

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
For the Fiscal Year Ended
June 30, 2018**



Prepared by the
Granville County Finance Department

Finance Director
Stephen M. McNally

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

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INTRODUCTORY SECTION



County Of Granville, North Carolina

Post Office Box 1286, Oxford, North Carolina 27565

County Administration
(919) 693-5240

December 17, 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, 2018, 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, 2018 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, 2018 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, 2018. 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, Certaineed, 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.

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 3.6% in October 2017 to 2.6% in November 2018. 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, 2017. This was the nineteenth 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

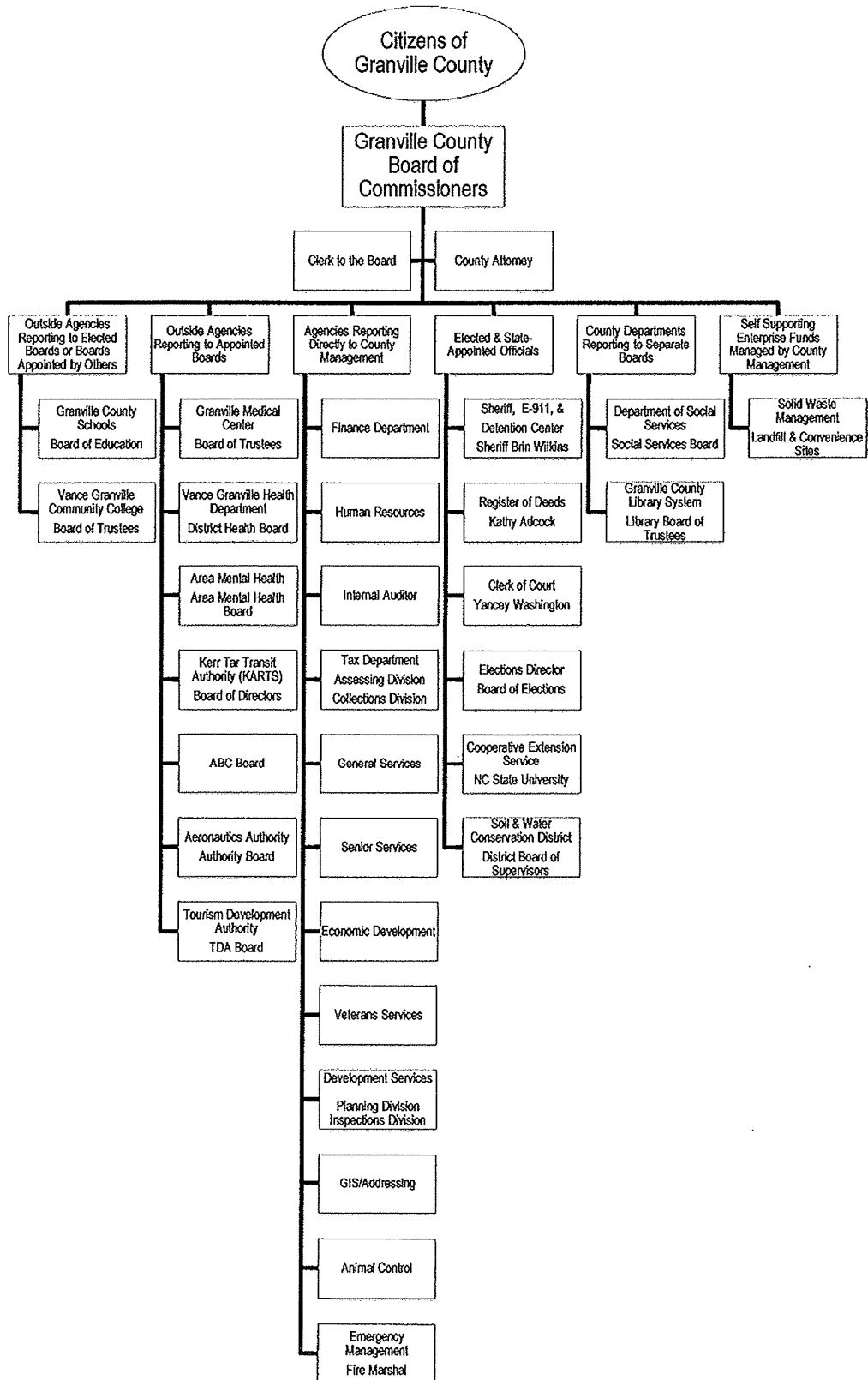
for their continued support, guidance, and advice in planning and conducting the financial activities of the County in a responsible and progressive manner. The County's excellent financial status is a tribute to their dedication and genuine concern about the quality of government in Granville County.

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, 2018**

**Board of County
Commissioners**

Edgar Smoak, Chairperson
Zelodis Jay, Vice Chairperson
Tony W. Cozart
Sue Hinman
Timothy Karan
Owen T. Roberts, Jr.
David T. Smith

Debra A. Weary, Clerk to the Board

County Officials

Michael S. Felts	County Manager
Steve 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
Will Robinson	Interim 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 Director
Monique Heggie	Internal Auditor
Matt Katz	Animal Management Director
Trent Brummitt	911 Center Manager
Gary Bowen	Maintenance Director
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, 2017

Christopher P. Morrill

Executive Director/CEO

FINANCIAL SECTION

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

Gary L. Williams, CPA
Carleen P. Evans, CPA
Jennifer T. Reese, CPA
Tara H. Roberson, CPA

Certified Public Accountants



America Counts on CPAs

Curtis G. Van Horne, CPA

Independent Auditor's Report

To the Board of County Commissioners
Granville County, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Granville County, North Carolina, as of and for the year ended June 30, 2018, 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 of 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, 2018, 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 2018 the County adopted new accounting guidance, GASB 75, *Accounting and Financial Reporting for Financial Reporting for Postemployment Benefits Other than Pensions*. 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, the Local Government Employees' Retirement System's Schedules of the County's Proportionate Share of Net Pension Liability and County Contributions, and the Register of Deeds' Supplemental Pension Fund Schedules of the County's Proportionate Share of the Net Pension Asset and County Contributions, the Law Enforcement Officers' Special Separation Allowance Schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll, the Other Postemployment Benefits Schedule of Changes in the Total OPEB Liability and Related Ratios, on Exhibits A-1 thru A-7 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 consist of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Granville County's basic financial statements. The introductory information, combining and individual fund financial statements, budgetary schedules, other schedules, statistical section as well as the accompanying schedule of expenditures of federal and State awards, as required by 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 December 17, 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 the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Granville County's internal control over financial reporting and compliance.

Winston, Williams, Creech, Evans & Company. LLP

Winston, Williams, Creech, Evans & Company, LLP
Certified Public Accountants
Oxford, North Carolina
December 17, 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, 2018. 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

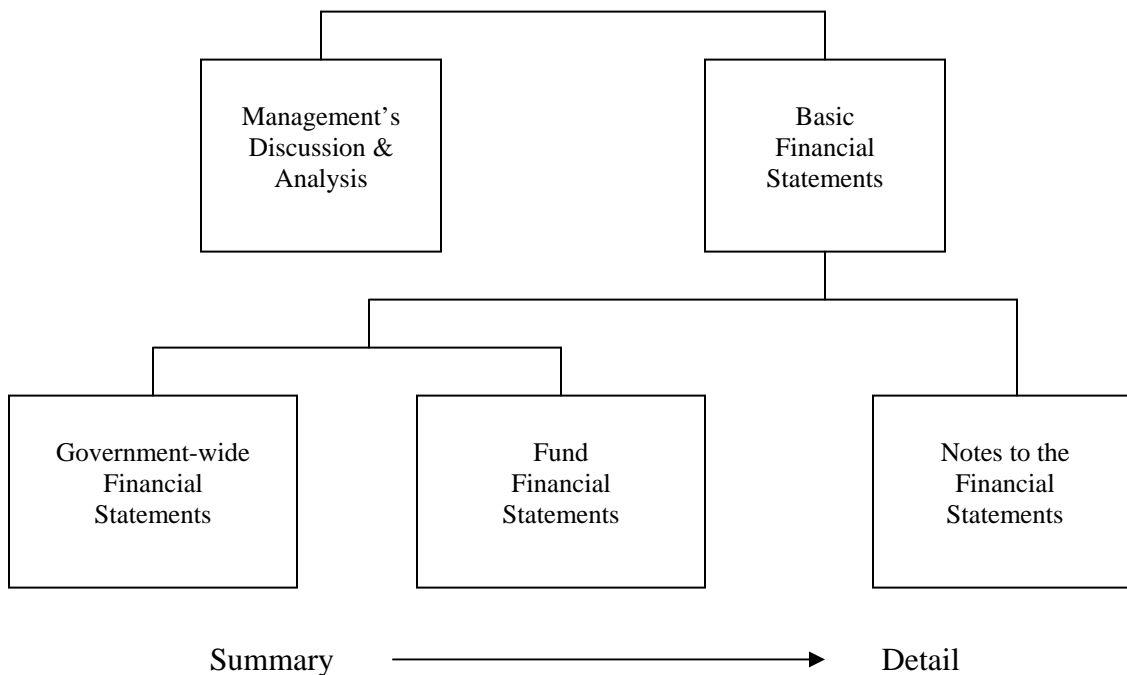
- The cash and cash equivalents (unrestricted) of the total primary government on the Statement of Net Position is \$41,199,854 which accounts for 34.5% of total primary government assets.
- The liabilities due in more than one year of \$109,885,888 account for 93.44% of total primary government liabilities.
- At the end of the current fiscal year, Granville County's governmental funds reported combined ending fund balances of \$60,218,969, after a net increase of \$15,046,237. Approximately forty-one percent (41.06%) of this total amount or \$24,725,120 is restricted or non-spendable.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$22,942,823, or forty percent (40.7%) of total general fund expenditures for the fiscal year.
- Granville County's debt service for fiscal year 2018 accounts for 15.6% 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 89 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 \$1,518,212 as of June 30, 2018. The County's net position increased by \$12,911,087 for that same time period. \$24,688,335 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. \$36,168,820 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 \$(59,338,943) 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	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 64,046,981	\$ 48,607,538	\$ 3,370,975	\$ 1,779,631	\$ 67,417,956	\$ 50,387,169
Capital assets	46,906,495	42,244,823	5,144,388	5,279,615	52,050,883	47,524,438
Total assets	110,953,476	90,852,361	8,515,363	7,059,246	119,468,839	97,911,607
Deferred outflows	3,861,604	4,651,884	47,998	66,511	3,909,602	4,718,395
Long-term liabilities outstanding	108,724,460	91,394,207	8,871,054	8,627,138	117,595,514	100,021,345
Other liabilities	2,001,327	1,755,334	204,331	214,846	2,205,658	1,970,180
Total liabilities	110,725,787	93,149,541	9,075,385	8,841,984	119,801,172	101,991,525
Deferred inflows	2,027,361	262,339	31,696	2,612	2,059,057	264,951
Net position:						
Net investment in capital assets	31,024,432	25,179,166	5,144,388	5,279,615	36,168,820	30,458,781
Restricted	24,688,335	6,039,996	-	-	24,688,335	6,039,996
Unrestricted	(53,650,835)	(29,126,797)	(5,688,108)	(6,998,454)	(59,338,943)	(36,125,251)
Total net position	\$ 2,061,932	\$ 2,092,365	\$ (543,720)	\$ (1,718,839)	\$ 1,518,212	\$ 373,526

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

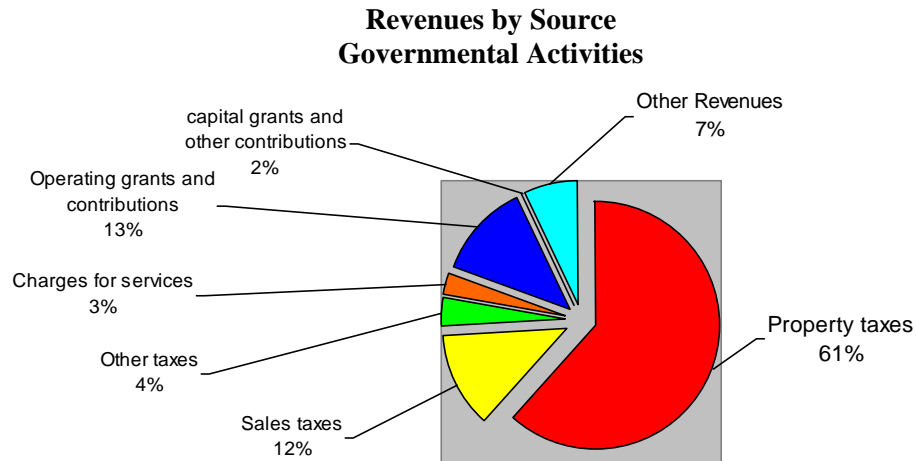
- Sales tax and other intergovernmental taxes increased \$520,960 from the previous year, indicative of an improving State economy.
- A 2.4% increase in assessed value helped increase property tax revenue by \$838,604.
- Title to Butner Stem Elementary School (valued at \$3,811,654) was transferred from Granville School System to the County as necessary collateral for the County to secure financing for roof and HVAC repairs of multiple school buildings.
- Increases in landfill revenues and other charges resulted in an additional \$252,000 in net position.
- Net position increases are offset by a \$11,766,401 adjustment to restate post-retirement medical benefit liability because of GASB 75. (See related footnote on page 87)

Governmental activities. Governmental activities increased the County's net position by \$11,548,467 before restatement. 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	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program Revenues:						
Charges for services	\$ 1,731,990	\$ 1,711,557	\$ 3,587,751	\$ 3,240,395	\$ 5,319,741	\$ 4,951,952
Operating grants and contributions	8,228,801	10,112,543	25,500	25,500	8,254,301	10,138,043
Capital grants and contributions	770	143,116	500	1,156	1,270	144,272
General revenues:						
Property taxes	40,319,275	39,171,884	-	-	40,319,275	39,171,884
Other taxes	10,775,323	10,302,457	-	-	10,775,323	10,302,457
Other	4,570,773	526,182	109,712	91,499	4,680,485	617,681
Total revenues	65,626,932	61,967,739	3,723,463	3,358,550	69,350,395	65,326,289
Expenses:						
General government	5,632,304	5,332,252	-	-	5,632,304	5,332,252
Public safety	11,393,977	11,501,856	-	-	11,393,977	11,501,856
Transportation	198,866	198,866	-	-	198,866	198,866
Economic and physical development	951,127	717,586	-	-	951,127	717,586
Human services	10,588,830	11,170,966	-	-	10,588,830	11,170,966
Community services	4,530,173	4,257,566	-	-	4,530,173	4,257,566
Education	17,570,103	16,306,405	-	-	17,570,103	16,306,405
Interest on long-term debt	2,213,085	2,360,100	-	-	2,213,085	2,360,100
Landfill	-	-	3,032,006	2,778,367	3,032,006	2,778,367
Other	-	-	328,837	313,745	328,837	313,745
Total expenses	53,078,465	51,845,597	3,360,843	3,092,112	56,439,308	54,937,709
Increase (decrease) in net position before transfers and special items	12,548,467	10,122,142	362,620	266,438	12,911,087	10,388,580
Transfers	(1,000,000)	-	1,000,000	-	-	-
Increase (decrease) in net position Net position, beginning Restatement	11,548,467 2,092,365 (11,578,900)	10,122,142 (7,395,564) (634,213)	1,362,620 (1,718,839) (187,501)	266,438 (1,985,277) -	12,911,087 373,526 (11,766,401)	10,388,580 (9,380,841) (634,213)
Net position, ending	\$ 2,061,932	\$ 2,092,365	\$ (543,720)	\$ (1,718,839)	\$ 1,518,212	\$ 373,526

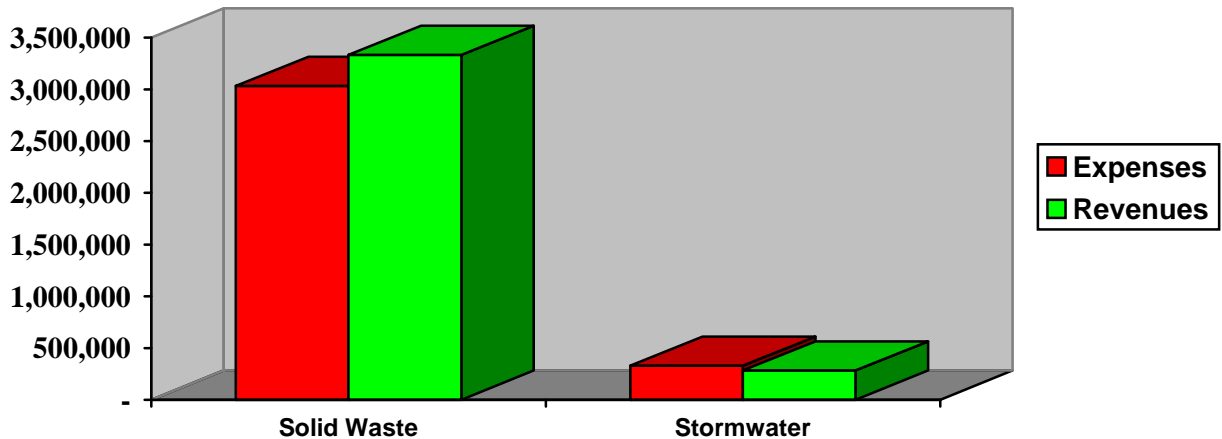
- Sales tax and other intergovernmental taxes increased \$520,960 from the previous year, indicative of an improving State economy.
- A 2.4% increase in assessed value helped increase property tax revenue by \$838,604.
- The General Fund earned \$484,589 in interest revenue.
- Title to Butner Stem Elementary School (valued at \$3,811,654) was transferred from Granville School System to the County as collateral necessary for the County to secure financing for roof and HVAC repairs of multiple school buildings.
- Net position increases are offset by an \$11,587,900 adjustment to restate post-retirement medical benefit liability because of GASB 75. (See related footnote on page 87)



Business-type activities. Business-type activities increased the County’s net position by \$1,362,620 before restatement, which represents approximately forty percent (40.5%) of the total business-type expenses.

- \$1,000,000 was transferred from the General Fund to the Landfill fund to fund closure of the C&D landfill.
- Increases in landfill revenues and other charges resulted in an additional \$252,000.
- The Storm Water fund achieved an operating income before restatement of \$47,150.
- Net position increases are offset by a \$187,501 adjustment to restate post-retirement medical benefit liability because of GASB 75. (See related footnote on page 87)

**Fiscal Year 2017-2018
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 \$22,942,823 while total fund balance reached \$48,018,105. The remainder of fund balance, \$25,075,282 is either non-spendable, 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 40.7 percent of total General Fund expenditures, while total fund balance represents 85.2 percent of that same amount.

At June 30, 2018, the governmental funds of Granville County reported a combined fund balance of \$60,218,969, a 33.3 percent increase from last year. This is due primarily to receipt of loan proceeds for roof and HVAC repairs to multiple school buildings (\$8,105,000) and loan proceeds to build a physicians’ office complex for Granville Health Systems (\$5,800,000).

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 and expenses by \$19,322,725. Additional funding was necessary for the Law Enforcement Center and closure of the C&D landfill to adjust the budget by \$7,800,000.

Additional amendments were also necessary to cover unexpected circumstances that arose during the fiscal year to fund additional projects and payoff refunded debt.

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 2017-2018 Sales Tax & Other Tax revenues, and underestimated this revenue source by \$519,990 or 5.2%. Likewise, actual property tax exceeded budget by 1.5% (\$605,383). Total General Fund revenues exceeded budget by \$1,060,998 or 1.7%. This positive variance in revenues occurred due to additional sales tax being received as well as better than anticipated investment earnings.

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 \$(6,172,070). The total net position for all proprietary funds is \$(543,720). The total change in net position for the proprietary funds was an increase of \$1,362,620. This change in net position is primarily due a \$1,000,000 transfer from the General Fund to fund closing of the C&D landfill.

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 2017-2018 activity resulted in a change in net position of \$136,047.

Capital Asset and Debt Administration

Capital Assets: Granville County’s capital assets for its governmental and business-type activities as of June 30, 2018 totals \$52,050,883 (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
- Conveyance of deed to Butner-Stem Elementary School from Granville County School Systems for collateral for financing school repairs.
- Purchase of land for construction of the Law Enforcement Center/Animal Control complex.

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

Figure 4

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 8,182,441	\$ 7,701,851	\$ 1,020,695	\$ 1,020,695	\$ 9,203,136	\$ 8,722,546
Buildings	14,262,787	9,770,070	17,642	19,601	14,280,429	9,789,671
Improvements	14,366,587	14,786,696	4,034,389	4,157,803	18,400,976	18,944,499
Machinery and Equipment	1,313,006	1,466,343	-	3,269	1,313,006	1,469,612
Intangible Assets	6,354,750	6,526,500	-	-	6,354,750	6,526,500
Fixtures and Equipment	-	-	71,662	78,247	71,662	78,247
Construction in Progress	2,426,924	1,993,363			2,426,924	1,993,363
Total	<u>\$ 46,906,495</u>	<u>\$ 42,244,823</u>	<u>\$ 5,144,388</u>	<u>\$ 5,279,615</u>	<u>\$ 52,050,883</u>	<u>\$ 47,524,438</u>

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

Long-term debt. At the end of fiscal year 2018, Granville County had total bonded debt outstanding of \$23,426,000, 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	
2018	2017	2018	2017	2018	2017

General obligation bonds	\$23,426,000	\$26,318,000	\$ -	\$ -	\$ 23,426,000	\$ 26,318,000
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Granville County’s total general obligation debt decreased by \$2,892,000 (10.99 percent) during fiscal year 2017-2018 as a result of principal payments on several series of general obligation bonds. The County also had additional general obligation debt added during the fiscal year of \$5,044,000.

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. As a result of the County’s FY 2018-2019 limited obligation bond financing, Standard and Poor upgraded the County’s general obligation rating to AA.

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 \$282,410,554, 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 77 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:

- According to the November 2018 AccessNC report, the County is experiencing an unemployment rate of 2.6%, lower than the state average of 3.6%. The overall improvement in the economy is reflected in these rates, with the County’s rate improving from the October 2017 level of 3.6%.
- Per Capita annual income in Granville County is approximately \$35,158.
- Revlon has purchases and relocated the Elizabeth Arden Fragrance Brand to its Oxford manufacturing site, which is expected to create 55 new jobs.
- In February 5018, RiceWraps Food Corporation established manufacturing in the County, creating 305 new jobs.

- Shalag plans to invest \$16 million over the next three years, creating 40 additional jobs.

Budget Highlights for the Fiscal Year Ending June 30, 2019

Governmental Activities: The County completed its octennial revaluation process and established an assessed valuation of \$4,918,888,794. From this, the County set a tax rate of \$0.84 which will generate estimated revenue of \$40,926,139.

Budgeted expenditures for fiscal year 2018-2019 in the General Fund reflect an increase from the previous fiscal year original budget of 3.6%. This increase is due primarily to increased labor and benefit costs, increased health and medical services and increases in the funding of operations for public schools.

The fiscal year 2018-2019 budget appropriates \$418,603 of available fund balance to balance the general fund budget. Total revenues, excluding appropriated fund balance, reflect an increase of approximately 4.2% from the previous year original budget. Budgeted revenue increases include property tax (up \$1.4 million), sales tax (up \$0.6 million) and increased payments from Granville Health Systems for debt service (up \$0.6 million).

Business-type Activities: The Storm Water Fund budget for FY 2019 reflects a 8% increase from previous year's actual expenditures due primarily to increases in professional and contracted services

The budget for operation of solid waste activities is relatively unchanged from the previous year.

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, 2018

	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
ASSETS							
Cash and cash equivalents	\$ 38,132,602	\$ 3,067,252	\$ 41,199,854	\$ 666,792	\$ 569,582	\$ 412,171	\$ 136,362
Taxes receivable	819,278	-	819,278	-	-	-	-
Accrued interest receivable	141,927	-	141,927	-	-	-	-
Accounts receivable	3,809,527	294,288	4,103,815	10,253,333	1,459	-	20,518
Due from primary government	-	-	-	-	-	27,950	-
Inventories	-	-	-	1,975,750	485,022	-	1,461
Prepaid items	75,985	-	75,985	416,607	11,635	-	-
Internal balances	(9,435)	9,435	-	-	-	-	-
Restricted assets:							
Cash and cash equivalents	20,995,063	-	20,995,063	-	-	-	100,000
Assets whose use is limited	-	-	-	6,725,915	-	-	-
Goodwill	-	-	-	5,834	-	-	-
Net pension asset	82,034	-	82,034	-	-	-	-
Capital assets							
Land, improvements, and construction in progress	10,609,365	1,020,695	11,630,060	1,970,846	338,774	-	39,534
Other capital assets, net of depreciation	36,297,130	4,123,693	40,420,823	27,564,128	1,021,680	-	31,933
Total capital assets	46,906,495	5,144,388	52,050,883	29,534,974	1,360,454	-	71,467
Total Assets	110,953,476	8,515,363	119,468,839	49,579,205	2,428,152	440,121	329,808
DEFERRED OUTFLOWS OF RESOURCES							
	3,861,604	47,998	3,909,602	2,732,100	66,325	-	-
LIABILITIES							
Accounts payable & accrued liabilities	1,412,482	204,331	1,616,813	5,577,522	384,122	710	-
Accrued interest payable	560,895	-	560,895	-	-	-	-
Estimated third party payor settlements	-	-	-	733,093	-	-	-
Due to fiduciary funds	27,950	-	27,950	-	-	-	-
Long-term liabilities:							
Due within one year							
Bonds payable	3,358,618	-	3,358,618	-	-	-	-
Notes and COPS payable	3,315,862	-	3,315,862	604,073	200,396	-	-
Financing agreement payable	785,472	-	785,472	-	-	-	-
Compensated absences payable	243,453	6,221	249,674	1,983,195	-	-	-
Capital leases payable	-	-	-	213,714	-	-	-
Due in more than one year							
Bonds payable	21,607,326	-	21,607,326	-	-	-	-
Notes and COPS payable	54,244,270	-	54,244,270	14,723,179	-	-	-
Capital leases payable	-	-	-	199,483	-	-	-
Financing agreement payable	2,415,818	-	2,415,818	-	-	-	-
Accrued landfill closure and postclosure costs	-	8,483,312	8,483,312	-	-	-	-
Compensated absences payable	730,358	18,662	749,020	-	-	-	-
Other postemployment benefits obligation	17,659,341	310,885	17,970,226	-	459,764	-	-
Net pension obligation-LGERS	2,693,954	51,974	2,745,928	5,176,231	45,832	-	-
Net pension obligation-LEOSSA	1,669,988	-	1,669,988	-	-	-	-
Total long-term liabilities	108,724,460	8,871,054	117,595,514	22,899,875	705,992	-	-
Total Liabilities	110,725,787	9,075,385	119,801,172	29,210,490	1,090,114	710	-
DEFERRED INFLOWS OF RESOURCES							
	2,027,361	31,696	2,059,057	368,846	30,197	-	600
NET POSITION							
Net investment in capital assets	31,024,432	5,144,388	36,168,820	13,794,525	1,360,454	-	71,467
Restricted for:							
Stabilization by State Statute	4,038,814	-	4,038,814	-	-	27,950	20,518
Register of Deeds	30,743	-	30,743	-	-	-	-
Public Safety	5,356,681	-	5,356,681	-	-	-	-
Education	9,144,112	-	9,144,112	-	-	-	-
Community Services	317,293	-	317,293	-	-	-	-
Human Services	5,800,692	-	5,800,692	58,434	-	-	-
Working Capital	-	-	-	-	128,521	-	-
Cemetery Perpetual Care and Maintenance	-	-	-	-	-	-	100,000
Tourism Related Capital Development	-	-	-	-	-	103,836	-
Unrestricted (deficit)	(53,650,835)	(5,688,108)	(59,338,943)	8,879,010	(114,809)	307,625	137,223
Total Net Position	\$ 2,061,932	\$ (543,720)	\$ 1,518,212	\$ 22,731,969	\$ 1,374,166	\$ 439,411	\$ 329,208

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, 2018**

Functions/Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Position						
	Expenses	Primary Government			Component Units						
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	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	\$ 5,632,304	\$ 579,242	\$ 3,906	\$ -	\$ (5,049,156)	\$ -	\$ (5,049,156)				
Public safety	11,393,977	767,356	731,557	770	(9,894,294)	-	(9,894,294)				
Transportation	198,866	-	317,421	-	118,555	-	118,555				
Economic and physical development	951,127	-	63,291	-	(887,836)	-	(887,836)				
Human services	10,588,830	18,628	6,402,322	-	(4,167,880)	-	(4,167,880)				
Community services	4,530,173	366,764	180,057	-	(3,983,352)	-	(3,983,352)				
Education	17,570,103	-	530,247	-	(17,039,856)	-	(17,039,856)				
Interest on long-term debt	2,213,085	-	-	-	(2,213,085)	-	(2,213,085)				
Total governmental activities	<u>53,078,465</u>	<u>1,731,990</u>	<u>8,228,801</u>	<u>770</u>	<u>(43,116,904)</u>	<u>-</u>	<u>(43,116,904)</u>				
Business-type activities:											
Solid Waste	3,032,006	3,330,891	-	500	-	299,385	299,385				
Stormwater	328,837	256,860	25,500	-	-	(46,477)	(46,477)				
Total business-type activities	<u>3,360,843</u>	<u>3,587,751</u>	<u>25,500</u>	<u>500</u>	<u>-</u>	<u>252,908</u>	<u>252,908</u>				
Total primary government	<u>\$ 56,439,308</u>	<u>\$ 5,319,741</u>	<u>\$ 8,254,301</u>	<u>\$ 1,270</u>	<u>\$ (43,116,904)</u>	<u>\$ 252,908</u>	<u>\$ (42,863,996)</u>				
Component units:											
Granville Health System	\$ 63,280,636	\$ 54,851,709	\$ 491,419	\$ 132,873	\$ -	\$ -	\$ (7,804,635)	\$ -	\$ -	\$ -	\$ -
Granville County ABC Board	4,053,067	4,323,727	-	-	-	-	-	270,660	-	-	-
Granville County Tourism Development Authority	242,896	-	-	-	-	-	-	-	(242,896)	-	-
South Granville Memorial Gardens	59,572	51,759	-	9,500	-	-	-	-	-	-	1,687
Total component units	<u>\$ 67,636,171</u>	<u>\$ 59,227,195</u>	<u>\$ 491,419</u>	<u>\$ 142,373</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (7,804,635)</u>	<u>\$ 270,660</u>	<u>\$ (242,896)</u>	<u>\$ -</u>	<u>\$ 1,687</u>
General revenues:											
Taxes:											
Property taxes, levied for general purpose					\$ 40,319,275	\$ -	\$ 40,319,275	\$ -	\$ -	\$ -	\$ -
Local option sales tax					8,143,429	-	8,143,429	-	-	-	-
Other taxes											
Medicaid hold harmless					1,712,777	-	1,712,777	-	-	-	-
Various other taxes					919,117	-	919,117	-	-	251,886	-
Investment earnings, unrestricted					484,589	16,085	500,674	17,938	1,244	3,039	1,498
Miscellaneous, unrestricted					4,086,184	93,627	4,179,811	2,765,079	40,501	2,484	-
Transfers					(1,000,000)	1,000,000	-	-	-	-	-
Total general revenues, special items and transfers					<u>54,665,371</u>	<u>1,109,712</u>	<u>55,775,083</u>	<u>2,783,017</u>	<u>41,745</u>	<u>257,409</u>	<u>1,498</u>
Change in net position					<u>11,548,467</u>	<u>1,362,620</u>	<u>12,911,087</u>	<u>(5,021,618)</u>	<u>312,405</u>	<u>14,513</u>	<u>3,185</u>
Net position, beginning					2,092,365	(1,718,839)	373,526	27,753,587	1,525,772	424,898	326,023
Restatement					(11,578,900)	(187,501)	(11,766,401)	-	(464,011)	-	-
Net position, beginning, restated					<u>(9,486,535)</u>	<u>(1,906,340)</u>	<u>(11,392,875)</u>	<u>27,753,587</u>	<u>1,061,761</u>	<u>424,898</u>	<u>326,023</u>
Net position, ending					<u>\$ 2,061,932</u>	<u>\$ (543,720)</u>	<u>\$ 1,518,212</u>	<u>\$ 22,731,969</u>	<u>\$ 1,374,166</u>	<u>\$ 439,411</u>	<u>\$ 329,208</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, 2018

	Major		Nonmajor	Total Governmental Funds
	General Fund	School Repair Project Fund	Other Governmental Funds	
<u>ASSETS</u>				
Cash and cash equivalents	\$ 36,127,037	\$ -	\$ 659,456	\$ 36,786,493
Restricted cash	9,078,384	6,699,345	5,217,334	20,995,063
Taxes receivable	819,278	-	-	819,278
Accounts receivable	3,777,153	-	32,374	3,809,527
Prepaid items	1,855	-	34,930	36,785
Due from other funds	229,287	-	-	229,287
Total Assets	<u>\$ 50,032,994</u>	<u>\$ 6,699,345</u>	<u>\$ 5,944,094</u>	<u>\$ 62,676,433</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable & accrued liabilities	\$ 965,013	\$ 10,472	\$ 202,816	\$ 1,178,301
Due to other funds	27,950	-	229,287	257,237
Total Liabilities	<u>992,963</u>	<u>10,472</u>	<u>432,103</u>	<u>1,435,538</u>
Deferred Inflows of Resources:	<u>1,021,926</u>	<u>-</u>	<u>-</u>	<u>1,021,926</u>
Fund balances:				
Nonspendable:				
Prepaid items	1,855	-	34,930	36,785
Restricted:				
Stabilization by State Statute	4,006,440	-	32,374	4,038,814
Register of Deeds	30,743	-	-	30,743
Human Services	5,800,692	-	-	5,800,692
Education	2,455,239	6,688,873	-	9,144,112
Community Services	-	-	317,293	317,293
Public Safety	-	-	5,356,681	5,356,681
Committed:				
Public Safety	791,710	-	-	791,710
Assigned:				
Subsequent year's expenditures	418,603	-	-	418,603
Community Services	500,000	-	-	500,000
Public Safety	1,000,000	-	-	1,000,000
Human Services	2,000,000	-	-	2,000,000
Education	7,000,000	-	-	7,000,000
Economic and Physical Development	1,070,000	-	-	1,070,000
Unassigned:	<u>22,942,823</u>	<u>-</u>	<u>(229,287)</u>	<u>22,713,536</u>
Total Fund Balances	<u>48,018,105</u>	<u>6,688,873</u>	<u>5,511,991</u>	<u>60,218,969</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 50,032,994</u>	<u>\$ 6,699,345</u>	<u>\$ 5,944,094</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, 2018

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

Total Fund Balance, Governmental Funds (Exhibit 3)	\$ 60,218,969
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	46,906,495
Net pension asset	82,034
Contributions to pension plans in the current fiscal year are deferred outflows of resources on the Statement of Net Position	1,255,784
Other long-term assets are not available to pay for current-period expenditures and, therefore, are unavailable in the funds	1,292,516
Deferred inflows of resources for taxes and special assessments receivable	819,278
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	1,151,128
Consolidation adjustment for internal balances between the internal service fund and the governmental funds	(9,435)
Pension related deferrals	(369,482)
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>(109,285,355)</u>
Net position of governmental activities (Exhibit 1)	<u>\$ 2,061,932</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, 2018

	Major		Nonmajor	Total Governmental Funds
	General Fund	School Repair Project Fund	Other Governmental Funds	
<u>REVENUES</u>				
Ad valorem taxes	\$ 40,390,916	\$ -	\$ -	\$ 40,390,916
Sales and other taxes	10,615,127	-	-	10,615,127
Licenses, fees and other revenues	2,326,902	-	-	2,326,902
Restricted intergovernmental revenues	7,980,438	-	388,482	8,368,920
Investment earnings	479,504	-	5,085	484,589
Miscellaneous	88,681	-	23,407	112,088
Total Revenues	61,881,568	-	416,974	62,298,542
<u>EXPENDITURES</u>				
Current				
General government	3,503,946	-	-	3,503,946
Public safety	10,500,078	-	330,854	10,830,932
Community Services	4,014,560	-	11,190	4,025,750
Human services	9,328,515	-	-	9,328,515
Non-Departmental & Special Areas	3,533,266	-	-	3,533,266
Capital Outlay	-	1,416,127	1,990,439	3,406,566
Intergovernmental				
Education	16,125,309	-	-	16,125,309
Debt Service				
Principal	6,608,995	-	45,765	6,654,760
Interest	2,723,217	-	851	2,724,068
Total Expenditures	56,337,886	1,416,127	2,379,099	60,133,112
Revenues Over (Under) Expenditures	5,543,682	(1,416,127)	(1,962,125)	2,165,430

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, 2018**

	Major		Nonmajor	Total Governmental Funds
	General Fund	School Repair Project Fund	Other Governmental Funds	
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers from other funds	-	-	6,829,996	6,829,996
Transfers to other funds	(7,929,996)	-	-	(7,929,996)
Issuance of debt	10,844,000	8,105,000	-	18,949,000
Payment to refunded bond escrow agent	(4,968,193)	-	-	(4,968,193)
Total Other Financing Sources (Uses)	<u>(2,054,189)</u>	<u>8,105,000</u>	<u>6,829,996</u>	<u>12,880,807</u>
Net Change in Fund Balances	3,489,493	6,688,873	4,867,871	15,046,237
Fund Balance - July 1	<u>44,528,612</u>	<u>-</u>	<u>644,120</u>	<u>45,172,732</u>
Fund Balance - June 30	<u>\$ 48,018,105</u>	<u>\$ 6,688,873</u>	<u>\$ 5,511,991</u>	<u>\$ 60,218,969</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, 2018

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)	\$ 15,046,237
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.	850,018
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	3,740,013
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	(7,359,340)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	1,255,784
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	135,470
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>(2,119,715)</u>
Total changes in net position of governmental activities (Exhibit 2)	<u><u>\$ 11,548,467</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, 2018

	General Fund			Variance with Final Positive (Negative)
	Original Budget	Final Budget	Actual	
<u>REVENUES</u>				
Ad valorem taxes	\$ 39,785,533	\$ 39,785,533	\$ 40,390,916	\$ 605,383
Sales and other taxes	10,045,137	10,095,137	10,615,127	519,990
Licenses, fees and other revenues	2,268,600	2,268,600	2,326,902	58,302
Restricted intergovernmental revenues	8,138,953	8,399,300	7,980,438	(418,862)
Investment earnings	100,000	100,000	479,504	379,504
Miscellaneous	172,000	172,000	88,681	(83,319)
Total Revenues	<u>60,510,223</u>	<u>60,820,570</u>	<u>61,881,568</u>	<u>1,060,998</u>
<u>EXPENDITURES</u>				
General government	3,582,608	4,174,946	3,503,946	671,000
Public safety	10,839,814	11,303,383	10,500,078	803,305
Community services	5,193,026	4,596,968	4,014,560	582,408
Human services	11,547,896	11,703,394	9,328,515	2,374,879
Non-departmental and special areas	3,950,261	9,878,029	3,533,266	6,344,763
Education	16,100,683	16,125,309	16,125,309	-
Contingency	280,000	136,795	-	136,795
Debt Service	9,802,320	9,802,320	9,332,212	470,108
Total Expenditures	<u>61,296,608</u>	<u>67,721,144</u>	<u>56,337,886</u>	<u>11,383,258</u>
Revenues Over (Under) Expenditures	<u>(786,385)</u>	<u>(6,900,574)</u>	<u>5,543,682</u>	<u>12,444,256</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers from other funds	-	25,000	-	(25,000)
Transfers to other funds	-	(7,929,996)	(7,929,996)	-
Proceeds from refunded debt	-	10,844,000	10,844,000	-
Payment to refunded bond escrow agent	-	(4,968,193)	(4,968,193)	-
Appropriated Fund Balance	786,385	8,929,763	-	(8,929,763)
Total Other Financing Sources (Uses)	<u>786,385</u>	<u>6,900,574</u>	<u>(2,054,189)</u>	<u>(8,954,763)</u>
Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	<u>\$ -</u>	<u>\$ -</u>	<u>3,489,493</u>	<u>\$ 3,489,493</u>
Fund Balance - July 1			<u>44,528,612</u>	
Fund Balance - June 30			<u>\$ 48,018,105</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, 2018

	Enterprise Funds		Total	Internal Service Fund
	Major Fund	Non-major Fund		Non-major Fund
	Solid Waste Management	Stormwater Fund		County Health Plan Fund
<u>ASSETS</u>				
Current Assets:				
Cash and investments	\$ 2,486,436	\$ 580,816	\$ 3,067,252	\$ 1,346,109
Accounts receivable	278,978	15,310	294,288	-
Prepaid items	-	-	-	39,200
Total Current Assets	<u>2,765,414</u>	<u>596,126</u>	<u>3,361,540</u>	<u>1,385,309</u>
Noncurrent Assets:				
Capital assets:				
Land, improvements, and construction in progress	1,020,695	-	1,020,695	-
Other capital assets, net of depreciation	4,123,693	-	4,123,693	-
Total Capital Assets	<u>5,144,388</u>	<u>-</u>	<u>5,144,388</u>	<u>-</u>
Total Noncurrent Assets	<u>5,144,388</u>	<u>-</u>	<u>5,144,388</u>	<u>-</u>
Total Assets	<u>7,909,802</u>	<u>596,126</u>	<u>8,505,928</u>	<u>1,385,309</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	<u>37,335</u>	<u>10,663</u>	<u>47,998</u>	<u>-</u>
<u>LIABILITIES</u>				
Current Liabilities:				
Accounts Payable	153,073	51,258	204,331	234,181
Compensated absences payable	6,221	-	6,221	-
Total Current Liabilities	<u>159,294</u>	<u>51,258</u>	<u>210,552</u>	<u>234,181</u>
Noncurrent Liabilities:				
Net pension liability	40,311	11,663	51,974	-
Accrued landfill closure and postclosure care costs	8,483,312	-	8,483,312	-
Other postemployment benefits	247,989	62,896	310,885	-
Compensated absences payable	18,662	-	18,662	-
Total Noncurrent Liabilities	<u>8,790,274</u>	<u>74,559</u>	<u>8,864,833</u>	<u>-</u>
Total Liabilities	<u>8,949,568</u>	<u>125,817</u>	<u>9,075,385</u>	<u>234,181</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>	<u>25,251</u>	<u>6,445</u>	<u>31,696</u>	<u>-</u>
<u>NET POSITION</u>				
Net investment in capital assets	5,144,388	-	5,144,388	-
Unrestricted	(6,172,070)	474,527	(5,697,543)	1,151,128
Total Net Position	<u>\$ (1,027,682)</u>	<u>\$ 474,527</u>	<u>(553,155)</u>	<u>\$ 1,151,128</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			<u>9,435</u>	
Net position of business-type activities			<u>\$ (543,720)</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, 2018

	Enterprise Funds			Internal Service Fund
	Major Fund	Non-major Fund		Non-major Fund
	Solid Waste Management	Stormwater Fund	Total	County Health Plan Fund
OPERATING REVENUES				
Restricted intergovernmental revenue	\$ -	\$ 25,500	\$ 25,500	\$ -
Charges for services	3,330,891	256,860	3,587,751	2,684,254
Miscellaneous	-	93,627	93,627	-
Total operating revenues	<u>3,330,891</u>	<u>375,987</u>	<u>3,706,878</u>	<u>2,684,254</u>
OPERATING EXPENSES				
Landfill closure and postclosure	173,837	-	173,837	-
Solid waste operations	1,304,060	-	1,304,060	-
Landfill operations	1,419,459	-	1,419,459	-
Stormwater operations	-	328,837	328,837	-
Depreciation	135,227	-	135,227	-
Health insurance administration	-	-	-	2,648,207
Total operating expenses	<u>3,032,583</u>	<u>328,837</u>	<u>3,361,420</u>	<u>2,648,207</u>
OPERATING INCOME (LOSS)	<u>298,308</u>	<u>47,150</u>	<u>345,458</u>	<u>36,047</u>
NONOPERATING REVENUES (EXPENSES)				
Interest and fees	-	-	-	-
Interest earned on investments	16,085	-	16,085	-
Total nonoperating revenues (expenses)	<u>16,085</u>	<u>-</u>	<u>16,085</u>	<u>-</u>
INCOME BEFORE CAPITAL CONTRIBUTIONS	<u>314,393</u>	<u>47,150</u>	<u>361,543</u>	<u>36,047</u>
Capital contributions	500	-	500	-
Transfers from other funds	1,000,000	-	1,000,000	100,000
Total Capital Contributions and Transfers	<u>1,000,500</u>	<u>-</u>	<u>1,000,500</u>	<u>100,000</u>
CHANGE IN NET POSITION	<u>1,314,893</u>	<u>47,150</u>	<u>1,362,043</u>	<u>136,047</u>
TOTAL NET POSITION-BEGINNING	<u>(2,203,868)</u>	<u>476,171</u>	<u>(1,727,697)</u>	<u>1,015,081</u>
RESTATEMENT	<u>(138,707)</u>	<u>(48,794)</u>	<u>(187,501)</u>	<u>-</u>
NET POSITION, BEGINNING, RESTATED	<u>(2,342,575)</u>	<u>427,377</u>	<u>(1,915,198)</u>	<u>1,015,081</u>
TOTAL NET POSITION-ENDING	<u>\$ (1,027,682)</u>	<u>\$ 474,527</u>	<u>(553,155)</u>	<u>\$ 1,151,128</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			<u>577</u>	
Change in net position of business-type activities			<u>\$ 1,362,620</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, 2018

	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	\$ 3,331,853	\$ 372,827	\$ 3,704,680	\$ 2,684,254
Cash paid for goods and services	(2,448,681)	(417,252)	(2,865,933)	(2,597,717)
Cash paid to employees for services	(267,262)	-	(267,262)	-
Net cash provided by operating activities	<u>615,910</u>	<u>(44,425)</u>	<u>571,485</u>	<u>86,537</u>
Cash flows from capital and related financing activities:				
Capital contributions	500	-	500	-
Net cash provided by capital and related financing activities	<u>500</u>	<u>-</u>	<u>500</u>	<u>-</u>
Cash flows from noncapital and related financing activities:				
Transfer-in	1,000,000	-	1,000,000	100,000
Net cash provided by noncapital and related financing activities	<u>1,000,000</u>	<u>-</u>	<u>1,000,000</u>	<u>100,000</u>
Cash flows from investing activities:				
Interest on investments	16,085	-	16,085	-
Net cash provided by investing activities	<u>16,085</u>	<u>-</u>	<u>16,085</u>	<u>-</u>
Net increase in cash and cash equivalents	1,632,495	(44,425)	1,588,070	186,537
Cash and cash equivalents, July 1	<u>853,941</u>	<u>625,241</u>	<u>1,479,182</u>	<u>1,159,572</u>
Cash and cash equivalents, June 30	<u>\$ 2,486,436</u>	<u>\$ 580,816</u>	<u>\$ 3,067,252</u>	<u>\$ 1,346,109</u>
Reconciliation of operating income to net cash provided by operating activities:				
Operating income (loss)	\$ 298,308	\$ 47,150	\$ 345,458	\$ 36,047
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	135,227	-	135,227	-
Change in assets and liabilities:				
(Increase) decrease in accounts receivable	462	(3,160)	(2,698)	-
Increase (decrease) in accounts payable and accrued liabilities	79,990	(90,504)	(10,514)	50,490
Increase (decrease) in other postemployment benefits	(11,889)	(3,015)	(14,904)	-
Increase (decrease) in compensated absences payable	344	-	344	-
(Increase) decrease in deferred outflows of resources-pensions	14,511	4,001	18,512	-
Increase in net pension liability	(17,778)	(4,766)	(22,544)	-
Decrease in deferred inflows of resources - pensions	23,215	5,869	29,084	-
Increase (decrease) in landfill closure and postclosure costs	93,520	-	93,520	-
Total adjustments	<u>317,602</u>	<u>(91,575)</u>	<u>226,027</u>	<u>50,490</u>
Net cash provided by operating activities	<u>\$ 615,910</u>	<u>\$ (44,425)</u>	<u>\$ 571,485</u>	<u>\$ 86,537</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, 2018

	Agency Funds
ASSETS	
Cash and investments	\$ 308,190
Due from other fund	27,950
	336,140
Total Assets	\$ 336,140
	336,140
LIABILITIES AND NET POSITION	
Liabilities:	
Miscellaneous liabilities	\$ 308,190
Due to component unit	27,950
	336,140
Total Liabilities	\$ 336,140
	336,140

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, 2018**

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, 2018**

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, 2018, 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, 2018**

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.

School Repair Project Fund. This fund accounts for the funding of repairs to be completed at various schools.

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.

**GRANVILLE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Non-Major Funds – The County maintains five legally budgeted funds. The Emergency Telephone System Fund and the R. H. Thornton Library Memorial Fund are reported as non-major special revenue funds. The Granville Greenway Project Fund, the Law Enforcement Center Fund, and the Falls Meadow/Montgomery Place Project Fund are reported as capital projects funds. 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

**GRANVILLE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

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

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

D. Budgetary Data

The County's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, Emergency Telephone System Fund, R. H. Thornton Library Fund, County Health Plan Fund and all Enterprise Funds. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the Granville Greenway Project Fund, the Law Enforcement Center Fund, the Falls Meadow/Montgomery Place Project Fund and the School Repair 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

**GRANVILLE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

The 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	\$ -
General Fund	Register of Deeds	30,743
General Fund	Proceeds from hospital loan	5,479,476
General Fund	Reserve for hospital USDA loan	321,216
General Fund	Sinking fund set aside for debt payment	2,455,239
General Fund	Public safety forfeiture funds	791,710
Law Enforcement Center Fund	Unspent debt proceeds	5,217,334
School Repair Project Fund	Unspent debt proceeds	<u>6,699,345</u>
Total Governmental Activities		<u>20,995,063</u>
Total Restricted Cash		<u>\$ 20,995,063</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, 2017. As allowed by State law, the County has established a schedule of discounts that apply to taxes that paid prior to the due date. In the County's General Fund, ad valorem tax revenues are reported net of such discounts.

**GRANVILLE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

5. Allowance for Doubtful Accounts

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

6. Inventory and Prepaid Items

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

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements and expensed as the items are used in accordance with the consumption method.

7. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets 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:

**GRANVILLE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<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:

	<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, 2018 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.

**GRANVILLE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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.

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 and for the construction of a Law Enforcement Center.

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 use for human services.

**GRANVILLE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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 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 Education-portion of fund balance that has been budgeted by the board for education purposes to help fund school repair 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

**GRANVILLE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

within 36 months. If restoration cannot be accomplished within such time period without severe hardship to the County, then the Board will establish a different but appropriate time period.

12. Defined Benefit Pension and OPEB Plans

The County participates in three cost-sharing, multiple-employer, defined benefit pension plans that are administered by the State; the Local Governmental Employees' Retirement System (LGERS), the Registers of Deeds' Supplemental Pension Fund (RODSPF), the Law Enforcement Officers' Special Separation Allowance (LEOSSA) (collectively, the "state-administered defined benefit pension plans"), and one other postemployment benefit plan (OPEB), the Healthcare Benefits Plan (HCB). For purposes of measuring the net pension asset or liability, 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. For purposes of measuring the total OPEB liability, deferred outflows and inflows of resources related to OPEB, and OPEB expense, information about the additions to/deductions from the HCB's total liability have been determined on the same basis as they are reported by the HCB. For this purpose, the HCB recognizes benefit payments when due and payable in accordance with the benefit terms. Investments for all are reported at fair value.

E. 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 \$ (58,157,037) 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)	\$ 66,327,185
Less accumulated depreciation	<u>(19,420,690)</u>
Net capital assets	<u>46,906,495</u>
Net pension asset	82,034
Contributions to the pension plan in the current fiscal year	956,678
Benefit payments and pension administration costs for LEOSSA	20,967
Contributions to OPEB plan in the current fiscal year	278,139
Accrued interest receivable less the amount claimed as unearned revenue in the government-wide statements as these funds are unavailable in the fund statements.	141,927

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Deferred charges related to advance refunding bond issued – included on government-wide statement of net position but are not current financial resources.	1,150,589
Internal service fund is used by management to charge insurance costs to individual funds; the assets and liabilities of the internal service fund is included in governmental activities in the statement of net position	1,151,128
Internal receivable representing cost in excess of charges to business-type activities-current year	(9,435)
Deferred inflows of resources for taxes and special assessments receivable	819,278
Pension related deferrals	1,347,392
OPEB related deferrals	(1,716,874)
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	(84,187,422)
Compensated absences	(973,811)
Other postemployment benefits	(17,659,341)
Net pension obligation-LGERS	(2,693,954)
Net pension obligation-LEOSSA	(1,669,988)
Premium on bonds	(1,539,944)
Accrued interest payable	<u>(560,895)</u>
Total adjustment	<u>\$ (58,157,037)</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 \$ (3,497,770) 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	\$ 2,562,662
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	(1,712,644)
New debt issued during the year is recorded as a source of funds on the fund statements; it has no effect on the statement of activities – it affects only the government-wide statement of net position	(18,949,000)
Payments made to the escrow agent 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	4,968,193
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	6,567,510
Amortization on deferred premium payments on debt that is recorded in the statement of activities but not in the fund statements	239,618
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	

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Change in net position of the internal service funds	136,047
Less: Profit from charges to business-type activities	<u>(577)</u>
Net adjustment	135,470
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	956,678
Benefit payments and administration costs for LEOSSA are deferred outflows of resources on the Statement of Net Position	20,967
Contributions to the OPEB plan are deferred outflows of resources on the Statement of Net Position	278,139
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	(185,661)
-Difference in interest expense between fund statements (modified accrual) and government-wide statements (full accrual)	(20,397)
-Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	(52,147)
-OPEB expense	(870,239)
-County's portion of collective pension expense	(1,176,932)
Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements	
-Fair value of assets donated that is not recorded in the fund statements but is recorded in the government-wide statements	3,811,654
-Increase in deferred inflows of resources-taxes receivable-at end of year	(8,918)
-Increase in accrued taxes receivable at end of year	<u>(62,723)</u>
Total adjustment	<u>\$ (3,497,770)</u>

II. 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 \$1,027,682. This deficit net position resulted from liabilities associated with landfill closure and postclosure costs. In Exhibit C-1, the Falls Meadow/Montgomery Place Project Fund had a deficit fund balance of \$229,287. This deficit fund balance resulted from funding not yet being received for this capital project.

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

**GRANVILLE COUNTY, NORTH CAROLINA
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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, 2018, the County's deposits had a carrying amount of \$23,602,308 and a bank balance of \$24,339,972. Of the bank balance, \$750,000 was covered by federal depository insurance, and \$23,589,972 in interest bearing deposits was covered by collateral held under the Pooling Method.

At June 30, 2018, Granville County had \$1,675 cash on hand.

At June 30, 2018, the carrying amount of deposits for Granville County ABC Board was \$564,682 and the bank balance was \$519,110. Of the bank balance, \$250,000 was covered by federal depository insurance, and \$269,110 was covered by collateral held by authorized escrow agents in the name of the State Treasurer. The ABC Board had \$4,900 cash on hand.

At September 30, 2017, the Hospital's deposits had a carrying amount of \$7,392,707 and a bank balance of \$8,051,676. Of the bank balance, \$503,860 was covered by federal depository insurance and \$7,547,816 was covered by collateral held under the Pooling method. The Hospital also had cash on hand at September 30, 2017, in the amount of \$3,318.

At June 30, 2018, the Tourism Development Authority had a carrying amount of \$412,171 and a bank balance of \$392,877. All of the bank balance was covered by collateral held under the pooling method.

At June 30, 2018, the Memorial Gardens had a carrying amount of \$133,569 and a bank balance of \$134,869. All of the bank balance was covered by federal depository insurance.

2. Investments

As of June 30, 2018, 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	\$ 12,324,970	\$ N/A
NC Capital Management Trust-Term*	Fair Value-Level 1	<u>26,574,154</u>	<u>26,574,154</u>
		<u>\$ 38,899,124</u>	<u>\$ 26,574,154</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.

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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, 2018, South Granville Memorial Gardens' investments consisted of \$102,793 in the North Carolina Capital Management Trust's Term Portfolio. The North Carolina Capital Management Trust's Term Portfolio carried a credit rating of AAAM by Standard and Poor's. South Granville Memorial Gardens has no policy on credit risk.

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

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

Year	<u>Levied</u>	<u>Tax</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 2,607,801	\$ 854,035	\$ 3,461,836	
2016	2,613,358	620,673	3,234,031	
2017	2,806,121	413,938	3,220,059	
2018	<u>2,840,452</u>	<u>163,617</u>	<u>3,004,069</u>	
Totals	<u>\$ 10,867,732</u>	<u>\$ 2,052,263</u>	<u>\$ 12,919,995</u>	

4. Receivables

Receivables at the government-wide level at June 30, 2018, were as follows:

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	<u>Accounts</u>	<u>Taxes and Accrued Interest</u>	<u>Due from other governments</u>	<u>Total</u>
Governmental Activities:				
General Fund	\$ 1,950,952	\$ 1,111,205	\$ 1,826,201	\$ 4,888,358
Other Governmental Funds	32,374	-	-	32,374
Allowance for doubtful accounts	-	(150,000)	-	(150,000)
Total governmental activities	<u>\$ 1,983,326</u>	<u>\$ 961,205</u>	<u>\$ 1,826,201</u>	<u>\$ 4,770,732</u>
Business-type Activities:				
Solid Waste Management	\$ 269,830	\$ -	\$ 33,727	\$ 303,557
Stormwater Fund	15,310	-	-	15,310
Total	285,140	-	33,727	318,867
Allowance for doubtful accounts	(24,579)	-	-	(24,579)
Total business-type activities	<u>\$ 260,561</u>	<u>\$ -</u>	<u>\$ 33,727</u>	<u>\$ 294,288</u>

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

Local option sales tax	\$ 1,406,193
Sales tax refund receivable	159,649
Medicaid hold harmless	260,359
White goods tax	5,737
Scrap tire disposal tax	21,355
Solid waste tax distribution	<u>6,635</u>
Total	<u>\$ 1,859,928</u>

Leases in which the County is the lessor consist of the following:

Operating leases:

In October 2015, the County entered into a lease agreement with a solar energy company to lease an approximate 50 acre tract of land to allow the tenant to install and operate a solar energy generating facility. The lease expires in 30 years and has the option to extend the term for two additional five year periods. The annual rental payment is as follows:

<u>Lease Years</u>	<u>Annual Rent</u>
1 – 10	\$52,500
11 – 15	\$56,000
16 – 20	\$59,500
21 – 25	\$63,000
26 – 30	\$66,500
31 – 35	\$70,000
36 – 40	\$73,500

5. Capital Assets

Capital asset activity for the year ended June 30, 2018, was as follows:

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	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 7,701,851	\$ 480,590	\$ -	\$ 8,182,441
Construction in Progress	<u>1,993,363</u>	<u>2,111,340</u>	<u>(1,677,779)</u>	<u>2,426,924</u>
Total capital assets not being depreciated	<u>9,695,214</u>	<u>2,591,930</u>	<u>(1,677,779)</u>	<u>10,609,365</u>
Capital assets being depreciated:				
Buildings	19,095,922	5,008,843	-	24,104,765
Improvements other than building	17,801,180	-	-	17,801,180
Machinery and Equipment	6,761,688	451,322	271,135	6,941,875
Intangible assets	<u>6,870,000</u>	<u>-</u>	<u>-</u>	<u>6,870,000</u>
Total capital assets being depreciated	<u>50,528,790</u>	<u>5,460,165</u>	<u>271,135</u>	<u>55,717,820</u>
Less accumulated depreciation for:				
Buildings	9,325,853	516,125	-	9,841,978
Improvements other than building	3,014,483	420,110	-	3,434,593
Machinery and Equipment	5,295,345	604,659	271,135	5,628,869
Intangible assets	<u>343,500</u>	<u>171,750</u>	<u>-</u>	<u>515,250</u>
Total accumulated depreciation	<u>17,979,181</u>	<u>\$ 1,712,644</u>	<u>\$ 271,135</u>	<u>19,420,690</u>
Governmental type activities capital assets, net	<u>\$ 42,244,823</u>			<u>\$ 46,906,495</u>

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

General government	\$ 289,848
Public safety	693,777
Human services	138,390
Community services	414,327
Economic development	176,302
Total depreciation expense	<u>\$ 1,712,644</u>

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 1,020,695	\$ -	\$ -	\$ 1,020,695
Construction in progress	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total capital assets not being depreciated	<u>1,020,695</u>	<u>-</u>	<u>-</u>	<u>1,020,695</u>
Capital assets being depreciated:				
Buildings	39,017	-	-	39,017
Improvements other than buildings	4,734,167	-	-	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>5,217,270</u>	<u>-</u>	<u>-</u>	<u>5,217,270</u>

**GRANVILLE COUNTY, NORTH CAROLINA
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	Beginning <u>Balances</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balances</u>
Less accumulated depreciation for:				
Buildings	19,415	1,960	-	21,375
Improvements other than buildings	576,364	123,414	-	699,778
Fixtures & Equipment	20,501	6,584	-	27,085
Machinery and equipment	<u>342,070</u>	<u>3,269</u>	-	<u>345,339</u>
Total accumulated depreciation	<u>958,350</u>	<u>\$ 135,227</u>	<u>\$ -</u>	<u>1,093,577</u>
Business-type activities capital assets, net	<u>\$ 5,279,619</u>			<u>\$ 5,144,388</u>
Depreciation expense is charged as follows				
Landfill				\$ 114,991
Convenience sites				<u>20,235</u>
Total Depreciation expenses				<u>\$ 135,227</u>

Activity for the ABC Board for the year ended June 30, 2018, was as follows:

	Beginning <u>Balances</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balances</u>
Capital assets not being depreciated:				
Land	\$ 436,774	\$ -	\$ 98,000	\$ 338,774
Capital assets being depreciated:				
Buildings	261,388	855,469	130,262	986,595
Furniture and equipment	66,608	105,321	37,644	134,285
Vehicles	23,208	-	-	23,208
Computers & software	66,299	1,793	49,159	18,933
Land improvements	<u>32,592</u>	<u>-</u>	<u>32,592</u>	<u>-</u>
Total capital assets being depreciated	<u>450,095</u>	<u>962,583</u>	<u>249,657</u>	<u>1,163,021</u>
Less accumulated depreciation for:				
Buildings	105,345	11,871	45,902	71,314
Furniture and equipment	55,625	9,627	34,657	30,595
Vehicles	23,208	-	-	23,208
Computers & software	65,042	341	49,159	16,224
Land improvements	<u>32,592</u>	<u>-</u>	<u>32,592</u>	<u>-</u>
Total accumulated depreciation	<u>281,812</u>	<u>\$ 21,839</u>	<u>\$ 162,310</u>	<u>141,341</u>
ABC Board capital assets, net	<u>\$ 605,057</u>			<u>\$ 1,360,454</u>

Activity for Granville Health System for the year ended September 30, 2017, 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	<u>229,960</u>	<u>234,542</u>	<u>(283,863)</u>	<u>180,639</u>
Total capital assets not being depreciated	<u>2,020,167</u>	<u>234,542</u>	<u>(283,863)</u>	<u>1,970,846</u>
Capital assets being depreciated:				
Buildings	30,975,409	76,639	-	31,052,048
Capitalized interest	181,828	-	-	181,828
Land Improvements	1,707,754	-	-	1,707,754
Equipment and fixtures	<u>32,564,081</u>	<u>872,638</u>	<u>(842,818)</u>	<u>32,593,901</u>
Total capital assets being depreciated	<u>65,429,072</u>	<u>949,277</u>	<u>(842,818)</u>	<u>65,535,531</u>

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	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Less accumulated depreciation for:				
Buildings	13,959,651	846,131	-	14,805,782
Land Improvements	1,124,674	53,290	-	1,177,964
Equipment and fixtures	<u>21,364,315</u>	<u>1,750,023</u>	<u>1,126,681</u>	<u>21,987,657</u>
Total accumulated depreciation	<u>36,448,640</u>	<u>\$ 2,649,444</u>	<u>\$ 1,126,681</u>	<u>37,971,403</u>
Total capital assets being depreciated, net	<u>28,980,432</u>			<u>27,564,128</u>
Business-type activities capital assets, net	<u>\$ 31,000,599</u>			<u>\$ 29,534,974</u>

B. Liabilities

1. Payables

Payables at the government-wide level at June 30, 2018, were as follows:

	<u>Vendors</u>	<u>Accrued Interest</u>	<u>Total</u>
Governmental Activities:			
General Fund	\$ 965,013	\$ 560,895	\$ 1,525,908
School Repair Project Fund	10,472	-	10,472
Other Governmental Funds	202,816	-	202,816
County Health Plan Fund	<u>234,181</u>	<u>-</u>	<u>234,181</u>
Total-governmental activities	<u>\$ 1,412,482</u>	<u>\$ 560,895</u>	<u>\$ 1,973,377</u>
Business-type Activities:			
Solid Waste Management	\$ 153,073	\$ -	\$ 153,073
Stormwater Fund	<u>51,258</u>	<u>-</u>	<u>51,258</u>
Total-business-type activities	<u>\$ 204,331</u>	<u>\$ -</u>	<u>\$ 204,331</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.

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

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. County employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The County's contractually required contribution rate for the year ended June 30, 2018, was 8.25% of compensation for law enforcement officers and 7.50% 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 \$971,019 for the year ended June 30, 2018. Contributions to the pension plan from the Hospital were approximately \$1,503,000 for the year ended September 30, 2017.

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, 2018, the County reported a liability of \$2,745,928 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. The total pension liability was then rolled forward to the measurement date of June 30, 2017 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, 2018, the County's proportion was .18%, which was a decrease of .001% from its proportion measured as of June 30, 2017.

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For the year ended June 30, 2018, the County recognized pension expense of \$971,342. At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 158,191	\$ 77,729
Changes of assumption	392,157	
Net difference between projected and actual earnings on pension plan investments	666,715	-
Changes in proportion and differences between County contributions and proportionate share of contributions	89,069	-
County contributions subsequent to the measurement date	<u>971,019</u>	<u>-</u>
Total	<u>\$ 2,277,151</u>	<u>\$ 77,729</u>

\$971,019 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2019	\$ 178,698
2020	823,435
2021	419,925
2022	<u>(193,655)</u>
Total	<u>\$ 1,228,403</u>

At September 30, 2017, the Hospital reported a liability of \$5,176,231 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. 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 liability 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, 2017, the Hospital's proportion was 0.33882%, which was an decrease of 0.00634% from its proportion measured as of September 30, 2016.

For the year ended September 30, 2017, the Hospital recognized pension expense of \$1,686,185. At September 30, 2017, the Hospital 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	\$ 298,199	\$ 146,523
Changes in assumptions	739,237	-
Net difference between projected and actual earnings on pension plan investments	1,256,796	-
Changes in proportion and differences between Hospital contributions and proportionate share of contributions	14,983	222,323
Hospital contributions subsequent to the measurement date	422,885	-
Total	<u>\$ 2,732,100</u>	<u>\$ 368,846</u>

\$422,885 reported as deferred outflows related to pensions resulting from Hospital contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended September 30, 2018. Other amounts reported as deferred inflows related to pensions will be recognized in pension expense as follows:

Year ended September 30:	
2018	\$ 204,700
2019	1,424,682
2020	721,190
2021	<u>(410,203)</u>
Total	<u>\$ 1,940,369</u>

Actuarial Assumptions. The total pension liability in the December 31, 2016 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	7.20 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

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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	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
Total	100%	

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 7.20%. 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 and Hospital'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 7.20 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 (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	<u>1% Decrease</u> <u>(6.20%)</u>	<u>Discount</u> <u>Rate (7.20%)</u>	<u>1% Increase</u> <u>(8.20%)</u>
County's proportionate share of the net pension liability (asset)	\$ 8,243,342	\$ 2,745,928	\$(1,842,675)
Hospital's proportionate share of the net pension liability (asset)	\$ 15,539,163	\$ 5,176,231	\$(3,473,545)

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.

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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 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 does not have 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, 2016 valuation. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	3.50 to 7.35 percent
Discount rate	3.16 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.

The actuarial assumptions used in the December 31, 2016 valuation were based on results of an experience study completed by the Actuary for the LGERS for the five year period ending December 31, 2014.

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Mortality rates are based on the RP-2014 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 \$39,963 as benefits came due for the reporting period.

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

At June 30, 2018, the County reported a total pension liability of \$1,669,988. The total pension liability was measured as of December 31, 2017 based on a December 31, 2016 actuarial valuation. The total pension liability was rolled forward to December 31, 2017 utilizing update procedures incorporating the actuarial assumptions.

For the year ended June 30, 2018, the County recognized pension expense of \$147,114.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 58,007	\$ -
Changes of assumptions	91,688	24,804
County benefit payments and admin expenditures paid subsequent to the measurement date	20,967	-
Total	<u>\$ 170,662</u>	<u>\$ 24,804</u>

The County paid \$20,967 in benefit payments and \$0 in admin expenditures subsequent to the measurement date that are reported as deferred outflows of resources related to pensions which will be recognized as a decrease of the total pension liability in the year ended June 30, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2019	\$ 24,415
2020	24,415
2021	24,415
2022	24,415
2023	26,931
Thereafter	300

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 3.16 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 (2.16 percent) or 1-percentage-point higher (4.16 percent) than the current rate:

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	1% Decrease (2.16%)	Discount Rate (3.16%)	1% Increase (4.16%)
Total pension liability	\$ 1,821,621	\$ 1,669,988	\$ 1,531,633

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

	2018
Beginning balance	\$ 1,401,767
Service Cost	69,248
Interest on the total pension liability	53,451
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	69,585
Changes of assumptions or other inputs	109,989
Benefit payments	(34,052)
Other changes	-
Ending balance of the total pension liability	<u>\$ 1,669,988</u>

Changes of assumptions. Changes of assumptions and other inputs reflect a change in the discount rate from 3.86 percent at June 30, 2016 to 3.16 percent at June 30, 2017.

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.

The actuarial assumptions used in the December 31, 2016 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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, 2018, were \$166,688, which consisted of \$127,770 from the County and \$38,918 from the law enforcement officers.

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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 Deeds' Supplemental Pension Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for the Registers of Deeds' Supplemental Pension Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

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

Contributions. Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County Commission under Article 1 of Chapter 161 of the North Carolina General Statutes. The statutory contribution currently has no relationship to the actuary's required contribution. The actuarially determined contribution this year and for the foreseeable future is zero. Registers of Deeds do not contribute. Contribution provisions are established by General Statute 161-50 and may be amended only by the North Carolina General Assembly. Contributions to the pension plan from the County were \$4,038 for the year ended June 30, 2018.

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

At June 30, 2018, the County reported an asset of \$82,034 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2017. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2016. The total pension liability was then rolled forward to the measurement date of June 30, 2017 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, 2018, the County's proportion was .481%, which was a decrease of .42% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2018, the County recognized pension expense of \$10,762. At June 30, 2018, 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 <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Differences between expected and actual experience	\$ 1,408	\$ 264
Changes of assumptions	13,841	-
Net difference between projected and actual earnings on pension plan investments	6,974	-
Changes in proportion and differences between County contributions and proportionate share of contributions	1,904	6,513
County contributions subsequent to the measurement date	<u>4,038</u>	<u>-</u>
Total	<u>\$ 28,165</u>	<u>\$ 6,777</u>

\$4,038 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, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2019	\$ 10,831
2020	3,942
2021	798
2022	1,779

Actuarial Assumptions. The total pension liability in the December 31, 2016 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, 2016 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

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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, 2017 is 1.4%:

The information above is based on 30 year expectations developed with the consulting actuary for the 2017 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 3.75%. The projection of cash flows used to determine the discount rate assumed that contributions from employers will be made at statutorily required rates. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's proportionate share of the net pension asset to changes in the discount rate. The following presents the County's proportionate share of the net pension asset calculated using the discount rate of 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>Discount</u>	<u>1% Increase</u>
	<u>(2.75%)</u>	<u>Rate (3.75%)</u>	<u>(4.75%)</u>
County's proportionate share of the net pension liability (asset)	\$ (64,477)	\$ (82,034)	\$ (96,798)

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

The net pension liability for LGERS and ROD was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability for LEOSSA was measured as of June 30, 2017, with an actuarial valuation date of December 31, 2016. The County's proportion of the net pension liability was based on the County's share of contributions to the pension plan relative to the contribution of all participating entities. Following is information related to the proportionate share and pension expense:

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	<u>LGERS</u>	<u>ROD</u>	<u>LEOSSA</u>	<u>Total</u>
Proportionate Share of Net Pension Liability (Asset)	\$ 2,745,928	\$ (82,034)	\$ -	\$ 2,663,894
Proportion of the Net Pension Liability (Asset)	.180%	(.481%)	N/A	N/A
Total Pension Liability	-	-	1,669,988	1,669,988
Pension Expense	\$ 971,342	\$ 10,762	\$ 147,114	\$ 1,129,218

At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>LGERS</u>	<u>ROD</u>	<u>LEOSSA</u>	<u>Total</u>
<u>Deferred Outflows of Resources</u>				
Differences between expected and actual experience	\$ 158,191	\$ 1,408	\$ 58,007	\$ 217,606
Changes of assumptions	392,157	13,841	91,688	497,686
Net difference between projected and actual earnings on pension plan investments	666,715	6,974	-	673,689
Changes in proportion and differences between County contributions and proportionate share of contributions	89,069	1,904	-	90,973
County contributions (LGERS, ROD)/benefit payments (LEOSSA) subsequent to the measurement date	971,019	4,038	20,967	996,024
<u>Deferred Inflows of Resources</u>				
Differences between expected and actual experience	77,729	264	-	77,993
Changes of assumptions	-	-	24,804	24,804
Changes in proportion and differences between County contributions and proportionate share of contributions	-	6,513	-	6,513

f. Other Postemployment Benefits

Plan Description

Plan Description –Under a County resolution, Granville County administers the Healthcare Benefits Plan (HCB Plan), single-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for all employees hired prior to July 1, 2014 and who retire under the provisions of the North Carolina Local Governmental Employees’ Retirement System (System) and were employed with the County at retirement are eligible to participate in the HCB Plan if they meet one of the following retirement conditions:

- Age 65 or older and have been previously employed by the County on a regular full-time basis for at least twenty years.
- Age 62 or older and have been previously employed by the County on a regular full-time basis for at least twenty-two years.
- Age 55 or older and have been previously employed by the County on a regular full time basis for at least twenty-five years.

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- Have been previously employed by the County on a regular full-time basis for at least thirty years regardless of age.
- 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.

The plan, which has a June 30, 2018 year end, does not issue a stand-alone report.

Benefits provided: The HCB Plan provides healthcare benefits for retirees. The County will subsidize a portion of the HCB Plan premium for eligible retirees in an amount equal to a single active employee's coverage. Retirees qualifying for County subsidized health premiums will receive at no cost a County subsidized Medicare Supplement policy and Medicare Part D coverage upon becoming Medicare eligible. Health care and prescription drug coverage are provided in the County's HCB Plan.

Contributions. The Board of Commissioners established the contribution requirements of plan members which may be amended by the Board. The Board establishes rates based on an actuarially determined rate. For the year ended June 30, 2018, the Non-Medicare monthly premium was \$655 per month. If the employees and retirees qualified for the Wellness Option, they contributed \$30 or the Non-Wellness Option contributed \$105 per month. For those that are on Medicare, the County provides a Medicare Supplement and Prescription Plan that ranges from \$255 per month to \$379 per month depending on the age of the beneficiary. The Board of Commissioners may amend the benefit provisions.

For the current year, the County contributed \$283,036.

Plan membership. Membership of the HCB Plan consisted of the following at June 30, 2016, the date of the latest actuarial valuation:

Inactive plan members or beneficiaries currently receiving benefit payments	57
Inactive plan members entitled to but not yet receiving benefit payments	-
Active plan members	<u>209</u>
Total Membership	<u><u>266</u></u>

Total OPEB Liability

The County's total OPEB liability of \$17,970,226 was measured as of June 30, 2017 and was determined by an actuarial valuation as of June 30, 2016.

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50 percent
Real wage growth	1.00 percent
Wage inflation	3.50 percent
Salary increase, including wage inflation	
General Employees	3.50 to 7.75 percent
Law Enforcement Officers	3.50 to 7.35 percent

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Discount rate	3.56 percent
Healthcare cost trend rates	
Pre-Medicare	7.75% for 2016 decreasing to an ultimate rate of 5.00% by 2022 for Pre-Medicare
Medicare	5.75% for 2016 decreasing to an ultimate rate of 5.00% by 2019

The discount rate is based on the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by The Bond Buyer.

Mortality rates were based on the RP-2014 mortality tables, with adjustments for LGERS experience and generational mortality improvements.

The demographic actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period January 1, 2010 – December 31, 2014.

The remaining actuarial assumptions used were based on a review of recent plan experience done concurrently with the June 30, 2016 valuation.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2016	\$ 19,116,022
Service Cost	613,574
Interest on the total OPEB liability and Cash Flows	571,146
Changes of benefit terms	-
Differences between expected and actual experience	(81,566)
Changes of assumptions or other inputs	(1,964,694)
Benefit payments	(284,256)
Other changes	-
Balance at June 30, 2017	<u>\$ 17,970,226</u>

Changes in assumptions and other inputs reflect a change in the discount rate from 3.01% to 3.56%.

Mortality rates were based on the RP-2014 mortality tables, with adjustments for LGERS experience and generational mortality improvements using Scale MP-2015.

The actuarial assumptions used in the June 30, 2016 valuation was based on the results of an actuarial experience study for the period January 2010 through December 2014.

Sensitivity of the net OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.56) or 1-percentage-point higher (4.56 percent) than the current discount rate:

	1% Decrease (2.56%)	Discount Rate (3.56%)	1% Increase (4.56%)
Total OPEB liability	\$ 21,772,145	\$ 17,970,226	\$ 15,041,728

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Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Discount</u>	<u>1% Increase</u>
Total OPEB liability	\$ 14,667,605	\$ 17,970,226	\$ 22,351,137

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the County recognized OPEB expense of \$885,559. At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 69,641
Changes of assumptions	-	1,677,458
Net difference between projected and actual earnings on pension plan investments	-	-
Changes in proportion and differences between County contributions and proportionate share of contributions	-	-
County contributions subsequent to the measurement date	<u>283,036</u>	<u>-</u>
Total	<u>\$ 283,036</u>	<u>\$ 1,747,099</u>

\$283,036 reported as deferred outflows of resources related to OPEB resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease in the total OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:		
2018	\$	(299,161)
2019		(299,161)
2020		(299,161)
2021		(299,161)
2022		(299,161)
Thereafter		(251,294)

g. 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 month's 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

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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 10 years remaining under the postclosure requirements and the Oxford site has 30 postclosure years remaining. The \$8,483,312 reported as landfill closure and postclosure care liability at June 30, 2018, 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, was capped and will be monitored for another 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	\$ 1,150,588	\$ -
Difference between expected and actual experience		
Pensions	217,606	77,993
OPEB	-	69,641
Changes of assumptions		
Pensions	497,686	24,804
OPEB	-	1,677,458
Difference between projected and actual investment earnings		
Pensions	673,689	-
OPEB	-	-
Change in proportion and difference between employer contributions and proportionate share of contributions		
Pensions	90,973	6,513
OPEB	-	-
Contributions to pension plan subsequent to measurement date (LGERS, ROD)	975,057	-

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Benefit payments for the OPEB plan paid subsequent to measurement date	283,036	
Benefit payments/administrative costs paid subsequent to the measurement date (LEOSSA)	20,967	-
Prepaid taxes not yet earned (General)	-	202,648
Taxes receivable, net (General)	-	819,278
Total	<u>\$ 3,909,602</u>	<u>\$ 2,878,335</u>

5. Risk Management

The County is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County participates in two self-funded risk-financing pools administered by the North Carolina Association of County Commissioners Joint Risk Management Agency. Through these pools, the County obtains property coverage equal to replacement cost values of owned property subject to total insured values, with sub-limits on coverage for specified perils; general, auto, professional, employment practices, and law enforcement liability coverage of \$2 million per occurrence; auto physical damage coverage for owned autos at actual cash value; crime coverage of \$250,000 per occurrence; and workers' compensation coverage up to the statutory limits. All property coverage and some liability coverage is subject to per occurrence deductibles, as selected by the County. The pools are audited annually by certified public accountants, and the audited financial statements are available to the County upon request. Both of these pools are reinsured through a multi-state public entity captive for single occurrence losses in excess of \$500,000, up to a \$2 million limit for liability coverage, and single occurrence losses in excess of \$750,000 for workers' compensation. Through the captive, the Liability and Property Pool is reinsure for \$2,000,000 of annual aggregate losses in excess of \$250,000 per occurrence for property, auto physical damage and crime coverage, with additional limits of \$498 million purchased through a group of commercial carriers through the multi-state public entity captive. The County provides employee health and dental benefits through a self-insured plan provided by Blue Cross Blue Shield (BCBS). Claims are administered and paid directly from the plan by BCBS. Specific stop-loss is set at \$80,000 per individual health insurance claim with an unlimited lifetime maximum. Aggregate stop-loss is set at the level of 125% with a minimum aggregate attachment point of \$2,325,936 and a contract period maximum of \$1,000,000.

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

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

Granville County ABC Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. The 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.

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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, 2018, the County was a defendant to various lawsuits. In the opinion of the County's management and the County attorney, the ultimate effect of these legal matters will not have a material adverse effect on the County's financial position.

7. Long-Term Obligations

a. Financing Agreements

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

3,201,290

Total

\$ 3,201,290

For Granville County, the future minimum payments as of June 30, 2018, including \$100,662 of interest are:

Year Ending	<u>Governmental Activities</u>	
<u>June 30</u>	<u>Principal</u>	<u>Interest</u>
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>\$ 3,201,290</u>	<u>\$ 100,662</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

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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 \$108,000 and \$110,000 as of September 30, 2017 and 2016, respectively.

Total rental expense charged to operations amounted to approximately \$789,000 and \$873,000 for the years ended September 30, 2017 and 2016, respectively. Approximate future minimum rentals for years ending September 30 are as follows:

2018	\$ 740,213
2019	546,289
2020	312,277
2021	275,016
2022	3,152
Total	<u>\$ 1,876,947</u>

c. Installment Purchases

As authorized by State law [G.S. 160A-20 and 153A-158.1], the County financed various property acquisitions through installment financing. The County's installment purchases at June 30, 2018, 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. \$ 461,718

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	-
School Construction (Granville County Schools holds title to these assets upon project completion)	823,428

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%. 6,394,000

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%. 1,259,302

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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.	8,353,858
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.	4,641,023
In April 2018, the County entered into a \$8,105,000 installment financing agreement to fund school repairs. Payments are due on April 1 and October 1 for the next 20 years. Interest will be paid at a rate of 3.58%.	8,105,000
In May 2018, the County entered into a \$5,800,000 installment financing agreement to fund a hospital building. Payments are due on annually on May 9 for the next 20 years. Interest will be paid at a rate of 4.22%.	5,800,000
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%.	<u>9,156,803</u>
Total	<u>\$ 44,995,132</u>

For Granville County, the future minimum payments as of June 30, 2018, including \$16,281,186 of interest are:

Year Ending <u>June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2019	\$ 2,820,862	\$ 1,544,726
2020	2,841,576	1,460,956
2021	2,863,119	1,366,684
2022	2,851,573	1,271,665
2023	2,680,644	1,179,336
2024-2028	13,146,473	4,604,296
2029-2033	7,129,915	2,764,928
2034-2038	6,323,721	1,531,287
2039-2043	3,478,271	536,929
2044-2045	858,978	20,379
	<u>\$ 44,995,132</u>	<u>\$ 16,281,186</u>

d. Certificates of Participation

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

\$10,785,000 Series 2010A Limited Obligation Certificates of Participation, Recovery Zone Economic Development Bonds, issued August 2010, with interest semiannually on March 1 and September 1 and principal due annually on September 1 through 2030, interest at 1.55% to 6%. Annual payments are required to be made into a sinking fund held by US Bank beginning in September 2023. The deposits and the interest earned on those deposits will be used to make the principal payment in September 2030.

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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). \$ 7,350,000

\$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 \$ 12,565,000

For Granville County, the future minimum payments as of June 30, 2018, including \$6,933,031 of interest are:

Year Ending <u>June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2019	\$ 495,000	\$ 640,131
2020	495,000	619,960
2021	495,000	598,675
2022	495,000	576,400
2023	495,000	553,382
2024-2028	7,690,000	3,728,483
2028-2031	<u>2,400,000</u>	<u>216,000</u>
	<u>\$ 12,565,000</u>	<u>\$ 6,933,031</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, 2018, are comprised of the following individual issues:

General Obligation Bonds

\$1,600,000 Public Improvement 2009A bonds due on June 1 and December 1; interest at 3.0-4.5 percent	\$ 80,000
\$8,000,000 Library Bonds 2009B bonds due on June 1 and December 1; interest at 3.0-4.125 percent	400,000
\$10,215,000 Refunding Bonds 2009C due on June 1 and December 1; interest at 3.0-4.0 percent*	1,065,000
\$16,095,000 Refunding Bonds 2013 due on June 1 and December 1; interest at 2.5-4.0%	12,475,000
\$5,485,000 Refunding Bonds 2015 due on May 1 and November 1; interest at 2.27%	4,373,000

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\$5,044,000 Refunding Bonds 2017 due on June 1 and December 1; interest at 2.39%	<u>5,033,000</u>
Total	<u>\$ 23,426,000</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>
2019	\$ 3,119,000	\$ 756,556
2020	3,084,000	665,208
2021	3,116,000	559,100
2022	3,098,000	451,495
2023	3,070,000	344,395
2024-2028	7,475,000	485,643
2029	<u>464,000</u>	<u>11,090</u>
	<u>\$ 23,426,000</u>	<u>\$ 3,273,487</u>

At June 30, 2018, Granville County had a legal debt margin of \$282,410,554.

The Hospital's notes payable at September 30, 2017, are comprised of the following:

3.97 percent note, payable monthly, principal and interest of \$11,073 through March 2022; guaranteed by Granville County	\$ 535,321
4.09 percent note, monthly principal and interest of \$13,889, through January 2018; collateralized by real estate.	69,443
3.73 percent note, payable and interest payable semi-annually of \$79,324 through July 2027; collateralized by real estate	1,315,931
1.98 percent note, principal and interest payable annually of \$105,963 through June 2019; collateralized by equipment	205,794
4.00 percent note, principal and interest payable monthly of \$66,920 through December 2043; collateralized by real estate: guaranteed by Granville County	<u>13,200,763</u>
Total	<u>\$ 15,327,252</u>

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

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Year Ending <u>September 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2018	\$ 604,073	\$ 595,245
2019	627,919	572,604
2020	544,972	549,586
2021	566,768	527,793
2022	511,032	505,676
Thereafter	<u>12,472,488</u>	<u>5,444,252</u>
Total	<u>\$ 15,327,252</u>	<u>\$ 8,195,156</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.

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.

On November 29, 2017, the County issued \$5,044,000 of general obligation refunding bonds to provide resources to pay off 2009 bonds. As a result, the refunded bonds are considered to be defeased and 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 \$244,000. 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 \$298,337.

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, 2018:

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	Balance <u>July 1, 2017</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>June 30, 2018</u>	Current Portion <u>of Balance</u>
Governmental activities:					
General obligation bonds	\$ 26,318,000	\$ 5,044,000	\$ (7,936,000)	\$ 23,426,000	\$ 3,119,000
Plus: Premiums on issuance	<u>1,779,562</u>	-	<u>(239,618)</u>	<u>1,539,944</u>	<u>239,618</u>
Total General obligation bonds	28,097,562	5,044,000	(8,175,618)	24,965,944	3,358,618
Financing Agreements	3,977,065	-	(775,775)	3,201,290	785,472
Installment Purchases	33,250,867	13,905,000	(2,160,735)	44,995,132	2,820,862
Certificates of participation	13,060,000	-	(495,000)	12,565,000	495,000
Compensated absences	921,664	973,811	(921,664)	973,811	243,453
Net pension liability (LGERS)	3,758,206	-	(1,064,252)	2,693,954	-
Total OPEB Liability	18,505,976	-	(846,635)	17,659,341	-
Total pension liability (LEOSSA)	<u>1,401,767</u>	<u>268,221</u>	-	<u>1,669,988</u>	-
Total governmental activities	<u>\$ 102,973,107</u>	<u>\$ 20,191,302</u>	<u>\$ (14,439,679)</u>	<u>\$ 108,724,460</u>	<u>\$ 7,703,405</u>
Business-type activities:					
Accrued landfill closure and postclosure costs	\$ 8,389,792	\$ -	\$ 93,520	\$ 8,483,312	\$ -
Compensated absences	24,539	24,883	24,539	24,883	6,221
Net pension liability (LGERS)	74,519	-	22,545	51,974	-
Total OPEB liability	<u>610,046</u>	-	<u>299,161</u>	<u>310,885</u>	-
Total business-type activities	<u>\$ 9,098,896</u>	<u>\$ 24,883</u>	<u>\$ 439,765</u>	<u>\$ 8,871,054</u>	<u>\$ 6,221</u>

Net pension liability, total pension liability, and total other postemployment liability for governmental activities are all typically liquidated in the General Fund. Compensated absences for governmental activities typically have been liquidated in the General Fund and accounted for on a LIFO basis, assuming that employees are taking leave time as it is earned. Net pension liability and total other postemployment liability for business-type activities are generally liquidated by the Solid Waste Management Fund.

The following is a summary of changes in the Hospital's long-term obligations for the fiscal year ended September 30, 2017:

	Beginning Balance	<u>Increases</u>	<u>Decreases</u>	Ending Balance	Current Portion <u>of Balance</u>
Governmental activities:					
Installment Purchases	\$ 16,078,340	\$ -	\$ (751,088)	\$ 15,327,252	\$ 604,073
Capital leases	624,576	-	(211,377)	413,197	213,714
Compensated absences	1,999,037	-	(15,842)	1,983,195	1,983,195
Net pension liability (LGERS)	<u>7,324,813</u>	-	<u>(2,148,582)</u>	<u>5,176,231</u>	-
Total governmental activities	<u>\$ 26,026,766</u>	<u>\$ -</u>	<u>\$ (3,126,889)</u>	<u>\$ 22,899,875</u>	<u>\$ 2,800,982</u>

C. Interfund Balances and Activity

	<u>Amount</u>
<i>Transfers From/To Other Funds</i>	
General Fund to Emergency Telephone System Fund to provide funding for expenditures not approved by PSAP board	\$ 29,996
General Fund to Law Enforcement Center Fund to supplement construction funding	6,800,000
General Fund to Solid Waste Management Fund to fund C&D landfill closure	1,000,000
General Fund to Health Plan Fund to cover claims expenditures	<u>100,000</u>
Total	<u>\$ 7,929,996</u>

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Due From/To Other Funds

From General Fund to Granville County Tourism Development Authority to show occupancy tax owed for fiscal year and not yet transferred	\$ 27,950
From Falls Meadow/Montgomery Place Project Fund to General Fund to fund street improvements that are to be reimbursed via assessments	<u>229,287</u>
Total	<u>\$ 257,237</u>

D. Net Investment in Capital Assets

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Net capital assets	\$ 46,906,495	\$ 5,144,388
Capital debt calculation:		
Total debt, gross	85,727,366	-
Less:		
School debt for assets to which the county does not hold title	(49,262,105)	-
Hospital debt for assets which the county does not hold title	(20,515,900)	-
Unamortized assets related to capital debt (excluding school related)	(143,550)	-
Add:		
Unamortized liabilities related to capital debt (excluding school related)	<u>76,252</u>	<u>-</u>
Total capital debt	<u>15,882,063</u>	<u>-</u>
Net investment in capital assets	<u>\$ 31,024,432</u>	<u>\$ 5,144,388</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:

Total Fund Balance-General Fund	\$ 48,018,105
Less:	
Prepaid items	1,855
Stabilization by State Statute	4,006,440
Appropriated fund balance in 2019 budget	418,603
Education	9,455,239
Register of Deeds	30,743
Tax Revaluation	-
Public Safety	1,791,710
Human Services	7,800,692
Community Services	500,000
Economic and Physical Development	1,070,000
Working Capital/Fund Balance Policy	<u>16,901,366</u>
Remaining Fund Balance	<u>\$ 6,041,457</u>

**GRANVILLE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

IV. Joint Ventures

A. Vance-Granville Community College

The County, in conjunction with Vance County, Warren County, Franklin County, the State of North Carolina, and the Boards of Education of Vance, Granville, Warren and Franklin Counties, participates in a joint venture to operate Vance-Granville Community College. Each participant appoints members of the thirteen-member board of trustees of the community college. No participant appoints a majority. The president of the community college's student government serves as an ex-officio nonvoting member of the community college's board of trustees. The community college is included as a component unit of the State. The County has the basic responsibility for providing funding for facilities of the community college and also provides some financial support for the community college's operations. In addition to providing annual appropriations for the facilities, the County periodically issues general obligation bonds to provide financing for new and restructured facilities. The County has an ongoing financial responsibility for the community college because of the statutory responsibilities to provide funding for the community college's facilities. The County contributed \$752,184 and \$28,740 to the community college for operating and capital purposes, respectively, during the fiscal year ended June 30, 2018. 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, 2018. 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, 2018. In accordance with the intergovernmental agreement between the participating

**GRANVILLE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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.

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, 2018. 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, 2018. 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	\$ 313,681	\$ -
Medical Assistance	43,859,259	22,436,611
Health Choice	1,440,883	765
CWS Adoption Subsidy	-	134,856
Adoption Assistance	205,426	50,476
State/County Special Assistance	-	336,875
Foster Care	63,013	16,625
State Foster Home	-	13,388
SFHF Maximization	-	16,521
Totals	<u>\$ 45,882,262</u>	<u>\$ 23,006,117</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

**GRANVILLE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statement for the refund of grant moneys.

VIII. Significant Effects of Subsequent Events

The County has evaluated events and transactions that occurred between June 30, 2018 and December 17, 2018, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements. The County financed construction of the Law Enforcement Center as well as refunding of Bank of America and Suntrust debt through issuance of Series 2018 Limited Obligation Bonds in the amount of \$38.7 million. 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 75, *Accounting and Financial Reporting for Financial Reporting for Postemployment Benefits Other than Pensions*, in the fiscal year ending June 30, 2018. The implementation of the statement required the County to record beginning net OPEB liability and the effects on net position of contributions paid by the County to the OPEP Trust during the measurement period, as well as the removal of the net OPEB obligation. As a result, net position for the governmental and business-type activities decreased by \$11,578,900 and \$187,501 respectively.

REQUIRED SUPPLEMENTAL FINANCIAL DATA

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

- 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
- Schedule of Changes in the Total OPEB Liability and Related Ratios – Healthcare Benefits Plan

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

	2018	2017	2016	2015	2014
County's proportion of the net pension liability (asset)	0.180%	0.181%	0.180%	0.182%	0.186%
County's proportionate share of the net pension liability (asset)	2,745,928	3,832,725	807,011	(1,070,625)	2,237,193
County's covered payroll	\$ 12,039,675	\$ 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 payroll	22.81%	33.05%	7.28%	-9.68%	20.53%
Plan fiduciary net position as a percentage of the total pension liability	94.18%	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 FIVE FISCAL YEARS**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 971,019	\$ 900,473	\$ 794,490	\$ 791,446	\$ 786,842
Contributions in relation to the contractually required contribution	<u>971,019</u>	<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>	<u>-</u>
County's covered payroll	\$12,597,654	\$12,039,675	\$ 11,595,359	\$ 11,078,798	\$ 11,056,961
Contributions as a percentage of covered payroll	7.71%	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 FIVE FISCAL YEARS

	2018	2017	2016	2015	2014
County's proportion of the net pension liability (asset)	0.481%	0.439%	0.459%	0.457%	0.427%
County's proportionate share of the net pension liability (asset)	\$ (82,034)	\$ (82,098)	\$ (106,274)	\$ (103,658)	\$ (91,205)
County's covered payroll	\$ 179,428	\$ 179,639	\$ 161,292	\$ 156,569	\$ 144,198
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-45.72%	-45.70%	-65.89%	-66.21%	-58.25%
Plan fiduciary net position as a percentage of the total pension liability	153.77%	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 FIVE FISCAL YEARS**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 4,038	\$ 4,228	\$ 3,928	\$ 3,670	\$ 3,734
Contributions in relation to the contractually required contribution	<u>4,038</u>	<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>	<u>-</u>
County's covered payroll	\$ 189,631	\$ 179,428	\$ 179,639	\$ 161,292	\$156,569
Contributions as a percentage of covered payroll	2.13%	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
SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2018

	<u>2018</u>	<u>2017</u>
Beginning Balance	\$ 1,401,767	\$ 1,350,911
Service Cost	69,248	69,009
Interest on the total pension liability	53,451	47,690
Changes of benefit terms		-
Differences between expected and actual experience	69,585	-
Changes of assumptions or other inputs	109,989	(35,732)
Benefit payments	(34,052)	(30,111)
Ending balance of the total pension liability	<u>\$ 1,669,988</u>	<u>\$ 1,401,767</u>

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

GRANVILLE COUNTY, NORTH CAROLINA
SCHEDULE OF TOTAL PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2018

	<u>2018</u>	<u>2017</u>
Total pension liability	\$ 1,669,988	\$ 1,401,767
Covered payroll	2,602,357	2,539,432
Total pension liability as a percentage of covered payroll	64.17%	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.

GRANVILLE COUNTY, NORTH CAROLINA
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
HEALTHCARE BENEFITS PLAN
FOR THE YEAR ENDED JUNE 30, 2018

Total OPEB Liability	2018
Service Cost	\$ 613,574
Interest on the total pension liability	571,146
Changes of benefit terms	-
Differences between expected and actual experience	(81,566)
Changes of assumptions or other inputs	(1,964,694)
Benefit payments	(284,256)
Net change in total OPEB liability	(1,145,796)
Total OPEB liability - beginning	19,116,022
Total OPEB liability - ending	<u>\$ 17,970,226</u>
Covered payroll	9,248,413
Total OPEB liability as a percentage of covered payroll	194.31%

Notes to Schedule

Changes of assumptions: Changes of assumptions and other inputs reflect the effects of changes in the discount rate of each period. The following are the discount rates used in each period:

<u>Fiscal Year</u>	<u>Rate</u>
2018	3.56%

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

- **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.
- **School Repair Project Fund.** This capital project fund accounts for the funding of repairs to be completed at various schools.

GRANVILLE COUNTY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	2018		Variance Positive (Negative)	2017
	Budget	Actual		Actual
REVENUES				
Ad Valorem Taxes:				
Current year	\$ 39,126,833	\$ 39,752,454	\$ 625,621	\$ 38,913,850
Prior year	360,000	440,365	80,365	360,940
Penalties and interest	298,700	198,097	(100,603)	151,642
Total	39,785,533	40,390,916	605,383	39,426,432
Sales and Other Taxes:				
Article 39 one percent		1,922,116		1,859,114
Article 40 one-half of one percent		3,252,627		3,088,928
Article 42 one-half of one percent		1,729,964		1,656,234
Article 44 one-half of one percent		1,238,722		1,153,952
State excise tax - Register of Deeds		321,024		273,030
Beer and wine		162,180		167,097
Taxes on federal exempt land		23,769		23,282
Medicaid hold harmless		1,712,777		1,638,624
Occupancy taxes		251,948		233,054
Intangible taxes		-		852
Total	10,095,137	10,615,127	519,990	10,094,167
Licenses, Fees and Other Revenues:				
Privilege licenses		3,403		2,994
Taxes on Oxford Housing Authority Planning		6,647		-
Inspection		82,507		72,019
Sheriff wage refund		529,271		540,600
Boarding state and federal prisoners		-		48,048
Ambulance fees		13,098		13,937
Library fees		11,609		14,875
Rents		40,000		41,396
Sheriff's fees		22,800		28,075
Election fees		106,328		124,785
Franchise fees		61,287		72
Animal control		150,146		205,296
Collection fees		35,047		34,263
Senior Center fitness fees		129,399		126,334
Administrative fees		7,019		7,773
Register of Deeds		15,000		12,500
GAP fees		228,978		242,557
Federal interest subsidy		30,435		34,229
Federal and State grants		411,623		418,520
E-911 allocation from Oxford		3,633		3,782
Miscellaneous		111,132		118,308
Sale of capital assets		294,153		376,938
Total	2,268,600	2,326,902	58,302	2,477,162

GRANVILLE COUNTY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	2018		Variance Positive (Negative)	2017
	Budget	Actual		Actual
Restricted and Intergovernmental				
Revenues:				
Debt Contribution from hospital		1,193,079		1,268,826
Court facility fees		51,858		50,916
CSC officer's fees		9,931		9,881
Register of Deeds		39,271		41,771
ABC bottle tax		14,821		14,439
Federal and State grants		6,210,292		7,896,188
Excise recreation - Heritage		296,329		251,175
Jail fees		21,823		16,351
Sheriff Federal treasury seized funds		175		40,049
Miscellaneous		142,859		142,434
Total	8,399,300	7,980,438	(418,862)	9,732,030
Investment earnings	100,000	479,504	379,504	166,647
Micellaneous Revenues				
Granville County ABC Board	172,000	88,681	(83,319)	126,464
Total	172,000	88,681	(83,319)	126,464
Total Revenues	60,820,570	61,881,568	1,060,998	62,022,902
<u>EXPENDITURES</u>				
<u>General Government</u>				
Board of Commissioners				
Salaries and employee benefits		153,236		158,836
Other operating expenditures		61,624		70,512
Capital outlay		317		504
Total	251,861	215,177	36,684	229,852
Administration				
Salaries and employee benefits		349,458		327,200
Other operating expenditures		42,449		13,846
Capital outlay		2,347		-
Total	433,717	394,254	39,463	341,046
Information Technology				
Salaries and employee benefits		201,853		195,657
Other operating expenditures		3,628		2,261
Capital outlay		5,846		2,648
Total	236,924	211,327	25,597	200,566

GRANVILLE COUNTY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	2018		Variance Positive (Negative)	2017
	Budget	Actual		Actual
Board of Elections				
Salaries and employee benefits		284,899		279,058
Other operating expenditures		177,398		138,905
Capital outlay		3,432		2,282
Total	571,556	465,729	105,827	420,245
Finance Department				
Salaries and employee benefits		293,335		283,711
Other operating expenditures		131,274		119,425
Capital outlay		110		-
Total	443,600	424,719	18,881	403,136
Tax Administration				
Salaries and employee benefits		453,535		439,959
Other operating expenditures		245,795		310,845
Capital outlay		4,640		2,109
Total	1,089,263	703,970	385,293	752,913
Register of Deeds				
Salaries and employee benefits		258,819		245,477
Other operating expenditures		88,254		44,250
Total	358,499	347,073	11,426	289,727
General Services/Court Facilities				
Salaries and employee benefits		214,695		207,841
Other operating expenditures		344,962		342,571
Capital outlay		228		274
Total	601,969	559,885	42,084	550,686
Human Resources				
Salaries and employee benefits		66,331		64,273
Other operating expenditures		29,590		33,231
Capital outlay		1,809		-
Total	99,699	97,730	1,969	97,504
Internal Auditor				
Salaries and employee benefits		80,096		77,445
Other operating expenditures		3,986		3,930
Total	87,858	84,082	3,776	81,375
Total General Government	4,174,946	3,503,946	671,000	3,367,050
Public Safety				
Other Emergency Services	70,000	63,700	6,300	59,750

GRANVILLE COUNTY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	2018		Variance Positive (Negative)	2017
	Budget	Actual		Actual
Sheriff's Department/Detention Center				
Salaries and employee benefits		5,603,119		5,501,956
Other operating expenditures		1,571,683		1,565,723
Capital outlay		34,782		272,638
Total	7,896,660	7,209,584	687,076	7,340,317
Fire Service	980,265	980,265	-	949,212
Forestry				
Salaries and employee benefits		31,921		30,738
Other operating expenditures		71,834		71,631
Total	109,902	103,755	6,147	102,369
Emergency Management				
Salaries and employee benefits		256,013		230,167
Other operating expenditures		52,898		94,516
Capital outlay		2,651		2,380
Total	377,260	311,562	65,698	327,063
Emergency Services				
Salaries and employee benefits		1,521,015		1,361,013
Other operating expenditures		273,296		218,515
Capital outlay		36,901		35,841
Total	1,869,296	1,831,212	38,084	1,615,369
Total Public Safety	11,303,383	10,500,078	803,305	10,394,080
<u>Community Services</u>				
Cooperative Extension Service				
Salaries and employee benefits		316,320		255,374
Other operating expenditures		81,080		44,639
Total	453,578	397,400	56,178	300,013
County Library System				
Salaries and employee benefits		685,555		708,355
Other operating expenditures		316,749		300,033
Capital outlay		29,258		12,763
Total	1,160,114	1,031,562	128,552	1,021,151
Recreation & Community Service				
Other operating expenditures		170,804		173,987
Total	174,975	170,804	4,171	173,987

GRANVILLE COUNTY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

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

	2018		Variance Positive (Negative)	2017
	Budget	Actual		Actual
Development Services				
Planning				
Salaries and employee benefits		289,549		311,813
Other operating expenditures		26,371		29,851
Capital outlay		1,661		55
Inspection Department				
Salaries and employee benefits		587,185		486,032
Other operating expenditures		24,211		21,993
Capital outlay		26,542		24,459
Construction Administration				
Other operating expenditures		7,367		371
Capital outlay		746,340		467,686
Total	2,071,384	1,709,226	362,158	1,342,260
Jonesland Park Operations				
Salaries and employee benefits		238,874		231,126
Other operating expenditures		140,296		133,970
Capital outlay		25,508		29,772
Total	425,291	404,678	20,613	394,868
Economic Development				
Salaries and employee benefits		141,467		135,593
Other operating expenditures		96,437		99,741
Total	248,335	237,904	10,431	235,334
Tourism				
Salaries and employee benefits	63,291	62,986	305	61,040
Total Community Services	4,596,968	4,014,560	582,408	3,528,653
<u>Human Services</u>				
Health and Medical Services				
Granville Medical Center		957,368		797,368
Granville-Vance District Health Dept.		655,346		575,653
Area Mental Health		139,667		139,286
Total	1,752,714	1,752,381	333	1,512,307
Social Services				
Salaries and employee benefits		4,480,124		4,256,331
Other operating expenditures		1,779,408		3,105,652
Capital outlay		77,256		46,804
Total	8,584,806	6,336,788	2,248,018	7,408,787

GRANVILLE COUNTY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	2018		Variance Positive (Negative)	2017
	Budget	Actual		Actual
Veterans Services				
Salaries and employee benefits		53,816		51,951
Other operating expenditures		2,210		2,756
Total	68,752	56,026	12,726	54,707
Senior Services-Nutrition/In-Home Aid				
Salaries and employee benefits		630,977		595,219
Other operating expenditures		552,343		580,135
Total	1,297,122	1,183,320	113,802	1,175,354
Total Human Services	11,703,394	9,328,515	2,374,879	10,151,155
Education				
Granville County School System				
Current Expense	14,004,385	14,004,385	-	13,576,889
Capital	1,340,000	1,340,000	-	1,990,978
Total	15,344,385	15,344,385	-	15,567,867
Vance-Granville Community College				
Operating expenditures		752,184		717,298
Capital Outlay		28,740		21,240
Total	780,924	780,924	-	738,538
Total Education	16,125,309	16,125,309	-	16,306,405
Non-Departmental & Special Areas				
Special Projects	297,984	280,918	17,066	203,711
Pass Thru Funds	752,605	650,950	101,655	646,149
Non-Departmental	8,577,940	2,340,012	6,237,928	2,088,416
South Granville Memorial Gardens	9,500	9,500	-	-
Granville County Tourism Development Authority	240,000	251,886	(11,886)	232,715
Total Non-Departmental & Special Areas	9,878,029	3,533,266	6,344,763	3,170,991
Debt Service				
Hospital Financing				
Principal		595,236		645,436
Interest		597,843		623,390
Total	1,193,109	1,193,079	30	1,268,826
Park Financing				
Principal		26,936		32,871
Interest		5,932		6,772
Total	32,870	32,868	2	39,643

GRANVILLE COUNTY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	2018		2017	
	Budget	Actual	Variance Positive (Negative)	Actual
Water & Sewer Allocation-Triangle North				
Principal		1,414,775		1,405,197
Interest		198,792		222,359
Total	1,613,528	1,613,567	(39)	1,627,556
Schools Debt Service				
Principal		4,162,881		4,439,309
Interest		1,709,488		1,821,749
Total	6,241,686	5,872,369	369,317	6,261,058
Library Series 2009				
Principal		409,167		400,000
Interest		211,162		198,000
Total	721,127	620,329	100,798	598,000
Total Debt Service	9,802,320	9,332,212	470,108	9,795,083
Total Expenditures	67,584,349	56,337,886	11,246,463	56,713,417
Revenues Over (Under) Expenditures	(6,763,779)	5,543,682	12,307,461	5,309,485
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers-in:				
R. H. Thornton Library Memorial Fund	-	-	-	17,750
Stormwater Fund	25,000	-	(25,000)	-
Total transfers-in	25,000	-	(25,000)	17,750
Transfers-out:				
Emergency Telephone System Fund		(29,996)		-
CDBG Fund		-		(577,118)
Law Enforcement Center Fund		(6,800,000)		-
Solid Waste Management Fund		(1,000,000)		-
Health Plan		(100,000)		-
Total transfers-out	(7,929,996)	(7,929,996)	-	(645,416)
Contingency	(136,795)	-	136,795	-
Debt proceeds	5,800,000	5,800,000	-	-
Refunding bond proceeds	5,044,000	5,044,000	-	-
Payment to refunded bond escrow agent	(4,968,193)	(4,968,193)	-	-
Fund balance appropriated	8,929,763	-	(8,929,763)	-
Total Other Financial Sources (Uses)	6,763,779	(2,054,189)	(8,817,968)	(627,666)
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ -	3,489,493	\$ 3,489,493	4,681,819
Fund Balance-July 1		44,528,612		39,846,793
Fund Balance-June 30		\$ 48,018,105		\$ 44,528,612

**GRANVILLE COUNTY, NORTH CAROLINA
SCHOOL REPAIR PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018**

	Project Authorization	Prior Years	Current Year	Total to Date	Variance Positive (Negative)
<u>REVENUES</u>					
Restricted intergovernmental revenues					
Federal and state grants	\$ -	\$ -	\$ -	\$ -	\$ -
Miscellaneous					
Donations	-	-	-	-	-
Other	-	-	-	-	-
Total Revenues	-	-	-	-	-
<u>EXPENDITURES</u>					
HVAC repair		-	1,333,568	1,333,568	
Roofing repair		-	-	-	
Legal and financing fees		-	82,559	82,559	
Total Expenditures	15,000,000	-	1,416,127	1,416,127	13,583,873
Revenues Over (Under) Expenditures	(15,000,000)	-	(1,416,127)	(1,416,127)	13,583,873
<u>OTHER FINANCING SOURCES (USES)</u>					
Debt proceeds	15,000,000	-	8,105,000	8,105,000	(6,895,000)
Total	15,000,000	-	8,105,000	8,105,000	(6,895,000)
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ -	\$ -	6,688,873	\$ 6,688,873	\$ 6,688,873
Fund Balances:					
Beginning of year - July 1			-		
End of year - June 30			\$ 6,688,873		

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

- **Emergency Telephone System Fund:** This fund is used to account for the 911 revenues collected by the telephone industry to fund the emergency 911 system.
- **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.
- **Law Enforcement Center Fund:** This fund is used to account for the construction of a law enforcement center.
- **Falls Meadow/Montgomery Place Project Fund:** This fund is used to account for subdivision projects.

**GRANVILLE COUNTY, NORTH CAROLINA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2018**

	Special Revenue Funds		Capital Projects Fund			June 30, 2018
	Emergency Telephone System Fund	R. H. Thornton Library Memorial Fund	Granville Greenway Project Fund	Law Enforcement Center Fund	Falls Meadow Montgomery Place Project Fund	
ASSETS						
Current Assets:						
Cash and cash equivalents	\$ 342,094	\$ 220,099	\$ 97,263	\$ -	\$ -	\$ 659,456
Restricted cash	-	-	-	5,217,334	-	5,217,334
Accounts receivable	32,374	-	-	-	-	32,374
Prepaid items	34,930	-	-	-	-	34,930
Total Assets	\$ 409,398	\$ 220,099	\$ 97,263	\$ 5,217,334	\$ -	\$ 5,944,094
LIABILITIES AND FUND EQUITY						
Liabilities:						
Accounts payable and accrued liabilities	\$ 25,031	\$ 69	\$ -	\$ 177,716	\$ -	\$ 202,816
Due to other funds	-	-	-	-	229,287	229,287
Total Liabilities	25,031	69	-	177,716	229,287	432,103
Fund Balances:						
Nonspendable:						
Prepaid items	34,930	-	-	-	-	34,930
Restricted:						
Stabilization by State Statute	32,374	-	-	-	-	32,374
Community Services	-	220,030	97,263	-	-	317,293
Public Safety	317,063	-	-	5,039,618	-	5,356,681
Unassigned:	-	-	-	-	(229,287)	(229,287)
Total Fund Balances	384,367	220,030	97,263	5,039,618	(229,287)	5,511,991
Total Liabilities and Fund Balance:	\$ 409,398	\$ 220,099	\$ 97,263	\$ 5,217,334	\$ -	\$ 5,944,094

**GRANVILLE COUNTY, NORTH CAROLINA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2018**

	Special Revenue Funds		Capital Projects Fund			June 30, 2018
	Emergency Telephone System Fund	R. H. Thornton Library Memorial Fund	Granville Greenway Project Fund	Law Enforcement Center Fund	Falls Meadow Montgomery Place Project Fund	
<u>REVENUES</u>						
Restricted intergovernmental revenues	\$ 388,482	\$ -	\$ -	\$ -	\$ -	\$ 388,482
Investment earnings	1,766	3,319	-	-	-	5,085
Miscellaneous	-	22,637	-	770	-	23,407
Total Revenues	<u>390,248</u>	<u>25,956</u>	<u>-</u>	<u>770</u>	<u>-</u>	<u>416,974</u>
<u>EXPENDITURES</u>						
Public safety	330,854	-	-	-	-	330,854
Community services	-	11,190	-	-	-	11,190
Capital outlay	-	-	-	1,761,152	229,287	1,990,439
Debt service						
Principal	45,765	-	-	-	-	45,765
Interest	851	-	-	-	-	851
Total Expenditures	<u>377,470</u>	<u>11,190</u>	<u>-</u>	<u>1,761,152</u>	<u>229,287</u>	<u>2,379,099</u>
Revenues Over (under) Expenditures	<u>12,778</u>	<u>14,766</u>	<u>-</u>	<u>(1,760,382)</u>	<u>(229,287)</u>	<u>(1,962,125)</u>
<u>OTHER FINANCING SOURCES (USES)</u>						
Transfers in						
General Fund	29,996	-	-	6,800,000	-	6,829,996
Total Other Financing Sources (Uses)	<u>29,996</u>	<u>-</u>	<u>-</u>	<u>6,800,000</u>	<u>-</u>	<u>6,829,996</u>
Net Change in Fund Balances	42,774	14,766	-	5,039,618	(229,287)	4,867,871
Fund Balance - July 1	341,593	205,264	97,263	-	-	644,120
Fund Balance - June 30	<u>\$ 384,367</u>	<u>\$ 220,030</u>	<u>\$ 97,263</u>	<u>\$ 5,039,618</u>	<u>\$ (229,287)</u>	<u>\$ 5,511,991</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, 2018
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017**

	2018		Variance Positive (Negative)	2017
	Budget	Actual		Actual
REVENUES				
Restricted intergovernmental revenues:				
State Cell Surcharge	\$ 388,482	\$ 388,482	\$ -	\$ 454,647
Federal and state grants	-	-	-	-
Investment earnings	-	1,766	1,766	630
Total Revenues	<u>388,482</u>	<u>390,248</u>	<u>1,766</u>	<u>455,277</u>
EXPENDITURES				
Public safety:				
Telephone		117,483		98,423
Other operating expenditures		208,650		288,575
Capital outlay		4,721		50,508
Debt service:				
Principal		45,765		91,531
Interest		851		4,256
Total Expenditures	<u>534,072</u>	<u>377,470</u>	<u>156,602</u>	<u>533,293</u>
Revenues Over (Under) Expenditures	<u>(145,590)</u>	<u>12,778</u>	<u>158,368</u>	<u>(78,016)</u>
OTHER FINANCING SOURCES (USES)				
Transfer (to) from other funds				
General Fund	-	29,996	29,996	-
Fund balance appropriated	145,590	-	(145,590)	-
Total	<u>145,590</u>	<u>29,996</u>	<u>(115,594)</u>	<u>-</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>42,774</u>	<u>\$ 42,774</u>	<u>(78,016)</u>
Fund Balance - July 1		<u>341,593</u>		<u>419,609</u>
Fund Balance - June 30		<u>\$ 384,367</u>		<u>\$ 341,593</u>
Explanation for transfers				
Transfer from the General Fund to adjust beginning balance to actual		<u>\$ 29,996</u>		<u>\$ -</u>
Emergency Telephone System Unspent Balance				
Amounts reported above are different from the PSAP Revenue-Expenditure Report because:				
Net Change in Fund Balance, reported on Budget to Actual		\$ 42,774		\$ (78,016)
Plus: Transfers to General Fund to adjust fund balance to the proper beginning balance		<u>(29,996)</u>		<u>-</u>
Net Change per PSAP Revenue-Expenditure Report		12,778		(78,016)
Beginning Balance, PSAP Revenue-Expenditure Report		371,589		419,609
Ending Balance, PSAP Revenue-Expenditure Report		<u>\$ 384,367</u>		<u>\$ 341,593</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, 2018
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017

	2018		Variance Positive (Negative)	2017
	Budget	Actual		Actual
<u>REVENUES</u>				
Donations	\$ 20,000	\$ 22,637	\$ 2,637	\$ 17,617
Investment Earnings	-	3,319	3,319	1,895
Total Revenues	20,000	25,956	5,956	19,512
<u>EXPENDITURES</u>				
Projects	20,000	11,190	8,810	36,772
Total Expenditures	20,000	11,190	8,810	36,772
Revenues over (under) expenditures	-	14,766	14,766	(17,260)
OTHER FINANCING SOURCES (USES)				
Transfer-in(out) General Fund	-	-	-	(17,750)
Total other financing sources (uses)	-	-	-	(17,750)
Revenues and other sources over (under) expenditures and other uses	\$ -	14,766	\$ 14,766	(35,010)
FUND BALANCE				
Beginning of year - July 1		205,264		240,274
End of year - June 30		\$ 220,030		\$ 205,264

**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, 2018**

	Project Authorization	Prior Years	Current Year	Total to Date	Variance Positive (Negative)
<u>REVENUES</u>					
Restricted intergovernmental revenues					
Federal and state grants	\$ 1,477,096	\$ 550,638	\$ -	\$ 550,638	\$ (926,458)
Miscellaneous					
Donations	9,150	9,150	-	9,150	-
Other	203,280	69,704	-	69,704	133,576
Total Revenues	<u>1,689,526</u>	<u>629,492</u>	<u>-</u>	<u>629,492</u>	<u>(792,882)</u>
<u>EXPENDITURES</u>					
Professional Services		223,553	-	223,553	
Supplies and Materials		406	-	406	
Greenway Construction		481,843	-	481,843	
Total Expenditures	<u>1,939,521</u>	<u>705,802</u>	<u>-</u>	<u>705,802</u>	<u>1,233,719</u>
Revenues Over (Under) Expenditures	<u>(249,995)</u>	<u>(76,310)</u>	<u>-</u>	<u>(76,310)</u>	<u>173,685</u>
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfers-in (out)					
General Fund	249,995	173,573	-	173,573	(76,422)
Total	<u>249,995</u>	<u>173,573</u>	<u>-</u>	<u>173,573</u>	<u>(76,422)</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ 97,263</u>	<u>-</u>	<u>\$ 97,263</u>	<u>\$ 97,263</u>
Fund Balances:					
Beginning of year - July 1			<u>97,263</u>		
End of year - June 30			<u>\$ 97,263</u>		

**GRANVILLE COUNTY, NORTH CAROLINA
LAW ENFORCEMENT CENTER FUND
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018**

	Project Authorization	Prior Years	Current Year	Total to Date	Variance Positive (Negative)
REVENUES					
Miscellaneous					
Donations	\$ -	\$ -	\$ 770	\$ 770	\$ (770)
Total Revenues	-	-	770	770	(770)
EXPENDITURES					
Land		-	694,255	694,255	
Design fee		-	1,045,147	1,045,147	
Financing and legal		-	21,750	21,750	
Total Expenditures	26,800,000	-	1,761,152	1,761,152	25,038,848
Revenues Over (Under) Expenditures	(26,800,000)	-	(1,760,382)	(1,760,382)	25,039,618
OTHER FINANCING SOURCES (USES)					
Transfers-in (out)					
General Fund	6,800,000	-	6,800,000	6,800,000	-
Debt proceeds	20,000,000	-	-	-	(20,000,000)
Total	26,800,000	-	6,800,000	6,800,000	(20,000,000)
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ -	\$ -	5,039,618	\$ 5,039,618	\$ 5,039,618
Fund Balances:					
Beginning of year - July 1			-		
End of year - June 30			\$ 5,039,618		

**GRANVILLE COUNTY, NORTH CAROLINA
FALLS MEADOW\MONTGOMERY PLACE PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018**

	Project Authorization	Prior Years	Current Year	Total to Date	Variance Positive (Negative)
<u>REVENUES</u>					
Licenses, fees and other revenues					
Assessment revenue	\$ 240,070	\$ -	\$ -	\$ -	\$ (240,070)
Total Revenues	240,070	-	-	-	(240,070)
<u>EXPENDITURES</u>					
Montgomery Place		-	138,788	138,788	
Falls Meadow		-	90,499	90,499	
Total Expenditures	240,070	-	229,287	229,287	10,783
Revenues Over (Under) Expenditures	\$ -	\$ -	(229,287)	\$ (229,287)	\$ (229,287)
Fund Balances:					
Beginning of year - July 1			-		
End of year - June 30			\$ (229,287)		

ENTERPRISE FUND

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

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

GRANVILLE COUNTY, NORTH CAROLINA
SOLID WASTE MANAGEMENT
SCHEDULE OF REVENUES AND EXPENDITURES-BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2018
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017

	2018		Variance Positive (Negative)	2017
	Budget	Actual		Actual
<u>REVENUES</u>				
Restricted intergovernmental				
Grant funds	\$ -	\$ 500	\$ (500)	\$ 1,156
Operating revenues				
Landfill user fees	1,183,107	1,768,943	585,836	1,516,014
Solid waste charges	1,190,000	1,185,683	(4,317)	1,216,202
Other operating revenues				
White goods		134,617		23,022
Scrap tire disposal tax		79,382		78,387
Solid waste disposal tax		31,020		30,773
Compost/Mulch sales		3,580		4,109
Miscellaneous		127,666		115,738
Total	<u>219,000</u>	<u>376,265</u>	<u>157,265</u>	<u>252,029</u>
Total Operating Revenues	<u>2,592,107</u>	<u>3,331,391</u>	<u>738,784</u>	<u>2,985,401</u>
Nonoperating Revenues				
Interest earned on investments	3,000	16,085	13,085	11,872
Total Revenues	<u>2,595,107</u>	<u>3,347,476</u>	<u>751,869</u>	<u>2,997,273</u>
<u>EXPENDITURES</u>				
Solid Waste Operations				
Printing		200		364
Supplies and materials		789		2,856
Manned sites		502,914		341,844
Oil and Anti-Freeze Disposal		5,525		5,574
Freon Removal		2,436		1,488
Waste disposal		508,739		492,159
Container transportation		209,716		239,395
Maintenance and grounds		7,849		10,728
Miscellaneous		7,680		6,620
Total	<u>1,295,750</u>	<u>1,303,735</u>	<u>(7,985)</u>	<u>1,145,849</u>
Site remodeling and construction	<u>22,000</u>	<u>325</u>	<u>21,675</u>	<u>57,485</u>
Total Solid Waste Operations	<u>1,317,750</u>	<u>1,304,060</u>	<u>13,690</u>	<u>1,203,334</u>

GRANVILLE COUNTY, NORTH CAROLINA
SOLID WASTE MANAGEMENT
SCHEDULE OF REVENUES AND EXPENDITURES-BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2018
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017

	2018		Variance Positive (Negative)	2017
	Budget	Actual		Actual
Landfill Operations				
Salaries and employee benefits		267,262		265,443
Administrative fee		15,000		12,500
Professional services		102,091		138,606
Credit card charges		-		8,978
Gas, oil, tires		5,607		2,578
Supplies and materials		4,146		5,104
Brush grinding		20,900		22,113
Travel		614		498
Telephone and postage		3,823		3,926
Utilities		6,688		7,046
Maintenance and grounds		15,839		18,776
Advertising		381		-
Tire disposal		77,993		73,562
Registration and training		1,320		3,239
Contract services		692,407		754,850
Computer service		-		1,200
Noncapitalized equipment		22,125		18,725
Miscellaneous		174,860		54,436
Total Landfill Operations	1,476,607	1,411,056	65,551	1,391,580
Convenience sites				
Professional services	144,120	10,273	133,847	-
Budgetary Appropriations				
Capital outlay - landfill	139,465	-	139,465	-
Capital outlay - convenience sites	767,415	70,044	697,371	85,382
Total	906,880	70,044	836,836	85,382
Total Expenditures	3,845,357	2,795,433	916,077	2,680,296
Revenues Over (Under) Expenditures	(1,250,250)	552,043	1,802,293	316,977
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers-in/out				
General Fund	1,000,000	1,000,000	-	-
Oxford Closure/Postclosure	(20,000)	-	-	-
Fund Balance Appropriated				
Landfill	150,000	-	(150,000)	-
Solid Waste	120,250	-	(120,250)	-
Total Other Financing Sources (Uses)	1,250,250	1,000,000	(270,250)	-
Revenues Over (Under) Sources and Other Uses	\$ -	\$ 1,552,043	\$ 1,532,043	\$ 316,977

GRANVILLE COUNTY, NORTH CAROLINA
SOLID WASTE MANAGEMENT
SCHEDULE OF REVENUES AND EXPENDITURES-BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2018
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017

	2018		Variance Positive (Negative)	2017
	Budget	Actual		Actual
RECONCILIATION FROM BUDGETARY BASIS (MODIFIED ACCRUAL) TO FULL ACCRUAL				
Excess of revenues over (under) expenditures	\$ 1,552,043			\$ 316,977
Depreciation		(135,227)		(138,454)
Capital outlay		-		37,033
Increase (decrease) in deferred outflows of resources - pensions	(14,511)			38,643
(Increase) decrease in net pension liability	17,778			(41,976)
(Increase) decrease in deferred inflows of resources - pensions	(23,215)			6,340
(Increase) decrease in accrued landfill closure and postclosure care costs	(93,520)			25,733
(Increase) decrease in other postemployment benefits	11,889			(17,667)
(Increase) decrease in accrued vacation payable	(344)			(5,776)
Net Income (loss)	\$ 1,314,893			\$ 220,853

GRANVILLE COUNTY, NORTH CAROLINA
STORMWATER FUND
SCHEDULE OF REVENUES AND EXPENDITURES-BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2018
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017

	2018		Variance Positive (Negative)	2017
	Budget	Actual		Actual
<u>REVENUES</u>				
Restricted intergovernmental revenue				
Federal grant	\$ 25,000	\$ 25,500	\$ 500	\$ 25,500
Operating revenues				
Stormwater fees	250,000	256,860	6,860	256,150
Other operating revenues				
Contributions	78,827	93,627	14,800	79,627
Total Revenues	<u>353,827</u>	<u>375,987</u>	<u>22,160</u>	<u>361,277</u>
<u>EXPENDITURES</u>				
Stormwater Operations				
Salaries and employee benefits		86,926		84,496
Professional Services		134,236		122,430
Supplies and materials		320		220
Postage		4		12
Dues and subscriptions		67,220		65,092
Advertising		1,147		379
Waste disposal		1,023		958
Contracted services		28,865		31,489
Maintenance		1,830		786
Miscellaneous		5,177		3,140
Total	<u>361,287</u>	<u>326,748</u>	<u>34,539</u>	<u>309,002</u>
Revenues Over (Under) Expenditures	<u>\$ (7,460)</u>	<u>\$ 49,239</u>	<u>\$ 56,699</u>	<u>\$ 52,275</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers-in/out				
General Fund	(25,000)	-	(25,000)	-
Fund Balance Appropriated	32,460	-	32,460	-
	<u>7,460</u>	<u>-</u>	<u>7,460</u>	<u>-</u>
Revenues Over (Under) Sources and Other Uses	<u>\$ -</u>	<u>\$ 49,239</u>	<u>\$ 49,239</u>	<u>\$ 52,275</u>
RECONCILIATION FROM BUDGETARY BASIS (MODIFIED ACCRUAL) TO FULL ACCRUAL				
Excess of revenues over (under) expenditures		\$ 49,239		\$ 52,275
Increase (decrease) in deferred outflows of resources - pensions		(4,001)		10,958
(Increase) decrease in net pension liability		4,766		(11,907)
(Increase) decrease in deferred inflows of resources - pensions		(5,869)		1,775
(Increase) decrease in other postemployment benefits		3,015		(5,569)
Net Income (loss)		<u>\$ 47,150</u>		<u>\$ 47,532</u>

INTERNAL SERVICE FUND

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

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

GRANVILLE COUNTY, NORTH CAROLINA
COUNTY HEALTH PLAN FUND
SCHEDULE OF REVENUES AND EXPENDITURES-BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2018
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017

	2018		Variance Positive (Negative)	2017
	Budget	Actual		Actual
Revenues				
Contributions from employees	\$ 2,664,000	\$ 2,684,254	\$ 20,254	\$ 2,681,073
Insurance settlements	-	-	-	-
Total revenues	<u>2,664,000</u>	<u>2,684,254</u>	<u>20,254</u>	<u>2,681,073</u>
Expenditures				
Health insurance administration	500,000	451,961	48,039	526,745
Claims	2,500,000	2,196,246	303,754	2,229,207
Total expenditures	<u>3,000,000</u>	<u>2,648,207</u>	<u>351,793</u>	<u>2,755,952</u>
Revenues over (under) expenditures	(336,000)	36,047	372,047	(74,879)
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfer from General Fund	336,000	100,000	(236,000)	-
Total	<u>336,000</u>	<u>100,000</u>	<u>(236,000)</u>	<u>-</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	136,047	<u>\$ 136,047</u>	(74,879)
Fund balances				
Beginning of year, July 1		<u>1,015,081</u>		<u>1,089,960</u>
End of year, June 30		<u>\$ 1,151,128</u>		<u>\$ 1,015,081</u>
Reconciliation from financial plan basis (modified accrual) to full accrual:				
Total revenues		\$ 2,784,254		\$ 2,681,073
Total expenditures		<u>2,648,207</u>		<u>2,755,952</u>
Change in net position		<u>\$ 136,047</u>		<u>\$ (74,879)</u>

AGENCY FUNDS

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

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

GRANVILLE COUNTY, NORTH CAROLINA
COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2018

	Agency Funds				Total Agency Funds
	Social Services Fund	Granville County Tourism Development Authority	Inmate Trust Fund	Sheriff's Evidence, Execution and Special Fund	
ASSETS					
Cash and investments	\$ 81,823	\$ -	\$ 3,931	\$ 222,436	\$ 308,190
Due from other fund	-	27,950	-	-	27,950
Total Assets	\$ 81,823	\$ 27,950	\$ 3,931	\$ 222,436	\$ 336,140
LIABILITIES AND NET POSITION					
Liabilities:					
Miscellaneous liabilities	\$ 81,823	\$ -	\$ 3,931	\$ 222,436	\$ 308,190
Due to component unit	-	27,950	-	-	27,950
Total Liabilities	81,823	27,950	3,931	222,436	336,140
Total Liabilities and Net Position	\$ 81,823	\$ 27,950	\$ 3,931	\$ 222,436	\$ 336,140

GRANVILLE COUNTY, NORTH CAROLINA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018
<u>Social Services</u>				
Assets				
Cash and cash equivalents	\$ 74,001	\$ 224,335	\$ 216,513	\$ 81,823
Liabilities				
Miscellaneous liabilities	\$ 74,001	\$ 224,335	\$ 216,513	\$ 81,823
<u>Granville County Tourism Development Authority</u>				
Assets				
Due from other fund	\$ 41,158	\$ 27,950	\$ 41,158	\$ 27,950
Liabilities				
Due to component unit	\$ 41,158	\$ 27,950	\$ 41,158	\$ 27,950
<u>Inmate Trust Fund</u>				
Assets				
Cash and cash equivalents	\$ 3,581	\$ 153,382	\$ 153,032	\$ 3,931
Liabilities				
Miscellaneous liabilities	\$ 3,581	\$ 153,382	\$ 153,032	\$ 3,931
<u>Sheriff's Evidence, Execution and Special Account Fund</u>				
Assets				
Cash and cash equivalents	\$ 222,797	\$ 39,544	\$ 39,905	\$ 222,436
Liabilities				
Miscellaneous liabilities	\$ 222,797	\$ 39,544	\$ 39,905	\$ 222,436
<u>Total - All Agency Funds</u>				
Assets				
Cash and cash equivalents	\$ 300,379	\$ 417,261	\$ 409,450	\$ 308,190
Due from other fund	41,158	27,950	41,158	27,950
Total	\$ 341,537	\$ 445,211	\$ 450,608	\$ 336,140
Liabilities				
Miscellaneous liabilities	\$ 300,379	\$ 417,261	\$ 409,450	\$ 308,190
Due to component unit	41,158	27,950	41,158	27,950
Total	\$ 341,537	\$ 445,211	\$ 450,608	\$ 336,140

OTHER SCHEDULES

This schedule contains additional information required on property taxes.

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

**GRANVILLE COUNTY, NORTH CAROLINA
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
GENERAL FUND
JUNE 30, 2018**

Fiscal Year	Uncollected Balance June 30, 2017	Additions	Collections and Adjustments	Uncollected Balance June 30, 2018
2018	\$ -	\$ 39,214,962	\$ (38,783,270)	\$ 431,692
2017	375,752	-	(230,224)	145,528
2016	98,796	-	(37,955)	60,841
2015	75,210	-	(17,496)	57,714
2014	56,187	-	(11,093)	45,094
2013	47,448	-	(5,077)	42,371
2012	33,307	-	(1,999)	31,308
2011	34,243	-	(2,656)	31,587
2010	92,813	-	(589)	92,224
2009	31,810	-	(891)	30,919
2008	132,630	-	(132,630)	-
	<u>\$ 978,196</u>	<u>\$ 39,214,962</u>	<u>\$ (39,223,880)</u>	<u>\$ 969,278</u>
				(150,000)
				<u>\$ 819,278</u>
Reconciliation with revenues:				
			\$ 40,390,916	
			(1,297,858)	
				39,093,058
				130,822
				<u>130,822</u>
				<u>\$ 39,223,880</u>

GRANVILLE COUNTY, NORTH CAROLINA
ANALYSIS OF CURRENT TAX LEVY
COUNTY-WIDE LEVY
JUNE 30, 2018

	County-wide			Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
	Property Valuation	Rate	Total Levy		
Original levy:					
Property taxed at current year's rate	\$ 3,963,931,502	0.880	\$ 34,882,597	\$ 34,882,597	\$ -
Motor vehicles at current year's rate	492,314,205	0.880	4,332,365	-	4,332,365
Discoveries:					
Current and prior year's taxes	147,853,295	0.880	1,301,109	1,301,109	-
Abatements	(2,375,000)	0.880	(20,900)	(20,900)	-
	<u>\$ 4,601,724,002</u>				
Total Property Valuation					
Net Levy			40,495,171	36,162,806	4,332,365
Uncollected taxes at June 30, 2018			431,692	427,118	4,574
Current year's taxes collected			<u>\$ 40,063,479</u>	<u>\$ 35,735,688</u>	<u>\$ 4,327,791</u>
Current levy collection percentage			<u>98.93%</u>	<u>98.82%</u>	<u>99.89%</u>

STATISTICAL SECTION

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities										
Net investment in capital assets	\$ 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	\$31,024,432
Restricted	-	-	13,824,466	22,894,879	11,770,892	10,140,935	10,995,235	6,348,920	6,039,996	24,688,335
Unrestricted	(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)	(53,650,835)
Total governmental activities net position	<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>	<u>2,061,932</u>
Business-type activities										
Net investment in capital assets	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	5,144,388
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	(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)	(5,688,108)
Total business-type activities net position	<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>	<u>(543,720)</u>
Primary government										
Net investment in capital assets	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	36,168,820
Restricted	-	-	13,824,466	22,894,879	11,770,892	10,140,935	10,995,235	6,348,920	6,039,996	24,688,335
Unrestricted	(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)	(59,338,943)
Total primary government net position	<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>	<u>\$ 1,518,212</u>

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental activities:										
General government	\$ 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	\$ 5,632,304
Public safety	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	11,393,977
Transportation	142,623	161,465	161,525	135,410	148,296	156,779	173,068	192,910	198,866	198,866
Economic and physical development	357,293	1,142,750	560,181	9,772,776	797,499	476,826	753,782	668,747	717,586	951,127
Human Services	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	10,588,830
Community Services	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	4,530,173
Education	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	17,570,103
Interest on long-term debt	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	2,213,085
Total governmental activities expenses	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	53,078,465
Business-type activities										
Solid Waste	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	3,032,006
Stormwater	-	-	-	-	209,073	261,089	280,217	319,275	313,745	328,837
Total business-type activities	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	3,360,843
Total primary government expenses	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	56,439,308
Program Revenues										
Governmental activities:										
Charges for services:										
General Government	487,200	484,736	394,790	625,684	507,272	527,492	487,489	554,483	523,328	579,242
Public Safety	795,836	687,119	621,263	643,455	703,591	676,055	817,649	938,960	838,781	767,356
Economic and physical development	-	-	17,800	3,560	-	-	-	-	-	-
Human Services	1,763,894	1,987,299	299,919	89,602	97,873	84,399	37,670	20,681	22,648	18,628
Community Services	212,183	203,054	192,996	185,681	200,492	243,873	258,978	306,025	326,800	366,764
Education	-	-	1,488,000	-	-	-	-	-	-	-
Operating grants and contributions										
General Government	14,568	37,694	149,436	55,955	69,878	29,930	65,893	55,016	69,738	3,906
Public Safety	676,647	645,268	678,364	1,057,350	1,711,479	926,318	918,182	948,876	901,466	731,557
Transportation	177,704	192,410	261,137	259,741	291,028	191,221	807,152	397,308	209,041	317,421
Economic and physical development	3,009	-	738,449	27,500	326,361	58,986	438,483	220,568	459,405	63,291
Human Services	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	6,402,322
Community Services	195,205	265,444	168,581	151,288	156,245	138,529	136,599	136,826	166,602	180,057
Education	-	-	-	800,000	1,060,202	1,000,000	848,881	397,280	680,312	530,247
Capital grants and contributions										
General Government	-	28,758	-	-	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	-	-	-	770
Transportation	382,062	-	-	-	-	-	-	-	-	-
Economic and physical development	120,224	848,919	108,058	147,875	41,415	508,364	66,979	113,028	-	-
Community Services	417,650	80,000	90,000	-	-	498,631	378,019	22,130	143,116	-
Education	1,920,000	600,000	-	-	-	-	-	-	-	-
Total governmental activities program revenues	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	9,961,561

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Business-type activities										
Charges for services:										
Water and Sewer	-	-	-	-	-	-	-	-	-	-
Solid Waste	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	3,330,891
Stormwater	-	-	-	-	248,572	249,597	257,086	303,627	256,150	256,860
Operating grants and contributions	-	-	-	-	-	24,222	25,500	25,500	25,500	25,500
Capital grants and contributions	-	-	4,137	4,692	3,493	-	-	-	1,156	500
Total business-type activities program revenues	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	3,613,751
Total primary government program revenues	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	13,575,312
Net (expenses)/revenue										
Governmental activities										
General Government	(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)	(5,049,156)
Public Safety	(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)	(9,894,294)
Transportation	417,143	30,945	99,612	124,331	142,732	34,442	634,084	204,398	10,175	118,555
Environmental Protection	-	-	-	-	-	-	-	-	-	-
Economic and physical development	(234,060)	(293,831)	304,126	(9,593,841)	(429,723)	90,524	(248,320)	(335,151)	(258,181)	(887,836)
Human Services	(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)	(4,167,880)
Community Services	(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)	(3,983,352)
Education	(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)	(17,039,856)
Non-departmental and special areas	-	-	-	-	-	-	-	-	-	-
Interest on long term debt	(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)	(2,213,085)
Business-type activities										
Water and sewer	-	-	-	-	-	-	-	-	-	-
Solid waste	(672,247)	(561,341)	(36,714)	(277,066)	(2,628,499)	278,735	(192,065)	(113,825)	231,378	324,385
Stormwater	-	-	-	-	39,499	(11,492)	(23,131)	(15,648)	(56,439)	(71,477)
Total primary government net expenses	(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)	(42,863,996)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes	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	40,319,275
Local option sales tax	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	8,143,429
Other taxes and licenses	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	2,631,894
Investment earnings	536,617	182,190	127,862	61,598	49,130	41,765	26,657	37,952	169,172	484,589
Miscellaneous	265,978	(163,201)	378,224	609,548	297,442	354,724	303,684	396,971	357,010	4,086,184
Transfers	-	-	(2,973,770)	-	-	-	-	-	-	(1,000,000)
Total general revenues, special items and transfers	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	54,665,371
Total governmental activities	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	54,665,371
Business-type activities:										
Investment earnings	60,025	5,522	3,864	4,524	5,062	1,778	1,534	4,863	11,872	16,085
Miscellaneous	-	-	-	-	95,795	104,247	84,583	87,748	79,627	93,627
Transfers	-	-	2,973,770	-	-	-	-	-	-	1,000,000
Total general revenues, special items and transfers	60,025	5,522	2,977,634	4,524	100,857	106,025	86,117	92,611	91,499	1,109,712
Total business-type activities	60,025	5,522	2,977,634	4,524	100,857	106,025	86,117	92,611	91,499	1,109,712
Total primary government	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	55,775,083
Changes in Net Position										
Governmental activities	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	11,548,467
Business-type activities	(612,222)	(555,819)	2,940,920	(272,542)	(2,488,143)	373,268	(129,079)	(36,862)	266,438	1,362,620
Total primary government	\$ 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	\$ 12,911,087

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

Fiscal Year	Property Tax	Local Sales Tax	Alcoholic Beverage Tax	Occupancy Tax*	Other Tax	Total
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
2018	\$ 40,319,275	\$ 8,143,429	\$ 29,642	\$ 251,948	\$ 2,350,304	\$ 51,094,598

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

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

	Fiscal Year								
	Restated*	2011	2012	2013	2014	2015	2016	2017	2018
General Fund									
Nonspendable									
Prepaid items	\$ -	\$ 4,000	\$ 368	\$ 900	\$ 1,635	\$ 1,916	\$ 1,711	\$ 1,542	\$ 1,855
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	4,006,440
Register of Deeds	-	12,748	33,561	-	12,618	35,050	42,603	60,950	30,743
Human Services	-	-	13,591,044	5,416,399	3,538,668	-	-	-	5,800,692
Education	739,572	-	-	695,447	1,043,189	1,390,935	1,738,702	2,088,926	2,455,239
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	791,710
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	418,603
Community Services	-	-	-	-	-	-	500,000	700,000	500,000
Economic & Physical Development	1,003,828	960,000	1,232,800	956,521	548,995	452,737	630,300	1,600,000	1,070,000
Public Safety	-	-	-	-	-	-	-	7,000,000	1,000,000
Human Services	-	-	-	-	-	-	-	2,000,000	2,000,000
Environmental Protection	-	-	-	-	-	-	-	1,000,000	-
Transportation	-	-	-	-	-	-	-	1,400,000	-
Education	-	-	-	-	-	-	-	-	7,000,000
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	22,942,823
Total General Fund	<u>\$ 24,810,109</u>	<u>\$ 23,998,964</u>	<u>\$ 31,112,214</u>	<u>\$ 30,763,074</u>	<u>\$ 32,160,927</u>	<u>\$ 37,633,543</u>	<u>\$ 39,846,793</u>	<u>\$ 44,528,612</u>	<u>\$ 48,018,105</u>
All other governmental funds									
Nonspendable									
Prepaid items	\$ -	\$ -	\$ -	\$ -	\$ 34,930	\$ 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	32,374
Education	(62,241)	5,993,606	1,251,264	29,021	29,023	4,247,438	-	-	6,688,873
Community Services	8,206,046	3,687,890	2,002,241	986,837	837,938	265,776	240,274	302,527	317,293
Public Safety	1,204,897	1,258,838	194,485	158,231	179,841	229,137	349,769	268,776	5,356,681
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)	-	(229,287)
Total other governmental funds	<u>\$ 11,010,553</u>	<u>\$ 11,190,127</u>	<u>\$ 6,261,361</u>	<u>\$ 3,566,930</u>	<u>\$ 2,115,432</u>	<u>\$ 5,606,365</u>	<u>\$ 17,175</u>	<u>\$ 644,120</u>	<u>\$ 12,200,864</u>

	Fiscal Year	
	2009	2010
General fund		
Reserved by state statute	\$ 3,215,946	\$ 3,007,806
Reserved For Register of Deeds	-	-
Unreserved (available for appropriation)		
Designated for subsequent year's expen	492,435	870,530
Designated for repayment of economic i	-	1,003,828
Undesignated	18,146,260	18,349,340
Total General Fund	<u>21,854,641</u>	<u>23,231,504</u>
All other governmental funds		
Reserved by state statute	504,490	423,684
Reserved for school construction	-	-
Reserved for public improvement constructi	-	-
Unreserved (available for appropriation)		
Designated for subsequent year's expenditures		
Special revenue funds	1,230,872	995,489
Capital Projects	324,125	120,200
Undesignated, reported in nonmajor		
Special revenue funds	3,455,655	2,771,931
Capital Projects	935,099	8,277,854
Total all other governmental funds	<u>\$ 6,450,241</u>	<u>\$ 12,589,158</u>

* Fiscal years 2009 through 2010 are presented in the Pre-GASB 54 format on the bottom table with Fiscal years 2010 through 2018 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									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Ad Valorem taxes	\$ 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	\$40,390,916
Sales and other taxes	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	10,615,127
Licenses, fees and other revenue	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	2,326,902
Restricted Intergovernmental Revenues	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	8,368,920
Investment earnings	536,617	182,190	127,862	61,598	49,130	41,765	26,657	37,952	169,172	484,589
Miscellaneous	324,509	341,778	371,189	293,653	177,404	350,646	236,566	235,137	184,525	112,088
Total Revenues	49,797,287	49,278,394	50,604,725	50,957,422	53,133,335	56,420,287	57,201,881	57,291,893	62,640,807	62,298,542
Expenditures										
Current:										
General government	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	3,503,946
Public safety	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	10,830,932
Community services	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	4,025,750
Economic and physical development	78,384	74,319	108,058	406,286	467,279	27,644	56,777	103,287	-	-
Human Services	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	9,328,515
Non-departmental & special areas	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	3,533,266
Capital Outlay	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	3,406,566
Intergovernmental:										
Education	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	16,125,309
Debt service:										
Bond issuance cost	-	42,653	235,107	-	345,343	-	-	-	-	-
Principal	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	6,654,760
Interest	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	2,724,068
Total expenditures	49,776,714	51,540,207	64,262,526	62,772,938	66,987,135	56,473,932	73,988,332	60,743,134	57,332,043	60,133,112
Excess of revenues over (under) expenditures	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	2,165,430
Other financing sources (uses)										
Debt proceeds	-	19,815,000	16,000,000	14,000,000	26,855,000	-	25,750,000	5,485,000	-	18,949,000
Premium on debt	-	463,302	-	-	2,525,946	-	-	-	-	-
Payments to refunded bond escrow agent	-	(10,500,708)	-	-	(18,350,717)	-	-	(5,409,698)	-	(4,968,193)
Transfers in from other funds	4,607,877	5,747,250	2,939,116	4,207,569	1,186,952	487,105	617,535	490,426	663,301	6,829,996
Transfers out to other funds	(4,607,877)	(5,747,250)	(5,912,886)	(4,207,569)	(1,406,952)	(487,105)	(617,535)	(490,426)	(663,301)	(7,929,996)
Total other financing sources (uses)	-	9,777,594	13,026,230	14,000,000	10,810,229	-	25,750,000	75,302	-	12,880,807
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	20,573	7,515,781	(631,571)	2,184,484	(3,043,571)	(53,645)	8,963,549	(3,375,939)	5,308,764	15,046,237
Net change in fund balances	\$ 20,573	\$ 7,515,781	\$ (631,571)	\$ 2,184,484	\$ (3,043,571)	\$ (53,645)	\$ 8,963,549	\$ (3,375,939)	\$ 5,308,764	\$ 15,046,237
Debt service as a percentage of noncapital expenditures	10.39%	11.40%	11.79%	15.05%	11.45%	14.88%	30.54%	16.51%	17.46%	16.29%

TABLE 6

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

Fiscal Year	Property Tax	Sales Tax	Alcoholic Beverage Tax	Other Taxes	Total
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
2018	\$ 40,390,916	\$ 8,143,429	\$ 14,821	\$ 758,921	\$ 49,308,087

TABLE 7

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

Fiscal Year Ended June 30	Property Excluding Registered Motor Vehicles	Motor Vehicles	Plus Discoveries	Less Abatements	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Estimated Actual Taxable/Market Value	Assessed Value as a Percentage of Market Value
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%
2018	\$ 3,963,931,502	\$ 492,314,205	\$ 147,853,295	\$ (2,375,000)	\$ 4,601,724,002	0.880	40,495,171	39,178,765	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									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
County Direct Rates*										
County-wide Rate	0.880	0.880	0.830	0.830	0.830	0.795	0.795	0.795	0.825	0.755
Municipality Rates										
City of Oxford	0.640	0.640	0.640	0.620	0.620	0.600	0.600	0.600	0.600	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	0.635	0.665	0.665	0.700	0.700	0.700	0.700	0.700	0.700	0.725
Town of Butner\	0.365	0.365	0.350	0.350	0.350	0.350	0.350	0.350	0.250	0.250
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

TABLE 9

**GRANVILLE COUNTY, NORTH CAROLINA
PRINCIPAL PROPERTY TAXPAYERS
JUNE 30, 2018
CURRENT YEAR AND FIVE YEARS AGO***

Taxpayer	2018			2013		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Revlon	\$ 92,993,005	1	2.02%	\$ 63,099,836	1	1.55%
Certainteed Corporation	50,568,655	2	1.10%	61,249,242	2	1.50%
Duke Energy Progress	45,974,509	3	1.00%	33,676,048	3	0.83%
SantaFe Natural Tobacco Company	45,740,325	4	0.99%	26,591,461	4	0.65%
Public Service Co. of NC	37,695,482	5	0.82%	22,612,111	7	0.55%
Bridgestone Commercial Solutions^	35,454,389	6	0.77%	26,130,425	5	0.64%
Shalag	31,308,833	7	0.68%	-	-	0.00%
WAKE EMC	23,770,541	8	0.52%	23,531,053	6	0.58%
AW North Carolina, Inc.	20,194,559	9	0.44%	-	-	0.00%
Safway (Sunrock)	18,881,215	10	0.41%	-	-	0.00%
Butner Acquisition Company	-	-	0.00%	19,598,899	8	0.48%
Carefusion EIT LLC	-	-	0.00%	15,785,590	9	0.39%
Newton Instrument Company	-	-	0.00%	15,360,106	10	0.38%
Totals	<u>\$ 402,581,513</u>		<u>8.75%</u>	<u>\$ 307,634,771</u>		<u>7.55%</u>

Source: Granville County Tax Department

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

^ In 2007 Company name was Bandag Inc.

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

TABLE 10

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

Fiscal Year Ended December 31	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2009	\$ 27,319,983	\$ 26,261,609	96.13%	\$ 1,027,455	\$ 27,289,064	99.89%
2010	30,180,232	29,039,361	96.22%	1,048,647	30,088,008	99.69%
2011	31,512,371	30,623,639	97.18%	857,145	31,480,784	99.90%
2012	31,762,444	30,856,878	97.15%	874,258	31,731,136	99.90%
2013	32,427,425	31,513,749	97.18%	871,305	32,385,054	99.87%
2014	35,605,455	34,934,862	98.12%	625,499	35,560,361	99.87%
2015	35,141,489	34,735,388	98.84%	348,387	35,083,775	99.84%
2016	36,220,241	35,922,785	99.18%	236,615	36,159,400	99.83%
2017	39,561,843	39,186,091	99.05%	230,224	39,416,315	99.63%
2018	\$ 40,495,171	\$ 40,063,479	98.93%	\$ -	\$ 40,063,479	98.93%

Source: Granville County Tax Department

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

Fiscal Year	Governmental Activities					Total Primary Government	Per Capita *	Percentage of Personal Income*
	General Obligation Bonds	Installment Obligations	Financing Agreements	Certificates of Participation	Capital Leases			
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%
2018	\$ 24,965,944	\$ 44,995,132	\$ 3,201,290	\$ 12,565,000	\$ -	\$ 85,727,366	1,415	3.92%

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

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

* Total Personal income can be calculated using population and per capita income information found on Table 14

TABLE 12

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

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Personal Income*	Percentage of Estimated Actual Taxable Value of Property	Per Capita
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
2018	\$ 24,965,944	\$ -	\$ 24,965,944	1.14%	0.54%	412

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									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt limit	\$ 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	\$ 368,137,920
Total net debt applicable to limit	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	85,727,366
Legal debt margin	<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>	<u>\$ 282,410,554</u>
Total net debt applicable to the limit as a percentage of debt limit	17.86%	19.55%	16.76%	26.45%	28.13%	25.18%	27.62%	24.50%	21.79%	23.29%

Legal Debt Margin Calculation for Fiscal Year 2017

Assessed value	\$4,601,724,002
Add back: exempt real property	-
Total assessed value	<u>4,601,724,002</u>
Debt limit (8% of total assessed value)	368,137,920
Debt applicable to limit:	
General obligation bonds	24,965,944
Installment Obligations	44,995,132
Certificates of Participation	12,565,000
Lease Financing Agreements - Governmental Activities	3,201,290
Total net debt applicable to limit	<u>85,727,366</u>
Legal debt margin	<u>\$ 282,410,554</u>

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

Fiscal Year	(1) Population	(2) Per Capita Income	(3) Percent High School Graduate	Percent Bachelor's Degree or Higher	(4) School Enrollment	(5) Unemployment Rate
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%
2018	60,566	36,078	82	19.4	7,438	3.3%

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 based on FY 2015 figure and projected annual growth of 0.8%.

Fiscal year 2017 based on FY 2015 NCOSBM figure and projected annualized growth of .66%.

Fiscal year 2018 based on projected July 2018 NCOSBM figure.

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 2009 - 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 based on FY 2015 figure and projected Per Capita income annual growth of 1.3%

Fiscal year 2017 based on FY 2015 per capita figure and projected FY 2016 per capita income annual growth of 1.3%

(both from ACCESSNC)

Fiscal year 2018 based on FY 2016 per capita figure (Nov '18 ACCESSNC report) and projected 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.

Fiscal year 2016 figure based on 2015 Est from NC Dept. of Commerce ACCESSNC table.

Fiscal year 2017 figure based on 2016 Est from NC Dept. of Commerce ACCESSNC table.

Fiscal year 2018 figure based on 2017 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

Fiscal year 2017 figure based on Dept of Public Instruction - Average Daily Membership

Fiscal year 2018 figure based on Dept of Public Instruction - Average Daily Membership - Does not include charter schools

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

Fiscal year 2017 figure taken from NCACCESS

Fiscal year 2018 figure taken from NCACCESS (Aug 2018 Prelim, 2017 Unemployment Rate)

TABLE 15

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

2018				2010			
Employer	Employees	Rank	Percentage of Total County Employment	Employer	Employees	Rank	Percentage of Total County Employment
Revlon	1,420	1	5.10%	Revlon	2,000	1	7.71%
Altec Industries	736	2	2.65%	Altec Industries	300	2	1.16%
Food Lion Distribution	405	3	1.46%	Flextronics	325	3	1.25%
Certainteed Corporation	270	4	0.97%	Food Lion Distribution	300	4	1.16%
Ideal Fastner	236	5	0.85%	Ideal Fastener	300	5	1.16%
Bridgestone Bandag	214	6	0.77%	Certainteed Corporation	300	6	1.16%
Clayton Homes	208	7	0.75%	Clayton Homes	250	7	0.96%
Santa Fe Natural Tobacco	150	8	0.50%	Newton Instrument Co.	175	8	0.67%
Gate Precast	144	9	0.54%	Pallet One of North Carolina, Inc.	175	9	0.67%
Newton Instruments	128	10	0.49%	Bandag, Inc.	168	10	0.65%
Carolina Sunrock	128	11	0.43%	Carolina Sunrock	151	11	0.58%
Dill Air Controls	120	12	0.43%	Gate Precast	150	12	0.58%
	<u>4,159</u>		<u>14.94%</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)

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

Function	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Government	40	35	35	35.5	35	36.5	39	39	39	39
Human Services	98	98.5	98.5	100	98	98	99.5	103.5	103	102
Community Services	37	40.5	42.5	44.5	49.5	56	56	58.5	54	61
Public Safety										
Sheriff's Dept./Detention Center	85	90.5	94.5	99.5	99	99.5	100	99.5	102	103
Emergency Services*	78.5	72.5	25	26	25	29	31	29	31	43
Emergency Management	3.5	3	3	4	3	3	4	3	3	4
Solid Waste	5	4	4	4.5	4.5	4.5	5.5	5.5	6	6
Water & Sewer	-	-	-	-	-	-	-	-	-	0
Total	347	344	302.5	314	314	326.5	335	338	338	358

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									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Public Safety/Sheriff										
Incident Reports**	7,641	8,773	10,220	8,920	8,918	8,763	8,446	8,505	7,425	8,499
Miscellaneous Incident Reports	-	-	-	-	-	-	-	-	-	0
Arrests	1,117	1,023	1,353	1,409	1,189	1,014	887	994	978	849
Court Papers	9,096	8,221	8,026	7,427	6,965	5,945	7,532	6,604	6,955	6,328
Public Safety/Emerg Mgmt/Fire										
Number of calls answered (includes fire & medical first response calls)	2,755	2,475	2,754	2,594	2,585	1,953	2,335	2,333	2,272	2,344
Inspections	141	172	205	233	263	216	235	247	225	382
Solid Waste										
MSW Landfill Tonnage (May 1, 2013 - present)					3,091	17,403	20,634	20,120	46,685	40,489
C & D Landfill Tonnage	19,810	16,493	17,171	14,237	13,024	15,447	13,480	15,172	2,757	0
Convenience Sites Tonnage	8,572	8,635	8,248	8,069	7,643	7,543	8,625	10,422	10,122	10,775
Civil Citations	5	4	10	5	7	5	4	6	5	5
Criminal Citations	-	1	1	2	-	1	1	-	-	0
Community Services/Library										
Items Added to Physical Collection	8,231	2,429	8,903	7,297	6,904	5,468	6,079	6,085	6,877	7,579
Items Added to Virtual Collection [^]	-	-	-	4,067	160	N/A	N/A	N/A	N/A	6,392
Circulation	165,076	178,460	186,335	209,706	136,094	118,346	126,891	135,810	136,844	130,075
Internet Use	68,323	36,648	42,276	45,828	61,369	45,713	54,830	54,850	56,883	48,195
Program Attendance	6,347	4,378	4,261	6,594	6,584	14,160	17,367	16,155	11,337	5,075
Community Services/Planning & Inspections										
Number of Building Permits Issued	612	573	443	393	474	459	513	667	629	638
Number of Mobile Home Permits Issued	69	60	61	57	59	52	57	68	72	48
Number of Other Permits Issued (Includes Electrical, Plumbing & Mechanical)	466	548	574	588	695	768	825	857	913	834
Human Services/Social Services										
Average # Adult Medicaid Eligible Cases	2,317	2,293	2,340	2,464	2,525	2,515	3,000	5,534	3,997	4,353
Average # Family & Child Medicaid Cases	3,562	4,031	4,168	4,335	4,366	4,315	5,887	5,726	5,212	5,656
Average # Households Receiving Food Stamps	2,365	3,041	3,738	4,156	4,187	4,412	4,192	3,940	3,615	3,452
Average \$ Fraud Collections per Month	4,242	3,853	3,313	3,158	2,814	1,714	2,564	5,120	6,108	6,910
Education										
School enrollment	8,786	8,637	8,545	8,505	8,479	8,037	7,964	7,825	7,667	7,438

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

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

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

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

Function	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
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	1510	1528	1534	1595	1513	1521	1542	1546	1551
Culture and recreation										
Parks	2	2	2	2	2	2	2	2	2	2
Libraries	4	4	4	4	4	4	4	4	4	4
Education										
Schools	18	19	19	20	20	21	21	21	19	19

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, 2018 and the related notes to the financial statements, which collectively comprises Granville County's basic financial statements, and have issued our report thereon dated December 17, 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
December 17, 2018

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

Certified Public Accountants



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Report On Compliance with Requirements Applicable To Each Major Federal Program; Report on Internal Control Over Compliance; 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, 2018. 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 Federal and State statutes, regulations, and the terms and conditions of its federal awards 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, the 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.

Opinion on Each Major Federal Program

In our opinion, Granville County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

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 the 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.

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.

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 significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 the 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
December 17, 2018

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Report On Compliance For Each Major State Program; Report on 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 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, 2018. 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 state statutes, regulations, and the terms and conditions of its state awards 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.

Opinion on Each Major State Program

In our opinion, Granville County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2018.

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 the 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.

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.

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 significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that were not identified.

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 the 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
December 17, 2018

**GRANVILLE COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Section I. Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance to GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ___ Yes X No
- Significant Deficiency(s) identified? ___ Yes X None reported

Noncompliance material to financial statements noted ___ Yes X No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? ___ Yes X No
- Significant Deficiency(s) identified? ___ Yes X None reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ___ Yes X No

Identification of major federal programs:

<u>CFDA#</u>	<u>Program Name</u>
93.778	Medical Assistance Program
10.561	Food and Nutrition Services Cluster

Dollar threshold used to distinguish between Type A and Type B Programs \$ 750,000

Auditee qualified as low-risk auditee? ___ Yes X No

**GRANVILLE COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

State Awards

Internal control over major State programs:

- Material weakness(es) identified? ___ Yes X No
- Significant Deficiency(s) identified? ___ Yes X None reported

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

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

Identification of major State programs:

Program Name
Medical Assistance
State Aid to Public Libraries
Public School Building Capital Fund

Section II – Financial Statement Findings

None noted.

Section III – Federal Award Findings and Questioned Costs

None noted.

Section IV – State Award Findings and Questioned Costs

None noted.

**GRANVILLE COUNTY, NORTH CAROLINA
CORRECTIVE ACTION PLAN
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Section II – Financial Statement Findings

None noted.

Section III – Federal Award Findings and Questioned Costs

None noted.

Section IV – State Award Findings and Questioned Costs

None noted.

**GRANVILLE COUNTY, NORTH CAROLINA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Finding: 17-1

Status: The County continues to perform second party reviews on a monthly basis to ensure proper documentation, accuracy and timeliness is taking place for eligibility. The County also continues to conduct training of employees on deficiencies found during reviews. Training is also conducted when policy changes and periodical refresher training to keep workers abreast of changes in policy and regulations. The County has also implemented the use of a checklist provided by State.

Finding: 17-2

Status: The County continues to perform second party reviews on a monthly basis to ensure proper documentation, accuracy and timeliness is taking place for eligibility. The County also continues to conduct training of employees on deficiencies on during reviews. Training is also conducted when policy changes and periodical refresher training to keep workers abreast of changes in policy and regulations. The county has added a quality control/trainer position who will focus on second party reviews and training new and veteran employees on items found during reviews. She also trains new staff on NC FAST navigation. The trainer is in the process of learning Medicaid Programs in order to help with Medicaid trainings in the future.

The County Administration has also worked with the department by assigning the Internal Auditor to work with the County to analyze the current process for training employees and the workflows for determining eligibility. The Internal Auditor also offer suggestions and processes that will aid in ensuring proper documentation is consistent among workers and processes are effective and efficient.

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: 16-6

Status: See Finding 17-1.

Finding: 16-7

Status: See Finding 17-1.

Finding: 16-8

Status: See Finding 17-2.

Finding: 15-1

**GRANVILLE COUNTY, NORTH CAROLINA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Status: See Finding 17-1.

Finding: 15-5

Status: See finding 17-1.

Finding: 15-6

Status: See finding 17-1.

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, 2018**

GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL (DIRECT & PASS- THROUGH) EXPENDITURES	STATE EXPENDITURES	TO SUBRECIPIENTS
FEDERAL AWARDS:				
<u>U.S. Dept. of Agriculture</u>				
Passed-through the N.C. Dept. of Health and Human Services:				
Division of Social Services:				
Administration:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program				
	10.561	\$ 578,156	\$ -	\$ -
<u>U.S. Dept. of Justice</u>				
<u>Bureau of Justice Assistance</u>				
Byne Formula Grant				
	16.579	22,170	-	-
Bulletproof Vest Partnership Program				
	16.607	2,408	-	-
<u>Criminal Division</u>				
Equitable Sharing Program				
	16.922	22,490	-	-
Total U.S. Dept. of Justice				
		47,068	-	-
<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	122,768	13,942	-
<u>Institute of Museum and Library Science</u>				
Passed through the N.C. Dept of Cultural Resources:				
Basic Equipment Grant				
	45.310	14,939	-	-
<u>U.S. Dept. of Health & Human Services</u>				
<u>Administration for Community Living</u>				
Passed-through Kerr-Tar Council of Governments:				
Division of Aging and Adult Services:				
National Family Caregiver Support, Title III, Part E				
	93.052	3,409	227	-
Social Services Block Grant-In Home Services				
	93.667	11,055	316	-
<u>Aging Cluster:</u>				
Special Programs for the Aging-Title III, Part B-Grants for Supportive Services and Senior Centers				
	93.044	34,625	2,037	-
Special Programs for the Aging-Title III, Part C-Nutrition Services:				
Congregate Nutrition				
	93.045	81,692	4,805	-
Home-Delivered Meals				
	93.045	39,527	2,325	-
Nutrition Services Incentive Program				
	93.053	25,733	-	-
Total Aging Cluster				
		181,577	9,167	-
Total Administration for Community Living				
		196,041	9,710	-
<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	130,914	12,760	-
Adoption Assistance				
	93.659	15,352	-	-
Foster Care - Title IV-E - Direct Benefit Payments				
	93.658	63,011	16,625	-
Total Foster Care and Adoption Cluster				
		209,277	29,385	-
Temporary Assistance for Needy Families:				
Temporary Assistance for Needy Families (TANF)				
	93.558	408,018	-	-
Child Support Enforcement				
	93.563	503,602	(4)	-
Refugee and Entrant Assistance-State Administered Programs:				
Refugee and Entrant Assistance				
	93.566	483	-	-
Promoting Safe and Stable Families				
	93.556	14,227	-	-
Low-Income Home Energy Assistance:				
Crisis Intervention Program				
	93.568	273,646	-	-
Stephanie Tubbs Jones Child Welfare Services Program				
	93.645	15,703	-	-
Social Services Block Grant (SSBG):				
SSBG-Other Service and Training				
	93.667	260,254	30,037	-
Chafee Foster Care Independence Program				
	93.674	5,148	1,288	-

**GRANVILLE COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2018**

GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL (DIRECT & PASS- THROUGH) EXPENDITURES	STATE EXPENDITURES	TO SUBRECIPIENTS
Chafee Foster Care Independence Program-Direct	93.674		-	-
Total Division of Social Services		1,690,358	60,706	-
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	81,891	-	-
Division of Child Development:				
Child Care and Development Block Grant	93.575	35,918	-	-
Child Care and Development Fund - Mandatory	93.596	5,068	-	-
Child Care and Development Fund - Match	93.596	56,778	28,528	-
Total Child Care Development Fund Cluster		179,655	28,528	-
Temporary Assistance for Needy Families	93.558	3,922	-	-
TANF-Maintenance of Effort		-	(8,850)	-
State Appropriations		-	15,314	-
Total Subsidized Child Care Cluster		183,577	34,992	-
<u>Centers for Medicare and Medicaid Services</u>				
Passed-through the N.C. Dept. of Health and Human Services, Division of Social Services:				
Administration:				
Medical Assistance Program	93.778	1,520,313	6,182	-
Total Medical Assistance Program		1,520,313	6,182	-
Passed-through the N.C. Dept. of Health and Human Services, Division of Social Services:				
Administration:				
Children's Health Insurance Program	93.767	49,602	8	-
Total Children's Health Insurance Program		49,602	8	-
<u>Centers for Disease Control</u>				
Passed-through the N.C. Dept. of Insurance, Division of SHIIP				
CDAP-State Health Insurance Assistance Program	93.324	3,958	-	-
Centers for Medicare and Medicaid Services (CMS)				
Research, Demonstrations and Evaluations	93.217	2,844	-	-
		6,802	-	-
Total U.S. Dept. of Health and Human Services		3,646,693	111,598	-
<u>U.S. Dept. of Homeland Security</u>				
Passed-through N.C. Dept. of Public Safety:				
Emergency Management Performance Grant	97.042	21,701	-	-
Emergency Management Operations Tier II Grant	N/A	-	720	-
Total U.S. Dept. of Homeland Security		21,701	720	-
Total federal awards		4,431,325	126,260	-
STATE AWARDS:				
<u>N.C. Dept. of Administration</u>				
Veterans Service		-	2,175	-
<u>N.C. Dept. of Natural and Cultural Resources</u>				
Division of State Library				
State Aid to Public Libraries		-	112,007	-
<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:				

**GRANVILLE COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2018**

GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL (DIRECT & PASS- THROUGH) EXPENDITURES	STATE EXPENDITURES	TO SUBRECIPIENTS
Home Delivered Meals, Access & In-Home and Supportive Services		-	254,911	-
Senior Center Development		-	18,233	-
Division of Social Services:				
Child Welfare/CPS		-	94,756	-
Energy Assistance		-	5,858	-
Incentive/Program Integrity		-	411	-
Smart Start		-	27,172	-
Foster Care At Risk Maximization-Direct		-	-	-
State Foster Home - Direct		-	13,388	-
SFHF Maximization - Direct		-	16,521	-
Total N.C. Dept. of Health and Human Services		-	431,250	-
<u>N.C. Department of Public Instruction</u>				
Public School Building Capital Fund				
Lottery Funds		-	530,247	-
<u>N.C. Dept. of Transportation</u>				
<u>Rural Operating Assistance Program (ROAP) Cluster:</u>				
ROAP Elderly and Disabled Transportation Assistance Program		-	75,995	58,377
ROAP Rural General Public Program		-	89,984	89,984
ROAP Work First Transitional-Employment		-	11,763	-
Total N.C. Dept. of Transportation		-	177,742	148,361
<u>N.C. Dept. of Public Safety</u>				
Juvenile Crime Prevention Programs		-	191,524	127,226
Total State awards		-	1,470,445	275,587
Total federal and State awards		\$ 4,431,325	\$ 1,596,705	\$ 275,587

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, 2018. 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.