents		28,075		20,730
Sheriff's fees		124,785		117,808
Election fees		72		50,827
Franchise fees		205,296		147,196
Animal control		34,263		34,177
Collection fees		126,334		114,587
Senior Center fitness fees		7,773		5,255
Administrative fees		12,500		25,000
Register of Deeds		242,557		225,652
GAP fees		34,229		25,784
Federal interest subsidy		418,520		424,119
Federal and State grants		3,782		2,536
E-911 allocation from Oxford		118,308		109,000
Miscellaneous		339,666		283,582
Sale of capital assets		9,861		24,305
Total	2,302,170	2,439,890	137,720	2,463,341

**GRANVILLE COUNTY, NORTH CAROLINA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2017**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	2017		Variance Positive (Negative)	2016
	Budget	Actual		Actual
Restricted and Intergovernmental Revenues:				
Debt Contribution from hospital		1,268,826		1,275,608
Court facility fees		50,916		51,663
CSC officer's fees		9,881		9,624
Register of Deeds		41,771		39,744
ABC bottle tax		14,439		13,619
Federal and State grants		7,896,188		7,297,159
Excise recreation - Heritage		251,175		237,917
Jail fees		16,351		18,815
Sheriff Federal treasury seized funds		40,049		9,700
Miscellaneous		179,706		166,955
Total	8,624,716	9,769,302	1,144,586	9,120,804
Investment earnings	27,000	166,647	139,647	36,855
Micellaneous Revenues				
Granville County ABC Board	172,000	126,464	(45,536)	232,411
Total	172,000	126,464	(45,536)	232,411
Total Revenues	58,614,391	62,022,902	3,408,511	56,733,994
<b>EXPENDITURES</b>				
<b>General Government</b>				
Board of Commissioners				
Salaries and employee benefits		158,836		160,178
Other operating expenditures		70,512		61,061
Capital outlay		504		-
Total	246,579	229,852	16,727	221,239
Administration				
Salaries and employee benefits		327,200		269,144
Other operating expenditures		13,846		11,484
Total	393,323	341,046	52,277	280,628
Information Technology				
Salaries and employee benefits		195,657		185,688
Other operating expenditures		2,261		2,811
Capital outlay		2,648		3,358
Total	205,563	200,566	4,997	191,857

**GRANVILLE COUNTY, NORTH CAROLINA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2017**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	2017		Variance Positive (Negative)	2016
	Budget	Actual		Actual
<b>Board of Elections</b>				
Salaries and employee benefits		279,058		245,974
Other operating expenditures		138,905		246,176
Capital outlay		2,282		28,035
<b>Total</b>	<b>490,219</b>	<b>420,245</b>	<b>69,974</b>	<b>520,185</b>
<b>Finance Department</b>				
Salaries and employee benefits		283,711		316,397
Other operating expenditures		119,425		126,963
Capital outlay		-		1,297
<b>Total</b>	<b>424,172</b>	<b>403,136</b>	<b>21,036</b>	<b>444,657</b>
<b>Tax Administration</b>				
Salaries and employee benefits		439,959		418,022
Other operating expenditures		310,845		344,608
Capital outlay		2,109		9,601
<b>Total</b>	<b>802,181</b>	<b>752,913</b>	<b>49,268</b>	<b>772,231</b>
<b>Register of Deeds</b>				
Salaries and employee benefits		245,477		244,953
Other operating expenditures		44,250		51,151
<b>Total</b>	<b>299,755</b>	<b>289,727</b>	<b>10,028</b>	<b>296,104</b>
<b>General Services/Court Facilities</b>				
Salaries and employee benefits		207,841		191,458
Other operating expenditures		342,571		301,258
Capital outlay		274		1,344
<b>Total</b>	<b>578,985</b>	<b>550,686</b>	<b>28,299</b>	<b>494,060</b>
<b>Human Resources</b>				
Salaries and employee benefits		64,273		62,115
Other operating expenditures		33,231		23,729
<b>Total</b>	<b>107,254</b>	<b>97,504</b>	<b>9,750</b>	<b>85,844</b>
<b>Internal Auditor</b>				
Salaries and employee benefits		77,445		74,916
Other operating expenditures		3,930		2,909
Capital outlay		-		1,107
<b>Total</b>	<b>87,434</b>	<b>81,375</b>	<b>6,059</b>	<b>78,932</b>
<b>Total General Government</b>	<b>3,635,465</b>	<b>3,367,050</b>	<b>268,415</b>	<b>3,385,737</b>
<b>Public Safety</b>				
Other Emergency Services	73,147	59,750	13,397	39,550

**GRANVILLE COUNTY, NORTH CAROLINA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	2017		Variance Positive (Negative)	2016
	Budget	Actual		Actual
Sheriff's Department/Detention Center				
Salaries and employee benefits		5,501,956		5,315,308
Other operating expenditures		1,565,723		1,851,753
Capital outlay		272,638		241,719
Total	7,860,374	7,340,317	520,057	7,408,780
Fire Service	949,212	949,212	-	928,779
Forestry				
Salaries and employee benefits		30,738		29,501
Other operating expenditures		71,631		81,314
Capital outlay		-		-
Total	107,422	102,369	5,053	110,815
Emergency Management				
Salaries and employee benefits		230,167		208,415
Other operating expenditures		94,516		86,645
Capital outlay		2,380		28,280
Total	402,166	327,063	75,103	323,340
Emergency Services				
Salaries and employee benefits		1,361,013		1,296,297
Other operating expenditures		218,515		237,425
Capital outlay		35,841		6,622
Total	1,767,001	1,615,369	151,632	1,540,344
Total Public Safety	11,159,322	10,394,080	765,242	10,351,608
<u>Community Services</u>				
Cooperative Extension Service				
Salaries and employee benefits		255,374		221,929
Other operating expenditures		44,639		74,109
Total	390,624	300,013	90,611	296,038
County Library System				
Salaries and employee benefits		708,355		677,424
Other operating expenditures		300,033		289,980
Capital outlay		12,763		15
Total	1,120,826	1,021,151	99,675	967,419
Recreation & Community Service				
Other operating expenditures		173,987		176,356
Total	183,901	173,987	9,914	176,356

**GRANVILLE COUNTY, NORTH CAROLINA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2017**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	2017		Variance Positive (Negative)	2016
	Budget	Actual		Actual
<b>Development Services</b>				
Planning				
Salaries and employee benefits		311,813		300,852
Other operating expenditures		29,851		42,926
Capital outlay		55		702
Inspection Department				
Salaries and employee benefits		486,032		464,571
Other operating expenditures		21,993		23,267
Capital outlay		24,459		21,640
Construction Administration				
Other operating expenditures		371		317
Capital outlay		467,686		1,568,655
Total	2,715,906	1,342,260	1,373,646	2,422,930
<b>Jonesland Park Operations</b>				
Salaries and employee benefits		231,126		209,753
Other operating expenditures		133,970		116,796
Capital outlay		29,772		27,545
Total	408,642	394,868	13,774	354,094
<b>Economic Development</b>				
Salaries and employee benefits		135,593		124,096
Other operating expenditures		99,741		113,948
Capital outlay		-		30,119
Total	241,983	235,334	6,649	268,163
<b>Tourism</b>				
Salaries and employee benefits	61,415	61,040	375	59,231
<b>Total Community Services</b>	5,123,297	3,528,653	1,594,644	4,544,231
<b>Human Services</b>				
<b>Health and Medical Services</b>				
Granville Medical Center		797,368		1,047,368
Granville-Vance District Health Dept.		575,653		425,617
Area Mental Health		139,286		138,465
Total	1,513,022	1,512,307	715	1,611,450
<b>Social Services</b>				
Salaries and employee benefits		4,256,331		4,120,357
Other operating expenditures		3,105,652		3,462,295
Capital outlay		46,804		30,459
Total	8,259,475	7,408,787	850,688	7,613,111

**GRANVILLE COUNTY, NORTH CAROLINA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2017**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	2017		Variance Positive (Negative)	2016
	Budget	Actual		Actual
Veterans Services				
Salaries and employee benefits		51,951		20,595
Other operating expenditures		2,756		3,345
Total	76,198	54,707	21,491	25,429
Senior Services-Nutrition/In-Home Aid				
Salaries and employee benefits		595,219		594,253
Other operating expenditures		580,135		595,428
Total	1,319,837	1,175,354	144,483	1,189,681
Total Human Services	11,168,532	10,151,155	1,017,377	10,439,671
<u>Education</u>				
Granville County School System				
Current Expense	13,576,889	13,576,889	-	12,385,287
Capital	1,990,984	1,990,978	6	1,539,673
Total	15,567,873	15,567,867	6	13,924,960
Vance-Granville Community College				
Operating expenditures		717,298		626,965
Capital Outlay		21,240		21,240
Total	738,538	738,538	-	648,205
Total Education	16,306,411	16,306,405	6	14,573,165
<u>Non-Departmental &amp; Special Areas</u>				
Special Projects	225,142	203,711	21,431	228,763
Pass Thru Funds	674,172	646,149	28,023	541,192
Non-Departmental	2,391,317	2,088,416	302,901	1,429,497
Granville County Tourism Development Authority	190,000	232,715	(42,715)	206,104
Total Non-Departmental & Special Areas	3,480,631	3,170,991	309,640	2,405,556
<u>Debt Service</u>				
Hospital Financing				
Principal		645,436		627,122
Interest		623,390		648,486
Total	1,270,021	1,268,826	1,195	1,275,608
Park Financing				
Principal		32,871		33,513
Interest		6,772		7,628
Total	39,643	39,643	-	41,141

**GRANVILLE COUNTY, NORTH CAROLINA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2017**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	2017		Variance Positive (Negative)	2016
	Budget	Actual		Actual
Water & Sewer Allocation-Triangle North				
Principal		1,405,197		942,322
Interest		222,359		246,082
Total	1,627,713	1,627,556	157	1,188,404
Schools Debt Service				
Principal		4,439,309		4,275,471
Interest		1,821,749		1,989,868
	6,612,642	6,261,058	351,584	6,265,339
Library Series 2009				
Principal		400,000		400,000
Interest		198,000		210,000
Total	598,000	598,000	-	610,000
Total Debt Service	10,148,019	9,795,083	352,936	9,380,492
Total Expenditures	61,021,677	56,713,417	4,308,260	55,080,460
Revenues Over (Under) Expenditures	(2,407,286)	5,309,485	7,716,771	1,653,534
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers-in:				
R. H. Thornton Library Memorial Fund	17,750	17,750	-	-
Expo and Conference Center Fund	-	-	-	42,163
GCHS Expansion Fund	-	-	-	445,257
Total transfers-in	17,750	17,750	-	487,420
Transfers-out:				
Granville Greenway Project Fund		(68,298)		-
Emergency Telephone System Fund		-		(3,006)
CDBG Fund		(577,118)		-
Total transfers-out	(645,455)	(645,416)	39	(3,006)
Contingency	(24,373)	-	24,373	-
Refunding bond proceeds	-	-	-	5,485,000
Payment to refunded bond escrow agent	-	-	-	(5,409,698)
Fund balance appropriated	3,059,364	-	(3,059,364)	-
Total Other Financial Sources (Uses)	2,407,286	(627,666)	(3,034,952)	559,716
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ -	4,681,819	\$ 4,681,819	2,213,250
Fund Balance-July 1		39,846,793		37,633,543
Fund Balance-June 30		\$ 44,528,612		\$ 39,846,793

# NONMAJOR GOVERNMENTAL FUNDS

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## 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 Fund

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

- **Granville Greenway Project Fund:** This fund is used to account for the funds associated with the Granville Greenway Project.

**GRANVILLE COUNTY, NORTH CAROLINA  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2017**

	Special Revenue Funds			Capital Projects Fund	June 30, 2017
	Emergency Telephone System Fund	CDBG Fund	R. H. Thornton Library Memorial Fund	Granville Greenway Project Fund	
<b><u>ASSETS</u></b>					
Current Assets:					
Cash and cash equivalents	\$ 319,678	\$ -	\$ 222,554	\$ 97,263	\$ 639,495
Accounts receivable	37,887	-	-	-	37,887
Prepaid items	34,930	-	-	-	34,930
Total Assets	<u>\$ 392,495</u>	<u>\$ -</u>	<u>\$ 222,554</u>	<u>\$ 97,263</u>	<u>\$ 712,312</u>
<b><u>LIABILITIES AND FUND EQUITY</u></b>					
Liabilities:					
Accounts payable and accrued liabilities	\$ 50,902	\$ -	\$ 17,290	\$ -	\$ 68,192
Total Liabilities	<u>50,902</u>	<u>-</u>	<u>17,290</u>	<u>-</u>	<u>68,192</u>
Fund Balances:					
Nonspendable:					
Prepaid items	34,930	-	-	-	34,930
Restricted:					
Stabilization by State Statute	37,887	-	-	-	37,887
Community Services	-	-	205,264	97,263	302,527
Public Safety	268,776	-	-	-	268,776
Total Fund Equity	<u>341,593</u>	<u>-</u>	<u>205,264</u>	<u>97,263</u>	<u>644,120</u>
Total Liabilities and Fund Equity	<u>\$ 392,495</u>	<u>\$ -</u>	<u>\$ 222,554</u>	<u>\$ 97,263</u>	<u>\$ 712,312</u>

**GRANVILLE COUNTY, NORTH CAROLINA  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2017**

	Special Revenue Funds			Capital Projects Fund	June 30, 2017
	Emergency Telephone System Fund	CDBG Fund	R. H. Thornton Library Memorial Fund	Granville Greenway Project Fund	
<b><u>REVENUES</u></b>					
Restricted intergovernmental revenues	\$ 454,647	\$ -	\$ -	\$ 102,672	\$ 557,319
Investment earnings	630	-	1,895	-	2,525
Miscellaneous	-	-	17,617	40,444	58,061
Total Revenues	<u>455,277</u>	<u>-</u>	<u>19,512</u>	<u>143,116</u>	<u>617,905</u>
<b><u>EXPENDITURES</u></b>					
Public safety	437,506	-	-	-	437,506
Community services	-	-	36,772	-	36,772
Capital outlay	-	-	-	48,561	48,561
Debt service					
Principal	91,531	-	-	-	91,531
Interest	4,256	-	-	-	4,256
Total Expenditures	<u>533,293</u>	<u>-</u>	<u>36,772</u>	<u>48,561</u>	<u>618,626</u>
Revenues Over (under) Expenditures	<u>(78,016)</u>	<u>-</u>	<u>(17,260)</u>	<u>94,555</u>	<u>(721)</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>					
Transfers in					
General Fund	-	577,118	-	68,298	645,416
Transfers out					
General Fund	-	-	(17,750)	-	(17,750)
Total Other Financing Sources (Uses)	<u>-</u>	<u>577,118</u>	<u>(17,750)</u>	<u>68,298</u>	<u>627,666</u>
Net Change in Fund Balances	(78,016)	577,118	(35,010)	162,853	626,945
Fund Balance - July 1	419,609	(577,118)	240,274	(65,590)	17,175
Fund Balance - June 30	<u>\$ 341,593</u>	<u>\$ -</u>	<u>\$ 205,264</u>	<u>\$ 97,263</u>	<u>\$ 644,120</u>

**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, 2017  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016**

	2017		Variance Positive (Negative)	2016
	Budget	Actual		Actual
<u>REVENUES</u>				
Restricted intergovernmental revenues:				
State Cell Surcharge	\$ 454,647	\$ 454,647	\$ -	\$ 418,918
Federal and state grants	240,876	-	(240,876)	-
Investment earnings	-	630	630	327
Total Revenues	<u>695,523</u>	<u>455,277</u>	<u>(240,246)</u>	<u>419,245</u>
<u>EXPENDITURES</u>				
Public safety:				
Telephone		98,423		135,318
Other operating expenditures		288,575		64,320
Capital outlay		50,508		-
Debt service:				
Principal		91,531		91,531
Interest		4,256		7,719
Total Expenditures	<u>926,215</u>	<u>533,293</u>	<u>392,922</u>	<u>298,888</u>
Revenues Over (Under) Expenditures	<u>(230,692)</u>	<u>(78,016)</u>	<u>152,676</u>	<u>120,357</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfer (to) from other funds				
General Fund	-	-	-	3,006
Fund balance appropriated	230,692	-	(230,692)	-
Total	<u>230,692</u>	<u>-</u>	<u>(230,692)</u>	<u>3,006</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>(78,016)</u>	<u>\$ (78,016)</u>	<u>123,363</u>
Fund Balance - July 1		<u>419,609</u>		<u>296,246</u>
Fund Balance - June 30		<u>\$ 341,593</u>		<u>\$ 419,609</u>
<u>Explanation for transfers</u>				
Transfer from the General Fund to adjust beginning balance to actual		<u>\$ -</u>		<u>\$ 3,006</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		\$ (78,016)		\$ 123,363
Plus: Transfers to General Fund to adjust fund balance to the proper beginning balance		-		(3,006)
Net Change per PSAP Revenue-Expenditure Report		<u>(78,016)</u>		<u>120,357</u>
Beginning Balance, PSAP Revenue-Expenditure Report		419,609		299,252
Ending Balance, PSAP Revenue-Expenditure Report		<u>\$ 341,593</u>		<u>\$ 419,609</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, 2017**

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Positive (Negative)
<b>REVENUES</b>					
Restricted intergovernmental revenues					
Federal and State grants					
CDBG grant					
C-1 Scattered Site Housing Funds	\$ 288,340	\$ 288,340	\$ -	\$ 288,340	\$ -
L-1 Scattered Site Supplemental Funds	22,209	22,209	-	22,209	-
NC Grant 10-C-2143	481,105	481,105	-	481,105	-
2012 CDBG C-1	169,718	169,718	-	169,718	-
2012 CDBG L-1	21,588	21,588	-	21,588	-
Total restricted intergovernmental revenues	<u>982,960</u>	<u>982,960</u>	<u>-</u>	<u>982,960</u>	<u>-</u>
Miscellaneous revenues					
Other revenues	45,206	45,206	-	45,206	-
Total	<u>1,028,166</u>	<u>1,028,166</u>	<u>-</u>	<u>1,028,166</u>	<u>-</u>
<b>EXPENDITURES</b>					
Economic development					
CDBG grant expenditures					
C-1 Scattered Site Housing	288,340	288,340	-	288,340	-
L-1 Scattered Site Supplemental	22,209	22,209	-	22,209	-
2012 C-1 Scattered Site Housing	168,708	168,708	-	168,708	-
2012 L-1 Scattered Site Housing	22,500	22,500	-	22,500	-
Capital outlay					
NC Grant 10-C-2143					
Administration	12,317	12,317	-	12,317	-
Building Lease and Fit-up	347,516	347,516	-	347,516	-
Public Facilities Improvements	3,752,722	3,752,722	-	3,752,722	-
Total	<u>4,614,312</u>	<u>4,614,312</u>	<u>-</u>	<u>4,614,312</u>	<u>-</u>
Revenues Over (Under) Expenditures	<u>(3,586,146)</u>	<u>(3,586,146)</u>	<u>-</u>	<u>(3,586,146)</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers from other funds					
General Fund	3,586,146	3,009,028	577,118	3,586,146	-
Total Other Financing Sources (Uses)	<u>3,586,146</u>	<u>3,009,028</u>	<u>577,118</u>	<u>3,586,146</u>	<u>-</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ (577,118)</u>	<u>577,118</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance - July 1			<u>(577,118)</u>		
Fund Balance - June 30			<u>\$ -</u>		

**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, 2017**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016**

	2017		Variance Positive (Negative)	2016
	Budget	Actual		Actual
<b><u>REVENUES</u></b>				
Donations	\$ 30,000	\$ 17,617	\$ (12,383)	\$ 2,726
Investment Earnings	-	1,895	1,895	770
Total Revenues	<u>30,000</u>	<u>19,512</u>	<u>(10,488)</u>	<u>3,496</u>
<b><u>EXPENDITURES</u></b>				
Projects	<u>38,500</u>	<u>36,772</u>	<u>1,728</u>	<u>19,448</u>
Total Expenditures	<u>38,500</u>	<u>36,772</u>	<u>1,728</u>	<u>19,448</u>
Revenues over (under) expenditures	<u>(8,500)</u>	<u>(17,260)</u>	<u>(8,760)</u>	<u>(15,952)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Fund balance appropriated	26,250	-	(26,250)	-
Transfer-in(out)				
General Fund	<u>(17,750)</u>	<u>(17,750)</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>8,500</u>	<u>(17,750)</u>	<u>(26,250)</u>	<u>-</u>
Revenues and other sources over (under) expenditures and other uses	<u>\$ -</u>	<u>(35,010)</u>	<u>\$ (35,010)</u>	<u>(15,952)</u>
<b>FUND BALANCE</b>				
Beginning of year - July 1		<u>240,274</u>		<u>256,226</u>
End of year - June 30		<u>\$ 205,264</u>		<u>\$ 240,274</u>

**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, 2017**

	Project Authorization	Prior Years	Current Year	Total to Date	Variance Positive (Negative)
<b><u>REVENUES</u></b>					
Restricted intergovernmental revenues					
Federal and state grants	\$ 1,477,096	\$ 447,966	\$ 102,672	\$ 550,638	\$ (926,458)
Miscellaneous					
Donations	9,150	9,150	-	9,150	-
Other	203,280	29,260	40,444	69,704	133,576
Total Revenues	<u>1,689,526</u>	<u>486,376</u>	<u>143,116</u>	<u>629,492</u>	<u>(792,882)</u>
<b><u>EXPENDITURES</u></b>					
Professional Services		174,992	48,561	223,553	
Supplies and Materials		406	-	406	
Greenway Construction		481,843	-	481,843	
Total Expenditures	<u>1,939,521</u>	<u>657,241</u>	<u>48,561</u>	<u>705,802</u>	<u>1,233,719</u>
Revenues Over (Under) Expenditures	<u>(249,995)</u>	<u>(170,865)</u>	<u>94,555</u>	<u>(76,310)</u>	<u>173,685</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>					
Transfers-in (out)					
General Fund	249,995	105,275	68,298	173,573	(76,422)
Total	<u>249,995</u>	<u>105,275</u>	<u>68,298</u>	<u>173,573</u>	<u>(76,422)</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ (65,590)</u>	162,853	<u>\$ 97,263</u>	<u>\$ 97,263</u>
Fund Balances:					
Beginning of year - July 1			<u>(65,590)</u>		
End of year - June 30			<u>\$ 97,263</u>		

## ENTERPRISE FUND

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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.

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- **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, 2017**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016**

	2017		Variance Positive (Negative)	2016
	Budget	Actual		Actual
<b><u>REVENUES</u></b>				
Restricted intergovernmental				
NC Electronics Management Funds	\$ -	\$ 1,156	\$ (1,156)	\$ -
Operating revenues				
Landfill user fees	1,275,284	1,516,014	240,730	1,435,621
Solid waste charges	1,171,270	1,216,202	44,932	1,064,075
Other operating revenues				
White goods		23,022		19,766
Scrap tire disposal tax		78,387		77,059
Solid waste disposal tax		30,773		29,269
Compost/Mulch sales		4,109		1,960
Miscellaneous		115,738		128,399
Total	<u>193,444</u>	<u>252,029</u>	<u>58,585</u>	<u>256,453</u>
Total Operating Revenues	<u>2,639,998</u>	<u>2,985,401</u>	<u>344,247</u>	<u>2,756,149</u>
Nonoperating Revenues				
Interest earned on investments	700,550	11,872	(688,678)	4,863
Total Revenues	<u>3,340,548</u>	<u>2,997,273</u>	<u>(344,431)</u>	<u>2,761,012</u>
<b><u>EXPENDITURES</u></b>				
Solid Waste Operations				
Printing		364		160
Supplies and materials		2,856		582
Manned sites		341,844		365,070
Oil and Anti-Freeze Disposal		5,574		3,952
Freon Removal		1,488		1,920
Waste disposal		492,159		473,404
Container transportation		239,395		285,025
Maintenance and grounds		10,728		7,197
Miscellaneous		6,620		7,160
Total	<u>1,256,641</u>	<u>1,145,849</u>	<u>110,792</u>	<u>1,144,470</u>
Site remodeling and construction	30,999	57,485	(26,486)	171,231
Total Solid Waste Operations	<u>1,287,640</u>	<u>1,203,334</u>	<u>84,306</u>	<u>1,315,701</u>

**GRANVILLE COUNTY, NORTH CAROLINA**  
**SOLID WASTE MANAGEMENT**  
**SCHEDULE OF REVENUES AND EXPENDITURES-BUDGET AND ACTUAL (NON-GAAP)**  
**FOR THE YEAR ENDED JUNE 30, 2017**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016**

	2017		Variance Positive (Negative)	2016
	Budget	Actual		Actual
Landfill Operations				
Salaries and employee benefits		265,443		249,725
Administrative fee		12,500		15,000
Professional services		138,606		132,905
Credit card charges		8,978		8,520
Gas, oil, tires		2,578		2,772
Supplies and materials		5,104		5,585
Brush grinding		22,113		-
Travel		498		628
Telephone and postage		3,926		4,276
Utilities		7,046		8,209
Printing		-		55
Maintenance and grounds		18,776		21,181
Advertising		-		35
Tire disposal		73,562		63,508
Registration and training		3,239		12,072
Contract services		754,850		872,851
Computer service		1,200		1,367
Noncapitalized equipment		18,725		-
Miscellaneous		54,436		34,947
<b>Total Landfill Operations</b>	<b>1,846,503</b>	<b>1,391,580</b>	<b>454,923</b>	<b>1,433,636</b>
Convenience sites				
Professional services	234,120	-	234,120	-
Budgetary Appropriations				
Capital outlay - landfill	180,465	-	180,465	-
Capital outlay - convenience sites	427,415	85,382	342,033	63,745
<b>Total</b>	<b>607,880</b>	<b>85,382</b>	<b>522,498</b>	<b>63,745</b>
<b>Total Expenditures</b>	<b>3,976,143</b>	<b>2,680,296</b>	<b>1,061,727</b>	<b>2,813,082</b>
Revenues Over (Under) Expenditures	(635,595)	316,977	952,572	(52,070)
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers-in/out				
General Fund	383,356	-	(383,356)	-
Landfill	(571,402)	-	571,402	-
Butner Closure/Postclosure	(100,000)	-	100,000	-
Fund Balance Appropriated				
Solid Waste	923,641	-	(923,641)	-
<b>Total Other Financing Sources (Uses)</b>	<b>635,595</b>	<b>-</b>	<b>(635,595)</b>	<b>-</b>
Revenues Over (Under) Sources and Other Uses	<b>\$ -</b>	<b>\$ 316,977</b>	<b>\$ 316,977</b>	<b>\$ (52,070)</b>

**GRANVILLE COUNTY, NORTH CAROLINA**  
**SOLID WASTE MANAGEMENT**  
**SCHEDULE OF REVENUES AND EXPENDITURES-BUDGET AND ACTUAL (NON-GAAP)**  
**FOR THE YEAR ENDED JUNE 30, 2017**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016**

	2017		Variance Positive (Negative)	2016
	Budget	Actual		Actual
<b>RECONCILIATION FROM BUDGETARY BASIS (MODIFIED ACCRUAL) TO FULL ACCRUAL</b>				
Excess of revenues over (under) expenditures	\$ 316,977			\$ (52,070)
Depreciation		(138,454)		(152,964)
Capital outlay		37,033		161,449
Increase (decrease) in net pension asset		-		(16,320)
Increase (decrease) in deferred outflows of resources - pensions		38,643		(2,358)
(Increase) decrease in net pension liability		(41,976)		(16,113)
(Increase) decrease in deferred inflows of resources - pensions		6,340		31,401
(Increase) decrease in accrued landfill closure and postclosure care costs		25,733		(72,726)
(Increase) decrease in other postemployment benefits		(17,667)		(17,126)
(Increase) decrease in accrued vacation payable		(5,776)		(1,979)
Net Income (loss)		<u>\$ 220,853</u>		<u>\$ (138,806)</u>

**GRANVILLE COUNTY, NORTH CAROLINA**  
**STORMWATER FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES-BUDGET AND ACTUAL (NON-GAAP)**  
**FOR THE YEAR ENDED JUNE 30, 2017**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016**

	2017		Variance Positive (Negative)	2016
	Budget	Actual		Actual
<b><u>REVENUES</u></b>				
Restricted intergovernmental revenue				
Federal grant	\$ 25,500	\$ 25,500	\$ -	\$ 25,500
Operating revenues				
Stormwater fees	320,000	256,150	(63,850)	303,627
Other operating revenues				
Contributions	97,346	79,627	(17,719)	87,748
Total Revenues	<u>442,846</u>	<u>361,277</u>	<u>(81,569)</u>	<u>416,875</u>
<b><u>EXPENDITURES</u></b>				
Stormwater Operations				
Salaries and employee benefits		84,496		82,938
Professional Services		122,430		122,852
Supplies and materials		220		602
Postage		12		-
Dues and subscriptions		65,092		58,995
Advertising		379		3,980
Waste disposal		958		1,046
Contracted services		31,489		30,946
Maintenance		786		897
Administration		-		10,000
Miscellaneous		3,140		4,203
Total	<u>442,846</u>	<u>309,002</u>	<u>133,844</u>	<u>316,459</u>
Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ 52,275</u>	<u>\$ 52,275</u>	<u>\$ 100,416</u>
<b>RECONCILIATION FROM BUDGETARY BASIS (MODIFIED ACCRUAL) TO FULL ACCRUAL</b>				
Excess of revenues over (under) expenditures		\$ 52,275		\$ 100,416
Contributions to the pension plan in the current fiscal year		-		3,600
Increase (decrease) in deferred outflows of resources - pensions		10,958		-
(Increase) decrease in net pension liability		(11,907)		-
(Increase) decrease in deferred inflows of resources - pensions		1,775		-
(Increase) decrease in other postemployment benefits		(5,569)		(6,013)
Pension expense		-		(403)
Net Income (loss)		<u>\$ 47,532</u>		<u>\$ 97,600</u>

## **INTERNAL SERVICE FUND**

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

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- **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, 2017  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016**

	2017		Variance Positive (Negative)	2016
	Budget	Actual		Actual
<b>Revenues</b>				
Contributions from employees	\$ 2,664,254	\$ 2,681,073	\$ 16,819	\$ 2,621,028
Insurance settlements	-	-	-	8,872
<b>Total revenues</b>	<u>2,664,254</u>	<u>2,681,073</u>	<u>16,819</u>	<u>2,629,900</u>
<b>Expenditures</b>				
Health insurance administration	525,000	526,745	(1,745)	550,477
Claims	2,396,705	2,229,207	167,498	1,807,934
<b>Total expenditures</b>	<u>2,921,705</u>	<u>2,755,952</u>	<u>165,753</u>	<u>2,358,411</u>
<b>Revenues over (under) expenditures</b>	(257,451)	(74,879)	182,572	271,489
<b>OTHER FINANCING SOURCES (USES)</b>				
Appropriated fund balance	257,451	-	(257,451)	-
<b>Total</b>	<u>257,451</u>	<u>-</u>	<u>(257,451)</u>	<u>-</u>
<b>Revenues and other financing sources (uses) over (under) expenditures</b>	<u>\$ -</u>	<u>(74,879)</u>	<u>\$ (74,879)</u>	<u>271,489</u>
<b>Fund balances</b>				
Beginning of year, July 1		1,089,960		818,471
End of year, June 30		<u>\$ 1,015,081</u>		<u>\$ 1,089,960</u>
Reconciliation from financial plan basis (modified accrual) to full accrual:				
Total revenues		\$ 2,681,073		\$ 2,629,900
Total expenditures		<u>2,755,952</u>		<u>2,358,411</u>
Change in net position		<u>\$ (74,879)</u>		<u>\$ 271,489</u>

## AGENCY FUNDS

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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.

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- **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, 2017**

	Agency Funds				Total Agency Funds
	Social Services Fund	Granville County Tourism Development Authority	Inmate Trust Fund	Sheriff's Evidence, Execution and Special Fund	
<b>ASSETS</b>					
Cash and investments	\$ 74,001	\$ -	\$ 3,581	\$ 222,797	\$ 300,379
Due from other fund	-	41,158	-	-	41,158
	<u>74,001</u>	<u>41,158</u>	<u>3,581</u>	<u>222,797</u>	<u>341,537</u>
Total Assets	<u>\$ 74,001</u>	<u>\$ 41,158</u>	<u>\$ 3,581</u>	<u>\$ 222,797</u>	<u>\$ 341,537</u>
<b>LIABILITIES AND NET POSITION</b>					
Liabilities:					
Miscellaneous liabilities	\$ 74,001	\$ -	\$ 3,581	\$ 222,797	\$ 300,379
Due to component unit	-	41,158	-	-	41,158
	<u>74,001</u>	<u>41,158</u>	<u>3,581</u>	<u>222,797</u>	<u>341,537</u>
Total Liabilities	<u>74,001</u>	<u>41,158</u>	<u>3,581</u>	<u>222,797</u>	<u>341,537</u>
Total Liabilities and Net Position	<u>\$ 74,001</u>	<u>\$ 41,158</u>	<u>\$ 3,581</u>	<u>\$ 222,797</u>	<u>\$ 341,537</u>

**GRANVILLE COUNTY, NORTH CAROLINA**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Balance July 1, 2016	Additions	Deductions	Balance June 30, 2017
<u>Social Services</u>				
Assets				
Cash and cash equivalents	\$ 61,019	\$ 286,144	\$ 273,162	\$ 74,001
Liabilities				
Miscellaneous liabilities	\$ 61,019	\$ 286,144	\$ 273,162	\$ 74,001
<u>Granville County Tourism Development Authority</u>				
Assets				
Due from other fund	\$ 39,734	\$ 41,158	\$ 39,734	\$ 41,158
Liabilities				
Due to component unit	\$ 39,734	\$ 41,158	\$ 39,734	\$ 41,158
<u>Inmate Trust Fund</u>				
Assets				
Cash and cash equivalents	\$ 3,334	\$ 162,173	\$ 161,926	\$ 3,581
Liabilities				
Miscellaneous liabilities	\$ 3,334	\$ 162,173	\$ 161,926	\$ 3,581
<u>Sheriff's Evidence, Execution and Special Account Fund</u>				
Assets				
Cash and cash equivalents	\$ 218,486	\$ 104,854	\$ 100,543	\$ 222,797
Liabilities				
Miscellaneous liabilities	\$ 218,486	\$ 104,854	\$ 100,543	\$ 222,797
<u>Total - All Agency Funds</u>				
Assets				
Cash and cash equivalents	\$ 282,839	\$ 553,171	\$ 535,631	\$ 300,379
Due from other fund	39,734	41,158	39,734	41,158
Total	<u>\$ 322,573</u>	<u>\$ 594,329</u>	<u>\$ 575,365</u>	<u>\$ 341,537</u>
Liabilities				
Miscellaneous liabilities	\$ 282,839	\$ 553,171	\$ 535,631	\$ 300,379
Due to component unit	39,734	41,158	39,734	41,158
Total	<u>\$ 322,573</u>	<u>\$ 594,329</u>	<u>\$ 575,365</u>	<u>\$ 341,537</u>

## **OTHER SCHEDULES**

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This schedule contains additional information required on property taxes.

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- 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, 2017**

Fiscal Year	Uncollected Balance June 30, 2016	Additions	Collections and Adjustments	Uncollected Balance June 30, 2017
2017	\$ -	\$ 38,224,148	\$ (37,848,396)	\$ 375,752
2016	297,456	-	(198,660)	98,796
2015	122,508	-	(47,298)	75,210
2014	75,358	-	(19,171)	56,187
2013	60,204	-	(12,756)	47,448
2012	43,088	-	(9,781)	33,307
2011	41,374	-	(7,131)	34,243
2010	98,865	-	(6,052)	92,813
2009	35,124	-	(3,314)	31,810
2008	135,669	-	(3,039)	132,630
2007	191,376	-	(191,376)	-
	<u>\$ 1,101,022</u>	<u>\$ 38,224,148</u>	<u>\$ (38,346,974)</u>	<u>\$ 978,196</u>
				(150,000)
				<u>\$ 828,196</u>
<b>Reconciliation with revenues:</b>				
Taxes-ad valorem-General Fund			\$ 39,426,432	
Interest and Discounts			<u>(1,268,454)</u>	38,157,978
Amounts written off for tax year 2006 - 2007 per statute of limitations				<u>188,996</u>
Total Collections and Credits				<u>\$ 38,346,974</u>

**GRANVILLE COUNTY, NORTH CAROLINA**  
**ANALYSIS OF CURRENT TAX LEVY**  
**COUNTY-WIDE LEVY**  
**JUNE 30, 2017**

	County-wide			Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
	Property Valuation	Rate	Total Levy		
Original levy:					
Property taxed at current year's rate	\$ 3,864,445,943	0.880	\$ 34,007,124	\$ 34,007,124	\$ -
Motor vehicles at current year's rate	479,207,273	0.880	4,217,024	-	4,217,024
Discoveries:					
Current and prior year's taxes	156,940,227	0.880	1,381,074	1,381,074	-
Abatements	(4,929,432)	0.880	(43,379)	(43,379)	-
	<u>\$ 4,495,664,011</u>				
Net Levy			39,561,843	35,344,819	4,217,024
Uncollected taxes at June 30, 2017			375,752	368,424	7,328
Current year's taxes collected			<u>\$ 39,186,091</u>	<u>\$ 34,976,395</u>	<u>\$ 4,209,696</u>
Current levy collection percentage			<u>99.05%</u>	<u>98.96%</u>	<u>99.83%</u>

# STATISTICAL SECTION

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## **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.

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

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental activities										
Net investment in capital assets	\$ 13,396,938	\$ 14,464,315	\$ 7,040,787	\$ 13,168,461	\$ 5,749,001	\$ 13,801,596	\$ 17,096,701	\$ 19,458,241	\$ 24,247,521	\$ 25,179,166
Restricted	30,967	-	-	13,824,466	22,894,879	11,770,892	10,140,935	10,995,235	6,348,920	6,039,996
Unrestricted	(19,228,369)	(16,983,575)	(8,000,642)	(35,778,192)	(46,031,350)	(52,503,720)	(46,402,671)	(41,556,680)	(37,992,005)	(29,126,797)
Total governmental activities net position	<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>	<u>(7,395,564)</u>	<u>2,092,365</u>
Business-type activities										
Net investment in capital assets	1,332,910	1,311,992	1,300,529	1,289,341	1,930,932	5,506,197	5,402,964	5,372,550	5,381,036	5,279,615
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	(2,694,898)	(3,148,445)	(3,692,801)	(740,690)	(1,654,823)	(7,718,231)	(7,217,508)	(7,320,965)	(7,366,313)	(6,998,454)
Total business-type activities net position	<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>	<u>(1,985,277)</u>	<u>(1,718,839)</u>
Primary government										
Net investment in capital assets	14,729,848	15,776,307	8,341,316	14,457,802	7,679,933	19,307,793	22,499,665	24,830,791	29,628,557	30,458,781
Restricted	30,967	-	-	13,824,466	22,894,879	11,770,892	10,140,935	10,995,235	6,348,920	6,039,996
Unrestricted	(21,923,267)	(20,132,020)	(11,693,443)	(36,518,882)	(47,686,173)	(60,221,951)	(53,620,179)	(48,877,645)	(45,358,318)	(36,125,251)
Total primary government net position	<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>	<u>\$ (9,380,841)</u>	<u>\$ 373,526</u>

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

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Expenses</b>										
Governmental activities:										
General government	\$ 2,764,176	\$ 4,253,006	\$ 4,318,453	\$ 3,557,567	\$ 4,259,610	\$ 4,555,774	\$ 4,405,781	\$ 4,442,094	\$ 4,938,658	\$ 5,332,252
Public safety	10,376,749	11,756,164	11,838,566	8,745,611	9,823,361	10,620,057	10,655,790	10,425,328	11,120,875	11,501,856
Transportation	228,242	142,623	161,465	161,525	135,410	148,296	156,779	173,068	192,910	198,866
Environmental Protection	-	-	-	-	-	-	-	-	-	-
Economic and physical development	333,567	357,293	1,142,750	560,181	9,772,776	797,499	476,826	753,782	668,747	717,586
Human Services	11,196,564	10,841,983	9,883,423	11,189,177	11,590,347	23,560,271	12,744,738	10,524,184	11,357,664	11,170,966
Community Services	2,542,373	2,952,212	2,889,358	3,219,464	3,246,796	3,853,986	2,746,910	3,990,780	3,700,213	4,257,566
Education	16,596,758	14,935,997	15,247,427	24,697,465	17,583,181	14,864,489	14,859,485	21,994,864	18,380,346	16,306,405
Non-departmental and special areas	2,211,016	-	-	-	-	-	-	-	-	-
Interest on long-term debt	2,115,040	2,053,147	1,985,372	2,423,796	2,425,015	2,507,886	2,303,425	2,658,358	2,574,030	2,360,100
Total governmental activities expenses	48,364,485	47,292,425	47,466,814	54,554,786	58,836,496	60,908,258	48,349,734	54,962,458	52,933,443	51,845,597
Business-type activities										
Water and Sewer	1,085,232	-	-	-	-	-	-	-	-	-
Solid Waste	6,520,539	2,197,983	2,088,641	1,721,247	1,822,661	4,318,099	2,046,765	2,720,941	2,895,474	2,778,367
Stormwater	-	-	-	-	-	209,073	261,089	280,217	319,275	313,745
Total business-type activities	7,605,771	2,197,983	2,088,641	1,721,247	1,822,661	4,527,172	2,307,854	3,001,158	3,214,749	3,092,112
Total primary government expenses	55,970,256	49,490,408	49,555,455	56,276,033	60,659,157	65,435,430	50,657,588	57,963,616	56,148,192	54,937,709
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	677,758	487,200	484,736	394,790	625,684	507,272	527,492	487,489	554,483	523,328
Public Safety	924,126	795,836	687,119	621,263	643,455	703,591	676,055	817,649	938,960	838,781
Environmental Protection	-	-	-	-	-	-	-	-	-	-
Economic and physical development	-	-	-	17,800	3,560	-	-	-	-	-
Human Services	1,499,949	1,763,894	1,987,299	299,919	89,602	97,873	84,399	37,670	20,681	22,648
Community Services	286,584	212,183	203,054	192,996	185,681	200,492	243,873	258,978	306,025	326,800
Education	-	-	-	1,488,000	-	-	-	-	-	-
Operating grants and contributions										
General government	11,808	14,568	37,694	149,436	55,955	69,878	29,930	65,893	55,016	69,738
Public Safety	526,668	676,647	645,268	678,364	1,057,350	1,711,479	926,318	918,182	948,876	901,466
Transportation	-	177,704	192,410	261,137	259,741	291,028	191,221	807,152	397,308	209,041
Economic and physical development	-	3,009	-	738,449	27,500	326,361	58,986	438,483	220,568	459,405
Human Services	5,967,518	6,055,551	6,247,734	5,868,017	6,421,666	6,237,855	6,547,155	7,246,267	7,250,217	7,625,979
Community Services	180,085	195,205	265,444	168,581	151,288	156,245	138,529	136,599	136,826	166,602
Education	-	-	-	-	800,000	1,060,202	1,000,000	848,881	397,280	680,312
Capital grants and contributions										
General government	-	-	28,758	-	-	-	-	-	-	-
Transportation	171,471	382,062	-	-	-	-	-	-	-	-
Economic and physical development	275,635	120,224	848,919	108,058	147,875	41,415	508,364	66,979	113,028	-
Community Services	370,000	417,650	80,000	90,000	-	-	498,631	378,019	22,130	143,116
Education	1,103,970	1,920,000	600,000	-	-	-	-	-	-	-
Total governmental activities program revenues	11,995,572	13,221,733	12,308,435	11,076,810	10,469,357	11,403,691	11,430,953	12,508,241	11,361,398	11,967,216

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

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Business-type activities</b>										
Charges for services:										
Water and Sewer	1,201,171	-	-	-	-	-	-	-	-	-
Solid Waste	1,595,705	1,525,736	1,527,300	1,680,396	1,540,903	1,686,107	2,325,500	2,528,876	2,756,149	2,984,245
Stormwater	-	-	-	-	-	248,572	249,597	257,086	303,627	256,150
Operating grants and contributions	-	-	-	-	-	-	24,222	25,500	25,500	25,500
Capital grants and contributions	-	-	-	4,137	4,692	3,493	-	-	-	1,156
Total business-type activities program revenues	2,796,876	1,525,736	1,527,300	1,684,533	1,545,595	1,938,172	2,599,319	2,811,462	3,085,276	3,267,051
Total primary government program revenues	14,792,448	14,747,469	13,835,735	12,761,343	12,014,952	13,341,863	14,030,272	15,319,703	14,446,674	15,234,267
<b>Net (expenses)/revenue</b>										
<b>Governmental activities</b>										
General Government	(2,074,610)	(3,751,238)	(3,767,265)	(3,013,341)	(3,577,971)	(3,978,624)	(3,848,359)	(3,888,712)	(4,329,159)	(4,739,186)
Public Safety	(8,925,955)	(10,283,681)	(10,506,179)	(7,445,984)	(8,122,556)	(8,204,987)	(9,053,417)	(8,689,497)	(9,233,039)	(9,761,609)
Transportation	(56,771)	417,143	30,945	99,612	124,331	142,732	34,442	634,084	204,398	10,175
Environmental Protection	-	-	-	-	-	-	-	-	-	-
Economic and physical development	(57,932)	(234,060)	(293,831)	304,126	(9,593,841)	(429,723)	90,524	(248,320)	(335,151)	(258,181)
Human Services	(3,729,097)	(3,022,538)	(1,648,390)	(5,021,241)	(5,079,079)	(17,224,543)	(6,113,184)	(3,240,247)	(4,086,766)	(3,522,339)
Community Services	(1,705,704)	(2,127,174)	(2,340,860)	(2,767,887)	(2,909,827)	(3,497,249)	(1,865,877)	(3,217,184)	(3,235,232)	(3,621,048)
Education	(15,492,788)	(13,015,997)	(14,647,427)	(23,209,465)	(16,783,181)	(13,804,287)	(13,859,485)	(21,145,983)	(17,983,066)	(15,626,093)
Non-departmental and special areas	(2,211,016)	-	-	-	-	-	-	-	-	-
Interest on long term debt	(2,115,040)	(2,053,147)	(1,985,372)	(2,423,796)	(2,425,015)	(2,507,886)	(2,303,425)	(2,658,358)	(2,574,030)	(2,360,100)
<b>Business-type activities</b>										
Water and sewer	115,939	-	-	-	-	-	-	-	-	-
Solid waste	(4,924,834)	(672,247)	(561,341)	(36,714)	(277,066)	(2,628,499)	278,735	(192,065)	(113,825)	231,378
Stormwater	-	-	-	-	-	39,499	(11,492)	(23,131)	(15,648)	(56,439)
Total primary government net expenses	(41,177,808)	(34,742,939)	(35,719,720)	(43,514,690)	(48,644,205)	(52,133,066)	(36,640,046)	(42,646,282)	(41,701,518)	(39,703,442)
<b>General Revenues and Other Changes in Net Position</b>										
<b>Governmental activities:</b>										
Property taxes	26,593,546	27,423,928	30,260,553	31,614,844	31,803,407	31,967,760	35,899,937	35,119,245	36,226,663	39,171,884
Local option sales tax	9,030,075	7,712,604	5,915,129	4,929,327	5,512,386	5,977,343	5,826,915	6,038,601	6,322,373	7,758,228
Other taxes and licenses	1,019,520	666,540	523,113	1,576,079	1,777,995	1,993,976	2,056,480	2,222,684	2,295,726	2,544,229
Investment earnings	1,317,899	536,617	182,190	127,862	61,598	49,130	41,765	26,657	37,952	169,172
Miscellaneous	180,056	265,978	(163,201)	378,224	609,548	297,442	354,724	303,684	396,971	357,010
Transfers	594,882	-	-	(2,973,770)	-	-	-	-	-	-
Total general revenues, special items and transfers	38,735,978	36,605,667	36,717,784	35,652,566	39,764,934	40,285,651	44,179,821	43,710,871	45,279,685	50,000,523
Total governmental activities	38,735,978	36,605,667	36,717,784	35,652,566	39,764,934	40,285,651	44,179,821	43,710,871	45,279,685	50,000,523
<b>Business-type activities:</b>										
Investment earnings	144,531	60,025	5,522	3,864	4,524	5,062	1,778	1,534	4,863	11,872
Miscellaneous	-	-	-	-	-	95,795	104,247	84,583	87,748	79,627
Transfers	(4,278,578)	-	-	2,973,770	-	-	-	-	-	-
Total general revenues, special items and transfers	(4,134,047)	60,025	5,522	2,977,634	4,524	100,857	106,025	86,117	92,611	91,499
Total business-type activities	(4,134,047)	60,025	5,522	2,977,634	4,524	100,857	106,025	86,117	92,611	91,499
Total primary government	34,601,931	36,665,692	36,723,306	38,630,200	39,769,458	40,386,508	44,285,846	43,796,988	45,372,296	50,092,022
<b>Changes in Net Position</b>										
Governmental activities	2,367,065	2,534,975	1,559,405	(7,825,410)	(8,602,205)	(9,218,916)	7,261,040	1,256,654	3,707,640	10,122,142
Business-type activities	(8,942,942)	(612,222)	(555,819)	2,940,920	(272,542)	(2,488,143)	373,268	(129,079)	(36,862)	266,438
Total primary government	\$ (6,575,877)	\$ 1,922,753	\$ 1,003,586	\$ (4,884,490)	\$ (8,874,747)	\$ (11,707,059)	\$ 7,634,308	\$ 1,127,575	\$ 3,670,778	\$ 10,388,580

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

<b>Fiscal Year</b>	<b>Property Tax</b>	<b>Local Sales Tax</b>	<b>Alcoholic Beverage Tax</b>	<b>Occupancy Tax*</b>	<b>Other Tax</b>	<b>Total</b>
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
2016	36,226,663	6,322,373	27,238	208,577	2,059,911	44,844,762
2017	\$ 39,171,884	\$ 7,758,228	\$ 28,878	\$ 233,054	\$ 2,282,297	\$ 49,474,341

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

TABLE 4

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

	Fiscal Year							
	Restated*							
	2010	2011	2012	2013	2014	2015	2016	2017
<b>General Fund</b>								
Nonspendable								
Prepaid items	\$ -	\$ 4,000	\$ 368	\$ 900	\$ 1,635	\$ 1,916	\$ 1,711	\$ 1,542
Restricted								
Stabilization by State Statute	3,334,751	2,831,605	2,694,795	2,092,758	3,247,393	3,997,815	3,942,662	3,280,930
Register of Deeds	-	12,748	33,561	-	12,618	35,050	42,603	60,950
Human Services	-	-	13,591,044	5,416,399	3,538,668	-	-	-
Education	739,572	-	-	695,447	1,043,189	1,390,935	1,738,702	2,088,926
Committed								
Tax Revaluation	110	98,122	196,283	294,687	392,987	491,351	591,041	376,543
Public Safety	-	-	591,606	945,368	1,022,524	1,091,381	994,675	812,043
Assigned								
Subsequent year's expenditures	990,730	768,172	1,418,657	1,735,002	1,874,511	1,884,639	594,708	386,385
Community Services	-	-	-	-	-	-	500,000	700,000
Economic & Physical Development	1,003,828	960,000	1,232,800	956,521	548,995	452,737	630,300	1,600,000
Public Safety	-	-	-	-	-	-	-	7,000,000
Human Services	-	-	-	-	-	-	-	2,000,000
Environmental Protection	-	-	-	-	-	-	-	1,000,000
Transportation	-	-	-	-	-	-	-	1,400,000
Unassigned	18,741,118	19,324,317	11,353,100	18,625,992	20,478,407	28,287,719	30,810,391	23,821,293
<b>Total General Fund</b>	<b>\$ 24,810,109</b>	<b>\$ 23,998,964</b>	<b>\$ 31,112,214</b>	<b>\$ 30,763,074</b>	<b>\$ 32,160,927</b>	<b>\$ 37,633,543</b>	<b>\$ 39,846,793</b>	<b>\$ 44,528,612</b>
<b>All other governmental funds</b>								
Nonspendable								
Prepaid items	\$ -	\$ -	\$ -	\$ -	\$ 34,930	\$ 34,930	\$ 34,930	\$ 34,930
Restricted								
Stabilization by State Statute	39,779	39,779	135,549	83,357	30,034	32,179	34,910	37,887
Education	(62,241)	5,993,606	1,251,264	29,021	29,023	4,247,438	-	-
Community Services	8,206,046	3,687,890	2,002,241	986,837	837,938	265,776	240,274	302,527
Public Safety	1,204,897	1,258,838	194,485	158,231	179,841	229,137	349,769	268,776
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)	-	(642,708)	-
<b>Total other governmental funds</b>	<b>\$ 11,010,553</b>	<b>\$ 11,190,127</b>	<b>\$ 6,261,361</b>	<b>\$ 3,566,930</b>	<b>\$ 2,115,432</b>	<b>\$ 5,606,365</b>	<b>\$ 17,175</b>	<b>\$ 644,120</b>

	Fiscal Year		
	2008	2009	2010
<b>General fund</b>			
Reserved by state statute	\$ 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	724,520	492,435	870,530
Designated for repayment of economic incentives	-	-	1,003,828
Undesignated	16,290,833	18,146,260	18,349,340
<b>Total General Fund</b>	<b>20,156,126</b>	<b>21,854,641</b>	<b>23,231,504</b>
<b>All other governmental funds</b>			
Reserved by state statute	471,549	504,490	423,684
Reserved for school construction	-	-	-
Reserved for public improvement construction	-	-	-
Unreserved (available for appropriation)			
Designated for subsequent year's expenditures			
Special revenue funds	229,895	1,230,872	995,489
Capital Projects	231,450	324,125	120,200
Undesignated, reported in nonmajor			
Special revenue funds	4,781,019	3,455,655	2,771,931
Capital Projects	1,668,041	935,099	8,277,854
<b>Total all other governmental funds</b>	<b>\$ 7,381,954</b>	<b>\$ 6,450,241</b>	<b>\$ 12,589,158</b>

\* Fiscal years 2007 through 2010 are presented in the Pre-GASB 54 format on the bottom table with Fiscal years 2010 through 2016 presented showing the GASB 54 format. Fiscal year 2010 was restated by County Finance Staff and represents and was not subject to audit procedures.

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

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Revenues</b>										
Ad Valorem taxes	\$ 26,674,614	\$ 27,364,379	\$ 30,144,926	\$ 31,596,349	\$ 31,873,214	\$ 32,738,695	\$ 36,071,119	\$ 35,485,256	\$ 36,419,897	\$39,426,432
Sales and other taxes	9,711,264	8,256,308	6,327,694	5,432,983	7,271,408	7,844,912	7,706,195	8,109,374	8,460,686	10,094,167
Licenses, fees and other revenue	3,220,267	3,305,715	3,384,135	1,824,726	2,074,806	2,093,304	2,150,691	2,127,385	2,354,341	2,439,890
Unrestricted Intergovernmental Revenues	500	-	-	-	-	-	-	-	-	-
Restricted Intergovernmental Revenues	9,043,073	10,009,759	8,897,671	11,251,616	9,382,743	10,229,890	10,099,871	11,216,643	9,783,880	10,326,621
Investment earnings	1,361,872	536,617	182,190	127,862	61,598	49,130	41,765	26,657	37,952	169,172
Miscellaneous	250,119	324,509	341,778	371,189	293,653	177,404	350,646	236,566	235,137	184,525
Total Revenues	<u>50,261,709</u>	<u>49,797,287</u>	<u>49,278,394</u>	<u>50,604,725</u>	<u>50,957,422</u>	<u>53,133,335</u>	<u>56,420,287</u>	<u>57,201,881</u>	<u>57,291,893</u>	<u>62,640,807</u>
<b>Expenditures</b>										
Current:										
General government	2,504,483	2,949,824	2,939,723	2,670,103	2,912,726	3,005,461	3,112,460	3,070,425	3,385,737	3,367,050
Public safety	9,739,259	10,627,195	10,873,165	8,414,677	10,087,628	9,770,114	10,267,270	10,010,614	10,551,246	10,831,586
Community services	2,362,405	2,466,093	2,267,231	3,540,856	3,116,885	3,443,616	3,189,156	3,031,754	4,563,679	3,565,425
Economic and physical development	317,475	78,384	74,319	108,058	406,286	467,279	27,644	56,777	103,287	-
Human Services	11,223,967	10,178,787	9,204,421	10,683,498	10,683,159	10,907,712	10,461,480	10,122,056	10,439,671	10,151,118
Non-departmental & special areas	2,349,153	1,891,782	1,879,904	2,456,295	7,761,846	15,801,366	4,059,505	2,701,203	2,405,556	3,170,991
Capital Outlay	2,878,658	1,654,172	3,431,384	4,637,671	2,091,297	1,021,405	2,452,522	7,980,901	4,563,607	48,598
Intergovernmental:										
Education	16,606,743	14,935,997	15,247,427	24,698,148	17,583,181	14,864,489	14,859,485	14,604,207	15,250,609	16,306,405
Debt service:										
Bond issuance cost	-	-	42,653	235,107	-	345,343	-	-	-	-
Principal	2,762,535	2,916,266	3,558,017	4,325,081	5,317,182	4,649,290	5,186,772	19,162,582	6,369,959	7,014,344
Interest	2,115,253	2,078,214	2,021,963	2,493,032	2,812,748	2,711,060	2,857,638	3,247,813	3,109,783	2,876,526
Total expenditures	<u>52,859,931</u>	<u>49,776,714</u>	<u>51,540,207</u>	<u>64,262,526</u>	<u>62,772,938</u>	<u>66,987,135</u>	<u>56,473,932</u>	<u>73,988,332</u>	<u>60,743,134</u>	<u>57,332,043</u>
Excess of revenues over (under) expenditures	(2,598,222)	20,573	(2,261,813)	(13,657,801)	(11,815,516)	(13,853,800)	(53,645)	(16,786,451)	(3,451,241)	5,308,764
<b>Other financing sources (uses)</b>										
Debt proceeds	3,859,760	-	19,815,000	16,000,000	14,000,000	26,855,000	-	25,750,000	5,485,000	-
Premium on debt	-	-	463,302	-	-	2,525,946	-	-	-	-
Payments to refunded bond escrow agent	-	-	(10,500,708)	-	-	(18,350,717)	-	-	(5,409,698)	-
Transfers in from other funds	8,816,162	4,607,877	5,747,250	2,939,116	4,207,569	1,186,952	487,105	617,535	490,426	663,301
Transfers out to other funds	(8,221,280)	(4,607,877)	(5,747,250)	(5,912,886)	(4,207,569)	(1,406,952)	(487,105)	(617,535)	(490,426)	(663,301)
Total other financing sources (uses)	<u>4,454,642</u>	<u>-</u>	<u>9,777,594</u>	<u>13,026,230</u>	<u>14,000,000</u>	<u>10,810,229</u>	<u>-</u>	<u>25,750,000</u>	<u>75,302</u>	<u>-</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>1,856,420</u>	<u>20,573</u>	<u>7,515,781</u>	<u>(631,571)</u>	<u>2,184,484</u>	<u>(3,043,571)</u>	<u>(53,645)</u>	<u>8,963,549</u>	<u>(3,375,939)</u>	<u>5,308,764</u>
Net change in fund balances	<u>\$ 1,856,420</u>	<u>\$ 20,573</u>	<u>\$ 7,515,781</u>	<u>\$ (631,571)</u>	<u>\$ 2,184,484</u>	<u>\$ (3,043,571)</u>	<u>\$ (53,645)</u>	<u>\$ 8,963,549</u>	<u>\$ (3,375,939)</u>	<u>\$ 5,308,764</u>
Debt service as a percentage of noncapital expenditures	9.74%	10.39%	11.40%	11.79%	15.05%	11.45%	14.88%	30.54%	16.51%	17.46%

TABLE 6

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

<b>Fiscal Year</b>	<b>Property Tax</b>	<b>Sales Tax</b>	<b>Alcoholic Beverage Tax</b>	<b>Other Taxes</b>	<b>Total</b>
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
2016	36,419,897	6,322,373	13,619	651,742	43,407,631
2017	\$ 39,426,432	\$ 7,758,228	\$ 14,439	\$ 697,315	\$ 47,896,414

TABLE 7

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

<b>Fiscal Year Ended June 30</b>	<b>Property Excluding Registered Motor Vehicles</b>	<b>Motor Vehicles</b>	<b>Plus Discoveries</b>	<b>Less Abatements</b>	<b>Total Taxable Assessed Value</b>	<b>Total Direct Tax Rate</b>	<b>Estimated Actual Taxable Value</b>	<b>Estimated Actual Taxable/Market Value</b>	<b>Assessed Value as a Percentage of Market Value</b>
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%
2016	3,748,910,780	453,337,711	176,613,012	(14,976,988)	4,363,884,515	0.830	36,220,241	35,042,803	103.36%
2017	\$ 3,864,445,943	\$ 479,207,273	\$ 156,940,227	\$ (4,929,432)	\$ 4,495,664,011	0.880	\$ 39,561,843	\$ 38,275,777	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									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>County Direct Rates*</b>										
County-wide Rate	0.880	0.830	0.830	0.830	0.795	0.795	0.795	0.825	0.755	0.755
<b>Municipality Rates</b>										
City of Oxford	0.640	0.640	0.620	0.620	0.600	0.600	0.600	0.600	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	0.665	0.665	0.700	0.700	0.700	0.700	0.700	0.700	0.725	0.725
Town of Butner <sup>^</sup>	0.650	0.350	0.350	0.350	0.350	0.350	0.350	0.250	0.250	0.250
Lyon Station <sup>**</sup>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	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

<sup>^</sup> 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"

<sup>\*\*</sup> 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, 2017  
CURRENT YEAR AND SIX YEARS AGO\***

Taxpayer	2017			2011		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Revlon	\$ 93,687,597	1	2.08%	\$ 65,138,371	1	1.65%
Certainteed Corporation	50,477,695	2	1.12%	58,012,877	2	1.47%
SantaFe Natural Tobacco Company	45,428,489	3	1.01%	22,460,842	6	0.58%
Duke Energy Progress	42,517,858	4	0.95%	18,341,961	10	0.46%
Shalag	36,060,620	5	0.80%	-	-	0.00%
WAKE EMC	35,424,125	6	0.79%	25,413,092	5	0.64%
Public Service Co. of NC	34,776,537	7	0.77%	-	-	0.00%
Bridgestone Commercial Solutions^	27,504,688	8	0.61%	26,244,055	4	0.66%
Carefusion EIT LLC**	21,042,653	9	0.47%	-	-	0.00%
AW North Carolina, Inc.	21,025,562	10	0.47%			
Newton Instrument Company	-	-	0.00%	19,598,899	7	0.50%
CP&L/Progress Energy	-	-	0.00%	38,550,121	3	0.97%
Verizon South	-	-	0.00%	18,661,474	8	0.47%
Cardinal Health	-	-	0.00%	18,646,251	9	0.47%
Totals	<u>\$ 407,945,824</u>		<u>9.07%</u>	<u>\$ 311,067,943</u>		<u>7.87%</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](http://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**

<b>Fiscal Year Ended December 31</b>	<b>Total Tax Levy for Fiscal Year</b>	<b>Collected within the Fiscal Year of the Levy</b>		<b>Collections in Subsequent Years</b>	<b>Total Collections to Date</b>	
		<b>Amount</b>	<b>Percentage of Levy</b>		<b>Amount</b>	<b>Percentage of Levy</b>
2008	\$ 26,387,480	\$ 25,234,247	95.63%	\$ 1,020,603	\$ 26,254,850	99.50%
2009	27,319,983	26,261,609	96.13%	1,026,564	27,288,173	99.88%
2010	30,180,232	29,039,361	96.22%	1,048,058	30,087,419	99.69%
2011	31,512,371	30,623,639	97.18%	854,489	31,478,128	99.89%
2012	31,762,444	30,856,878	97.15%	872,259	31,729,137	99.90%
2013	32,427,425	31,513,749	97.18%	866,228	32,379,977	99.85%
2014	35,605,455	34,934,862	98.12%	614,406	35,549,268	99.84%
2015	35,141,489	34,735,388	98.84%	330,891	35,066,279	99.79%
2016	36,220,241	35,922,785	99.18%	198,660	36,121,445	99.73%
2017	\$ 39,561,843	\$ 39,186,091	99.05%	\$ -	\$ 39,186,091	99.05%

Source: Granville County Tax Department

**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			
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%
2016	31,513,181	35,686,398	4,743,262	13,550,000	-	-	85,492,841	1,455	4.08%
2017	\$ 28,097,562	\$ 33,250,867	\$ 3,977,065	\$ 13,060,000	\$ -	\$ -	\$ 78,385,494	1,321	3.80%

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

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

<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Less: Amounts Available in Debt Service Fund</b>	<b>Total</b>	<b>Percentage of Personal Income*</b>	<b>Percentage of Estimated Actual Taxable Value of Property</b>	<b>Per Capita</b>
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
2016	31,513,181	-	31,513,181	1.50%	0.72%	536
2017	\$ 28,097,562	\$ -	\$ 28,097,562	1.36%	0.62%	474

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

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

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt limit	\$ 280,423,659	\$ 289,483,264	\$ 293,549,061	\$ 316,454,846	\$ 319,622,078	\$ 326,313,710	\$ 343,663,297	\$ 338,713,146	\$ 349,110,761	\$ 359,653,121
Total net debt applicable to limit	55,254,560	51,695,353	57,390,915	53,041,051	84,529,293	91,803,576	86,521,474	93,546,283	85,517,519	78,385,494
Legal debt margin	<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>	<u>\$ 263,593,242</u>	<u>\$ 281,267,627</u>
Total net debt applicable to the limit as a percentage of debt limit	19.70%	17.86%	19.55%	16.76%	26.45%	28.13%	25.18%	27.62%	24.50%	21.79%

**Legal Debt Margin Calculation for Fiscal Year 2017**

Assessed value	\$4,495,664,011
Add back: exempt real property	-
Total assessed value	<u>4,495,664,011</u>
Debt limit (8% of total assessed value)	359,653,121
Debt applicable to limit:	
General obligation bonds	28,097,562
Installment Obligations	33,250,867
Certificates of Participation	13,060,000
Lease Financing Agreements - Governmental Activities	3,977,065
Total net debt applicable to limit	<u>78,385,494</u>
Legal debt margin	<u>\$ 281,267,627</u>

TABLE 14

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

<b>Fiscal Year</b>	<b>(1) Population</b>	<b>(2) Per Capita Income</b>	<b>(3) Percent High School Graduate</b>	<b>Percent Bachelor's Degree or Higher</b>	<b>(4) School Enrollment</b>	<b>(5) Unemployment Rate</b>
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	8,100	6.8%
2015	58,284	35,194	82	17.7	7,988	4.9%
2016	58,750	35,652	82	17.7	7,868	5.1%
2017	59,322	34,807	82	17.6	7,667	3.6%

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.

Fiscal year 2016 base on FY 2015 figure and projected annual growth of 0.8%

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.

Fiscal year 2016 base on FY 2015 figure and projected Per Capita income annual growth of 1.3%

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 - Average Daily Membership

Fiscal year 2016 figure based on Dept of Public Instruction - Average Daily Membership

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.

Fiscal year 2016 figure based on NC Dept of Commerce - D4 table

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

<b>2017</b>				<b>2010</b>			
<b>Employer</b>	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total County Employment</b>	<b>Employer</b>	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total County Employment</b>
Revlon	1,400	1	5.03%	Revlon	2,000	1	7.71%
Altec Industries	500	2	1.80%	Altec Industries	300	2	1.16%
Food Lion Distribution	300	3	1.08%	Flextronics	325	3	1.25%
Ideal Fastner	280	4	1.01%	Food Lion Distribution	300	4	1.16%
Certainteed Corporation	242	5	0.87%	Ideal Fastener	300	5	1.16%
Bridgestone Bandag	209	6	0.75%	Certainteed Corporation	300	6	1.16%
Clayton Homes	208	7	0.75%	Clayton Homes	250	7	0.96%
Gate Precast	150	8	0.54%	Newton Instrument Co.	175	8	0.67%
Santa Fe Natural Tobacco	140	9	0.50%	Pallet One of North Carolina, Inc.	175	9	0.67%
Newton Instruments	135	10	0.49%	Bandag, Inc.	168	10	0.65%
Carolina Sunrock	120	11	0.43%	Carolina Sunrock	151	11	0.58%
Dill Air Controls	120	12	0.43%	Gate Precast	150	12	0.58%
	<u>3,804</u>		<u>13.68%</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 eight 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](http://www.granvillecounty.org) )

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

Function	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Government	38	40	35	35	35.5	35	36.5	39	39	39
Human Services	98	98	98.5	98.5	100	98	98	99.5	103.5	103
Community Services	37	37	40.5	42.5	44.5	49.5	56	56	58.5	54
Public Safety										
Sheriff's Dept./Detention Center	85	85	90.5	94.5	99.5	99	99.5	100	99.5	102
Emergency Services*	78.5	78.5	72.5	25	26	25	29	31	29	31
Emergency Management	3.5	3.5	3	3	4	3	3	4	3	3
Solid Waste	5	5	4	4	4.5	4.5	4.5	5.5	5.5	6
Water & Sewer	-	-	-	-	-	-	-	-	-	-
Total	345	347	344	302.5	314	314	326.5	335	338	338

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.

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

Function	Fiscal Year										
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Public Safety/Sheriff</b>											
Incident Reports**	1,780	2,072	7,641	8,773	10,220	8,920	8,918	8,763	8,446	8,505	7,425
Miscellaneous Incident Reports	6,566	6,051	-	-	-	-	-	-	-	-	-
Arrests	1,238	1,251	1,117	1,023	1,353	1,409	1,189	1,014	887	994	978
Court Papers	9,194	8,824	9,096	8,221	8,026	7,427	6,965	5,945	7,532	6,604	6,955
<b>Public Safety/Emerg Mgmt/Fire</b>											
Number of calls answered (includes fire & medical first response calls)	2,403	2,749	2,755	2,475	2,754	2,594	2,585	1,953	2,335	2,333	2,272
Inspections	170	206	141	172	205	233	263	216	235	247	225
<b>Solid Waste</b>											
MSW Landfill Tonnage (May 1, 2013 - present)							3,091	17,403	20,634	20,120	46,685
C & D Landfill Tonnage	29,920	32,833	19,810	16,493	17,171	14,237	13,024	15,447	13,480	15,172	2,757
Convenience Sites Tonnage	8,563	8,808	8,572	8,635	8,248	8,069	7,643	7,543	8,625	10,422	10,122
Civil Citations	6	3	5	4	10	5	7	5	4	6	5
Criminal Citations	-	-	-	1	1	2	-	1	1	-	-
<b>Community Services/Library</b>											
Items Added to Physical Collection	9,060	9,465	8,231	2,429	8,903	7,297	6,904	5,468	6,079	6,085	6,877
Items Added to Virtual Collection <sup>^</sup>	-	-	-	-	-	4,067	160	N/A	N/A	N/A	N/A
Circulation	154,080	159,820	165,076	178,460	186,335	209,706	136,094	118,346	126,891	135,810	136,844
Internet Use	31,647	42,658	68,323	36,648	42,276	45,828	61,369	45,713	54,830	54,850	56,883
Program Attendance	11,803	10,564	6,347	4,378	4,261	6,594	6,584	14,160	17,367	16,155	11,337
<b>Community Services/Planning &amp; Inspections</b>											
Number of Building Permits Issued	736	672	612	573	443	393	474	459	513	667	629
Number of Mobile Home Permits Issued	80	121	69	60	61	57	59	52	57	68	72
Number of Other Permits Issued (Includes Electrical, Plumbing & Mechanical)	507	431	466	548	574	588	695	768	825	857	913
<b>Human Services/Social Services</b>											
Average # Adult Medicaid Eligible Cases	2,300	2,327	2,317	2,293	2,340	2,464	2,525	2,515	3,000	5,534	3,997
Average # Family & Child Medicaid Cases	3,116	3,281	3,562	4,031	4,168	4,335	4,366	4,315	5,887	5,726	5,212
Average # Households Receiving Food Stamps	2,077	2,173	2,365	3,041	3,738	4,156	4,187	4,412	4,192	3,940	3,615
Average \$ Fraud Collections per Month	3,802	4,147	4,242	3,853	3,313	3,158	2,814	1,714	2,564	5,120	6,108
<b>Education</b>											
School enrollment	8,756	8,831	8,786	8,637	8,545	8,505	8,479	8,037	7,964	7,825	7,667

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

<sup>^</sup> 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									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
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)	1508	1508	1510	1528	1534	1595	1513	1521	1542	1546
Culture and recreation										
Parks	1	2	2	2	2	2	2	2	2	2
Libraries	4	4	4	4	4	4	4	4	4	4
Education										
Schools	18	18	19	19	20	20	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, 2017 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 29, 2018. Our report includes a reference to other auditors who audited the financial statements of Granville Health System 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 Health System, 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 of Granville County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

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. 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.

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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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider material weaknesses. However, material weaknesses may exist that have not been identified.

### **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 no instances of noncompliance or other matters that are required to be reported under *Governmental Auditing Standards*.

### **Purpose of this Report**

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

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

Winston, Williams, Creech, Evans & Company, LLP  
Certified Public Accountants  
Oxford, NC  
January 29, 2018

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## Report On Compliance with Requirements Applicable To Each Major Federal Program And Internal Control Over Compliance In Accordance With OMB Uniform Guidance 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 the Granville County, North Carolina, compliance with the types of compliance requirements described in the OMB *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 programs for the year ended June 30, 2017. 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the State Single Audit Implementation Act. Those standards, OMB Uniform Guidance, 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.

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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.

### **Basis for Qualified Opinion on the Medical Assistance Program**

As described in the accompanying schedule of findings and questioned costs, Granville County did not comply with requirements regarding the CFDA 93.778 Medical Assistance Program as described in finding numbers 17-1 for Eligibility. Compliance with such requirements is necessary, in our opinion, for Granville County to comply with the requirements applicable to that program.

### **Qualified Opinion on the Medical Assistance Program**

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, Granville County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Medical Assistance Program for the year ended June 30, 2017.

### **Other matters**

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 17-1. Our opinion on each major federal program is not modified with respect to these matters.

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

### **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 Uniform Guidance, 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. We did not identify any deficiencies in internal control over compliance that we consider to be significant deficiencies. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

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. 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 17-1 and 17-2 to be material weaknesses.

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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

Winston, Williams, Creech, Evans & Company, LLP  
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January 29, 2018

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Tara H. Roberson, CPA

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## Report On Compliance With Requirements Applicable To Each Major State Program and Internal Control Over Compliance In Accordance With OMB Uniform Guidance 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 the 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, 2017. 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 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 applicable sections of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, Uniform Guidance, 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**

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 17-1 for Eligibility. Compliance with such requirements is necessary, in our opinion, for Granville County to comply with the requirements applicable to that program.

### **Qualified Opinion on the Medical Assistance Program**

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, Granville County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Medical Assistance Program for the year ended June 30, 2017.

### **Other Matters**

The results of our auditing procedures disclosed other instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 17-1. 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 Uniform Guidance, 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. We did not identify any deficiencies in internal control over compliance that we consider to be significant deficiencies. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

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. 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 17-1 and 17-2 to be material weaknesses.

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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

Winston, Williams, Creech, Evans & Company, LLP  
Certified Public Accountants  
Oxford, NC  
January 29, 2018





**GRANVILLE COUNTY, NORTH CAROLINA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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to the State-provided income maintenance amounts for the Medicaid program and must be lower than that amount.

- Medicaid for Aged, Blind and Disabled case records should also contain documentation that liquid assets were verified and whether those assets are countable or non-countable for purposes of determining eligibility. 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. Most Medicaid for Families and Children do not require resource verification but if required, it is similar to that in the Medicaid for Aged, Blind and Disabled rules.
- Medicaid for Aged, Blind and Disabled case records should contain documentation that tax records and Register of Deeds were checked to verify if the individual owns property. The files should also contain documentation on any property found as to whether it is a countable resource or is exempt from the resources calculation.

Condition: There were 45 cases that contained 110 errors regarding eligibility verifications and determinations.

Questioned Costs: There were \$16,088 in known errors and \$494,909 in projected questioned costs for these cases.

Context: A total of 110 cases and 159 certifications that were tested for the audit. A total of 104 cases and 151 certifications for Medicaid for the Aged, Blind, and Disabled were tested. Family and Children's Medicaid consisted of 6 cases and 8 certifications.

- 17 cases and 24 certifications contained 26 errors related to income verifications.
- 30 cases contained 62 errors related to liquid assets and resource verifications.
- 10 cases and 12 certifications contained 12 errors related to real property verifications.
- 9 cases and 10 certifications contained 10 errors related to eligibility verifications (residency, citizenship, disability, etc.) and administrative functions (timely reviews, properly dating evidence, etc.).

Effect: Cases did not have a correct record of resources, income, property, citizenship, and residency for Medicaid eligibility. It is possible that these errors could lead to incorrectly approving or denying an applicant benefits. Benefits can be paid to ineligible applicants.

Cause: Ineffective case review process, incomplete documentation to support eligibility determination, and incorrect application of rules for what is countable or non-countable for purposes of determining eligibility could cause ineligible applicants to be approved for services.

Recommendation: Files should be reviewed internally to ensure proper documentation is in place for eligibility determination and that information gathered is correctly and completely entered into NCFast. Workers should be retrained on what files should contain and the importance of complete and accurate record keeping should be stressed. They should also be retrained on what constitutes income for each program and the acceptable deductions from income, what is countable and non-countable for purposes of determining eligibility with regards to reserve / liquid asset calculations. We recommend that all files include a print out (or scanned copy) as evidence that the Register of Deeds and Tax Offices were checked and the results found or documentation should be made in case notes that clearly indicates what actions were performed and the results of those actions. Recommendations made by the County Internal Auditor should be considered and implemented where needed.

Views of responsible officials and planned corrective actions: The County agrees in part with the findings and will continue to perform internal reviews on a test basis to ensure proper documentation is taking place for eligibility. The County has been consistently reviewing cases internally since this

**GRANVILLE COUNTY, NORTH CAROLINA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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finding was cited in the 2015-2016 Audit. Second Party Reviews are completed on a monthly basis and reported quarterly to the State. Monthly training is conducted on various errors discovered during the Second Party Review process. Workers are required to sign the agenda acknowledging receipt of this training. Workers have been trained and continue to be trained on what case records should contain and the importance of complete and accurate record documentation. 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: Medical Assistance Program, Temporary Assistance for Needy Families (TANF)  
CFDA #: 93.778, 93.558

**Finding 17-2**

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 and the Temporary Assistance for Needy Families. 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 and computer systems utilized strong internal controls should be in place.

Condition: The internal controls for 2nd party reviews and training are in need of improvement. With the implementation of NCFast over 3 years ago, the introduction of the Integrated Eligibility Manual over 2 years ago, the change to the use of Modified Adjusted Gross Income rules for income (MAGI), the inability to retain qualified workers, and state-wide publicity regarding the Medicaid administration; the morale of workers has decreased. These conditions had been appearing state-wide in the past several years but appear to be worse in the County. Due to caseloads and number of staff, there is little time to perform second party reviews. Due to the State's decentralization of the eligibility determination, internal controls are addressed at the county level.

Questioned Costs: Unable to determine questioned costs. There are many costs associated with errors made, being understaffed, and training new employees due to turnover.

Context: One 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. Very few 2nd party reviews have been done. Supervisors are spending time answering questions about policy, dealing with NCFast issues, and reviewing new workers cases, leaving little time to do 2nd party reviews.

As caseloads increase, pay remains low compared to neighboring counties and the average experience of workers decreases, the morale among workers decreases. Even with the increase in base salaries by the County, there are neighboring counties that pay more. With a caseload of approximately 500 for Adult and 900 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

**GRANVILLE COUNTY, NORTH CAROLINA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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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.

Many caseworkers did not receive adequate training of Medicaid's complicated rules for eligibility. There seems to be a response of doing things the same way as always but policy has changed with the implementation of the Integrated Eligibility Manual and NCFast. The lack of knowledge/training of the Medicaid criteria, for income and resources especially, proves to be an issue since this is different depending on the program being considered.

With NC FAST being a system that is constantly undergoing changes, workers have to be trained in the system. 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. As new programs are added to NCFast, there is existing functionality that is being "broken". These errors are not always caught by the workers as there is a sense of the system calculated it, it is right. There is little manual review of system calculations to determine they are correct.

Another key control in internal control is the "Tone at the Top". This is defined as the leadership and commitment of management towards things like honesty and integrity. This is set by all levels of management and often has a trickle-down effect on all employees. All managers should lead by example and demonstrate their commitment through their actions. Management should place more emphasis on the importance of proper, timely and adequate training and review of work by employees to ensure they have the tools to perform at the levels expected.

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: The ongoing changes of NC FAST and NC Tracks, turnover in DSS staff (locally and at the State level), and budget pressures.

Recommendation: 2nd party reviews must take place to ensure that eligibility is determined correctly and timely. Group training sessions should be held on system and policy changes to allow time for team members to share best practices or tricks learned. In FY 2018, the County added the additional role of a quality control reviewer or an internal auditor to assist in 2nd party reviews. This position should be fully implemented to allow supervisors to spend more time training and supervising workers. Process improvements and suggestions by the County Internal Auditor should be considered and implemented where possible. 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. Management must clearly communicate their ethics and values throughout DSS. This should also be demonstrated through their own actions. Integrity demonstrated by employees should be rewarded in some manner to further communicate management's commitment to integrity and encourage others to act similarly.

Views of responsible officials and planned corrective actions: The County has improved in the areas of Second Party Reviews and training. As stated above, Second Party Reviews are completed on a monthly basis as well as monthly staff training. The county was given a new position of Quality Control/Trainer. Prior to the hiring of this person, supervisors were randomly completing second party reviews.

Staff turnover has decreased and the morale of caseworkers has improved. Management has gone through great lengths to reward and recognize staff for their work and to raise the morale of staff. Supervisors have been providing incentives to workers to boost morale and awarded worker for quality and quantity of work, at the supervisors' own expense.

**GRANVILLE COUNTY, NORTH CAROLINA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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Currently caseload for Adult Medicaid is around 541 per worker and 948 average for Family and Children Medicaid. There is a small backlog of overdue cases; therefore, workers are not rushing to work through tasks which may cause them to feel more stressed. Workers continue to feel stressed but it is due to the day to day operations of agency. Overtime is offered to workers almost on a weekly basis, it is not mandatory.

Caseworkers have in the past and currently receive extensive training of new and old policy. Staff are required to attend monthly staff training and sign an agenda that they attended. When new policies are received or new business processes, staff meetings are called to go over these processes.

This agency take offense to the suggestion that the management and leadership demonstrate a lack of commitment, honesty and integrity. The management on all levels at Social Services have an open door policy and workers are encouraged to come to management to express their concerns. Management places a lot of emphasis on the importance of proper, timely and adequate training and ensures that the workers have the tools needed to perform their duties. We request proof otherwise.

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**Section IV – State Award Findings and Questioned Costs**

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See Findings 17-1 and 17-2.

**GRANVILLE COUNTY, NORTH CAROLINA  
CORRECTIVE ACTION PLAN  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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**Section II – Financial Statement Findings**

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None noted.

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**Section III – Federal Award Findings and Questioned Costs**

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**Finding: 17-1**

Name of contact person: Ernestine Howard

Corrective Action: The County will continue to 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, 2018

**Finding: 17-2**

Name of Contact Person: Ernestine Howard

Corrective Action: The County has improved in the areas of Second Party Reviews and training. As stated above, Second Party Reviews are completed on a monthly basis as well as monthly staff training. The county was given a new position of Quality Control/Trainer. Prior to the hiring of this person, supervisors were randomly completing second party reviews.

Staff turnover has decreased and the morale of caseworkers has improved. Management has gone through great lengths to reward and recognize staff for their work and to raise the morale of staff. Supervisors have been providing incentives to workers to boost morale and awarded worker for quality and quantity of work, at the supervisors' own expense.

Currently caseload for Adult Medicaid is around 541 per worker and 948 average for Family and Children Medicaid. There is a small backlog of overdue cases; therefore, workers are not rushing to work through tasks which may cause them to feel more stressed. Workers continue to feel stressed but it is due to the day to day operations of agency. Overtime is offered to workers almost on a weekly basis, it is not mandatory.

Caseworkers have in the past and currently receive extensive training of new and old policy. Staff are required to attend monthly staff training and sign an agenda that they attended. When new policies are received or new business processes, staff meetings are called to go over these processes.

Proposed Completion Date: June 30, 2018

**GRANVILLE COUNTY, NORTH CAROLINA  
CORRECTIVE ACTION PLAN  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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**Section IV – State Award Findings and Questioned Costs**

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See Findings 17-1 and 17-2.

**GRANVILLE COUNTY, NORTH CAROLINA  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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**Finding: 16-1**

Status: Completed.

**Finding: 16-2**

Status: See Finding 17-1.

**Finding: 16-3**

Status: See Finding 17-1.

**Finding: 16-4**

Status: See Finding 17-1.

**Finding: 16-5**

Status: Completed.

**Finding: 16-6**

Status: See Finding 17-1.

**Finding: 16-7**

Status: See Finding 17-1.

**Finding: 16-8**

Status: See Finding 17-2.

**Finding: 16-9**

Status: Completed.

**Finding: 15-1**

Status: See Finding 17-1.

**Finding: 15-5**

Status: See finding 17-1.

**Finding: 15-6**

Status: See finding 17-1.

**GRANVILLE COUNTY, NORTH CAROLINA  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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**Finding: 15-8**

Status: See finding 17-1. While 17-1 is for a different program, the eligibility rules are basically the same and issues were encountered in the application of those rules.

**Finding: 15-10**

Status: See finding 17-1. While 17-1 is for a different program, the eligibility rules are basically the same and issues were encountered in the application of those rules.

**Finding: 15-11**

Status: See finding 17-2.

**Finding: 14-1**

Status: See Finding 17-1.

**Finding: 14-6**

Status: See Finding 17-2.

**GRANVILLE COUNTY, NORTH CAROLINA  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2017**

GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL (DIRECT & PASS- THROUGH) EXPENDITURES	STATE EXPENDITURES	TO SUBRECIPIENTS
<b>FEDERAL AWARDS:</b>				
<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				
<u>Food and Nutrition Services Cluster:</u>				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program				
	10.561	\$ 512,834	\$ -	\$ -
<u>Institute of Museum and Library Science</u>				
Passed through the N.C. Dept. of Cultural Resources:				
Basic Equipment Grant				
	45.310	14,796	-	-
<u>U.S. Dept. of Homeland Security</u>				
Passed-through N.C. Dept. of Public Safety:				
Homeland Security Grant Program				
	97.067	87,364	-	-
Emergency Management Performance Grant				
	97.042	68,831	-	-
Total U.S. Dept. of Homeland Security		156,195	-	-
<u>U.S. Dept. of Justice</u>				
<u>Bureau of Justice Assistance</u>				
Bulletproof Vest Partnership Program				
	16.607	2,006	-	-
<u>Criminal Division</u>				
Equitable Sharing Program				
	16.922	258,392	-	-
Total U.S. Dept. of Justice		260,398	-	-
<u>U.S. Dept. of Transportation</u>				
Federal Transit Administration (FTA)				
Passed-through the N.C. Dept. of Transportation:				
Enhanced Mobility of Seniors and Individuals with Disabilities				
	20.513	173,044	22,854	-
<u>U.S. Dept. of Health &amp; 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	7,356	490	-
Social Services Block Grant-In Home Services				
	93.667	11,435	327	-
<u>Aging Cluster:</u>				
Special Programs for the Aging-Title III, Part B-Grants for Supportive Services and Senior Centers				
	93.044	85,060	5,004	-
Special Programs for the Aging-Title III, Part C-Nutrition Services:				
Congregate Nutrition				
	93.045	154,049	9,062	-
Nutrition Services Incentive Program				
	93.053	26,848	-	-
Total Aging Cluster		265,957	14,066	-
Total Administration for Community Living		284,748	14,883	-
<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				
	93.658	86,350	12,835	-
Adoption Assistance				
	93.659	15,167	-	-
Foster Care - Title IV-E - Direct Benefit Payments				
	93.658	42,034	9,439	-
Adoption Assistance - Direct Benefit Payments				
	93.659	187,441	48,353	-
Total Foster Care and Adoption Cluster		330,992	70,627	-
Temporary Assistance for Needy Families:				
Temporary Assistance for Needy Families (TANF)				
	93.558	561,758	-	-
TANF - Direct Benefit Payments				
	93.558	349,109	(23)	-
Child Support Enforcement				
	93.563	542,248	-	-
Refugee and Entrant Assistance-State Administered Programs:				
Refugee and Entrant Assistance				
	93.566	358	-	-
Promoting Safe and Stable Families				
	93.556	12,355	-	-
Low-Income Home Energy Assistance:				
Crisis Intervention Program				
	93.568	351,075	-	-
Stephanie Tubbs Jones Child Welfare Services Program				
	93.645	12,440	-	-
Social Services Block Grant (SSBG):				
SSBG-Other Service and Training				
	93.667	213,430	46,313	-
Chafee Foster Care Independence Program				
	93.674	7,723	1,930	-
Chafee Foster Care Independence Program-Direct				
	93.674	2,310	-	-
Total Division of Social Services		2,383,798	118,847	-

**GRANVILLE COUNTY, NORTH CAROLINA  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2017**

GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL (DIRECT & PASS- THROUGH) EXPENDITURES	STATE EXPENDITURES	TO SUBRECIPIENTS
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 Mandatory and Match Fund - Administration	93.596	80,322	-	-
Division of Child Development:				
Child Care and Development Block Grant	93.575	410,898	-	-
Child Care and Development Fund - Mandatory	93.596	144,084	-	-
Child Care and Development Fund - Match	93.596	277,321	120,429	-
Total Child Care Development Fund Cluster		912,625	120,429	-
Temporary Assistance for Needy Families	93.558	123,550	-	-
Foster Care Title IV-E	93.658	11,192	5,608	-
TANF-Maintenance of Effort		-	122,780	-
State Appropriations		-	154,778	-
Smart Start		-	119	-
Total Subsidized Child Care Cluster		1,047,367	403,714	-
<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	42,489,059	22,609,863	-
Passed-through the N.C. Dept. of Health and Human Services, Division of Social Services:				
Administration:				
Medical Assistance Program	93.778	1,114,500	3,540	-
Total Medical Assistance Program		43,603,559	22,613,403	-
Passed-through the N.C. Dept. of Health and Human Services, Division of Medical Assistance:				
Direct Benefit Payments:				
Children's Health Insurance Program	93.767	1,098,754	4,362	-
Passed-through the N.C. Dept. of Health and Human Services, Division of Social Services:				
Administration:				
Children's Health Insurance Program	93.767	40,607	46	-
Total Children's Health Insurance Program		1,139,361	4,408	-
<u>Centers for Disease Control</u>				
Passed-through the N.C. Dept. of Insurance, Division of SHIP				
CDAP-State Health Insurance Assistance Program	93.324	5,279	-	-
Total U.S. Dept. of Health and Human Services		48,464,112	23,155,255	-
Total federal awards		49,581,379	23,178,109	-
<b>STATE AWARDS:</b>				
<u>N.C. Dept. of Administration</u>				
Veterans Service		-	2,130	-
<u>N.C. Dept. of Natural and Cultural Resources</u>				
Division of State Library				
State Aid to Public Libraries		-	108,151	-
<u>N.C. Dept. of Agriculture and Consumer Services</u>				
Division of Soil and Water Conservation				
SWC - Administration		-	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:				
Home Delivered Meals, Access & In-Home and Supportive Services		-	153,268	-
Senior Center Development		-	18,128	-
Division of Social Services:				
State/County Special Assistance for Adults - Direct Benefit Payments		-	330,386	-
CWS Adoption Subsidy - Direct		-	130,579	-
Child Welfare/CPS		-	93,241	-
Energy Assistance		-	6,327	-
Incentive/Program Integrity		-	885	-
Smart Start		-	27,725	-
Foster Care At Risk Maximization-Direct		-	5,371	-
State Foster Home - Direct		-	19,013	-
SFHF Maximization - Direct		-	12,851	-
Total N.C. Dept. of Health and Human Services		-	797,774	-

**GRANVILLE COUNTY, NORTH CAROLINA  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2017**

GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL (DIRECT & PASS- THROUGH) EXPENDITURES	STATE EXPENDITURES	TO SUBRECIPIENTS
<u>N.C. Department of Public Instruction</u>				
Public School Building Capital Fund Lottery Funds		-	680,312	-
<u>N.C. Dept. of Environmental Quality</u>				
Waste Red Trust Fund		-	944	-
<u>N.C. Dept. of Transportation</u>				
<u>Rural Operating Assistance Program (ROAP) Cluster:</u>				
ROAP Elderly and Disabled Transportation Assistance Program		-	75,995	10,400
ROAP Rural General Public Program		-	89,985	89,985
ROAP Work First Transitional-Employment		-	7,349	-
Total N.C. Dept. of Transportation		-	173,329	100,385
<u>N.C. Dept. of Commerce</u>				
N.C. Rural Economic Development Center				
One NC Building Reuse		-	25,000	-
		-	375,500	-
Total N.C. Dept. of Commerce		-	400,500	-
<u>N.C. Dept. of Public Safety</u>				
Juvenile Crime Prevention Programs		-	203,524	143,183
Total State awards		-	2,392,164	243,568
Total federal and State awards		\$ 49,581,379	\$ 25,570,273	\$ 243,568

**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, 2016. The information in this SEFA is presented in accordance with the requirements of Title 2 *US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards* and the State Single Audit Implementation Act. Because the Schedule 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 position or cash flows of Granville County.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported in the SEFA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Granville County has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**3. CLUSTER OF PROGRAMS**

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.