

FRANKLIN COUNTY COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended
June 30, 2013



Prepared by the
Franklin County Finance Department

Finance Director
Charles F. Murray, Jr.

County of Franklin
113 Market Street
Louisburg, NC 27549

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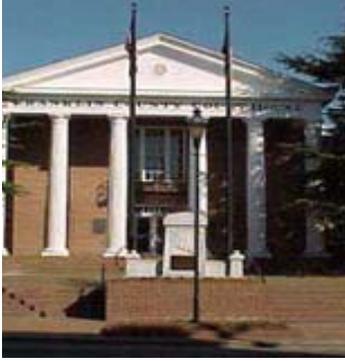
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INTRODUCTORY SECTION



COUNTY OF FRANKLIN

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November 13, 2013

To the Board of County Commissioners and Citizens of Franklin County:

We are pleased to present the comprehensive annual financial report of Franklin County for the fiscal year ended June 30, 2013. State law requires that local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with general accepted accounting principles (GAAP) and audited in accordance with generally accepted accounting standards by a firm of licensed certified public accountants.

This report consists of management's representation 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 comprehensive internal control framework that is designed to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the County of Franklin's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the County's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. 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 contained herein have been audited by the independent, certified public accounting firm of Winston, Williams, Creech, Evans and Co., LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County of Franklin for the fiscal year ended June 30, 2013 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the County of Franklin's financial statements for the fiscal year ended June 30,

2013, 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 the County was 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, with special emphasis on internal controls and legal requirements involving the administration of federal and state awards. These reports are contained in the compliance section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The County's MD&A can be found immediately following the report of the independent auditors.

PROFILE OF THE COUNTY

The General Assembly created Franklin County from a portion of Bute County on January 29, 1779. The County was named in honor of Benjamin Franklin who was in France requesting help for our country during the Revolutionary War.

Franklin County encompasses 494 square miles and has a population of 61,633. There are six municipalities: Town of Bunn, Town of Youngsville, Town of Franklinton, Town of Centerville, the Town of Louisburg (county seat), and the Town of Wake Forest. The county has a commissioner/manager form of government. In December 2004, the Board of Commissioners expanded to a seven member board. Five members of the Board of Commissioners are elected from districts on a partisan basis and two are elected at large. They serve staggered four-year terms. Commissioners hold policy-making and legislative authority. They are also responsible for adopting the budget and appointing the County Manager. The manager is responsible for implementing policies, managing daily operations and appointing department heads.

The county provides its citizens with a wide variety of services that includes public safety, human services, cultural and recreational opportunities and others. It is also the Home of Louisburg College, the nation's oldest junior college. The college was founded in 1787 and offers a strong academic program in humanities, sciences, and business.

NC General Statutes require formal budgetary accounting for all funds. Departments of the County are required to submit their requests for funding by April 1st of each year. These requests are used as a starting point for developing the proposed budget. The County Manager presents the proposed budget to the Board of Commissioners by June 1st. The County Board of Commissioners is required to hold public hearings on the proposed budget and must adopt an annual budget by June 30th of each year. The

adopted budget is prepared by fund and function (e.g., public safety). Department heads can request transfers between line items and are approved by the County Manager. The manager has the authority to approve transfers between the same functions; however, she must inform the Board of Commissioners if she transfers monies outside of function appropriations. Budget to actual comparisons are provided in this report for each individual governmental fund that has an annual budget adopted. A project ordinance is used to establish a budget for a project that extends over more than one fiscal year. Project budgets with actual comparisons for each governmental fund have been adopted and are also included in this report.

MAJOR INITIATIVES/CHANGES

Activities undertaken by the County during the year further confirmed the ongoing commitment to improving the infrastructure by continuing some projects and initiating others. The county's increasing population continues to place additional demands on the County to meet citizens' needs for services. The year's activities as highlighted below demonstrate the County's response to these demands and needs.

Sewer and Water Line Expansions

The County expended \$566,317 on three projects during the fiscal year. The HUB site is a commercial area located adjacent to the North Triangle Regional Airport. The county extended sewer lines to this site at a total cost of \$519,483, of which \$402,151 was spent in FYE 2013. The county also purchased the Town of Youngsville's Water System in April 2013 for \$150,000. The county also spent \$14,166 in its continuing work on the Cedar Creek force main.

Jail Construction

The County approved to renovate the current Jail Detention Facility at a total cost of \$3.55 million. Construction is expected to be complete by December 2014.

E911 Infrastructure Improvement Project

The County borrowed \$2.7 million in December 2008 for this project. The project is being completed to help enhance the county's paging capability to volunteer fire and rescue departments in responding to fire and rescue calls, increase EMS and Sheriff Communication and other public safety agencies in the county. After further consultation with the County's engineer, the county decided to enhance coverage further for a total cost of \$10.7 million. The county borrowed an additional \$6.6 million during the fiscal year to complete the project. This enhancement should provide pager service coverage 95 percent of the time in 95 percent of each fire district. The county has expended \$8.9 million to date on this project. The project is expected to be complete in January 2014.

Triangle North Executive Airport

The County and KTREDC were jointly awarded a grant of \$900,000 from NCDOT and a \$1,700,000 EDA grant to construct a road to gain direct access from US HWY 401 to the business park. Construction on the road began in January 2012 and was completed in August 2013.

ECONOMIC CONDITION AND OUTLOOK

The economic base of the county has traditionally centered on agriculture and textiles, however recently the county has diversified greatly from this base and has attracted many new industries. Currently, 17% of employment in the county is in manufacturing, 54% in service producing industries, 20% in government, 6.7% in construction, and 17% in other non-agricultural employment. Agriculture employs 2%. Tobacco, grain and livestock are major agriculture commodities raised in the county. Currently, 64 percent of the County's work force commutes out of county to work. Franklin County is located only 21 miles northeast of Raleigh, the state capital of North Carolina. Five interstate highways (40, 540, 85, 95 and US 1) are easily reached from the county. Research Triangle Park, the world's largest research complex is only 35 miles southeast of the county seat.

In 2012, The N.C. Department of Commerce increased Franklin County's Tier ranking from a Tier 2 status to a Tier 3 status recognizing the County as one of the 20 most prosperous counties in NC. The law calls for the 40 most distressed counties to become Tier 1 counties, the middle 40 counties to be designated as Tier 2 and the 20 most prosperous counties to become Tier 3 counties. Data used to determine rankings include unemployment rates, median household income, population growth and assess property value per capita.

Tier designations determine the available amount of tax credits for job creation and business property investment in a list of eligible industries. They include manufacturing, motorsports, aircraft maintenance and repair, air courier services, warehousing, customer service call centers, research and development, electronic shopping and mail order houses, wholesale trade and information technology. All eligible companies are required to offer employees health insurance and pay at least 50 percent of the premiums, cannot owe back taxes and cannot have received a significant environmental violation notice from the state Department of Environment and Natural Resources. In Tier 2 and Tier 3 counties, companies also must meet a wage test.

Potential benefits to companies under each tier designation include:

- Tier 1 - \$12,500 tax credit per new job with a requirement to create at least five jobs, and a 7 percent tax credit for eligible business property expenditures.
- Tier 2 - \$5,000 tax credit per new job with a requirement to create at least 10 jobs, and a 5 percent tax credit for eligible business property expenditures of more than \$1 million.
- Tier 3 - \$750 tax credit per new job with a requirement to create at least 15 jobs, and a 3.5 percent tax credit for eligible business property expenditures of more than \$2 million.

The county's largest corporate citizen is Novozymes North America, Incorporated. The company currently has 516 employees. Their current property valuation is \$141.8 million. This provided over \$1.23 million to the county in property tax revenue. They are

also the county's largest water customer averaging 700,000 gallons per day at a cost of \$1,609,650 annually. While the county is extremely fortunate to have such an excellent corporate citizen, efforts should continue to broaden the county's tax base. Novozymes represents 3.37 percent of the county's tax base. Over reliance on a few large taxpayers can often be viewed as a financial weakness and could hinder efforts to upgrade the county's bond rating.

Progress Energy's taxable valuation is \$53.14 million, Carolina Telephone's value is \$28.9 million, Wake Electric's value is \$29.8 million and Amcor Pharmaceutical Packaging USA, Inc. rounds out the top five taxpayers for the county at \$16.02 million.

The County experienced commercial growth during the fiscal year. Smith/Packet Med-Com, LLC began construction of a 22,288 sq. foot Alzheimer's Care facility estimated at \$2,465,329 planning to add 25 full time jobs in the future. Custom Dynamics began constructing a 15,000 sq. foot facility valued at \$1,039,800 with some job growth potential, and K-Flex USA is constructing a 160,400 sq. foot warehousing facility valued at \$10,560,000 with some job growth potential.

LONG-TERM FINANCIAL PLANNING

Franklin County's population has increased by 44% since 1995. It is estimated that Franklin County currently has 61,633 residents. The bulk of the growth had been in the southwestern part of the county near the Franklin Park Industrial Center, which is located adjacent to US Highway 1A north of the Town of Youngsville but has become more widespread recently. Development and population growth means increased demand for housing, other facilities and additional county provided services.

With the county's population continuing to rise, careful planning must occur to ensure that adequate real estate remains available for potential industrial and commercial prospects, adequate water and sewer facilities are present, as well as looking for additional funding streams to provide dollars needed for additional county services that will be requested with residential growth. In August 2009, the State of North Carolina changed the formula for lottery distribution to help with school operational needs and school construction needs. This change in formula resulted in a decrease for Franklin County of nearly \$600,000. The county had pledged the lottery proceeds to help service the \$53 million school bond issued authorized by the voters. The County does have a process in which to gain additional revenue however. The Board of County Commissioners can ask the voters of the county to approve an additional ½ cent sales tax or a land transfer tax to be imposed to help with revenue needs such as school construction projects. However the BOC has not decided to initiate this process at the date of this report.

The county currently purchases an average of 1.8 million gallons per day from the City of Henderson and 85,000 gallons per day from the Town of Louisburg. The county issued \$12.4 million in a COP Bond issue in March 1999 to install main water and distribution lines from the Franklin/Vance County line into the heart of Franklin County.

The construction phase was completed in June 2000. As of June 30, 2012, the County utilizes about 2.0 million gallons per day of water and averages daily treatment of waste water of about 350,000 gallons per day. The water and sewer budget is roughly \$7 million.

SINGLE AUDIT

As a recipient of federal, state and county assistance, the County also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management and the Finance Department staff of the County. As a part of the County's single audit, described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal and state financial assistance programs, as well as to determine that the County has complied with applicable laws and regulations.

AWARDS AND OTHER INFORMATION

Independent Audit – The County is required by state statutes to have an annual independent financial audit. The accounting firm of Winston, Williams, Creech, Evans & Company, LLP. conducted the County's annual audit for the fourth year. In addition to meeting the requirements set forth in state statutes, the audit was also designed to comply with the requirements of the Single Audit Act of 1996 and related OMB circular A-133 and the State Single Audit Implementation Act. The auditor's report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the compliance section.

Management's Discussion and Analysis - The Management's discussion and analysis report contains more detailed information regarding the County of Franklin's financial statements and can be found immediately following the report of the independent auditors.

Awards - The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Franklin County North Carolina for its comprehensive annual financial report for the fiscal year ended June 30, 2012. This was the fourteenth consecutive year that Franklin 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.

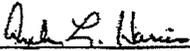
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Preparation of this report would not have been possible without the dedicated efforts of the Finance Department's staff and the cooperation and dedication of other county departments and the auditing staff of Winston, Williams, Creech, Evans & Company, LLP. Great gratitude is extended to the Board of County Commissioners for their continued support throughout the past year.

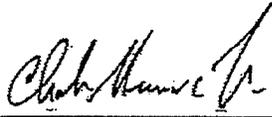
Use of the Report. The Government Finance Officers Association reports a growing awareness that the annual financial report should be management's report to its governing body, constituents, oversight bodies, resource providers, investors and creditors. We agree with this direction, and in keeping with our past practice, have made available a copy of this report to each of you, the various county departments, bond rating agencies, the Local Government Commission, and such other financial institutions that have expressed an interest in the County of Franklin's financial affairs.

A copy of this report is also being placed in the Franklin County Public Library and the Franklin County Chamber of Commerce. The report may also be viewed from the County's web site www.franklincountync.us.

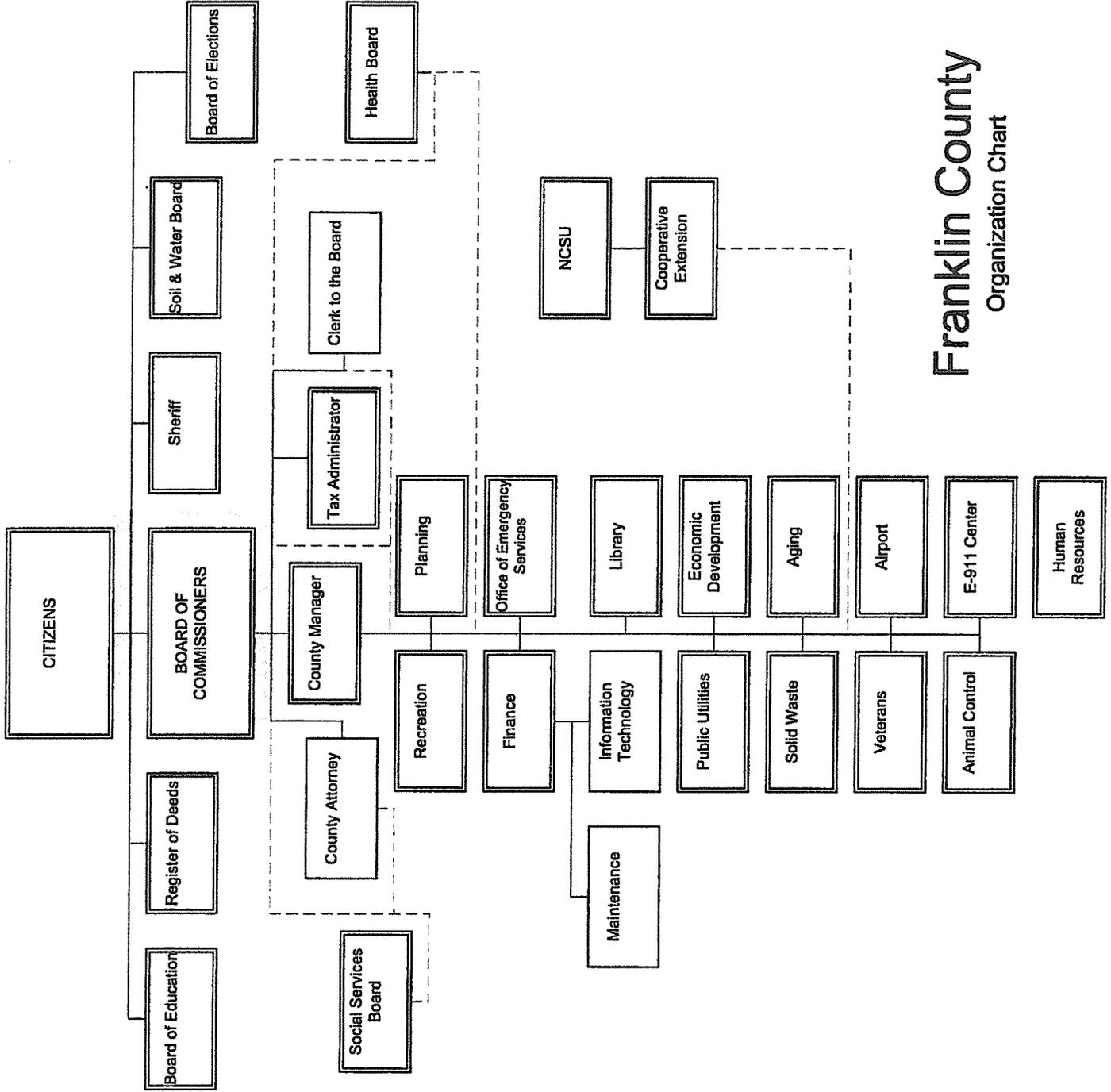
Respectfully submitted,



Angela L. Harris
County Manager



Charles F. Murray, Jr.
Director of Finance



Franklin County

Organization Chart

**FRANKLIN COUNTY, NORTH CAROLINA
LIST OF PRINCIPAL OFFICIALS
JUNE 30, 2013**

**Board of County
Commissioners**

E. Shane Mitchell, Chairperson
Sidney E. Dunston, Vice Chairperson
David T. Bunn
Harry L. Foy, Jr.
Cedric K. Jones, Sr
John M. May
Donald C. Lancaster

County Officials

Angela L Harris
Charles F. Murray, Jr.
Pete Tomlinson

County Manager
Finance Director
County Attorney



Government Finance Officers Association

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

Presented to

**Franklin County
North Carolina**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO

FINANCIAL SECTION

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

Certified Public Accountants



America Counts on CPAs

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

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

Independent Auditor's Report

To the Board of County Commissioners
Franklin County, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Franklin County, North Carolina, as of and for the year ended June 30, 2013 and the related notes to the financial statements, which collectively comprise Franklin 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 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.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Franklin County as of June 30, 2013, 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.

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Other Matters

Required Supplementary Information

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

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Franklin County's basic financial statements. The introductory information, combining and individual fund financial statements, budgetary schedules, other schedules, statistical section, as well as the accompanying schedule of expenditures of federal and State awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States and Local Governments and Non-Profit Organizations* and the State Single Audit Implementation Act are presented for purposes of additional analysis and are not a required part of the 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. In our opinion, 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 the 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 November 13, 2013 on our consideration of Franklin County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Franklin County's internal control over financial reporting and compliance.

Winston, Williams, Creech, Evans & Company, LLP

Winston, Williams, Creech, Evans & Company, LLP
Certified Public Accountants
November 13, 2013



County Of Franklin

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Office of Finance
Charles Murray, Jr.
Director

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Franklin County, we offer readers of Franklin County's financial statements this narrative overview and analysis of the financial activities of Franklin County for the fiscal year ended June 30, 2013. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the County's financial statements, which follows this narrative.

Financial Highlights

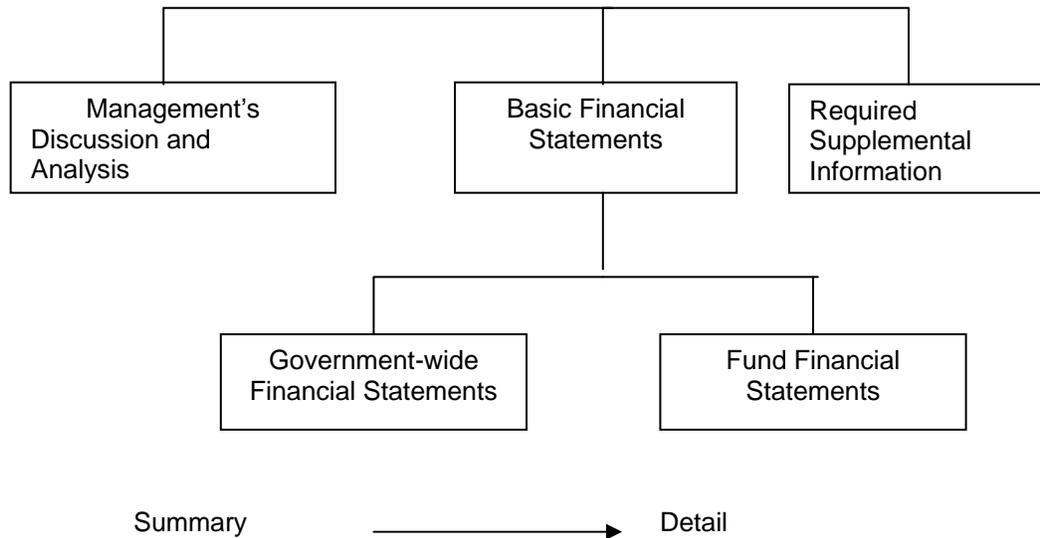
- The County's liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources by \$8.79 million. In accordance with North Carolina law, liabilities of the County include long-term debt associated with assets belonging to the Franklin County Board of Education. The amount included in liabilities related to school financing is \$76.6 million. These assets are not reflected in the County's financial statements but the full amount of the long-term debt associated with schools is reflected in the County's financial statements. Some similar County financial reports may reflect a net deficit in net position due to this law.
- As of the close of the current fiscal year, the County's general and major governmental fund reported combined ending fund balances of \$26.3 million, a decrease of \$1.67 million from the previous fiscal year where the combined fund balances totaled \$27.9 million. The major decrease was in the County Building Capital Fund and the General Fund. The General Fund decreased by \$760,000. Approximately 48.0 percent of this total amount or \$12.7 million is available for spending at the government's discretion.
- At the end of the current fiscal year, fund balance available for appropriation for the General Fund was \$12.7 million or 18.3 percent of total general fund expenditures for the fiscal year. Of this amount \$3.23 million has been designated for subsequent year expenditures.
- The County's total debt decreased by \$7.2 million during the current fiscal year. The County made all debt payments paid timely and no new debt was issued.
- The County's current bond rating with Moody's Investor Services is an (Aa2), Standard & Poor's rating for the County is AA-, and Fitch has rated the County as AA.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to The 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. 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 also contains other supplemental information that should enhance the reader's understanding of the financial condition of the County.

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

The first two statements 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 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 agency 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 and internal service funds, all of which are added together in one column on the basic financial statements. Budgetary information required by the General Statutes also can 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 the 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 position and how they have changed. Net position is the difference between the total of the County's assets and deferred outflows of resources and

the total liabilities and the deferred inflows of resources. Measuring net position is one way to gauge the County's financial condition.

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units. The governmental activities include most of the County's basic services such as general administration, taxation and records, community planning, community maintenance, human services, education, and public safety. Property and other taxes and state and federal grant funds finance most of these activities. The business-type activities are those that the County charges customers to provide the service. Franklin County's only business-type activity reported during fiscal year 2013 is for water and sewer service. The final category is component units. Although legally separate from the County, the Franklin County Industrial Facility and Pollution Control Financing Authority is the County's only reportable component unit. The County exercises control over its Board by appointing all five of its members. The Authority had no financial transactions or account balances; therefore, it is not presented in the government-wide combined financial statements.

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. The 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 or the County's budget ordinance. All of the funds of the County can be divided into two categories: governmental funds and proprietary 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 which provides a current financial resources focus. In modified accrual accounting, revenues are recognized when they become available and expenditures are reported when the obligations were incurred. 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 government 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.

The 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 of Commissioners 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 Statement of Revenues, Expenditures and Changes in Fund Balance. 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.

Proprietary Funds – The County utilizes one proprietary fund. The County uses an Enterprise Fund to report the same functions presented as business-type activities in the government-wide financial statements. The County uses an enterprise fund to account for its water and sewer activity. This fund is

the same as the function shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

Internal Service Funds – These funds are an accounting device used to accumulate and allocate costs internally among the functions of the County. The County currently has one internal service fund called the Insurance Fund. Actual payments for health insurance, property and liability insurance, unemployment charges, and workers compensation payments are recorded.

Agency Funds – These funds are used to account for assets the County holds on behalf of others. These funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the County's own programs. The County has five agency 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 are on pages 41-68 of this report.

Required Supplemental Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the County's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 70 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The County's liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources by \$8,792,116 as of June 30, 2013. The County's net position increased by \$7.4 million for the fiscal year ended June 30, 2013. One of the largest portions \$43,994,303 reflects the County's net investment in capital assets (e.g. land, buildings, machinery, and equipment). Franklin County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Franklin County's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of Franklin County's net position, \$4,642,286, represents resources that are subject to external restrictions on how they may be used. The remaining balance is unrestricted.

Figure 2 (below) represents comparative data for the County's total assets, total liabilities, and net position for FYE 2012 and FYE 2013.

Figure 2

FRANKLIN COUNTY'S NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	# 2012
Current and other assets	\$ 33,782,654	\$ 35,158,510	\$ 5,910,693	\$ 4,446,727	\$ 39,693,347	\$ 39,605,237
Capital assets	38,480,445	38,255,010	26,448,069	26,710,009	64,928,514	64,965,019
Total assets	<u>72,263,099</u>	<u>73,413,520</u>	<u>32,358,762</u>	<u>31,156,736</u>	<u>104,621,861</u>	<u>104,570,256</u>
Long-term liabilities outstanding	94,163,713	100,172,467	13,406,630	14,650,800	107,570,343	114,823,267
Other liabilities	4,266,723	4,787,944	727,657	657,448	4,994,380	5,445,392
Total liabilities	<u>98,430,436</u>	<u>104,960,411</u>	<u>14,134,287</u>	<u>15,308,248</u>	<u>112,564,723</u>	<u>120,268,659</u>
Deferred Inflows of Resources	849,254	418,218	-	-	849,254	418,218
Net Position:						
Net investment in capital assets	30,485,649	26,677,972	13,508,654	12,421,870	43,994,303	39,099,842
Restricted	4,809,599	3,912,076	-	-	4,809,599	3,912,076
Unrestricted	(62,311,839)	(62,555,157)	4,715,821	3,426,618	(57,596,018)	(59,128,539)
Total Net Position	<u>\$ (27,016,591)</u>	<u>\$ (31,965,109)</u>	<u>\$ 18,224,475</u>	<u>\$ 15,848,488</u>	<u>\$ (8,792,116)</u>	<u>\$ (16,116,621)</u>

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The liabilities of the County exceeded its assets in the Governmental Activities by \$27 million. In the Business-type Activities, the assets exceeded its liabilities by \$18.22 million at June 30, 2013. Net

position for Governmental Activities is reported in three categories: Net Investment in capital assets was \$30.5 million; Restricted was \$4.6 million and unrestricted net position was \$(62,311,839). Net position for Business type Activities is reported in two categories: Net Investment in capital assets was \$13.5 million and unrestricted net position was \$4.7 million.

The invested in capital assets, net of related debt category is defined as the County's investment in County owned capital assets (e.g. land, buildings, automotive equipment, office and other equipment, and sewer lines), less any related debt still outstanding that was issued to acquire those items. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities.

Another category of net position is restricted net position. This represents resources that are subject to external restrictions on how they may be used. The final category of net position is unrestricted net position. This balance may be used to meet the government's ongoing obligations to citizens and creditors.

In the current fiscal year, the county had a negative number of (\$57,596,018) in unrestricted net position. Many counties in the State of North Carolina have a deficit in unrestricted net position. This is due primarily to the portion of the County's outstanding debt incurred for the Franklin County Board of Education (the "school system"). Under North Carolina law, the County is responsible for providing capital funding for the school system. The County has chosen to meet its legal obligation to provide the school system capital funding by using a mixture of County funds and general obligation debt. The assets funded by the County; however, are owned and utilized by the school system. Since the County, as the issuing government, acquires no capital assets, the County has incurred a liability without a corresponding increase in assets. At the end of the fiscal year, approximately \$84.6 million of the outstanding debt on the County's financial statements was related to assets included in the school system's financial statements. However, since the majority of this school system related debt is general obligation debt, it is collateralized by the full faith, credit, and taxing power of the County. Accordingly, the County is authorized and required by State law to levy ad valorem taxes, without limit as to rate or amount, as may be necessary to pay the debt service on its general obligation bonds. Principal and interest requirements will be provided by an appropriation in the year in which they become due.

In the current year, total net position in Governmental Activities increased by \$5.0 million as the County paid principal payments on its debt. Also the county noted the following positive operational initiatives and results:

- Great tax collection rate of 97.36 percent during a tough economy.
- Continued low cost of debt due to the County's bond rating
- Conservative revenue projections - \$308,000 over budget
- Lottery proceeds reserved for school debt - \$900,000.
- Revenue for housing federal inmates - \$1.3 million.
- Controlled departmental spending and conservative budgeting - \$2 million.

Figure 3
FRANKLIN COUNTY'S CHANGES IN NET POSITION

	Governmental Activities		Business-type Activities		Total	
	FY 2013	FY 2012	FY 2013	FY 2012	FY 2013	FY 2012
Revenues:						
Program revenues:						
Charges for services	\$ 11,889,989	\$ 12,563,177	\$ 8,863,609	\$ 7,340,277	\$ 20,753,598	\$ 19,903,454
Operating grants and contributions	10,949,922	10,818,184	-	-	10,949,922	10,818,184
Capital grants and contributions	516,634	278,754	298,969	87,562	815,603	366,316
General revenues:						
Property taxes	38,983,743	37,807,234	-	-	38,983,743	37,807,234
Other taxes	8,461,911	8,286,210	-	-	8,461,911	8,286,210
Other	336,590	164,895	295	360	336,885	165,255
Total revenues	71,138,789	69,918,454	9,162,873	7,428,199	80,301,662	77,346,653
Expenses:						
General Government	4,674,158	4,508,753	-	-	4,674,158	4,508,753
Public Safety	20,017,277	19,033,872	-	-	20,017,277	19,033,872
Economic and Fiscal Development	5,648,305	5,666,603	-	-	5,648,305	5,666,603
Human Services	17,708,407	17,260,614	-	-	17,708,407	17,260,614
Cultural and Recreation	1,429,624	1,364,329	-	-	1,429,624	1,364,329
Education	13,775,500	16,132,388	-	-	13,775,500	16,132,388
Interest on long-term debt	3,261,900	3,492,294	-	-	3,261,900	3,492,294
Water and Sewer	-	-	6,386,886	6,123,230	6,386,886	6,123,230
Total expenses	66,515,171	67,458,853	6,386,886	6,123,230	72,902,057	73,582,083
Increase (Decrease) in net position before transfers	4,623,618	2,459,601	2,775,987	1,304,969	7,399,605	3,764,570
Transfers	400,000	440,615	(400,000)	(440,615)	-	-
Increase in net position	5,023,618	2,900,216	2,375,987	864,354	7,399,605	3,764,570
Net Position, July 1, previously reported	(31,965,109)	(34,865,325)	15,848,488	14,984,134	(16,116,621)	(19,881,191)
Restatement (See footnote IX)	(75,100)	-	-	-	(75,100)	-
Net Position, July 1, as restated	(32,040,209)	(34,865,325)	15,848,488	14,984,134	(16,191,721)	(19,881,191)
Net Position, June 30	\$ (27,016,591)	\$ (31,965,109)	\$ 18,224,475	\$ 15,848,488	\$ (8,792,116)	\$ (16,116,621)

Governmental activities: Governmental activities increased the County's net position by \$5.02 million. Key elements are as follows:

- Ad valorem Tax collections increased by \$1 million.
- Sales Tax revenues were up \$285,557 or a 3.9% increase.
- County's fees and charges were down \$673,188 or a 5.4% decrease.
- Departmental expenditures were \$1.78 million below budget.

Business-type activities: The net position in Business-type activities increased by \$2,375,987. Water and Sewer collections increased by \$1,523,332 an increase of \$20.8%, due to increased consumption in commercial usage and the county prevailing in a law suit with the Town of Franklinton. The county's water customers increased by 389 customers during the fiscal year. The county currently has 3,695 water customers. This represents an 11.8 percent increase in customer base. The county's water consumption was 1,984,000 gallons per day.

Financial Analysis of the County's Funds

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

Governmental Funds: The focus of the 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. Specifically, fund balance available for appropriation 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 Franklin County. At the end of the current fiscal year, Franklin County's fund balance available in the General Fund was \$12.7, while total fund balance reached \$21,213,203. The Governing Body of Franklin County has determined that the county should maintain an available fund balance of 15% of general fund expenditures in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the County. The County currently has an available fund balance of 18% of general fund expenditures, while total fund balance represents 29.8% of that same amount.

At June 30, 2013, the governmental funds of the County reported a combined fund balance of \$26,329,540. The county's overall fund balance remains strong.

General Fund Budgetary Highlights

During fiscal year 2013, the County maintained a strong fund balance position and finished the year in sound financial condition. The County revised its' budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services. Total amendments to the General Fund increased revenues by \$778,478 and expenditures by \$778,478.

The actual operating revenues for the General Fund were higher than the budgeted amount by \$308,305. Sales Tax revenues were over budget by \$151,660; fees and charges were down by \$603,626; and Ad valorem taxes exceeded the anticipated budget by \$473,447. The County's expenditures were \$2,313,006 less than budgeted. Human Services departments under spent their budgets by \$778,362, General Government activities were under budget by 305,081 and Public Safety departments were under budget by \$496,848.

Proprietary Funds: The County's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Water and Sewer Fund at the end of the fiscal year amounted to \$4,673,839, an increase of \$1.28 million. This increase was mainly due to an increase in sewer sales. Total revenues increased by \$1.52 million while expenditures increased by only \$338,821. The Town of Franklinton and the county were in a dispute over a 1979 water contract. The county received a favorable ruling and has now received all monies owed to it and the court ruled the contract invalid.

Capital Asset and Debt Administration

Capital assets: The County's investment in capital assets for its governmental and business-type activities as of June 30, 2013, totaled \$64,928,514 (net of accumulated depreciation). These assets include buildings, automotive equipment, office and other equipment, and water and sewer lines.

Major capital asset transactions during the year included:

- \$566,317 in water and sewer expansions
- \$74,371 Airport Improvements
- \$64,703 in E911 Public Safety Improvements
- \$120,600 in Jail Improvements

Figure 4

Franklin County's Capital Assets (net of depreciation)

	2013		2012		2013		2012	
Land and Improvements	\$	13,552,169	\$	12,917,405	\$	369,456	\$	369,456
Buildings		12,315,993		12,929,733		-		-
Gas Lines		210,130		218,371				210,130
Water Lines		128,278		132,363	25,770,828	14,601,914	25,899,106	14,734,277
Sewer Lines		-		-		9,645,231		9,645,231
Automotive equipment		899,697		767,441	67,390	28,927	967,087	796,368
Office and other equipment		1,479,827		1,656,420	90,395	125,328	1,570,222	1,781,748
Construction in progress		9,894,351		9,633,277	150,000	1,939,153	10,044,351	11,572,430
Total	\$	38,480,445	\$	38,255,010	\$	26,448,069	\$	26,710,009
							\$	64,928,514
								\$ 64,965,019

Additional information on the County's capital assets can be found in Note II.5 of the Basic Financial Statements.

Long-term Debt: As of June 30, 2013, the County's Governmental Activities had total bonded school debt outstanding of \$60,985,000 all of which is backed by the full faith and credit of the County: \$10,560,000 in Certificates of Participation outstanding, and \$13,408,110 in installment purchases. In the Business type Activities, the County had \$1,440,000 in outstanding in Federal and State revolving loans, \$4,923,882 in COPs and \$6,575,533 in installment loans outstanding at June 30, 2013. A summary of total long-term debt is shown in Figure 5.

Figure 5

Franklin County's General Obligation, Capital Leases and Installment Notes Payable

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
General obligation bonds	\$ 60,985,000	\$ 64,945,000	\$ -	\$ -	\$ 60,985,000	\$ 64,945,000
Certificates of Participation	10,560,000	11,260,000	4,923,882	5,549,606	15,483,882	16,809,606
Installment Purchases	13,408,110	16,596,705	6,575,533	7,118,533	19,983,643	23,715,238
Revolving Loans	-	-	1,440,000	1,620,000	1,440,000	1,620,000
Other obligations	9,210,603	7,370,762	467,215	362,661	9,677,818	7,733,423
Total long-term debt	\$ 94,163,713	\$ 100,172,467	\$ 13,406,630	\$ 14,650,800	\$ 107,570,343	\$ 114,823,267

In fiscal year 2012-13, the County's total debt decreased by \$7.2 million. The County met all of its obligations in a timely fashion. In May 2008, the County voters approved a \$53,000,000 school bond. The County has \$11.4 million that can be issued in the next seven years if needed. At this time, all projects are complete with no additional debt transaction required.

The County's most recent bond ratings are shown below:

Moody's Investor Services	Aa2
Standard & Poor's	AA-
FITCH Rating Agency	AA

This stability of the county's bond rating is a clear indication of the sound financial condition of the County. The County was upgraded by Standard and Poor's in August 2009. This achievement helps keep interest costs low on the County's outstanding debt.

The State of North Carolina limits the amount of debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for the County is \$240,477,865. The County has \$11,400,000 bonds authorized but un-issued at November 2013.

Additional information regarding the County's long-term debt can be found in Note III.7.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for Franklin County was 7.6 percent at June 30, 2013 which is lower when compared to last year's rate at 10.1 percent.
- Inflationary trends in the region compare very favorably to national indicators.
- State Sales Tax revenues are increasing statewide again. The County's local point of sale remains stable. The County's tax base continues to grow even during these bad times. The county has completed the Revaluation Process with a positive 2.7 percent increase in tax base.

All of these factors were considered in preparing the County of Franklin's budget for FYE 2014.

Budget Highlights for the Fiscal Year Ending June 30, 2014

- **Governmental Activities:** The County has approved a \$73.8 million General Fund budget for FYE 2014 compared to a \$70.8 million general fund budget for fiscal year 2012-2013. This represents a \$3.0 million or 4.0 percent increase over the previous fiscal year. The property tax rate remained the same at .8725 cents per \$100 dollars of property valuation. Currently, Franklin County has the third highest property tax rate in the state. The county underwent revaluation in FYE 2013 and the tax rate remained the same. The tax base increased about 2.7%.
- The county added 21 new positions during the budget, with 19 new positions being in the EMS Department. Public Safety expenditures were increased by \$2.06 million or 11% increase. County employees received a 3% increase, and the County has appropriated \$1,379,796 for capital expenditures.
- **Business – type Activities:** The County water rates decreased by 5% and sewer rates remained the same as the previous year. The budget increased \$1.06 million due to water purchase increases and purchasing the Town of Youngsville's Water and Sewer system. The county started in the water and sewer business in October 1996.

Requests for Information

This report is designed to provide an overview of the 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 County of Franklin, Director of Finance, 113 Market Street, Louisburg NC 27549. This report can also be found online at www.franklincountync.us under the Finance tab. You may also call 919-496-3182 or email the Finance Director at cmurray@franklincountync.us for more information.

BASIC FINANCIAL STATEMENTS

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS**

Franklin County, North Carolina
Statement of Net Position
June 30, 2013

	Governmental Activities	Business-type Activity	Total
Assets			
Cash and cash equivalents	\$ 23,874,719	\$ 4,780,458	\$ 28,655,177
Taxes receivable (net)	2,150,623	-	2,150,623
Accounts receivable (net)	836,703	1,062,487	1,899,190
Due from other governments	2,860,182	25,766	2,885,948
Accrued interest receivable	414,950	-	414,950
Inventory	34,822	-	34,822
Security deposit	446,900	-	446,900
Restricted cash and cash equivalents	3,205,737	-	3,205,737
Internal balances	(41,982)	41,982	-
Capital assets:			
Land, improvements, and construction in progress	21,540,739	519,456	22,060,195
Other capital assets, net of depreciation	16,939,706	25,928,613	42,868,319
Total capital assets	<u>38,480,445</u>	<u>26,448,069</u>	<u>64,928,514</u>
Total assets	<u>72,263,099</u>	<u>32,358,762</u>	<u>104,621,861</u>
Liabilities			
Accounts payable and accrued expenses	2,528,839	383,261	2,912,100
Customer deposits	-	310,620	310,620
Accrued interest payable	1,037,939	33,776	1,071,715
Premium on bonds	699,945	-	699,945
Long-term liabilities:			
Due within one year	8,584,084	1,382,762	9,966,846
Due in more than one year	85,579,629	12,023,868	97,603,497
Total long-term liabilities	<u>94,163,713</u>	<u>13,406,630</u>	<u>107,570,343</u>
Total liabilities	<u>98,430,436</u>	<u>14,134,287</u>	<u>112,564,723</u>
Deferred Inflows of Resources	849,254	-	849,254
Net Position			
Net investment in capital assets	30,485,649	13,508,654	43,994,303
Restricted for:			
State Statute for Stabilization	3,746,533	-	3,746,533
Register of Deeds	42,035	-	42,035
Public Safety	1,510	-	1,510
General Government	65,963	-	65,963
Cultural and Recreational	283,079	-	283,079
Economic Development	670,479	-	670,479
Unrestricted	<u>(62,311,839)</u>	<u>4,715,821</u>	<u>(57,596,018)</u>
Total net position	<u>\$ (27,016,591)</u>	<u>\$ 18,224,475</u>	<u>\$ (8,792,116)</u>

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

Franklin County, North Carolina
Statement of Activities
For the Year Ended June 30, 2013

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activity	Total
Governmental activities:							
General government	\$ 4,674,158	\$ 595,586	\$ 466,751	\$ -	\$ (3,611,821)	\$ -	\$ (3,611,821)
Public safety	20,017,277	4,389,896	688,670	-	(14,938,711)	-	(14,938,711)
Economic and physical development	5,648,305	3,239,731	247,751	498,068	(1,662,755)	-	(1,662,755)
Environmental protection	-	-	18,929	-	18,929	-	18,929
Human services	17,708,407	3,574,833	8,445,825	-	(5,687,749)	-	(5,687,749)
Cultural and recreation	1,429,624	89,943	181,996	18,566	(1,139,119)	-	(1,139,119)
Education	13,775,500	-	900,000	-	(12,875,500)	-	(12,875,500)
Interest on long-term debt	3,261,900	-	-	-	(3,261,900)	-	(3,261,900)
Total governmental activities	66,515,171	11,889,989	10,949,922	516,634	(43,158,626)	-	(43,158,626)
Business-type activity:							
Water and Sewer Department	6,386,886	8,863,609	-	298,969	-	2,775,692	2,775,692
	<u>\$ 72,902,057</u>	<u>\$ 20,753,598</u>	<u>\$ 10,949,922</u>	<u>\$ 815,603</u>	<u>(43,158,626)</u>	<u>2,775,692</u>	<u>(40,382,934)</u>
General revenues:							
Taxes:							
Property taxes, levied for general purposes					38,983,743	-	38,983,743
Local option sales tax					7,644,488	-	7,644,488
Other taxes and licenses					817,423	-	817,423
Investment earnings, unrestricted					125,310	295	125,605
Miscellaneous, unrestricted					211,280	-	211,280
Transfers					400,000	(400,000)	-
Total general revenues and transfers					48,182,244	(399,705)	47,782,539
Change in net position					5,023,618	2,375,987	7,399,605
Net position, beginning, previously reported					(31,965,109)	15,848,488	(16,116,621)
Restatement					(75,100)	-	(75,100)
Net position, beginning, restated					(32,040,209)	15,848,488	(16,191,721)
Net position, ending					<u>\$ (27,016,591)</u>	<u>\$ 18,224,475</u>	<u>\$ (8,792,116)</u>

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

**FUND
FINANCIAL STATEMENTS**

Franklin County, North Carolina
Balance Sheet
Governmental Funds
June 30, 2013

	<u>Major</u>	<u>Nonmajor</u>	
	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets			
Cash and cash equivalents	\$ 20,002,319	\$ 2,531,631	\$ 22,533,950
Taxes receivable, net	2,007,082	143,541	2,150,623
Accounts receivables, net	783,270	53,433	836,703
Due from other governments	2,746,302	113,880	2,860,182
Due from other funds	49,648	-	49,648
Inventory	34,822	-	34,822
Restricted assets:			
Restricted cash	637,478	2,568,259	3,205,737
Total assets	<u>\$ 26,260,921</u>	<u>\$ 5,410,744</u>	<u>\$ 31,671,665</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable and accrued liabilities	\$ 2,191,382	\$ 101,218	\$ 2,292,600
Due to other funds	-	49,648	49,648
Total liabilities	<u>2,191,382</u>	<u>150,866</u>	<u>2,342,248</u>
Deferred Inflows of Resources	<u>2,856,336</u>	<u>143,541</u>	<u>2,999,877</u>
Fund Balances:			
Nonspendable:			
Inventories	34,822	-	34,822
Restricted:			
Stabilization by State Statute	3,579,220	167,313	3,746,533
Register of Deeds	42,035	-	42,035
Fire Protection	-	21,948	21,948
Capital Reserve	595,443	-	595,443
Public Safety	-	350,336	350,336
Economic Development	-	83,105	83,105
Committed:			
Debt Service	-	2,568,259	2,568,259
Revaluation	-	642,991	642,991
Assigned:			
Subsequent year's expenditures			
General Fund	3,225,854	-	3,225,854
Public Safety	1,510	-	1,510
Cultural and Recreational	283,079	-	283,079
General Government	65,963	-	65,963
Economic Development	670,479	-	670,479
School Capital Outlay	-	1,332,413	1,332,413
Unassigned:			
General Fund	12,714,798	-	12,714,798
Capital Projects Funds	-	(50,028)	(50,028)
Total fund balances	<u>21,213,203</u>	<u>5,116,337</u>	<u>26,329,540</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 26,260,921</u>	<u>\$ 5,410,744</u>	

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

Franklin County, North Carolina
Balance Sheet
Governmental Funds
June 30, 2013

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	38,480,445
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 assets.	1,509,448
Liabilities for deferred inflows of resources reported in the fund statements but not the government wide	2,150,623
Accrued interest on Ad Valorem receivable and investments is not available to pay for current-period expenditures and therefore are not recognized in	414,950
Some liabilities, including bonds payable, are not due and payable in the current year and, therefore, are not reported in the funds	<u>(95,901,597)</u>
Net position of governmental activities	<u><u>\$ (27,016,591)</u></u>

Franklin County, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2013

	<u>Major</u>	<u>Nonmajor</u>	
	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues			
Ad valorem taxes	\$ 36,275,706	\$ 2,565,576	\$ 38,841,282
Local option sales taxes	7,644,488	-	7,644,488
Other taxes	621,853	321,093	942,946
Restricted intergovernmental	10,449,237	538,545	10,987,782
Fees, sales and charges	11,984,301	-	11,984,301
Investment earnings	140,428	2,201	142,629
Miscellaneous	427,456	52,100	479,556
Total revenues	<u>67,543,469</u>	<u>3,479,515</u>	<u>71,022,984</u>
Expenditures			
Current:			
General government	4,408,724	18,134	4,426,858
Public safety	16,159,536	2,906,379	19,065,915
Economic and physical development	5,442,429	7,345	5,449,774
Human services	17,001,115	-	17,001,115
Cultural and recreational	1,219,006	-	1,219,006
Intergovernmental:			
Education	13,775,500	-	13,775,500
Capital outlay	-	693,883	693,883
Debt service:			
Principal	8,072,550	-	8,072,550
Interest and other charges	3,392,405	-	3,392,405
Total expenditures	<u>69,471,265</u>	<u>3,625,741</u>	<u>73,097,006</u>
Revenues over (under) expenditures	<u>(1,927,796)</u>	<u>(146,226)</u>	<u>(2,074,022)</u>
Other financing sources (uses)			
Transfers to other funds	(82,366)	(850,000)	(932,366)
Transfers from other funds	1,250,000	82,366	1,332,366
Issuance of debt	-	-	-
Total other financing sources (uses) - net	<u>1,167,634</u>	<u>(767,634)</u>	<u>400,000</u>
Net changes in fund balances	(760,162)	(913,860)	(1,674,022)
Fund balances			
Beginning of year	21,965,763	6,030,197	27,995,960
Increase in reserve for inventory	7,602	-	7,602
End of year	<u>\$ 21,213,203</u>	<u>\$ 5,116,337</u>	<u>\$ 26,329,540</u>

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

Franklin County, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2013

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

Net changes in fund balances - total governmental funds	\$ (1,674,022)
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	225,435
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	168,129
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. This amount is the net effect of these differences in the treatment of long-term debt and related items.	7,848,595
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.	(1,750,509)
Inventory not expensed on statement of activities	7,602
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	<u>198,388</u>
Total changes in net position of governmental activities (Exhibit 2)	<u><u>\$ 5,023,618</u></u>

Franklin County, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual - General Fund
For the Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Positive (Negative)</u>
Revenues				
Ad valorem taxes	\$ 36,030,759	\$ 35,802,259	\$ 36,275,706	\$ 473,447
Local option sales tax	4,920,300	4,994,993	5,146,653	151,660
Other taxes	504,450	732,950	621,853	(111,097)
Restricted intergovernmental	9,660,630	10,109,798	10,449,237	339,439
Sales and services	12,374,732	12,587,927	11,984,301	(603,626)
Investment earnings	195,000	195,000	140,745	(54,255)
Miscellaneous	273,297	314,719	427,456	112,737
Total revenues	<u>63,959,168</u>	<u>64,737,646</u>	<u>65,045,951</u>	<u>308,305</u>
Expenditures				
Current:				
General government	4,604,067	4,713,805	4,408,724	305,081
Public safety	16,466,727	16,656,384	16,159,536	496,848
Economic and physical development	5,607,582	5,643,582	5,442,429	201,153
Human services	17,392,617	17,779,477	17,001,115	778,362
Cultural and recreational	1,228,841	1,285,064	1,219,006	66,058
Intergovernmental:				
Education	13,910,500	13,910,500	13,775,500	135,000
Debt service:				
Principal retirement	8,072,887	8,072,887	8,072,550	337
Interest and other charges	3,414,267	3,414,267	3,392,405	21,862
Total expenditures	<u>70,697,488</u>	<u>71,475,966</u>	<u>69,471,265</u>	<u>2,004,701</u>
Revenues under expenditures	<u>(6,738,320)</u>	<u>(6,738,320)</u>	<u>(4,425,314)</u>	<u>2,313,006</u>
Other financing sources (uses)				
Transfers to other funds	(82,366)	(82,366)	(82,366)	-
Transfers from other funds	3,746,900	3,746,900	3,746,900	-
Debt proceeds	-	-	-	-
Appropriated fund balance	3,073,786	3,073,786	-	(3,073,786)
Total other financing sources (uses) - net	<u>6,738,320</u>	<u>6,738,320</u>	<u>3,664,534</u>	<u>(3,073,786)</u>
Revenues and other financing sources under expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>(760,780)</u>	<u>\$ (760,780)</u>
Fund balance				
Beginning of year, July 1			21,370,938	
Decrease in reserve for inventory			<u>7,602</u>	
End of year, June 30			<u>\$ 20,617,760</u>	
A legally budgeted Capital Reserve Fund is consolidated into the General Fund for reporting purposes:				
Sales tax revenue			2,497,835	
Investment earnings			(317)	
Transfer-out to General Fund			<u>(2,496,900)</u>	
Fund Balance, Beginning			<u>594,825</u>	
Fund Balance, Ending (Exhibit 4)			<u>\$ 21,213,203</u>	

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

Franklin County, North Carolina
Statement of Net Position
Proprietary Funds
June 30, 2013

	<u>Major Enterprise Fund</u>	<u>Major Internal Service Fund</u>
	<u>Water and Sewer Fund</u>	<u>Insurance Fund</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 4,780,458	\$ 1,340,769
Receivables, net	1,062,487	-
Due from other governments	25,766	-
Security deposit	-	446,900
Reserved cash	-	-
Total current assets	<u>5,868,711</u>	<u>1,787,669</u>
Noncurrent assets:		
Capital assets:		
Land, improvements, and construction in progress	519,456	-
Other capital assets, net of depreciation	25,928,613	-
Total capital assets	<u>26,448,069</u>	<u>-</u>
Total noncurrent assets	<u>26,448,069</u>	<u>-</u>
Total assets	<u>\$ 32,316,780</u>	<u>\$ 1,787,669</u>
Liabilities		
Current liabilities:		
Accounts payable	\$ 331,706	\$ 236,239
Accrued payroll	51,555	-
Accrued interest expense	33,776	-
Customer deposits	310,620	-
Compensated absences	14,846	-
Revolving loans	180,000	-
Certificates of participation	644,610	-
Installment debt	543,306	-
Total current liabilities	<u>2,110,419</u>	<u>236,239</u>
Noncurrent liabilities:		
Compensated absences	44,538	-
Revolving loans	1,260,000	-
Certificates of participation	4,279,272	-
Installment debt	6,032,227	-
Other postemployment benefits	407,831	-
Total noncurrent liabilities	<u>12,023,868</u>	<u>236,239</u>
Total liabilities	<u>14,134,287</u>	<u>236,239</u>
Net Position		
Net investment in capital assets	13,508,654	-
Unrestricted	4,673,839	1,551,430
Total net position	<u>18,182,493</u>	<u>\$ 1,551,430</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	<u>41,982</u>	
Net position of business-type activities	<u>\$ 18,224,475</u>	

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

Franklin County, North Carolina
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2013

	<u>Major</u>	<u>Major</u>
	<u>Enterprise Fund</u>	<u>Internal Service</u>
	<u>Water and Sewer</u>	<u>Fund</u>
	<u>Fund</u>	<u>Insurance Fund</u>
Operating revenues		
Charges for water	\$ 5,744,353	\$ -
Charges for sewer	2,485,661	-
Other operating revenues	633,595	-
Charges for services	-	6,538,047
Miscellaneous income	-	19,066
Total operating revenues	<u>8,863,609</u>	<u>6,557,113</u>
Operating expenses		
Internal Service fund expenses	-	6,349,003
<u>Water Department</u>		
Salaries and employee benefits	593,353	-
Water purchases	2,981,852	-
Other operating expenses	386,257	-
Depreciation	719,609	-
Total water department	<u>4,681,071</u>	<u>-</u>
<u>Sewer Department</u>		
Salaries and employee benefits	438,368	-
Other operating expenses	505,503	-
Depreciation	253,735	-
Total sewer department	<u>1,197,606</u>	<u>-</u>
Total operating expenses	<u>5,878,677</u>	<u>6,349,003</u>
Operating income	<u>2,984,932</u>	<u>208,110</u>
Nonoperating revenues (expenses)		
Interest earnings	295	(1,814)
Interest expense	(516,117)	-
Total nonoperating revenue (expenses) - net	<u>(515,822)</u>	<u>(1,814)</u>
Income (loss) before transfers	<u>2,469,110</u>	<u>206,296</u>
Capital contributions	<u>298,969</u>	<u>-</u>
Transfers		
Transfer to General fund	(400,000)	-
Change in net position	<u>2,368,079</u>	<u>206,296</u>
Net position		
Total net position, beginning	<u>15,814,414</u>	<u>1,345,134</u>
Total net position, ending	<u>18,182,493</u>	<u>\$ 1,551,430</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	<u>7,908</u>	
Change in net position of business-type activities	<u>\$ 2,375,987</u>	

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

Franklin County, North Carolina
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2013

	<u>Major</u>	<u>Major</u>
	<u>Enterprise Fund</u>	<u>Internal Service Fund</u>
	<u>Water and Sewer Fund</u>	<u>Insurance Fund</u>
Cash flows from operating activities		
Cash received from customers	\$ 9,174,835	\$ 6,557,113
Cash paid for goods and services	(3,854,381)	(6,582,563)
Cash paid to employees for services	(920,817)	-
Customer deposits received	44,630	-
Net cash provided by operating activities	<u>4,444,267</u>	<u>(25,450)</u>
Cash flows from noncapital financing activities		
Transfers in	<u>(400,000)</u>	<u>-</u>
Cash flows from capital and related financing activities		
Acquisition and construction of capital assets	(711,404)	-
Principal paid on bonds	(1,348,724)	-
Interest paid	(516,117)	-
Debt issued	-	-
Capital contributions	298,969	-
Net cash used by capital and related financing activities	<u>(2,277,276)</u>	<u>-</u>
Cash flows from investing activities		
Interest on investments	<u>295</u>	<u>(1,814)</u>
Net increase in cash and cash equivalents	1,767,286	(27,264)
Cash and cash equivalents		
Beginning of year, July 1	<u>3,013,172</u>	<u>1,368,033</u>
End of year, June 30	<u>\$ 4,780,458</u>	<u>\$ 1,340,769</u>

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

**Franklin County, North Carolina
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2013**

	<u>Major</u>	<u>Major</u>
	<u>Enterprise Fund</u>	<u>Internal Service Fund</u>
	<u>Water and Sewer Fund</u>	<u>Insurance Fund</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 2,984,932	\$ 208,110
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	973,344	-
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	311,226	-
(Increase) decrease in security deposit	-	(25,200)
Increase (decrease) in accounts payable and accrued liabilities	27,256	(208,360)
Increase (decrease) in accrued interest expense	(8,025)	
Decrease in accrued vacation pay	1,705	-
Increase in customer deposits	44,630	-
Increase in accrued payroll	6,350	-
Increase in other postemployment benefits	102,849	-
Total adjustments	<u>1,459,335</u>	<u>(233,560)</u>
Net cash provided by operating activities	<u>\$ 4,444,267</u>	<u>\$ (25,450)</u>

**Franklin County, North Carolina
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2013**

	Agency Funds
Assets	
Cash and cash equivalents	\$ 123,151
Liabilities and Net Position	
Liabilities:	
Intergovernmental payable - State of North Carolina	\$ 2,378
Miscellaneous liabilities	120,773
	123,151
Net Position	\$ -

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

**NOTES TO THE BASIC FINANCIAL
STATEMENTS**

**FRANKLIN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

I. Summary of Significant Accounting Policies

The accounting policies of Franklin County 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.

Franklin County Industrial Facility and Pollution Control Financing 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 who are appointed by the county commissioners. The County can remove any commissioner of the Authority with or without cause. 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.

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). 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 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. 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 funds are aggregated and reported as nonmajor funds. Franklin County has one enterprise fund and one internal service fund, both of which are major 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.

**FRANKLIN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

The County reports the following major governmental funds:

General Fund – This 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 Capital Reserve Fund is a legally budgeted fund under North Carolina General Statutes; however, for statement presentation in accordance with GASB Statement No. 54 it is consolidated in the General Fund.

The County reports the following major enterprise fund:

Water and Sewer Fund – This fund is used to account for the operations of the water and sewer within the County.

The County reports the following major internal service fund:

Insurance 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 types:

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 Fines and Forfeitures Fund, which accounts for moneys deposited with the County and then remitted to the Franklin County Board of Education; the City Ad Valorem and Motor Vehicle Tax Fund which accounts for registered motor vehicle property taxes and other property taxes that are billed and collected by the County for various municipalities within the County; the three percent interest on the first month of delinquent motor vehicle taxes that the County is required to remit to the North Carolina Department of Motor Vehicles; and the Jail Fund, which accounts for the revenues and expenditures of activity funds belonging to inmates during their period of incarceration.

Nonmajor Funds. The County maintains ten legally budgeted funds. The Fire District Fund, Emergency Telephone System Fund, DEA Fund, Golden Leaf Foundation Fund, and Community Development Fund are reported as nonmajor special revenue funds. The Airport Projects Fund, County Building Project Fund, a Revaluation Project Fund, and the School Construction Fund are reported as capital projects funds. The Capital Reserve Fund is consolidated in the General Fund in accordance with GASB statement No. 54.

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

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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. The County also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water and sewer system. 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 are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of January 1, 1993, 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, Franklin County is responsible for billing and collecting the property taxes on all registered motor vehicles on behalf of all municipalities and special tax districts in the County. For registered motor vehicles, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, taxes for vehicles registered from March 2012 through February 2013 apply to the fiscal year ended June 30, 2013. Uncollected taxes that were billed during this period are shown as a receivable on these financial statements and are offset by deferred inflows of resources.

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

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

C. 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 and Capital Reserve Fund, three of the special revenue funds (Fire District Fund, DEA Fund, and the Emergency Telephone System Fund), the Revaluation Project Fund, the Insurance Fund (an

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internal service fund), and the Water and Sewer Fund. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for all of the capital projects funds but the Revaluation Project Fund, two of the special revenue funds, (the Community Development Fund and the Golden Leaf Foundation Fund), and the Water and Sewer Capital Project.

All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for the general fund, at the departmental level for the special revenue and enterprise funds, and at the object level for the capital projects funds. The balances in the Capital Reserve Fund will be appropriated when transferred to a capital projects fund in accordance with the project ordinance adopted for the reserve fund. The County Manager is authorized to transfer unlimited funds between departments of the same fund.

D. Assets, Liabilities, Deferred Inflows and Outflows, and Fund Equity

1. Deposits and Investments

All deposits of the County are made in board-designated official depositories and are secured as required by G.S. 159-31. The County may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the County 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 to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances and the North Carolina Capital Management Trust (NCCMT).

The County's investments are carried at fair value as determined by quoted market prices. The securities of the NCCMT Cash Portfolio, a SEC-registered (2a-7) money market mutual fund, are valued at fair value, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value.

2. Cash and Cash Equivalents

The County pools moneys from several funds, except for two of the Agency 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.

3. Restricted Assets

The unexpended bond proceeds in the School Construction Fund and the County Building Project Fund are classified as restricted assets because their use is completely restricted to the purpose for which the bonds were originally issued. For purposes of the cash flow statement, restricted assets are excluded from cash and cash equivalents. Money restricted for the Register of Deeds and Capital Reserve in the General Fund are also presented as restricted assets.

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

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values as of January 1, 2012. As allowed by state law, the county has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the County's general fund, ad valorem tax revenues are reported net of such discounts.

5. Allowances 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. Inventories

The inventory of the County is valued at cost (first-in, first-out), which approximates market. The County's General Fund inventory consists of aviation fuel that is recorded as expenditures when purchased.

7. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. Minimum capitalization costs are as follows: \$50,000 for buildings and building improvements; and \$5,000 for equipment, vehicles, and furniture. 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.

The County holds title to certain Franklin County Board of Education properties that have not been included in capital assets. The properties have been deeded to the County to permit installment purchase financing of acquisition and construction costs and to permit the County to receive refunds of sales tax paid for construction costs. Agreements between the County and the Board of Education give the Board of Education full use of the facilities, full responsibility for maintenance of the facilities, and provide that the County will convey title to the property back to the Board of Education after all restrictions of the financing agreements and all sales tax reimbursement requirements have been met. The properties are reflected as capital assets in the financial statements of the Franklin County Board of Education.

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

	<u>Years</u>
Buildings	15-30
Furniture and equipment	5-40
Vehicles	5
Computer equipment & software	3-5
Water lines	15-40

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 no items that meet this criterion. In addition to liabilities, the statement of financial position can also report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future

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period and so will not be recognized as revenue until then. The County has only two items that meet the criterion for this category – prepaid taxes and special assessments receivable.

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 provide for the accumulation for 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.

The sick leave policies of the County 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 none of the entities have any obligation for accumulated sick leave until it is actually taken, no accruals for sick leave have been made.

11. Net Position/Fund Balances

Net Position

Net position in government-wide and proprietary fund financial statements is 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 or b) 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 includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Inventories-portion of fund balance that is not an available resource because it represents the year-end balance of ending inventories, 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)].

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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 Fire Protection-portion of fund balance that is restricted by revenue source for fire protection expenditures.

Restricted for Capital Reserve-portion of fund balance that can only be used for School Capital per G.S. 159-18-22.

Restricted for Public Safety-portion of fund balance that can only be used for the purposes of the Emergency Telephone System Fund and DEA Fund.

Restricted for Economic Development-portion of fund balance that can only be used for the purposes of Community Development and Airport Projects.

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

Committed for Debt Service-portion of fund balance that can only be used for Debt Service.

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

Assigned Fund Balance-portion of fund balance that Franklin County governing board has budgeted or fund balance set aside for specific purposes by the governing board or finance officer.

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. The governing body approves the appropriation; however the budget ordinance authorizes the manager to modify the appropriations by resource or appropriation within funds up to \$100,000.

Assigned for Public Safety-portion of fund balance that has been assigned by the board for public safety.

Assigned for Cultural and Recreational-portion of fund balance that has been assigned by the board for cultural and recreational.

Assigned for General Government-portion of fund balance that has been assigned by the board for general government.

Assigned for Economic Development-portion of fund balance that has been assigned by the board for economic development.

Assigned School Capital Outlay-portion of fund balance that has been budgeted by the board for future school capital construction.

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

Franklin 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

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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.

Franklin County has a stated minimum fund balance policy for the General Fund which instructs management to conduct the business of the County in such a manner that available fund balance is at least equal to or greater than 15% of budgeted expenditures. Any portion of the General Fund balance in excess of 15% of budgeted expenditures may be appropriated for one-time expenditures and may not be used for any purpose that would obligate the County in a future budget.

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 total fund balance for the governmental funds and net position for governmental activities as reported in the government-wide statement of net position. The net adjustment of \$ (53,346,131) consists of several elements as follows:

Description	Amount
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds (total capital assets on government-wide statement in governmental activities column)	\$ 60,254,954
Less Accumulated Depreciation	<u>(21,774,509)</u>
Net capital assets	<u>38,480,445</u>
 Accrued interest receivable less the amount claimed as unearned revenue in the government-wide statements as these funds are unavailable in the fund statements	 414,950
 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	 1,551,430
 Internal payable representing charges in excess of cost to business-type activities – current year	 (41,982)
 Liabilities for deferred inflows of resources reported in the fund statements but not the government-wide	 2,150,623
 Liabilities for premiums related to bonds issued-included on government-wide state of net position but not the fund statements	 (699,945)

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Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not recorded in the fund statements:

Bonds, leases, and installment financing	(84,953,110)
Compensated absences	(1,378,227)
Other postemployment benefits	(7,271,404)
Net pension obligation	(560,972)
Accrued interest payable	<u>(1,037,939)</u>
Total adjustment	<u>\$ (53,346,131)</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 \$ 6,697,640 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	\$ 1,789,186
Cost of disposed capital asset not recorded in fund statements	(9,337)
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	(1,554,414)
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	(335,931)
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	8,184,526
Inventory not expensed on the statement of activities	7,602
Internal service funds are used by management to charge the costs of health insurance to individual funds. The net revenue of certain activities of internal service fund is reported with governmental activities	
Change in net position of the internal service funds	206,296
Less: Profit from charges to business-type activities	<u>(7,908)</u>
Net adjustment	<u>198,388</u>

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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	
Difference in interest expense between fund statements (modified accrual) and government-wide statements (full accrual)	89,332
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	(57,349)
Net pension obligation is accrued in the government-wide statements but not in the fund statements because they do not use current resources	(76,380)
Other postemployment benefits are accrued in the government-wide statements but not in the fund statements because they do not use current resources	(1,706,112)
Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements	
Reversal of deferred tax revenue recorded at 7-1-12	(2,017,947)
Recording of tax receipts deferred in the fund statements as of 6-30-13	2,150,623
Increase in accrued taxes receivable for year ended 6-30-13	9,785
Amortization of bond premium	41,173
Increase in accrued interest receivable for year ended 6-30-13	<u>(15,505)</u>
Total adjustment	<u>\$ 6,697,640</u>

II. Detail Notes on All Funds

A. Assets

1. Deposits

All of the County's 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 agents in these unit's 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, these deposits are considered to be held by their agents in the entities' name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the County or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County 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 has no formal policy regarding custodial credit risk for deposits.

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The State Treasurer enforces standards of minimum capitalization for all pooling method financial institutions. The County relies on the State Treasurer to monitor those financial institutions. The County complies with the provisions of G. S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2013, the County's deposits had a carrying amount of \$28,142,092 and a bank balance of \$28,836,953. Of the bank balance, \$674,268 was covered by federal depository insurance and \$28,162,685 in interest bearing deposits was covered by collateral held under the Pooling Method.

At June 30, 2013, Franklin County had \$3,520 cash on hand.

2. Investments

As June 30, 2013, the County's investment balances were as follows:

	<u>Fair Value</u>	<u>6-12 months</u>
NC Capital Management Trust	\$ 3,838,453	\$ 3,838,453

Credit Risk – The County limits investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. The County's investment in the NC Capital Management Trust Cash Portfolio carried a credit rating of AAAM by Standard & Poor's as of June 30, 2013. The County's policy on investments is that only investments allowed by North Carolina General Statutes are allowed.

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

<u>Year Levied</u>	<u>Tax</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 3,293,268	\$ 1,119,711	\$ 4,412,979
2011	3,389,890	847,473	4,237,363
2012	3,380,342	540,855	3,921,197
2013	<u>3,423,188</u>	<u>-</u>	<u>3,423,188</u>
Total	<u>\$ 13,486,688</u>	<u>\$ 2,508,039</u>	<u>\$ 15,994,727</u>

4. Receivables

Receivables at the government-wide level at June 30, 2013 were as follows:

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	<u>Accounts</u>	Ad Valorem Taxes & Related <u>Accrued Interest</u>	<u>Due from Other Governments</u>	<u>Total</u>
Governmental Activities:				
General	\$ 1,023,161	\$ 2,573,032	\$ 2,746,302	\$ 6,342,495
Other Governmental	<u>53,433</u>	<u>143,541</u>	<u>113,880</u>	<u>310,854</u>
Total receivables	1,076,594	2,716,573	2,860,182	6,653,349
Allowance for doubtful accounts	<u>(239,891)</u>	<u>(151,000)</u>	<u>-</u>	<u>(390,891)</u>
Total – governmental activities	<u>\$ 836,703</u>	<u>\$ 2,565,573</u>	<u>\$ 2,860,182</u>	<u>\$ 6,262,458</u>
Business-type Activities:				
Water and Sewer	\$ 1,164,551	\$ -	\$ 25,766	\$ 1,190,317
Allowance for doubtful accounts	<u>(102,064)</u>	<u>-</u>	<u>-</u>	<u>(102,064)</u>
Total – business-type activity	<u>\$ 1,062,487</u>	<u>\$ -</u>	<u>\$ 25,766</u>	<u>\$ 1,088,253</u>

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

Local option sales tax	\$ 1,333,717
Child Care	204,973
Social Services	213,470
Airport Grant	100,778
EMS Medicaid Cost Settlement	358,405
Sales tax refund	211,619
Medicaid Hold Harmless	91,767
Miscellaneous	<u>371,219</u>
Total	<u>\$ 2,885,948</u>

5. Capital Assets

Primary Government

Capital asset activity for the year ended June 30, 2013 was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental-type activities:				
Capital assets not being depreciated:				
Land	\$ 10,869,025	\$ 777,363	\$ -	\$ 11,646,388
Construction in process	<u>9,633,277</u>	<u>261,074</u>	<u>-</u>	<u>9,894,351</u>
Total capital assets not being depreciated	<u>20,502,302</u>	<u>1,038,437</u>	<u>-</u>	<u>21,540,739</u>
Capital assets being depreciated:				
Buildings	23,267,437	13,000	-	23,280,437
Waterlines	163,228	-	-	163,228
Gas lines	411,481	-	-	411,481
Land Improvements	2,847,822	-	-	2,847,822
Equipment	6,240,265	216,172	-	6,456,437
Vehicles	<u>5,054,780</u>	<u>521,577</u>	<u>21,547</u>	<u>5,554,810</u>
Total capital assets being depreciated	<u>37,985,013</u>	<u>750,749</u>	<u>21,547</u>	<u>38,714,215</u>

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	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Less accumulated depreciation for:				
Buildings	10,337,704	626,740	-	10,964,444
Waterlines	30,865	4,085	-	34,950
Gas lines	193,110	8,241	-	201,351
Land Improvements	799,442	142,599	-	942,041
Equipment	4,583,845	392,765	-	4,976,610
Vehicles	<u>4,287,339</u>	<u>379,983</u>	<u>12,210</u>	<u>4,655,113</u>
Total accumulated depreciation	<u>20,232,305</u>	<u>\$ 1,554,414</u>	<u>\$ 12,210</u>	<u>21,774,509</u>
Total capital assets being depreciated, net	<u>17,752,708</u>			<u>16,939,706</u>
Governmental –type activities capital assets, net	<u>\$ 38,255,010</u>			<u>\$ 38,480,445</u>
 Business-type activities:				
Franklin County Water & Sewer Fund				
Capital assets not being depreciated:				
Land	\$ 369,456	\$ -	\$ -	\$ 369,456
Construction in progress	<u>1,939,153</u>	<u>566,317</u>	<u>2,355,470</u>	<u>150,000</u>
Total capital assets not being depreciated	<u>2,308,609</u>	<u>566,317</u>	<u>2,355,470</u>	<u>519,456</u>
Capital assets being depreciated:				
Plant and distribution systems	34,992,315	2,447,649	-	37,439,964
Furniture and maintenance equipment	805,065	-	-	805,065
Vehicles	<u>357,084</u>	<u>52,907</u>	<u>-</u>	<u>409,991</u>
Total capital assets being depreciated	<u>36,154,464</u>	<u>2,500,556</u>	<u>-</u>	<u>38,655,020</u>
Less accumulated depreciation for:				
Plant and distribution systems	10,745,170	923,966	-	11,669,136
Furniture and maintenance equipment	679,737	34,933	-	714,670
Vehicles	<u>328,156</u>	<u>14,445</u>	<u>-</u>	<u>342,601</u>
Total accumulated depreciation	<u>11,753,063</u>	<u>\$ 973,344</u>	<u>\$ -</u>	<u>12,726,407</u>
Total capital assets being depreciated, net	<u>24,401,401</u>			<u>25,928,613</u>
Business-type activities capital assets, net	<u>\$ 26,710,010</u>			<u>\$ 26,448,069</u>

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

General Government	\$ 222,318
Public Safety	760,223
Economic and Physical Development	258,622
Human Services	157,609
Cultural and Recreational	<u>155,642</u>
Total depreciation expense	<u>\$ 1,554,414</u>

Construction and Other Commitments

At June 30, 2013, the County was obligated under a construction project:

<u>Project</u>	<u>Spent-to-date</u>	<u>Remaining Commitment</u>
E911 Project	\$ 7,978,394	\$ 609,550

**FRANKLIN COUNTY, NORTH CAROLINA
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B. Liabilities

1. Payables

Payables at the government-wide level at June 30, 2013 were as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Total</u>
Governmental Activities:			
General	\$ 961,086	\$ 1,230,296	\$ 2,191,382
Other Governmental	<u>101,218</u>	<u>-</u>	<u>101,218</u>
Total - governmental activities	<u>\$ 1,062,304</u>	<u>\$ 1,230,296</u>	<u>\$ 2,292,600</u>
Business-type Activity:			
Water and Sewer Fund	<u>\$ 331,706</u>	<u>\$ 51,555</u>	<u>\$ 383,261</u>

2. Pension Plan and Other Postemployment Obligations

a. Local Governmental Employee's Retirement System

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

Funding Policy – Plan members are required to contribute six percent of their annual covered salary. The County is required to contribute at an actuarially determined rate. For the County, the current rate for employees not engaged in law enforcement and for law enforcement officers is 6.74% and 6.74% respectively, of annual covered payroll. The contribution requirements of members and of Franklin County are established and may be amended by the North Carolina General Assembly. The County's contributions to LGERS for the years ended June 30, 2013, 2012, and 2011 were \$1,172,943, \$1,169,638, and \$1,142,049, respectively. The contributions made by the County and the plan members equaled the required contributions for each year.

b. Law Enforcement Officers' Special Separation Allowance

1. Plan Description

Franklin County administers a public employee retirement system (the *Separation Allowance*), a single-employer defined benefit pension plan that provides retirement benefits to the County's qualified sworn law enforcement officers. The Separation Allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. A separate audited pension plan report is not available.

**FRANKLIN COUNTY, NORTH CAROLINA
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All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2012, the Separation Allowance's membership consisted of:

Retirees receiving benefits	-
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>73</u>
Total	<u>73</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.

Method Used to Value Investments – No funds are set aside to pay benefits and administrative costs. These expenditures are paid as they come due.

3. Contributions

The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments on a pay as you go basis through appropriations made in the General Fund operating budget. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. There were no contributions by employees.

The annual required contribution for the current year was determined as part of the December 31, 2012 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumption included (a) 5.00% investment rate of return (net of administrative expenses) and (b) projected salary increases of 4.25 % – 7.85% per year. Both (a) and (b) included an inflation component of 3.00%. The assumptions did not include postretirement benefit increases. The actuarial value of assets was determined using the market value of investments. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2012 was 18 years.

Annual Pension Cost and Net Pension Obligation. The County's annual pension cost and net pension obligation to the Separation Allowance for the current year is as follows:

Annual required contribution	\$ 82,307
Interest on net pension obligation	24,230
Adjustment to annual required contribution	<u>(30,157)</u>
Annual pension cost	76,380
Contribution made	<u>-</u>
Increase in net pension obligation	76,380
Net pension obligation at beginning of year	<u>484,592</u>
Net pension obligation at end of year	<u>\$ 560,972</u>

Three Year Trend Information

For Year Ended <u>June 30</u>	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2011	\$ 72,467	0.00%	\$ 409,263
2012	75,329	0.00%	484,592
2013	\$ 76,380	0.00%	\$ 560,972

**FRANKLIN COUNTY, NORTH CAROLINA
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4. Funded Status and Funding Progress

As of December 31, 2012, the most recent actuarial valuation date, the plan was 0 percent funded. The actuarial liability for benefits was \$520,814, and the actuarial value of assets was 0, resulting in an unfunded actuarial accrued liability (UALL) of \$520,814. The covered payroll (annual payroll of active employees covered by the plan) was \$2,656,002 and the ratio of the UALL to the covered payroll was 19.61%.

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

c. Supplemental Retirement Income Plan for Law Enforcement Officers

Plan Description – The County contributes to the Supplemental Retirement Income Plan (Plan), a defined contributions 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, 2013 were \$190,343, which consisted of \$153,406 from the County and \$36,937 from the law enforcement officers.

d. Registers of Deeds’ Supplemental Pension Fund

Plan Description. Franklin County also contributes to the Registers of Deeds’ Supplemental Pension Fund (Fund), a noncontributory, defined contribution plan administered by the North Carolina Department of State Treasurer. The Fund provides supplemental pension benefits to any eligible county register of deeds 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. The Registers of Deeds’ Supplemental Pension Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State’s CAFR includes financial statements and required supplementary information for the Registers of Deeds’ Supplemental Pension Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy – On a monthly basis, the County remits to the Department of State Treasurer an amount equal to one and one-half percent (1.5%) of the monthly receipts collected pursuant to Article 3 of G.S. 161. Immediately following January 1 of each year, the Department of State Treasurer divides ninety-three percent (93%) of the amount in the Fund at the end of the preceding calendar year into equal shares to be disbursed as monthly benefits. The remaining seven percent (7%) of the Fund’s assets may be used by the State Treasurer in administering the Fund. For the fiscal year ended June 30, 2013, the County’s required and actual contributions were \$4,704.

**FRANKLIN COUNTY, NORTH CAROLINA
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e. Other Postemployment Benefits

Plan Description: According to a County resolution, the County administers a single-employee defined benefit Healthcare Benefit Plan (the HCB Plan). This plan provides postemployment healthcare benefits to retirees of the County, provided they participate in the North Carolina Local Government Employees Retirement System (System) and have at least ten years of creditable service with the County. Prior to July 1, 2006, employees qualified for similar level benefits after five years creditable service with the County. The County pays the full cost of coverage for these benefits through private insurers. Also, the County's retirees can purchase coverage for their dependents at the County's group rates. The Board of Commissioners may amend the benefit provisions. A separate report was not issued for the plan.

Membership of the HCB Plan consisted of the following at December 31, 2012, the date of the latest actuarial valuation:

	<u>General Employees</u>	<u>Law Enforcement Employees</u>
Retirees and dependents receiving benefits	73	1
Terminated plan members entitled to but not yet receiving benefits	-	-
Active plans members	<u>356</u>	<u>59</u>
Total	<u>430</u>	<u>59</u>

Funding Policy: The County pays the full cost of coverage for the healthcare benefits paid to qualified retirees under a County resolution that can be amended by the Board. The County's members pay for dependent coverage. The County has chosen to fund the healthcare benefit on a pay as you go basis.

The current ARC rate is 13.19% of annual covered payroll. For the current year, the County contributed \$386,529 or 2.50% of covered payroll. The County is self-insured for healthcare coverage. The County's required contributions, under a Board resolution, for employees not engaged in law enforcement and for law enforcement officers represented 2.90% and 0.23% of covered payroll, respectively. There were no contributions made by employees, except for dependent coverage in the amount of \$63,228. The County's obligation to contribute to HCB Plan is established and may be amended by the Board of Commissioners.

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

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

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

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Annual required contribution	\$ 2,184,997
Interest on net OPEB obligation	234,811
Adjustment to annual required contribution	<u>224,317</u>
Annual OPEB cost (expense)	2,195,491
Contributions made	<u>386,529</u>
Increase in net OPEB obligation	1,808,960
Net OPEB obligation, beginning of year	<u>5,870,273</u>
Net OPEB obligation, end of year	<u>\$ 7,679,325</u>

The Count's annual OPEB cost, the percentage of annual OPEB cost contributed to the HCB Plan, and the net OPEB obligation for 2013 were as follows:

<u>For the Year Ended June 30,</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Contribution</u>
2013	\$ 2,195,491	17.60%	\$ 7,679,235
2012	2,128,502	12.01%	5,870,273
2011	\$ 1,492,950	13.24%	\$ 3,997,515

Funded Status and Funding Progress. As of December 31, 2012, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL) was \$19,875,012. The covered payroll (annual payroll of active employees covered by the plan) was \$15,473,009 and the ratio of the UAAL to the covered payroll was 128.4 percent.

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

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

In the December 31, 2012 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.00 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date. The rate included a 3.00 percent inflation assumption. The medical cost trend rate varied between 8.50 and 5.00 percent for pre-medicare and 6.25 and 5.00 percent for post-medicare. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five year period. The UAAL is being amortized as a level percentage of projected unit credit on a level percent of pay, open basis. The remaining amortization period at December 31, 2012 was thirty years.

**FRANKLIN COUNTY, NORTH CAROLINA
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f. Other Employment Benefits

The County has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Government Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months salary in a row during the 24 months prior to the employee's death, but the benefit will be a minimum of \$25,000 and will not exceed \$50,000. All death benefit payments are made from the Death Benefit Plan. The County has no liability beyond the payment of monthly contributions.

For the fiscal year ended June 30, 2013, the County did not make contributions to the State for death benefits.

3. Deferred Outflows and Inflows of Resources

	<u>Unavailable Revenue</u>	<u>Unearned Revenue</u>
Prepaid taxes not yet earned		
General Fund	\$ 322,780	\$ 322,780
Taxes receivable, net		
General Fund	2,007,082	-
Special Revenue Fund	143,541	-
Home Owners Fund	<u>526,474</u>	<u>526,474</u>
Total	<u>\$ 2,999,877</u>	<u>\$ 849,254</u>

4. 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 one self-funded risk-financing pools administered by the North Carolina Association of County Commissioners. Through these pools, the County obtains property coverage equal to replacement cost values of owned property subject to a limit of \$125.5 million for any one occurrence, general, auto, professional, and employment practices 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. The pools are audited annually by certified public accountants, and the audited financial statements are available to the County upon request. Two of the 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, \$600,000 of aggregate annual losses in excess of \$50,000 per occurrence for property, auto physical damage, and crime coverage. For health and dental insurance, the County is reinsured through the Pool for individual losses in excess of \$60,000 and aggregate annual losses in excess of 120% of expected claims. The pool is reinsured through commercial carrier for individual losses in excess of \$1,000,000.

In 1998, the County's group medical coverage went from fully insured to self-insured which is administered by an outside provider. The County also provides self-insured dental to its employees and dependents. There is no limit for in-network services and a \$1,000,000 lifetime limit for out-of-network services for each covered employee/dependent's medical costs. The cost of providing medical coverage to participating employees and dependents is charged to benefiting funds as premiums. These premiums are an estimate of expected average claims per individual.

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The County has not obtained flood insurance this year due to the fact that the County does not have any capital assets in a flood plain.

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 surety bond. The Finance Officer and tax collector are each individually bonded for \$250,000 each. The remaining employees that have access to funds are bonded under a blanket bond for \$250,000.

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.

5. Commitments

At June 30, 2013, the County was obligated under an operating lease for office space as follows:

Beginning January 1, 2010 through December 31, 2016 at the rate of \$3.59 per square foot plus taxes and insurance/month for certain office space for aging services. Rent expense for the year ended June 30, 2013 was \$38,438.

Various other properties in Franklin County with a total rental expense for the year ended June 30, 2013 of \$108,840.

At June 30, 2013, the County leased vehicles and equipment with total rental expense of \$51,531.

At June 30, 2013, the County was obligated under operating leases for land as follows:

Nine parcels of land were rented for trash dumping and recycling centers ranging from \$360 to \$1,800 per year. All leases expired June 30, 2013 with options to extend for an additional year. Options were exercised on all of the leases at June 30, 2013. Rent expense for the year ended June 30, 2013 was \$10,130.

At June 30, 2013, the County was obligated under various operating leases for office equipment as follows:

Total lease expense for the year ended June 30, 2013 was \$81,583.

Total operating lease expense for the year ended June 30, 2013, was \$290,522

Future lease payments total for the years ending June 30:

	<u>Total</u>
2014	\$ 154,892
2015	96,673
2016+	<u>49,223</u>
Total	<u>\$ 300,788</u>

At June 30, 2013, the County was obligated under a commitment as follows:

The County has made and entered into an agreement in November, 2007, with Waste Industries, Inc. to transport certain solid waste from the transfer station to a permitted landfill. This agreement goes into

**FRANKLIN COUNTY, NORTH CAROLINA
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effect for a minimum period of 60 months whereby mutual consent between the two parties extend the term of this agreement for an additional year. Compensation is paid monthly at the following rates:

Hauling cost \$49.39 per ton (annual increase based on increase in CPI).

At June 30, 2013, the County was obligated to purchase water from two local municipalities as follows:

With the Town of Louisburg to purchase at a minimum 80,000 gallons of water per day. The current rate is \$4.38 per thousand gallons. The obligation ends September 20, 2013.

With the City of Henderson to purchase at a minimum 500,000 gallons of water per day. Based on average consumption, the current rate is \$3.90 per thousand gallons. The obligation ends July 1, 2036.

6. Contingent Liabilities

At June 30, 2013, 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. Installment Purchases

Serviced by the County's General Fund:

In December 2011, the County entered an installment contact with Bank of America to refinance old debt in the amount of \$2,038,480. A principal payment of \$290,883 plus interest at 1.81% is due each year in monthly installments until 2018. Principal and interest payments are appropriated when due. \$ 1,602,156

On April 30, 2001, the County entered into an installment purchase contract with Branch Banking and Trust in the amount of \$4,000,000 to finance school construction. A principal amount of \$133,333 plus interest at 4.81% is due October 30, 2001, and semiannually after that until a final payment due April 30, 2016. Principal and interest payments are appropriated when due. 800,000

In December 2011, the County entered into an installment obligation to upgrade the County's E-911 paging system and undergo new debt in the amount of \$6,600,000. A principal amount of \$330,000, plus interest at 2.24% is due in January and July of each year until 2022. Principal and interest payments are appropriated when due. 5,940,000

On December 12, 2008, the County entered into an installment obligation to improve the County's E911 paging system and undergo new debt in the amount of \$2,726,000. A principal amount of \$272,600 plus interest at 3.58% is due each year in monthly installments until 2019. Principal and interest are appropriated when due. -

On June 22, 2010, the County entered into an installment obligation to refinance old debt and issue new debt in the amount of \$12,179,000. A principal payment of \$1,789,000 to \$474,000, plus interest between 3.31% and 3.970% is due June and December of each year until 2025. Principal and interest are appropriated when due. 4,492,000

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In September 2004, the County entered into an installment contract to finance the construction of a solid waste transfer station and office renovation at the Human Services Building. The obligation is due in ten separate annual payments beginning September 2010. Interest is 3.85%. Principal and interest payments are appropriated when due. 350,000

In July 2012, the County entered into an installment contract to finance the purchase of land for the airport in the amount of \$335,931. A principal payment of \$111,977 is due annually for the three years. Interest is due at the end of the loan at a rate of 4%. 223,954

Total installment obligation debt \$ 13,408,110

Serviced by the County's Water and Sewer Fund:

\$ 7,215,000 On June 22, 2010, the County entered into an installment obligation to refinance old debt and issue new debt. A principal amount of \$320,000 to \$600,000 plus interest between 3.31% and 3.970% is due June and December of each year until 2025. \$ 5,520,000

\$ 1,299,520 In December 2011, the County entered into an installment agreement to refinance old debt and issue new debt. A principal amount of \$185,974 plus interest at 1.81% is due at year in monthly installments. Principal and interest are appropriated each year until 2018. 1,020,558

\$ 52,000 In February 2012, the County entered into an installment agreement to finance the purchase of excavator. A payment in the amount of \$8,940.17 is due semiannually through February 2015. 34,975

Total installment obligation debt \$ 6,575,533

b. 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. Franklin County Water and Sewer Fund issues certificates of participation. These certificates do not constitute a legal or equitable pledge, charge, lien or encumbrance upon any of the County's property or revenue.

The County's long-term indebtedness at June 30, 2013 is comprised of the following:

Serviced by the County's General Fund:

\$1,400,000 2005 School Bonds, issued 6/1/05, with interest and principal annually on April 1 of \$100,000 plus interest through 2019, interest payable at 3.0-3.8%. \$ 600,000

\$5,550,000 2005 Refinancing School Bonds, issued 6/1/05, with interest semiannually on August 1 and April 1 and principal due on April 1 of \$220,000-\$550,000 through 2018, interest payable at 2.75-3.50%. 2,205,000

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<p>\$20,000,000 2006 School Bonds, issued 8/1/07, with interest semiannually on August 1 and February 1 and principal on August 1 of \$1,000,000 through 2026, interest payable at 4.0-5.0%</p>	14,000,000
<p>\$8,600,000 2007 School Bonds, issued 8/14/2007, with interest semiannually on August 1 and February 1 and principal on February 1 of \$200,000 through 2028, interest at 4.125-6.125%</p>	7,600,000
<p>\$14,000,000 2009 School Bonds, issued 9/10/2009, with interest semiannually on March 1 and September 1 and principal on March 1 of \$500,000- \$900,000 through 2029, interest at 3.0-4.0%</p>	12,500,000
<p>\$3,600,000 2010A Qualified School Construction Bonds, issued 1/5/2010, with interest and principal due annually on December 15; principal of \$240,000 through 2024, interest at 2.17%</p>	2,880,000
<p>\$24,000,000 2010B School Bonds, issued 11/9/2010, with interest semiannually on April 1 and October 1 and principal due on April 1 through 2030, interest payable at 2.0%-4.0%</p>	<u>21,200,000</u>
<p>Total General Obligation Indebtedness</p>	<u>\$ 60,985,000</u>
 Certificates of Participation:	
<p>\$14,095,000 2007 Franklin County Animal Control and School Certificates of Participation with interest due semiannually on September 1 through 2028, interest at 4% to 5%</p>	<u>\$ 10,560,000</u>
 Serviced by the County's Water and Sewer Fund:	
 Revolving Loans:	
<p>\$1,500,000 2000 Federal Revolving Loan, issued 2/19/00 with interest due semiannually on November 1 and May 1 and principal of \$75,000 due May 1 through 2021, interest at 2.6%.</p>	\$ 600,000
<p>\$2,100,000 2000 State Revolving Loan, issued 2/19/00 with interest due semiannually on November 1 and May 1 and principal of \$105,000 due May 1 through 2021, interest at 2.6%.</p>	<u>840,000</u>
<p>Total Revolving Loans</p>	<u>\$ 1,440,000</u>
 Certificates of Participation:	
<p>\$3,155,000 2008 Franklin County Water and Sewer Certificates of Participation, issued June, 2008, with interest and principal annually on September 1 through 2027, interest at 4% to 5%.</p>	\$ 2,355,000
<p>\$6,500,000 2004 Franklin County Water and Sewer Certificates of Participation, issued 5/15/03, with interest semiannually on December 1 and January 1 and principal due on June 1 through 2018, interest at 3.17% to 4.5%.</p>	<u>2,568,882</u>
<p>Total Certificates of Participation</p>	<u>\$ 4,923,882</u>

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On June 30, 2013, Franklin County had a legal debt margin of \$240,477,865.

Debt Related to Capital Activities - Of the total Governmental Activities debt listed only \$9,639,156 relates to assets the County holds title. Unspent restricted cash related to this debt amount to \$2,275,610.

8. Changes in Long-Term Debt

The following is a summary of changes in general long-term debt for the year ended June 30, 2013:

Governmental Activities:

	Balance <u>July 1, 2012</u>	<u>Additions</u>	<u>Retirements</u>	Balance <u>June 30, 2013</u>	Current <u>Portion</u>
General obligation bonds	\$ 64,945,000	\$ -	\$ 3,960,000	\$ 60,985,000	\$ 3,950,000
Certificates of participation	11,260,000	-	700,000	10,560,000	705,000
Installment purchases	16,596,705	335,931	3,524,526	13,408,110	3,584,527
Compensated absences	1,320,878	1,378,227	1,320,878	1,378,227	344,557
Net pension obligation	484,592	76,380	-	560,972	-
Other postemployment benefits	<u>5,565,292</u>	<u>1,706,112</u>	<u>-</u>	<u>7,271,404</u>	<u>-</u>
Total	<u>\$100,172,467</u>	<u>\$ 3,496,650</u>	<u>\$ 9,505,404</u>	<u>\$ 94,163,713</u>	<u>\$ 8,584,084</u>

Business-type Activities:

	Balance <u>July 1, 2012</u>	<u>Additions</u>	<u>Retirements</u>	Balance <u>June 30, 2013</u>	Current <u>Portion</u>
By purpose:					
Revolving loans	\$ 1,620,000	\$ -	\$ 180,000	\$ 1,440,000	\$ 180,000
Certificates of participation	5,549,606	-	625,725	4,923,882	644,610
Installment purchases	7,118,533	-	543,000	6,575,533	543,306
Compensated absences	57,679	59,384	57,679	59,384	14,846
Other postemployment benefits	<u>304,982</u>	<u>102,849</u>	<u>-</u>	<u>407,831</u>	<u>-</u>
Total	<u>\$ 14,650,801</u>	<u>\$ 162,233</u>	<u>\$ 1,406,404</u>	<u>\$ 13,406,630</u>	<u>\$ 1,382,762</u>

In prior years, the general fund has liquidated compensation absences. The net pension obligation has not been liquidated in prior years. Compensated absences are all current since employees could use all of their accumulated leave within one year.

9. Maturities of Long-term Obligations

The following table summarizes the annual requirements to amortize all long-term debt outstanding (excluding compensated absences and net pension obligation).

Governmental Activities:

<u>Year Ending June 30,</u>	<u>General Obligation Bonds</u>		<u>Installment Purchases</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ 3,950,000	\$ 2,251,095	\$ 3,584,527	\$ 369,510
2015	4,290,000	2,123,037	1,994,527	254,051
2016	4,385,000	1,979,204	1,704,549	187,378
2017	4,270,000	1,820,688	1,433,883	140,014
2018	4,110,000	1,656,273	1,428,883	101,991
2019-2023	19,425,000	5,963,781	3,261,741	142,531
2024-2028	17,305,000	2,365,655	-	-
2029	<u>3,250,000</u>	<u>159,375</u>	<u>-</u>	<u>-</u>
	<u>\$ 60,985,000</u>	<u>\$ 18,319,108</u>	<u>\$ 13,408,110</u>	<u>\$ 1,195,475</u>

**FRANKLIN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

<u>Year Ending June 30,</u>	<u>Certificates of Participation</u>		<u>Total Debt Due</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ 705,000	\$ 487,143	\$ 8,239,527	\$ 3,107,748
2015	705,000	457,533	6,989,527	2,834,621
2016	705,000	427,746	6,794,549	2,594,328
2017	705,000	397,608	6,408,883	2,358,310
2018	700,000	367,225	6,238,883	2,125,489
2019-2023	3,525,000	1,319,375	26,211,741	7,425,687
2024-2028	3,515,000	438,624	20,820,000	2,804,279
2029	-	-	3,250,000	159,375
	<u>\$ 10,560,000</u>	<u>\$ 3,895,254</u>	<u>\$ 84,953,110</u>	<u>\$ 23,409,837</u>

Business-type Activities:

<u>Year Ending June 30,</u>	<u>Revolving Loans</u>		<u>Certificates of Participation</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ 180,000	\$ 37,440	\$ 644,610	\$ 197,478
2015	180,000	32,760	663,262	172,106
2016	180,000	28,080	682,378	146,230
2017	180,000	23,400	702,715	119,054
2018	180,000	18,720	675,917	91,129
2019-2023	540,000	28,080	780,000	290,750
2024-2028	-	-	775,000	96,875
	<u>\$ 1,440,000</u>	<u>\$ 168,480</u>	<u>\$ 4,923,882</u>	<u>\$ 1,113,622</u>

<u>Year Ending June 30,</u>	<u>Installment Purchases</u>		<u>Total Debt Due</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ 551,306	\$ 236,666	\$ 1,375,916	\$ 471,584
2015	585,618	219,173	1,428,880	424,039
2016	584,974	200,430	1,447,352	374,740
2017	601,974	181,198	1,484,689	323,652
2018	617,974	161,317	1,473,891	271,166
2019-2023	2,517,687	518,379	3,837,687	837,209
2024-2028	1,116,000	66,934	1,891,000	163,809
	<u>\$ 6,575,533</u>	<u>\$ 1,584,097</u>	<u>\$ 12,939,415</u>	<u>\$ 2,866,199</u>

C. Interfund Balances and Activity

Due to/from other funds at June 30, 2013 consists of the following:

Due to General Fund from the Airport Projects Fund to supplement cash until grant proceeds are received	\$ 49,648
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Transfers to/from other funds at June 30, 2013 consists of the following:

From the General Fund to the Fire District Fund for mutual aid funding	\$ 40,700
From the General Fund to the Airport Capital Project Fund to supplement other funding sources	16,666
From the General Fund to the Revaluation Project Fund to accumulate reserves for the revaluation of real property	25,000

**FRANKLIN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

From the County Building Project Fund to the General Fund to repay borrowed funds	850,000
From the Water and Sewer Fund to the General Fund to repay borrowed funds	400,000
From the Capital Reserve Fund to the General Fund for the payment of debt service	<u>2,496,900</u>
Total transfers to/from other funds	<u>\$ 3,829,266</u>

III. Fund Balance

Franklin County has a revenue spending policy that provides policy for programs with multiple revenue sources. The Finance Officer 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 the General Fund balance that is available for appropriation:

Total fund balance-General Fund	\$ 21,213,203
Less:	
Inventories	34,822
Stabilization by State Statute	3,579,220
Appropriated fund balance in 2014 budget	3,225,854
Register of Deeds	42,035
Capital Reserve	595,443
Public Safety	1,510
Cultural and Recreational	283,079
General Government	65,963
Economic Development	670,479
Working Capital/Fund Balance Policy	10,433,045
Remaining Fund Balance	\$ 2,281,753

Franklin County has a stated minimum fund balance policy for the General Fund which instructs management to conduct the business of the County in such a manner that available fund balance is at least equal to or greater than 15% of budgeted expenditures. Any portion of the General Fund balance in excess of 15% of budgeted expenditures may be appropriated for one-time expenditures and may not be used for any purpose that would obligate the County in a future budget.

IV. Joint Ventures

The Area Mental Health District was established to provide mental health services for five counties: Franklin, Warren, Granville, Vance, and Nash. Each county has one board member on the Area Mental Health Board, but none individually has authority to designate management. The County contributed \$116,620 to the Area Mental Health during the fiscal year ended June 30, 2013. The participating governments do not have any equity interest in the joint venture, so no equity interest has been reflected in the financial statements at June 30, 2013. The County has an ongoing financial responsibility to the District because of statutory requirements to provide funding. Complete financial statements for the Area Mental Health can be obtained from their administrative offices at 107 Industrial Drive, Louisburg, N.C. 27549.

**FRANKLIN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

The Kerr Area Rural Transportation Authority (K.A.R.T.S.) is an association of five County governments, including Franklin County. K.A.R.T.S. is a joint venture of the participating counties for the purpose of providing a safe, adequate and convenient transportation system for the jurisdictional area creating the authority and its immediate environs. The counties served by K.A.R.T.S. in addition to Franklin County are Granville, Vance, and Warren. Federal, State and local grants and users' fees provide general support of K.A.R.T.S. Each county appoints two members of the Authority management body and this governing body determines the budget and financing requirements of the Authority. The County has an ongoing financial responsibility for the joint venture because K.A.R.T.S. continued existence depends on the participant governments' continued findings. The County contributed \$34,299 to K.A.R.T.S. during the fiscal year ended June 30, 2013. The participating governments do not have any equity interest in the joint venture, so no equity interest has been reflected in the financial statements at June 30, 2013. Complete financial statements for K.A.R.T.S. can be obtained from their administrative offices at 943 W. Andrews Avenue, Henderson, N.C. 27536.

The County, in conjunction with the State of North Carolina, Vance County, Granville County, Warren County, Vance County Board of Education, and Warren County Board of Education, participates in a joint venture to operate the Vance Granville Community College. The State, Vance County, Granville County, Vance County Board of Education, and Granville County Board of Education appoint the twelve voting members of the board of trustees. Franklin County appoints a nonvoting member of the board of trustees. 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 the facilities of the community college and also provides some financial support for the community college's operations. 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 \$310,000 and \$15,500 to the community college for operating and capital purposes, respectively, during the fiscal year ended June 30, 2013. 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, 2013. Complete financial statements for the community college may be obtained from the community college's administrative offices at P.O. Box 917, Henderson, N.C. 27536.

V. Jointly Governed Organization

The Kerr-Tar Council of Government is a voluntary association of five county governments, including Franklin County, established to coordinate federal and State projects of a planning nature in the five-county area in Central North Carolina. Each county appoints one member to the Council's governing body and this governing body selects the management and determines the budget and financing requirements of the Council. The County contributed \$100,486 to the Council during the fiscal year ended June 30, 2013.

VI. Supplemental and Additional Supplemental One-Half of One Percent Local Government Sales and Use Taxes

State law (Chapter 105, Articles 40 and 42, of the North Carolina General Statutes) requires the County to use a portion of the proceeds of its supplemental and additional supplemental sales taxes, or local option sales taxes, for public school capital outlays or to retire public school indebtedness. During the fiscal year ended June 30, 2013, the County reported these local option sales taxes within its Capital Reserve Fund. The County expended the restricted portion of these taxes for public school capital outlays and retirement of public school debt.

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

**FRANKLIN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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	\$ 246,270	\$ (166)
Women, Infants and Children	976,177	-
Medicaid	43,899,856	24,719,856
Energy Assistance	(289)	-
Adoption Assistance	317,057	84,457
State/County Special Assistance for Adults	-	460,733
Independent Livng	3,759	-
Foster Care	114,069	40,446
Adoption Subsidy	-	242,537
SFHF Maximization	-	43,652
Foster Care At Risk Maximization	-	8,385
State Foster Home	-	63,773
	<u>\$ 45,556,899</u>	<u>\$ 25,663,673</u>

VII. Summary Disclosure of Significant Commitments and Contingencies

Federal and State Assisted Programs

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

VIII. Significant Effects of Subsequent Events

Currently, the County is seeking to borrow \$3,000,000 for Jail Renovations. The County has been served with a civil lawsuit over the termination of a FBO agreement at the Triangle Regional Airport.

IX. Change in Accounting Principles/Restatement

The County implemented Governmental Accounting Standards Board (GASB) Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and Statement 65, *Items Previously reported as Assets and Liabilities*, in the fiscal year ending June 30, 2013. In accordance with GASB Statement 63, the Statement of Net Assets has been replaced with the Statement of Net Position. Items on the Statement of Net Position are now classified into Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position. Additionally, GASB Statement 65 requires that deferred costs from the refunding of debt, which were previously deferred and amortized, be presented as deferred outflows of resources. Bond issuance costs, which were previously deferred and amortized, must be included in current expenditures. Previously deferred bond issuance costs totaling \$75,100 were recognized as an expenditure in the current year. As a result, beginning net position decreased from \$(31,965,109) to \$(32,040,209).

REQUIRED SUPPLEMENTAL FINANCIAL DATA

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

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

Franklin County, North Carolina
Law Enforcement Officers' Special Separation Allowance
Required Supplementary Information
Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Projected Unit Credit	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
12/31/2007	\$ -	\$ 299,326	\$ 299,326	0.00%	\$ 2,089,098	14.33%
12/31/2008	-	332,424	332,424	0.00%	2,394,423	13.88%
12/31/2009	-	484,211	484,211	0.00%	2,521,006	19.21%
12/31/2010	-	520,500	520,500	0.00%	2,665,138	19.53%
12/31/2011	-	539,070	539,070	0.00%	2,630,655	20.49%
12/31/2012	\$ -	\$ 520,814	\$ 520,814	0.00%	\$ 2,656,002	19.61%

**Franklin County, North Carolina
Law Enforcements Officers' Special Separation Allowance
Required Supplementary Information
Schedule of Employer Contributions**

Year ended June 30	Annual Required Contribution	Percentage Contributed
2008	\$ 37,340	55.23%
2009	44,571	46.27%
2010	51,452	0.00%
2011	73,658	0.00%
2012	79,281	0.00%
2013	\$ 82,307	0.00%

Notes to the Required Schedules:

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

Valuation date	12/31/2012
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	18 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	5.00%
Projected salary increases	4.25-7.85%
Includes inflation at	3.00%
Cost-of-living adjustments	N/A

**Franklin County, North Carolina
Other Postemployment Benefits
Required Supplementary Information
Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Projected Unit Credit	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
12/31/2007	\$ -	\$ 14,287,207	\$ 14,287,207	0.00%	\$ 15,460,221	92.4%
12/31/2008	-	13,799,415	13,799,415	0.00%	17,382,283	79.4%
12/31/2010	-	18,433,153	18,433,153	0.00%	17,432,740	105.7%
12/31/2012	\$ -	\$ 19,875,012	\$ 19,875,012	0.00%	\$ 15,473,009	128.4%

**Franklin County, North Carolina
Other Postemployment Benefits
Required Supplementary Information
Schedule of Employer Contributions**

Year ended June 30	Annual Required Contribution	Percentage Contributed
2009	\$ 1,633,188	3.78%
2010	1,434,333	13.25%
2011	1,488,120	13.28%
2012	2,121,356	12.05%
2013	\$ 2,184,997	17.69%

Notes to the Required Schedules:

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Only seven years of actuarial information is available. Additional information as of the latest actuarial valuation follows.

Valuation date	12/31/2012
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay, open
Remaining amortization period	30 years
Asset valuation method	Market value of assets
Actuarial assumptions:	
Investment rate of return	4.00%
Medical cost trend	
Pre-Medicare trend rate	8.50% - 5.00%
Post-Medicare trend rate	6.25%-5.00%
Year of Ultimate trend rate	2018
Includes inflation at	3.00%

COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES

MAJOR GOVERNMENTAL FUNDS

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

Franklin County, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2013
(With Comparative Totals for the Year Ended June 30, 2012)

	2013		Variance Positive (Negative)	2012
	Budget	Actual		Actual
Revenues:				
Ad valorem taxes:				
Current year taxes	\$ 34,927,833	\$ 35,583,806	\$ 655,973	\$ 34,970,031
Delinquent taxes	1,102,926	730,049	(372,877)	1,030,198
Tax discounts and refunds	(228,500)	(38,149)	190,351	(42,692)
Total	<u>35,802,259</u>	<u>36,275,706</u>	<u>473,447</u>	<u>35,957,537</u>
Sales tax revenue	4,994,993	5,146,653	151,660	4,937,185
Other Tax Revenues				
Tax penalties and interest	410,000	377,223	(32,777)	402,797
Tax levies, foreclosures, etc.	75,000	8,273	(66,727)	64,515
Beer and wine taxes	230,600	216,442	(14,158)	228,948
Privilege licenses	2,750	3,336	586	2,725
Vehicle rental tax	1,500	3,053	1,553	1,702
ABC Rehab tax	13,100	13,526	426	13,189
Total	<u>732,950</u>	<u>621,853</u>	<u>(111,097)</u>	<u>713,876</u>
Restricted intergovernmental:				
Federal and State grants	9,209,798	9,549,237	339,439	9,719,758
Lottery proceeds	900,000	900,000	-	700,000
Total	<u>10,109,798</u>	<u>10,449,237</u>	<u>339,439</u>	<u>10,419,758</u>
Fees, sales and charges:				
Occupancy tax	50,000	44,476	(5,524)	49,120
White goods	20,000	18,929	(1,071)	19,054
Franchise fees	171,500	164,620	(6,880)	177,472
Court facility fees	85,000	75,597	(9,403)	78,987
Building permits	40,000	37,314	(2,686)	40,889
Inspection fees	463,500	570,428	106,928	468,879
Planning fees	-	-	-	5,907
Register of Deeds fees	415,000	482,184	67,184	406,080
Adequate facilities fees	-	-	-	-
Recreation reserve fees	-	25,553	25,553	16,456
Rents and concessions	36,000	47,743	11,743	37,562
Health fees	3,789,571	3,107,894	(681,677)	3,218,581
Social services fees	336,912	353,935	17,023	337,768
Aging services	61,500	63,991	2,491	66,119
Airport	845,575	867,380	21,805	878,302
Sheriff and jail fees	1,550,469	1,746,608	196,139	1,629,382
Library fees and donations	35,500	36,834	1,334	36,286
Solid waste fees	2,514,900	2,372,351	(142,549)	2,433,616
Ambulance and rescue squad fees	2,077,000	1,873,261	(203,739)	2,506,905
Recreation	24,500	27,556	3,056	24,462
Other	71,000	67,647	(3,353)	81,909
Total	<u>12,587,927</u>	<u>11,984,301</u>	<u>(603,626)</u>	<u>12,513,736</u>

Franklin County, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2013
(With Comparative Totals for the Year Ended June 30, 2012)

	2013		Variance Positive (Negative)	2012
	Budget	Actual		Actual
Investment earnings	195,000	140,745	(54,255)	139,597
Miscellaneous:				
Donations and private grants	146,922	125,226	(21,696)	128,140
Other miscellaneous	167,797	302,230	134,433	230,615
Total	314,719	427,456	112,737	358,755
Total revenues	64,737,646	65,045,951	308,305	65,040,444
Expenditures:				
General government:				
Governing body:				
Salaries and employee benefits		215,935		208,846
Other operating expenditures		67,326		55,384
Insurance other than property		2,575		2,575
Capital outlay		2,785		-
Total	290,409	288,621	1,788	266,805
County Manager:				
Salaries and employee benefits		199,559		204,569
Other operating expenditures		31,530		30,077
Capital outlay		869		-
Total	279,506	231,958	47,548	234,646
Finance:				
Salaries and employee benefits		311,043		307,300
Other operating expenditures		46,220		44,246
Capital outlay		574		1,111
Total	374,571	357,837	16,734	352,657
Human Resources:				
Salaries and employee benefits		132,410		114,708
Other operating expenditures		39,338		27,792
Capital outlay		16,352		-
Total	188,017	188,100	(83)	142,500
Board of Elections:				
Salaries and employee benefits		191,069		161,413
Other operating expenditures		150,633		138,601
Capital outlay		892		3,636
Total	348,354	342,594	5,760	303,650
Register of Deeds:				
Salaries and employee benefits		236,026		217,861
Other operating expenditures		105,148		97,964
Capital outlay		-		-
Total	350,622	341,174	9,448	315,825

Franklin County, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2013
(With Comparative Totals for the Year Ended June 30, 2012)

	2013		Variance Positive (Negative)	2012
	Budget	Actual		Actual
Tax Assessor:				
Salaries and employee benefits		442,367		434,466
Other operating expenditures		155,526		137,534
Capital outlay		2,880		1,629
Total	665,324	600,773	64,551	573,629
Tax Collector:				
Salaries and employee benefits		313,950		325,540
Other operating expenditures		114,166		161,495
Capital outlay		4,000		-
Total	527,391	432,116	95,275	487,035
Maintenance:				
Salaries and employee benefits		507,747		512,347
Other operating expenditures		317,832		324,740
Capital outlay		19,227		12,270
Total	873,975	844,806	29,169	849,357
Central Services:				
Other operating expenditures	201,986	201,774	212	131,771
Court:				
Operating expenditures		71,045		76,549
Capital outlay		1,859		2,861
Total	74,432	72,904	1,528	79,410
Capital improvement:				
Capital outlay	190,000	210,170	(20,170)	35,139
Information technology services:				
Salaries and employee benefits		179,117		171,027
Other operating expenditures		45,849		30,341
Capital outlay		30,429		2,161
Total	279,018	255,395	23,623	203,529
Legal and professional:				
Legal and professional	70,200	40,502	29,698	39,885
Total general government	4,713,805	4,408,724	305,081	4,015,838
Public safety:				
Planning:				
Salaries and employee benefits		342,563		324,515
Other operating expenditures		20,017		77,205
Capital outlay		936		-
Total	439,186	363,516	75,670	401,720
Inspections:				
Salaries and employee benefits		419,239		419,122
Other operating expenditures		52,295		54,187
Capital outlay		3,743		-
Total	499,593	475,277	24,316	473,309

Franklin County, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2013
(With Comparative Totals for the Year Ended June 30, 2012)

	2013		Variance Positive (Negative)	2012
	Budget	Actual		Actual
GIS Mapper Service:				
Salaries and employee benefits		166,063		158,221
Other operating expenditures		38,183		36,847
Capital outlay		3,000		1,000
Total	219,990	207,246	12,744	196,068
Central Services:				
Other operating expenditures	171,640	166,821	4,819	139,684
Sheriff:				
Salaries and employee benefits		4,064,630		3,845,677
Other operating expenditures		1,266,092		1,286,741
Capital outlay		387,720		86,719
Total	5,910,240	5,718,442	191,798	5,219,137
Communications:				
Salaries and employee benefits		932,890		808,528
Other operating expenditures		144,015		136,110
Capital outlay		2,598		21,003
Total	1,061,905	1,079,503	(17,598)	965,641
Jail:				
Salaries and employee benefits		1,683,329		1,606,324
Other operating expenditures		1,112,237		1,062,743
Capital outlay		15,208		6,535
Total	2,845,348	2,810,774	34,574	2,675,602
Jail-meal operations:				
Other operating expenditures		435,313		394,011
Capital outlay		-		8,435
Total	420,010	435,313	(15,303)	402,446
Fire protection:				
Forest fire control service	103,098	96,159	6,939	83,615
Rescue and ambulance services:				
Salaries and employee benefits		3,175,174		2,981,844
Other operating expenditures		573,011		538,529
Capital outlay		230,131		104,370
Total	4,079,680	3,978,316	101,364	3,624,743
Emergency management services:				
Salaries and employee benefits		168,382		203,637
Other operating expenditures		27,348		30,155
Capital outlay		-		11,205
Total	252,515	195,730	56,785	244,997
Rescue squad contributions:				
Rescue units	275,000	248,000	27,000	263,222

Franklin County, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2013
(With Comparative Totals for the Year Ended June 30, 2012)

	2013		Variance Positive (Negative)	2012
	Budget	Actual		Actual
Animal control:				
Salaries and employee benefits		272,249		262,483
Other operating expenditures		112,190		114,290
Total	378,179	384,439	(6,260)	376,773
Total public safety	16,656,384	16,159,536	496,848	15,066,957
Economic and physical development:				
Economic development:				
Salaries and employee benefits		250,216		240,591
Other operating expenditures		83,364		86,526
Company incentives		458,338		354,273
Capital outlay		2,315		768
Total	845,032	794,233	50,799	682,158
Central services:				
Other operating expenditures	72,640	47,669	24,971	58,420
Cooperative extension services:				
Salaries and employee benefits		6,065		5,526
Other operating expenditures		241,170		246,198
Capital outlay		1,880		990
Total	300,793	249,115	51,678	252,714
Soil and water conservation:				
Salaries and employee benefits		237,718		230,970
Other operating expenditures		20,320		22,359
Total	261,773	258,038	3,735	253,329
Solid waste:				
Salaries and employee benefits		715,470		706,983
Waste disposal contract		1,468,380		1,455,693
Other operating expenditures		874,301		891,973
Capital outlay		172,280		32,241
Total	3,279,822	3,230,431	49,391	3,086,890
Airport operations:				
Salaries and employee benefits		176,860		168,308
Other operating expenditures		173,990		336,094
Fuel purchases		510,433		528,723
Capital outlay		1,660		1,768
Total	883,522	862,943	20,579	1,034,893
Total economic & physical development	5,643,582	5,442,429	201,153	5,368,404

Franklin County, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2013
(With Comparative Totals for the Year Ended June 30, 2012)

	2013		Variance Positive (Negative)	2012
	Budget	Actual		Actual
Human services:				
Central services:				
Other operating expenditures	283,179	266,232	16,947	256,466
Health:				
Administration:				
Salaries and employee benefits		599,602		582,112
Other operating expenditures		101,566		99,462
Capital outlay		4,309		-
Total	731,132	705,477	25,655	681,574
Clinical health:				
Salaries and employee benefits		2,055,508		1,869,942
Contractual services		10,712		22,428
Other operating expenditures		965,627		1,015,445
Capital outlay		24,737		11,536
Total	3,200,182	3,056,584	143,598	2,919,351
Dental health:				
Salaries and employee benefits		139,855		95,490
Other operating expenditures		221,692		308,830
Capital outlay		-		-
Total	456,757	361,547	95,210	404,320
Home health:				
Salaries and employee benefits		501,500		503,570
Other operating expenditures		439,960		421,272
Capital outlay		6,678		-
Total	1,051,647	948,138	103,509	924,842
Veterans services:				
Salaries and employee benefits		64,406		59,281
Other operating expenditures		12,825		14,407
Capital outlay		-		2,373
Total	78,551	77,231	1,320	76,061
Social services:				
Administration:				
Salaries and employee benefits		4,815,479		4,679,911
Other operating expenditures		530,478		500,355
Professional services		170,288		117,270
Capital outlay		12,980		5,792
Total	5,678,155	5,529,225	148,930	5,303,328
Social services programs:				
Medicaid	228,124	228,878	(754)	238,118
Special assistance	528,000	461,559	66,441	534,739
Foster care	524,622	505,292	19,330	486,541
Crisis intervention	493,087	469,695	23,392	523,242
General assistance	20,000	17,001	2,999	19,721
Day care	2,236,901	2,249,188	(12,287)	2,094,273
Other assistance	573,788	469,399	104,389	460,181
Total	4,604,522	4,401,012	203,510	4,356,815

Franklin County, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2013
(With Comparative Totals for the Year Ended June 30, 2012)

	2013		Variance Positive (Negative)	2012
	Budget	Actual		Actual
DSS Child support:				
Salaries and employee benefits		509,816		491,952
Other operating expenditures		174,189		172,304
Capital outlay		2,613		1,440
Total	698,335	686,618	11,717	665,696
Aging:				
Salaries and employee benefits		445,607		487,405
Other operating expenditures		522,219		473,042
Capital outlay		1,225		500
Total	997,017	969,051	27,966	960,947
Total human services	17,779,477	17,001,115	778,362	16,549,400
Cultural and leisure:				
Salaries and employee benefits		207,804		175,645
Other operating expenditures		176,989		203,047
Capital outlay		495		13,255
Total	428,688	385,288	43,400	391,947
Central Services:				
Other operating expenditures	13,440	13,440	-	13,440
Library:				
Salaries and employee benefits		578,834		544,323
Other operating expenditures		99,295		96,625
Books, magazines & telecommunications		115,170		94,746
Capital outlay		26,979		38,349
Total	842,936	820,278	22,658	774,043
Total culture and recreation	1,285,064	1,219,006	66,058	1,179,430
Education:				
Education allocations:				
Public schools - current		12,350,000		12,000,000
Public schools - capital outlay		1,100,000		925,000
Community colleges - current		310,000		300,000
Community colleges - capital outlay		15,500		143,084
Total education	13,910,500	13,775,500	135,000	13,368,084
Debt service:				
Principal retirement		8,072,550		9,272,608
Interest and fees		3,392,405		3,516,979
Total debt service	11,487,154	11,464,955	22,199	12,789,587
Total expenditures	71,475,966	69,471,265	2,004,701	68,337,700
Revenues over (under) expenditures	(6,738,320)	(4,425,314)	2,313,006	(3,297,256)

Franklin County, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2013
(With Comparative Totals for the Year Ended June 30, 2012)

	2013		Variance Positive (Negative)	2012
	Budget	Actual		Actual
Other financing sources (uses)				
Transfers to other funds:				
Fire District Fund	(40,700)	(40,700)	-	(40,700)
County Building Project Fund	-	-	-	(963,770)
Water and Sewer Fund	-	-	-	-
Revaluation Fund	(25,000)	(25,000)	-	(120,000)
County Building Fund	-	-	-	-
Airport Fund	(16,666)	(16,666)	-	(16,666)
Total transfers out	(82,366)	(82,366)	-	(1,141,136)
Transfers from other funds:				
Capital Reserve Fund	2,496,900	2,496,900	-	2,200,000
Water and Sewer Fund	400,000	400,000	-	440,615
School Construction Fund	850,000	850,000	-	-
Total transfers in	3,746,900	3,746,900	-	2,640,615
Refunding bond proceeds	-	-	-	2,038,480
Total other financing sources (uses) - net	3,664,534	3,664,534	-	3,537,959
Revenues and other financing sources over (under) expenditures and other financing uses	(3,073,786)	(760,780)	2,313,006	240,703
Appropriated fund balance	3,073,786	-	(3,073,786)	-
Revenues, other financing sources and appropriated fund balance over (under) expenditures and other uses	\$ -	(760,780)	\$ (760,780)	240,703
Fund balances				
Beginning of year, July 1		21,370,938		21,120,160
Increase (decrease) in reserve for inventory		7,602		10,075
End of year, June 30		\$ 20,617,760		\$ 21,370,938

Franklin County, North Carolina
Capital Reserve Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2013
(With Comparative Totals for the Year Ended June 30, 2012)

	2013		Variance Positive (Negative)	2012
	Budget	Actual		Actual
Revenues				
Sales tax revenue	\$ 2,496,900	\$ 2,497,835	\$ 935	\$ 2,421,746
Interest earnings	-	(317)	(317)	317
Total revenues	2,496,900	2,497,518	618	2,422,063
Expenditures				
Education	-	-	-	-
Other financing sources (uses)				
Transfer from General Fund	-	-	-	-
Transfer to General Fund	(2,496,900)	(2,496,900)	-	(2,200,000)
Appropriated fund balance	-	-	-	-
Total other financing sources (uses) - net	(2,496,900)	(2,496,900)	-	(2,200,000)
Revenues and other financing sources under expenditures and uses	\$ -	618	\$ 618	222,063
Fund balance				
Beginning of year, July 1		594,825		372,762
End of year, June 30		\$ 595,443		\$ 594,825

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.

- **Fire District Fund:** This fund accounts for tax revenues collected by the County on behalf of the various fire districts within the County.
- **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.
- **DEA Fund:** This fund accounts for money received for drug control purposes.
- **Golden Leaf Foundation Fund:** This fund accounts for money received from the Golden Leaf Foundation.
- **Community Development Fund:** This fund accounts for Community Development Block Grant funds.

Capital Project Funds

Capital Projects Funds are used to account for the acquisition and construction of major capital facilities and equipment other than those financed by proprietary and trust funds.

- **Airport Projects Fund:** This fund accounts for the construction at the Franklin County Airport.
- **County Building Project Fund:** This fund accounts for renovation of the Human Services Building.
- **Revaluation Project Fund:** This fund is used to account for expenditures for the sexennial revaluation of real property.
- **School Construction Fund:** This capital projects fund accounts for the construction of school buildings within the County.

Franklin County, North Carolina
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2013

	Special Revenue Funds					Capital Projects Funds						
	Fire District Fund	Emergency Telephone System Fund	DEA Fund	Golden Leaf Foundation Fund	Community Development Fund	Total Nonmajor Special Revenue Funds	Airport Projects Fund	County Building Project Fund	Revaluation Project Fund	School Construction Fund	Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets												
Cash and cash equivalents	\$ 38,792	\$ 300,718	\$ 49,754	\$ 33,507	\$ 49,598	\$ 472,369	\$ -	\$ -	\$ 642,991	\$ 1,416,271	\$ 2,059,262	\$ 2,531,631
Accounts receivable, net	-	53,433	-	-	-	53,433	-	-	-	-	-	53,433
Taxes receivable, net	143,541	-	-	-	-	143,541	-	-	-	-	-	143,541
Due from other governments	-	4,217	1,460	-	-	5,677	100,778	7,425	-	-	108,203	113,880
Restricted assets:												
Restricted cash	-	-	-	-	-	-	-	2,275,610	-	292,649	2,568,259	2,568,259
Total assets	\$ 182,333	\$ 358,368	\$ 51,214	\$ 33,507	\$ 49,598	\$ 675,020	\$ 100,778	\$ 2,283,035	\$ 642,991	\$ 1,708,920	\$ 4,735,724	\$ 5,410,744
Liabilities and Fund Balances												
Liabilities:												
Accounts payable and accrued liabilities	\$ 16,844	\$ 136	\$ -	\$ -	\$ -	\$ 16,980	\$ 380	\$ -	\$ -	\$ 83,858	\$ 84,238	\$ 101,218
Due to General Fund	-	-	-	-	-	-	49,648	-	-	-	49,648	49,648
Total liabilities	16,844	136	-	-	-	16,980	50,028	-	-	83,858	133,886	150,866
Deferred Inflows of Resources	143,541	-	-	-	-	143,541	-	-	-	-	-	143,541
Fund balances:												
Restricted:												
Stabilization by State Statute	-	57,650	1,460	-	-	59,110	100,778	7,425	-	-	108,203	167,313
Fire Protection	21,948	-	-	-	-	21,948	-	-	-	-	-	21,948
Public Safety	-	300,582	49,754	-	-	350,336	-	-	-	-	-	350,336
Economic Development	-	-	-	33,507	49,598	83,105	-	-	-	-	-	83,105
School Capital Outlay	-	-	-	-	-	-	-	-	-	1,332,413	1,332,413	1,332,413
Committed:												
Debt Service	-	-	-	-	-	-	-	2,275,610	-	292,649	2,568,259	2,568,259
Revaluation	-	-	-	-	-	-	-	642,991	-	-	642,991	642,991
Unassigned:												
Total fund balances	21,948	358,232	51,214	33,507	49,598	514,499	50,750	2,283,035	642,991	1,625,062	4,601,838	5,116,337
Total liabilities, deferred inflows or resources, and fund balances	\$ 182,333	\$ 358,368	\$ 51,214	\$ 33,507	\$ 49,598	\$ 675,020	\$ 100,778	\$ 2,283,035	\$ 642,991	\$ 1,708,920	\$ 4,735,724	\$ 5,410,744

Franklin County, North Carolina
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2013

	Special Revenue Funds					Capital Projects Funds						
	Fire District Fund	Emergency Telephone System Fund	DEA Fund	Golden Leaf Foundation Fund	Community Development Fund	Total Nonmajor Special Revenue Funds	Airport Projects Fund	County Building Project Fund	Revaluation Project Fund	School Construction Fund	Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues												
Ad valorem taxes	\$ 2,565,576	\$ -	\$ -	\$ -	\$ -	\$ 2,565,576	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,565,576
Local option sales taxes	-	-	-	-	-	-	-	-	-	-	-	-
Other taxes and licenses	-	321,093	-	-	-	321,093	-	-	-	-	-	321,093
Restricted intergovernmental	-	-	21,911	-	-	21,911	498,068	18,566	-	-	516,634	538,545
Investment earnings	-	(71)	-	-	-	(71)	-	2,272	-	-	2,272	2,201
Miscellaneous	-	-	52,100	-	-	52,100	-	-	-	-	-	52,100
Total revenues	<u>2,565,576</u>	<u>321,022</u>	<u>74,011</u>	<u>-</u>	<u>-</u>	<u>2,960,609</u>	<u>498,068</u>	<u>20,838</u>	<u>-</u>	<u>-</u>	<u>518,906</u>	<u>3,479,515</u>
Expenditures												
Current:												
General Government	-	-	-	-	-	-	-	-	18,134	-	18,134	18,134
Public safety	2,628,228	227,146	51,005	-	-	2,906,379	-	-	-	-	-	2,906,379
Economic and physical development	-	-	-	-	7,345	7,345	-	-	-	-	-	7,345
Education	-	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	627,780	66,103	-	-	693,883	693,883
Total expenditures	<u>2,628,228</u>	<u>227,146</u>	<u>51,005</u>	<u>-</u>	<u>7,345</u>	<u>2,913,724</u>	<u>627,780</u>	<u>66,103</u>	<u>18,134</u>	<u>-</u>	<u>712,017</u>	<u>3,625,741</u>
Revenues over (under) expenditures	<u>(62,652)</u>	<u>93,876</u>	<u>23,006</u>	<u>-</u>	<u>(7,345)</u>	<u>46,885</u>	<u>(129,712)</u>	<u>(45,265)</u>	<u>(18,134)</u>	<u>-</u>	<u>(193,111)</u>	<u>(146,226)</u>
Other financing sources (uses)												
Debt issued	-	-	-	-	-	-	-	-	-	-	-	-
Transfers from other funds	40,700	-	-	-	-	40,700	16,666	-	25,000	-	41,666	82,366
Transfers to other funds	-	-	-	-	-	-	-	-	-	(850,000)	(850,000)	(850,000)
Total other financing sources (uses) - net	<u>40,700</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,700</u>	<u>16,666</u>	<u>-</u>	<u>25,000</u>	<u>(850,000)</u>	<u>(808,334)</u>	<u>(767,634)</u>
Net changes in fund balances	<u>(21,952)</u>	<u>93,876</u>	<u>23,006</u>	<u>-</u>	<u>(7,345)</u>	<u>87,585</u>	<u>(113,046)</u>	<u>(45,265)</u>	<u>6,866</u>	<u>(850,000)</u>	<u>(1,001,445)</u>	<u>(913,860)</u>
Fund balances												
Beginning of year, July 1	<u>43,900</u>	<u>264,356</u>	<u>28,208</u>	<u>33,507</u>	<u>56,943</u>	<u>426,914</u>	<u>163,796</u>	<u>2,328,300</u>	<u>636,125</u>	<u>2,475,062</u>	<u>5,603,283</u>	<u>6,030,197</u>
End of year, June 30	<u>\$ 21,948</u>	<u>\$ 358,232</u>	<u>\$ 51,214</u>	<u>\$ 33,507</u>	<u>\$ 49,598</u>	<u>\$ 514,499</u>	<u>\$ 50,750</u>	<u>\$ 2,283,035</u>	<u>\$ 642,991</u>	<u>\$ 1,625,062</u>	<u>\$ 4,601,838</u>	<u>\$ 5,116,337</u>

Franklin County, North Carolina
Fire District Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2013
(With Comparative Totals for the Year Ended June 30, 2012)

	2013		Variance Positive (Negative)	2012
	Budget	Actual		Actual
Revenues				
Ad valorem taxes	\$ 2,639,787	\$ 2,565,576	\$ (74,211)	\$ 2,371,518
Interest Income	-	-	-	-
	<u>2,639,787</u>	<u>2,565,576</u>	<u>(74,211)</u>	<u>2,371,518</u>
Expenditures				
Public safety				
Central Fire District	225,000	223,243	1,757	212,909
Epsom Fire District	85,000	85,000	-	79,559
Gold Sand Fire District	57,500	57,500	-	54,443
Justice Fire District	88,500	88,500	-	80,641
Kittrell Fire District	1,000	1,000	-	1,000
Pilot Fire District	165,068	165,068	-	163,910
White Level Fire District	73,500	73,500	-	73,500
Brassfield Fire District	7,979	7,191	788	6,000
Mitchiners Crossroads Fire District	148,500	144,180	4,320	131,100
Hopkins Fire District	11,800	11,249	551	9,685
Franklinton Fire District	214,367	198,543	15,824	217,702
Youngsville Fire District	1,023,073	1,023,073	-	914,698
Bunn Fire District	519,000	492,972	26,028	432,225
Castalia Fire District	1,200	1,200	-	1,200
Centerville Fire District	59,000	56,009	2,991	56,380
Total expenditures	<u>2,680,487</u>	<u>2,628,228</u>	<u>52,259</u>	<u>2,434,952</u>
Revenues under expenditures	<u>(40,700)</u>	<u>(62,652)</u>	<u>(21,952)</u>	<u>(63,434)</u>
Other financing sources				
Transfer from General fund	40,700	40,700	-	40,700
Revenues and other sources under expenditures	<u>\$ -</u>	<u>(21,952)</u>	<u>\$ (21,952)</u>	<u>(22,734)</u>
Fund balances				
Beginning of year, July 1		43,900		66,634
End of year, June 30		<u>\$ 21,948</u>		<u>\$ 43,900</u>

Franklin County, North Carolina
Emergency Telephone System Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2013
(With Comparative Totals for the Year Ended June 30, 2012)

	2013		Variance Positive (Negative)	2012
	Budget	Actual		Actual
Revenues				
Other taxes and licenses				
E911 fees	\$ 251,820	\$ 321,093	\$ 69,273	\$ 292,224
Interest earnings	-	(71)	(71)	71
Total revenues	251,820	321,022	69,202	292,295
Expenditures				
Public safety - E911				
Operating expenses	225,820	205,938	19,882	187,751
Capital outlay	171,216	21,208	150,008	664,164
Total expenditures	397,036	227,146	169,890	851,915
Revenues over (under) expenditures	(145,216)	93,876	239,092	(559,620)
Other financing sources (uses)				
Transfer to other funds				
County Building Projects Fund	135,216	-	(135,216)	(791,483)
Appropriated fund balance	10,000	-	(10,000)	-
Total	145,216	-	(145,216)	(791,483)
Revenues and appropriated fund balance and other sources over expenditures and other uses	\$ -	93,876	\$ 93,876	(1,351,103)
Fund balances				
Beginning of year, July 1		264,356		1,615,459
End of year, June 30		\$ 358,232		\$ 264,356

Explanation for transfers

Transfer out of \$791,483 to the County Building Projects Fund to adjust the beginning balance to match the PSAP report

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	\$ 93,876
Plus: Interest income above not shown on the PSAP Revenue-Expenditure Report	71
Net Change per PSAP Revenue-Expenditure Report	93,947
Beginning Balance, PSAP Revenue-Expenditure Report	264,285
Ending Balance, PSAP Revenue-Expenditure Report	\$ 358,232

Franklin County, North Carolina
DEA Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2013
(With Comparative Totals for the Year Ended June 30, 2012)

	2013		Variance Positive (Negative)	2012
	Budget	Actual		Actual
Revenues				
Restricted intergovernmental	\$ 60,000	\$ 21,911	\$ (38,089)	\$ 11,750
Miscellaneous income	-	52,100	52,100	-
Interest income	-	-	-	-
Total revenues	<u>60,000</u>	<u>74,011</u>	<u>14,011</u>	<u>11,750</u>
Expenditures				
Public safety				
Operating expenses	<u>60,000</u>	<u>51,005</u>	<u>8,995</u>	<u>17,293</u>
Revenues over expenditures	<u>-</u>	<u>23,006</u>	<u>23,006</u>	<u>(5,543)</u>
Appropriated fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and appropriated fund balance over expenditures	<u>\$ -</u>	<u>23,006</u>	<u>\$ 23,006</u>	<u>(5,543)</u>
Fund balances				
Beginning of year, July 1		<u>28,208</u>		<u>33,751</u>
End of year, June 30		<u>\$ 51,214</u>		<u>\$ 28,208</u>

**Franklin County, North Carolina
Golden Leaf Foundation Project
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and for the Year Ended June 30, 2013**

	Project Author- ization	Actual		Total to Date	Variance Positive (Negative)
		Prior Year	Current Year		
Revenues					
Restricted intergovernmental					
Golden Leaf Foundation	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions	-	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures					
Education	-	-	-	-	-
Revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources					
Transfers from other funds	-	-	-	-	-
Revenues and other financing sources over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance					
Beginning of year, July 1			<u>33,507</u>		
End of year, June 30			<u>\$ 33,507</u>		

**Franklin County, North Carolina
Community Development Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and for the Year Ended June 30, 2013**

	Project Author- ization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
Revenues					
Restricted intergovernmental					
CDBG Grant	\$ 400,000	\$ -	\$ -	\$ -	\$ (400,000)
Total revenues	<u>400,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(400,000)</u>
Expenditures					
Economic and physical development	400,000	-	7,345	7,345	392,655
Total expenditures	<u>400,000</u>	<u>-</u>	<u>7,345</u>	<u>7,345</u>	<u>392,655</u>
Revenues under expenditures	<u>-</u>	<u>-</u>	<u>(7,345)</u>	<u>(7,345)</u>	<u>(7,345)</u>
Other financing sources					
Transfer from General fund	-	-	-	-	-
Revenues and other financing sources over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>(7,345)</u>	<u>\$ (7,345)</u>	<u>\$ (7,345)</u>
Fund balance					
Beginning of year, July 1			<u>56,943</u>		
End of year, June 30			<u>\$ 49,598</u>		

Franklin County, North Carolina
Airport Capital Project Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and for the Year Ended June 30, 2013

	Project Author- ization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues					
Restricted intergovernmental:					
Federal project 36237.31.9.1	\$ 702,337	\$ 450,000	\$ -	\$ 450,000	\$ (252,337)
State grants	54,000	-	498,068	498,068	444,068
Total revenues	<u>756,337</u>	<u>450,000</u>	<u>498,068</u>	<u>948,068</u>	<u>191,731</u>
Expenditures					
Capital outlay:					
Project No. 36237.31.5.1	807,601	-	553,409	553,409	254,192
Project No. 36237.31.12.1	60,000	-	60,000	60,000	-
County Funded Projects	29,693	2,516	14,371	16,887	12,806
Total expenditures	<u>897,294</u>	<u>2,516</u>	<u>627,780</u>	<u>630,296</u>	<u>266,998</u>
Revenues under expenditures	<u>(140,957)</u>	<u>447,484</u>	<u>(129,712)</u>	<u>317,772</u>	<u>458,729</u>
Other financing sources					
Transfer from General fund	83,332	66,666	16,666	83,332	-
Appropriated fund balance	57,625	-	-	-	(57,625)
Total	<u>140,957</u>	<u>66,666</u>	<u>16,666</u>	<u>83,332</u>	<u>(57,625)</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ 514,150</u>	<u>(113,046)</u>	<u>\$ 401,104</u>	<u>\$ 401,104</u>
Fund balance					
Beginning of year, July 1			<u>163,796</u>		
End of year, June 30			<u>\$ 50,750</u>		

Franklin County, North Carolina
County Building Project Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and for the Year Ended June 30, 2013

	Project Author- ization	Actual		Total to Date	Variance Positive (Negative)
		Prior Year	Current Year		
Revenues					
Intergovernmental revenues	\$ 500,000	\$ 513,486	\$ 18,566	\$ 532,052	\$ 32,052
Interest earnings	-	10,996	2,272	13,268	13,268
Total revenues	500,000	524,482	20,838	545,320	45,320
Expenditures					
Construction					
Pilot Lions Park	1,000,000	994,147	-	994,147	5,853
E911 Facility	10,518,525	8,845,507	64,703	8,910,210	1,608,315
Owens Park Project	963,770	266	1,400	1,666	962,104
Total	12,482,295	9,839,920	66,103	9,906,023	2,576,272
Total revenues over (under) expenditures	(11,982,295)	(9,315,438)	(45,265)	(9,360,703)	2,621,592
Other financing sources					
Issuance of debt	9,700,000	9,256,000	-	9,256,000	(444,000)
Transfer from other funds					
Emergency Telephone System Fund		791,483	-	791,483	
General Fund		2,118,595	-	2,118,595	
Total transfers	2,282,295	2,910,078	-	2,910,078	627,783
Total other sources	11,982,295	12,166,078	-	12,166,078	183,783
Total revenues and other financing sources over (under) expenditures	\$ -	\$ 2,850,640	(45,265)	\$ 2,805,375	\$ 2,805,375
Fund balance					
Beginning of year, July 1			2,328,300		
End of year, June 30			\$ 2,283,035		

Franklin County, North Carolina
Revaluation Project Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2013
(With Comparative Totals for the Year Ended June 30, 2012)

	2013		Variance Positive (Negative)	2012
	Budget	Actual		Actual
Revenues				
Interest earnings	\$ -	\$ -	\$ -	\$ -
Expenditures				
Appraisal		18,134		68,234
Telephone		-		22,024
Office expense		-		1,386
Total expenditures	350,000	18,134	331,866	91,644
Other financing sources				
Transfer from General Fund	-	25,000	25,000	120,000
Total other sources	-	25,000	25,000	120,000
Appropriated fund balance	350,000	-	(350,000)	-
Total revenues and other financing sources over expenditures	\$ -	6,866	\$ 6,866	28,356
Fund balance				
Beginning of year, July 1		636,125		607,769
End of year, June 30		\$ 642,991		\$ 636,125

Franklin County, North Carolina
School Construction Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and for the Year Ended June 30, 2013

	Project Author- ization	Actual		Total to Date	Variance Positive (Negative)
		Prior Year	Current Year		
Revenues					
Restricted intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -
Interest earnings	1,481,930	432,487	-	432,487	(1,049,443)
Total revenues	1,481,930	432,487	-	432,487	(1,049,443)
Expenditures					
Bond issuance costs		95,209	-	95,209	
Construction		43,063,494	-	43,063,494	
Total expenditures	54,049,112	43,158,703	-	43,158,703	10,890,409
Other financing sources					
Sales tax refund	800,000	-	-	-	(800,000)
Transfer to General Fund	(850,000)	-	(850,000)	(850,000)	-
Issuance of debt	52,617,182	42,402,878	-	42,402,878	(10,214,304)
Total other sources	52,567,182	42,402,878	(850,000)	41,552,878	(11,014,304)
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ (323,338)</u>	<u>(850,000)</u>	<u>\$ (1,173,338)</u>	<u>\$ (1,173,338)</u>
Fund balance					
Beginning of year, July 1			2,475,062		
End of year, June 30			<u>\$ 1,625,062</u>		

ENTERPRISE FUND

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

- **Water and Sewer Fund:** This fund is used to account for the operations of the County's water and sewer activities.
- **Water and Sewer Project Fund:** This fund accounts for construction of water and sewer capital assets within the County.

Franklin County, North Carolina
Water and Sewer Fund
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
For the Year Ended June 30, 2013

	2013		Variance Positive (Negative)	2012
	Budget	Actual		Actual
Revenues				
Operating revenues				
Water fees	\$ 5,297,557	\$ 5,744,353	\$ 446,796	\$ 5,353,346
Sewer fees	1,637,086	2,485,661	848,575	1,480,924
Other charges for services	443,100	633,595	190,495	506,007
Total	<u>7,377,743</u>	<u>8,863,609</u>	<u>1,485,866</u>	<u>7,340,277</u>
Nonoperating revenues:				
Interest earnings	-	295	295	356
Miscellaneous revenues	-	-	-	-
Total	<u>-</u>	<u>295</u>	<u>295</u>	<u>356</u>
Total revenues	<u>7,377,743</u>	<u>8,863,904</u>	<u>1,486,161</u>	<u>7,340,633</u>
Expenditures - Water Dept				
Salaries and employee benefits	527,592	533,765	(6,173)	513,453
Water purchases	2,998,000	2,981,852	16,148	2,691,772
Other operating expenditures	394,830	376,712	18,118	510,013
Capital outlay	88,900	91,545	(2,645)	95,194
Debt service:				
Interest and other charges	279,762	276,837	2,925	294,578
Debt principal	520,000	520,000	-	509,000
Total expenditures - Water	<u>4,809,084</u>	<u>4,780,711</u>	<u>28,373</u>	<u>4,614,010</u>
Expenditures - Sewer Dept				
Salaries and employee benefits	396,895	393,402	3,493	354,320
Other operating expenditures	475,820	493,135	(17,315)	453,169
Capital outlay	223,350	150,455	72,895	29,385
Debt service:				
Interest and other charges	244,202	239,280	4,922	302,031
Debt principal	828,392	828,724	(332)	2,182,065
Total expenditures - Sewer	<u>2,168,659</u>	<u>2,104,996</u>	<u>63,663</u>	<u>3,320,970</u>
Total expenditures	<u>6,977,743</u>	<u>6,885,707</u>	<u>92,036</u>	<u>7,934,980</u>
Revenues under expenditures	<u>400,000</u>	<u>1,978,197</u>	<u>1,578,197</u>	<u>(594,347)</u>
Other Financing Sources (Uses)				
Transfer from (to) Other Funds				
General Fund	-	-	-	-
General Fund	(400,000)	(400,000)	-	(440,615)
Debt proceeds	-	-	-	1,351,520
Appropriated fund balance	-	-	-	-
Total	<u>(400,000)</u>	<u>(400,000)</u>	<u>-</u>	<u>910,905</u>
Revenues and appropriated fund balance under expenditures	<u>\$ -</u>	<u>\$ 1,578,197</u>	<u>\$ 1,578,197</u>	<u>\$ 316,558</u>
Reconciliation from budgetary basis (modified accrual) to full accrual				
Revenues and other financing sources over expenditures		\$ 1,578,197		\$ 316,558
Reconciling items				
Debt proceeds		-		(1,351,520)
Debt payments		1,348,724		2,691,065
Depreciation		(973,344)		(875,448)
Capital outlay		220,087		127,181
Decrease in accrued vacation pay		(1,705)		(42,284)
Increase in other postemployment benefits		(102,849)		(103,099)
Restricted intergovernmental revenue from				
Water and Sewer Capital Projects Fund		298,969		87,562
Contributions from Water and Sewer Capital Projects Fund		-		-
Investment earnings from Water and Sewer Capital Projects Fund		-		4
Total		<u>789,882</u>		<u>533,461</u>
Change in net position		<u>\$ 2,368,079</u>		<u>\$ 850,019</u>

Franklin County, North Carolina
Water and Sewer Capital Projects Fund
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
From Inception and for the Year Ended June 30, 2013

	Project Author - ization	Actual		Total to Date	Variance Positive (Negative)
		Prior Year	Current Year		
Revenues					
Restricted intergovernmental:					
State grants	\$ 500,000	\$ 87,562	\$ 298,969	\$ 386,531	\$ (113,469)
Investment earnings	-	6,020	-	6,020	6,020
Total revenues	<u>500,000</u>	<u>93,582</u>	<u>298,969</u>	<u>392,551</u>	<u>(107,449)</u>
Expenditures					
Construction	<u>528,000</u>	<u>68,362</u>	<u>416,317</u>	<u>484,679</u>	<u>43,321</u>
Revenues under expenditures	<u>(28,000)</u>	<u>25,220</u>	<u>(117,348)</u>	<u>(92,128)</u>	<u>(64,128)</u>
Other financing sources (uses)					
Appropriated fund balance	<u>28,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(28,000)</u>
Total other financing sources (uses) - net	<u>28,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(28,000)</u>
Revenues, appropriated fund balance, and other financing sources over expenditures and uses	<u>\$ -</u>	<u>\$ 25,220</u>	<u>\$ (117,348)</u>	<u>\$ (92,128)</u>	<u>\$ (92,128)</u>

INTERNAL SERVICE FUNDS

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

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

Franklin County, North Carolina
Insurance Fund
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
For the Year Ended June 30, 2013
(With Comparative Totals for the Year Ended June 30, 2012)

	2013		Variance Positive (Negative)	2012
	Budget	Actual		Actual
Revenues				
Contributions from employees	\$ 1,300,000	\$ 1,029,272	\$ (270,728)	\$ 1,061,292
Contribution from General Fund	5,050,000	5,450,805	400,805	5,250,542
Contributions from Water & Sewer Fund	170,000	57,970	(112,030)	163,480
Interest earnings	-	(1,814)	(1,814)	-
Miscellaneous	-	19,066	19,066	2,123
Total revenues	6,520,000	6,555,299	35,299	6,477,437
Expenditures				
Health insurance	6,015,000	5,611,763	403,237	5,452,754
Property and liability insurance	350,000	303,711	46,289	275,744
Workers' compensation insurance	400,000	317,982	82,018	357,559
Unemployment claims	110,000	115,547	(5,547)	-
Total expenditures	6,875,000	6,349,003	525,997	6,086,057
Revenues over (under) expenditures	(355,000)	206,296	561,296	391,380
Appropriated fund balance	355,000	-	(355,000)	-
Revenues and appropriated fund balance over (under) expenditures	\$ -	206,296	\$ 206,296	391,380
Fund balances				
Beginning of year, July 1		1,345,134		953,754
End of year, June 30		\$ 1,551,430		\$ 1,345,134
Reconciliation from financial plan basis (modified accrual) to full accrual:				
Total revenues		\$ 6,555,299		
Total expenditures		6,349,003		
Change in net position		\$ 206,296		

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 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.
- **Fines and Forfeitures Fund:** This fund is used to account for fines and forfeitures collected by the County that are required to be turned over to the Franklin County Board of Education.
- **City Ad Valorem and Motor Vehicle Tax Fund:** This fund is used to account for the proceeds of the Ad Valorem taxes that are collected by the County on behalf of municipalities within the County.
- **State Vehicle Interest Fund:** This fund is used to account for the interest penalties on vehicle Ad Valorem taxes that are collected by the County on behalf of the State.
- **Jail Fund:** This fund is used to account for the funds held by the jail for its prisoners.

Franklin County, North Carolina
Agency Funds
Combining Statement of Changes in Assets and Liabilities
For the Year Ended June 30, 2013

	Balance July 1, 2012	Additions	Deductions	Balance June 30, 2013
Social Services				
Assets				
Cash and cash equivalents	\$ 54,201	\$ 274,841	\$ 271,005	\$ 58,037
Liabilities				
Miscellaneous liabilities	\$ 54,201	\$ 274,841	\$ 271,005	\$ 58,037
Fines and Forfeitures				
Assets				
Cash and cash equivalents	\$ -	\$ 259,410	\$ 259,410	\$ -
Liabilities				
Intergovernmental payable	\$ -	\$ 259,410	\$ 259,410	\$ -
Motor Vehicle Tax				
Assets				
Cash and cash equivalents	\$ -	\$ 2,649,774	\$ 2,649,774	\$ -
Liabilities				
Miscellaneous liabilities	\$ -	\$ 2,649,774	\$ 2,649,774	\$ -
State Vehicle Interest				
Assets				
Cash and cash equivalents	\$ 2,676	\$ 44,616	\$ 44,914	\$ 2,378
Liabilities				
Intergovernmental payable	\$ 2,676	\$ 44,616	\$ 44,914	\$ 2,378
Jail Fund				
Assets				
Cash and cash equivalents	\$ 9,517	\$ 192,001	\$ 138,782	\$ 62,736
Liabilities				
Miscellaneous liabilities	\$ 9,517	\$ 192,001	\$ 138,782	\$ 62,736
Totals - All Agency Funds				
Assets				
Cash and cash equivalents	\$ 66,394	\$ 3,420,642	\$ 3,363,885	\$ 123,151
Liabilities				
Miscellaneous liabilities	\$ 63,718	\$ 3,116,616	\$ 3,059,561	\$ 120,773
Intergovernmental payable	2,676	304,026	304,324	2,378
Total liabilities	\$ 66,394	\$ 3,420,642	\$ 3,363,885	\$ 123,151

OTHER SCHEDULES

This schedule contains additional information required on property taxes.

- Schedule of Ad Valorem Taxes Receivable
- Analysis of Current Tax Levy
- Secondary Market Disclosures
- Ten Largest Taxpayers

**Franklin County, North Carolina
General Fund
Schedule of Ad Valorem Taxes Receivable
For the Year Ended June 30, 2013**

Fiscal Year	Uncollected Balance June 30, 2012	Additions	Collections And Credits	Uncollected Balance June 30, 2013
2012-2013	\$ -	\$ 37,064,321	\$ 36,094,296	\$ 970,025
2011-2012	868,255	-	593,395	274,860
2010-2011	276,895	-	84,037	192,858
2009-2010	183,568	-	41,357	142,211
2008-2009	139,767	-	22,586	117,181
2007-2008	124,445	-	15,492	108,953
2006-2007	101,897	-	9,131	92,766
2005-2006	81,134	-	5,696	75,438
2004-2005	70,990	-	5,380	65,610
2003-2004	74,336	-	4,518	69,818
2002-2003	71,160	-	71,160	-
	<u>\$ 1,992,447</u>	<u>\$ 37,064,321</u>	<u>\$ 36,947,048</u>	2,109,720
				48,362
				<u>(151,000)</u>
				<u>\$ 2,007,082</u>
				Reconciliation with revenues
				Ad valorem taxes - General Fund <u>\$ 36,275,706</u>
				Reconciling items:
				Amounts written off for 2002-2003 levy 71,160
				Discounts and adjustments <u>600,182</u>
				Total reconciling items <u>671,342</u>
				Total collections and credits <u>\$ 36,947,048</u>

Franklin County, North Carolina
Analysis of Current Tax Levy
County - wide Levy
For the Year Ended June 30, 2013

	County - wide			Total Levy	
	Property Valuation	Rate	Amount of Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy					
Property taxed at current year's rate	\$ 3,691,144,207	0.8725	\$ 32,205,233	\$ 32,205,233	\$ -
Motor vehicles taxed at current year's rate	269,589,456	0.8725	2,352,168	-	2,352,168
Motor vehicles taxed at prior year's rate	143,418,224	0.8725	1,251,324	-	1,251,324
Total	<u>4,104,151,887</u>		<u>35,808,725</u>	<u>32,205,233</u>	<u>3,603,492</u>
Discoveries	155,082,980	0.8725	1,353,099	1,344,728	8,371
Abatements	(48,847,679)	0.8725	(426,196)	(369,178)	(57,018)
Total	<u>\$ 4,210,387,188</u>		36,735,628	33,180,783	3,554,845
Less, uncollected taxes at June 30, 2013			970,025	478,343	491,682
Current year's taxes collected			<u>\$ 35,765,603</u>	<u>\$ 32,702,440</u>	<u>\$ 3,063,163</u>
Current levy collection percentage			<u>97.36%</u>	<u>98.56%</u>	<u>86.17%</u>

**Franklin County, North Carolina
Analysis of Current Tax Levy
County-wide Levy
For the Year Ended June 30, 2013**

Secondary Market Disclosures:

Assessed Valuation:

Assessment Ratio ¹	100%
Real Property	\$ 3,744,041,388
Personal Property	336,646,861
Public Service Companies ²	129,698,939
Total Assessed Valuation	\$ 4,210,387,188
 Tax Rate per \$100	 0.8725
 Levy (includes discoveries, releases and abatements) ³	 \$ 36,735,628

In addition to the County-wide rate, the following table lists the levy by the County on behalf of fire protection districts for the fiscal year ended June 30, 2013:

Fire Protection Districts	\$ 2,243,521
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¹ Percentage of appraised value has been established by statute.

² Valuation of railroads, telephone companies and other utilities as determined by the North Carolina Property Tax Commission.

³ The levy includes interest and penalties.

**Franklin County, North Carolina
Ten Largest Taxpayers
For the Year Ended June 30, 2013**

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Novo Nordisk	Manufacturing	\$ 141,812,506	3.37%
Progress Energy	Utility	53,144,651	1.26%
Wake Electric Membership Corporation	Utility	29,823,881	0.71%
Carolina Telephone	Utility	28,887,629	0.69%
Amcor Pet Packaging	Manufacturing	16,026,401	0.38%
Louisburg HMA	Hospital	13,864,386	0.33%
Southern Lithoplate	Manufacturing	12,047,085	0.29%
Public Service Co. of NC, Inc.	Utility	9,859,358	0.23%
Walmart	Retail	9,708,870	0.23%
Gemini Youngsville Crossing	Real Estate	8,488,540	0.20%
Total		<u>\$ 323,663,307</u>	<u>7.69%</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. They provided statistical information on Net Position by Component, Changes in Net Position, fund balance history, and changes to fund balance.

Revenue Capacity

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax. They provide statistical information on General Government revenues, assessed value of taxable property, property tax rates, principal taxpayers, and property tax levies.

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. They provide statistical information on debt related items such as: ratios of outstanding debt, ratio of annual debt service, computation of direct and underlying bonded debt, legal debt margin and special assessments.

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. They provide ten years of statistical information on demographics and principal employees.

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. They provide ten years of statistical operational information on the county's employees by function, operating indicators by function, capital assets by function, and other statistical information.

Franklin County, North Carolina
Net Position by Component
(accrual basis of accounting)
Last Eight Fiscal Years

	Fiscal Year Ended							
	2013	2012	2011	2010	2009	2008	2007	2006
Governmental activities								
Net investment in capital assets	\$ 30,485,649	\$ 26,677,972	\$ 25,866,534	\$ 22,185,107	\$ 11,105,092	\$ 22,829,989	\$ 24,016,990	\$ 21,679,627
Restricted	4,809,599	3,912,076	6,029,114	-	-	-	-	-
Unrestricted	(62,311,839)	(62,555,157)	(66,760,973)	(38,579,992)	(17,970,151)	(30,128,888)	(17,329,425)	891,761
Total governmental activities net position	\$ (27,016,591)	\$ (31,965,109)	\$ (34,865,325)	\$ (16,394,885)	\$ (6,865,059)	\$ (7,298,899)	\$ 6,687,565	\$ 22,571,388
Business-type activities								
Net investment in capital assets	\$ 13,508,654	\$ 12,421,870	\$ 11,252,930	\$ 10,171,373	\$ 7,884,229	\$ 7,639,425	\$ 10,041,448	\$ 9,680,354
Unrestricted	4,715,821	3,426,618	3,731,203	4,070,904	5,620,515	6,098,885	3,760,491	2,690,478
Total business-type activities net position	\$ 18,224,475	\$ 15,848,488	\$ 14,984,133	\$ 14,242,277	\$ 13,504,744	\$ 13,738,310	\$ 13,801,939	\$ 12,370,832
Primary government								
Net investment in capital assets	\$ 43,994,303	\$ 39,099,842	\$ 37,119,464	\$ 32,356,480	\$ 18,989,321	\$ 30,469,414	\$ 34,058,438	\$ 31,359,981
Restricted	4,809,599	3,912,076	6,029,114	-	-	-	-	-
Unrestricted	(57,596,018)	(59,128,539)	(63,029,770)	(34,509,088)	(12,349,636)	(24,030,003)	(13,568,934)	3,582,239
Total primary government net position	\$ (8,792,116)	\$ (16,116,621)	\$ (19,881,192)	\$ (2,152,608)	\$ 6,639,685	\$ 6,439,411	\$ 20,489,504	\$ 34,942,220

Note: School Construction complete in 2007. School asset reverted back to school.

Note: The county began to report accrual information when it implemented GASB Statement 34 in fiscal year 2004.

Note: The county began in FY 2006 compiling the above information.

Franklin County, North Carolina
Changes in Net Position
Last nine fiscal years

	Fiscal Year Ended								
	2013	2012	2011	2010	2009	2008	2007	2006	2005
Expenses									
Governmental Activities									
General government	\$ 4,674,158	\$ 4,508,753	\$ 4,481,582	\$ 4,888,153	\$ 5,619,743	\$ 4,325,531	\$ 7,154,891	\$ 3,772,123	\$ 5,686,247
Public Safety	20,017,277	19,033,872	20,782,813	18,622,921	17,287,411	17,700,123	14,440,777	12,328,799	11,462,533
Economic and physical development	5,648,305	5,666,603	5,859,582	5,223,772	5,734,787	5,694,167	2,627,867	3,107,944	3,212,065
Human services	17,708,407	17,260,614	17,258,277	16,250,663	18,243,826	18,321,190	18,251,014	17,358,323	15,821,501
Cultural and recreation	1,429,624	1,364,329	1,271,427	1,289,122	1,293,831	1,728,413	1,383,297	1,275,730	1,087,237
Education	13,775,500	16,132,388	35,878,008	27,490,479	16,985,160	32,065,518	12,209,081	13,617,183	11,202,659
Interest on long-term debt	3,261,900	3,492,294	3,406,691	3,250,515	3,002,457	2,508,273	1,697,224	1,351,352	1,146,215
Total governmental activities expenses	66,515,171	67,458,853	88,938,380	77,015,625	68,167,215	82,343,215	57,764,151	52,811,454	49,618,457
Business-type activities									
Water and Sewer Department	6,386,886	6,123,230	6,035,793	6,105,211	6,222,719	5,944,894	5,679,134	5,341,717	4,792,247
Total business-type activities expense	6,386,886	6,123,230	6,035,793	6,105,211	6,222,719	5,944,894	5,679,134	5,341,717	4,792,247
Total primary government expenses	72,902,057	73,582,083	94,974,173	83,120,836	74,389,934	88,288,109	63,443,285	58,153,171	54,410,704
Program Revenues									
Governmental activities:									
Charges for services:									
General government	595,586	541,585	554,148	854,040	318,880	374,128	690,055	765,073	853,792
Public Safety	4,389,896	4,948,255	4,037,262	3,697,253	4,658,370	2,290,945	3,669,494	2,005,405	3,056,930
Economic and physical development	3,239,731	3,311,918	3,095,018	3,430,203	2,701,616	2,709,670	2,509,345	1,227,746	1,245,584
Human services	3,574,833	3,684,215	4,017,056	3,810,360	4,034,367	3,644,913	4,369,288	4,902,180	3,603,385
Cultural and recreation	89,943	77,204	135,234	67,437	131,291	30,394	70,066	54,551	48,557
Operating grants and contributions	10,949,922	10,818,184	11,617,566	9,548,527	8,441,731	10,347,360	6,490,849	6,805,749	7,485,903
Capital Grants and Contributions	516,634	278,754	2,261,375	1,717,348	1,751,120	1,279,853	1,257,057	1,443,355	620,758
Total governmental activities program revenues	23,356,545	23,660,115	25,717,659	23,125,168	22,037,375	20,677,263	19,056,154	17,204,059	16,914,909
Business-type activities:									
Charges for services:									
Water and sewer	8,863,609	7,340,277	6,306,080	6,082,732	5,721,859	5,841,469	6,280,308	5,040,245	4,227,757
Operating grants and contributions	-	-	-	-	215,239	-	-	-	-
Capital Grants and Contributions	298,969	87,562	228,185	-	-	40,000	400,000	-	540,400
Total business-type activities program revenues	9,162,578	7,427,839	6,534,265	6,082,732	5,937,098	5,881,469	6,680,308	5,040,245	4,768,157
Total primary government program revenues	32,519,123	31,087,954	32,251,924	29,207,900	27,974,473	26,558,732	25,736,462	22,244,304	21,683,066

Table 2 (cont.)

Franklin County, North Carolina
Changes in Net Position
Last nine fiscal years

	Fiscal Year Ended								
	2013	2012	2011	2010	2009	2008	2007	2006	2005
Net (Expense)/Revenue									
Governmental activities	\$ (43,158,626)	(43,798,738)	(63,220,721)	(53,890,457)	(46,129,840)	(61,665,952)	(38,707,997)	(35,607,395)	(32,703,548)
Business-type activities	2,775,692	1,304,609	498,472	(22,479)	(285,621)	(63,425)	1,001,174	(301,472)	(24,090)
Total primary government net expense	<u>(40,382,934)</u>	<u>(42,494,129)</u>	<u>(62,722,249)</u>	<u>(53,912,936)</u>	<u>(46,415,461)</u>	<u>(61,729,377)</u>	<u>(37,706,823)</u>	<u>(35,908,867)</u>	<u>(32,727,638)</u>
General Revenues and Other Changes in Net Position									
Governmental activities									
Taxes:									
Property Taxes	38,983,743	37,807,234	37,416,033	37,246,830	34,714,146	33,151,702	30,083,554	28,883,215	27,545,182
Sales Taxes	8,461,911	8,286,210	7,317,661	7,326,661	9,526,281	11,207,755	11,152,255	10,102,630	9,434,955
Investment Earnings	125,310	144,169	178,881	762,901	532,190	1,741,188	2,170,710	1,002,338	464,709
Miscellaneous - Unrestricted	211,280	20,726	72,989	346,728	1,616,200	1,313,221	1,513,097	1,460,931	683,157
Transfers	400,000	440,615	(235,283)	(786,208)	194	265,622	(298,492)	(915,272)	(1,341,117)
Total government activities	<u>48,182,244</u>	<u>46,698,954</u>	<u>44,750,281</u>	<u>44,896,912</u>	<u>46,389,011</u>	<u>47,679,488</u>	<u>44,621,124</u>	<u>40,533,842</u>	<u>36,786,886</u>
Business-type activities:									
Investment earnings/Misc.	295	360	8,101	16,154	52,249	265,418	131,441	58,743	37,881
Transfers	(400,000)	(440,615)	235,283	786,208	(194)	(265,622)	298,492	915,272	1,341,117
Total business-type activities	<u>(399,705)</u>	<u>(440,255)</u>	<u>243,384</u>	<u>802,362</u>	<u>52,055</u>	<u>(204)</u>	<u>429,933</u>	<u>974,015</u>	<u>1,378,998</u>
Total primary government	<u>47,782,539</u>	<u>46,258,699</u>	<u>44,993,665</u>	<u>45,699,274</u>	<u>46,441,066</u>	<u>47,679,284</u>	<u>45,051,057</u>	<u>41,507,857</u>	<u>38,165,884</u>
Change in Net Position									
Governmental activities	5,023,618	2,900,216	(18,470,440)	(8,993,545)	259,171	(13,986,464)	5,913,127	4,926,447	4,083,338
Business-type activities	2,375,987	864,354	741,856	779,883	(233,566)	(63,629)	1,431,107	672,543	1,354,908
Total primary government	<u>\$ 7,399,605</u>	<u>\$ 3,764,570</u>	<u>\$ (17,728,584)</u>	<u>\$ (8,213,662)</u>	<u>\$ 25,605</u>	<u>\$ (14,050,093)</u>	<u>\$ 7,344,234</u>	<u>\$ 5,598,990</u>	<u>\$ 5,438,246</u>

Note: The county began to report accrual information when it implemented GASB Statement 34 in fiscal year 2004.

Note: The county began in FY 2006 compiling the above information.

Table 3

Franklin County, North Carolina
Fund Balances of Governmental Funds
Last Ten years

	Fiscal Year Ended									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ 3,525,597	\$ 3,124,757	\$ 2,481,839	\$ 4,106,149	\$ 3,319,202	\$ 1,885,697	\$ 2,340,493
Unreserved - restricted	-	-	-	4,276,748	2,459,288	4,308,826	2,760,430	3,413,413	2,665,434	1,324,861
Unreserved - Undesignated	-	-	-	13,312,790	13,569,126	11,455,767	11,730,851	12,164,678	12,870,944	10,033,424
Nonspendable	-	27,220	17,145	-	-	-	-	-	-	-
Restricted	8,085,472	4,874,037	3,752,353	-	-	-	-	-	-	-
Assigned	5,579,298	3,863,440	4,966,049	-	-	-	-	-	-	-
Unassigned	12,664,770	13,201,066	12,757,375	-	-	-	-	-	-	-
Total general fund	\$ 26,329,540	\$ 21,965,763	\$ 21,492,922	\$ 21,115,135	\$ 19,153,171	\$ 18,246,432	\$ 18,597,430	\$ 18,897,293	\$ 17,422,075	\$ 13,698,778
All other Governmental Funds										
Reserved	\$ -	\$ -	\$ -	\$ 6,313,368	\$ 3,661,522	\$ 4,699,959	\$ 2,925,146	\$ 1,359,771	\$ 1,476,760	\$ 1,368,317
Unreserved, reported in:										
Special revenue funds	-	-	-	2,571,326	2,449,207	2,290,957	2,120,902	1,836,870	879,386	3,169,569
Capital projects funds	-	-	-	1,130,004	1,112,012	1,386,415	13,107,522	(543,129)	1,740,520	298,872
Restricted	622,702	955,510	2,276,761	-	-	-	-	-	-	-
Committed	3,211,250	3,248,775	2,121,012	-	-	-	-	-	-	-
Assigned	1,332,413	2,156,735	4,624,788	-	-	-	-	-	-	-
Unassigned	(50,028)	(330,823)	(603,060)	-	-	-	-	-	-	-
Total all other governmental funds	\$ 5,116,337	\$ 6,030,197	\$ 8,419,501	\$ 10,014,698	\$ 7,222,741	\$ 8,377,331	\$ 18,153,570	\$ 2,653,512	\$ 4,096,666	\$ 4,836,758

Note: Fund Balance in Capital Projects Fund is due to unspent Bond Proceeds.

Beginning in Fiscal Year 2011, the classifications for fund balance were changed due to GASB 54.

Table 4

Franklin County, North Carolina
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years

	Fiscal Year Ended									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Revenues										
Taxes	\$ 38,841,282	\$ 38,329,055	\$ 37,536,902	\$ 37,383,075	\$ 34,403,249	\$ 32,680,351	\$ 30,126,452	\$ 28,870,947	\$ 27,608,437	\$ 26,414,550
Sales Tax	7,644,488	7,358,931	6,446,864	7,326,661	9,526,281	11,207,755	11,152,255	10,102,630	9,434,955	8,379,344
Other taxes and licenses	942,946	1,006,100	1,114,672	452,625	565,845	299,491	289,430	299,512	264,775	273,067
Unrestricted Intergovernmental	-	-	-	436,869	552,577	637,646	348,831	302,293	272,333	309,898
Restricted Intergovernmental	10,987,782	10,616,499	13,278,682	10,489,372	10,066,937	9,360,249	7,905,708	8,159,323	7,576,655	7,347,755
Permits and Fees	-	-	-	1,425,010	1,196,976	2,268,394	2,154,766	1,804,380	1,528,965	1,312,113
Sales and service	11,984,301	12,607,499	11,860,295	10,305,981	10,836,080	9,097,445	9,431,137	7,547,553	7,528,753	7,163,442
Investment Earnings	142,629	143,458	200,150	853,869	532,190	1,739,204	2,143,720	979,838	480,463	257,474
Other revenues	479,556	358,755	319,977	339,916	306,259	120,879	172,869	603,775	425,026	415,691
Total revenues	71,022,984	70,420,297	70,757,542	69,013,378	67,986,394	67,411,414	63,725,168	58,670,251	55,120,362	51,873,334
Expenditures										
General government	4,426,858	4,107,482	4,079,502	4,585,485	4,822,336	4,947,681	6,887,064	3,808,263	4,411,047	3,936,179
Public Safety	19,065,915	18,371,117	20,273,574	18,155,489	16,896,492	16,989,641	14,136,087	12,517,803	10,909,475	10,932,115
Economic and Physical development	5,449,774	5,487,835	5,743,666	4,888,291	5,419,791	5,397,420	5,128,599	4,896,599	5,598,734	5,295,621
Human Services	17,001,115	16,549,400	17,011,497	15,933,092	17,436,101	18,410,690	17,937,867	17,415,333	16,292,325	15,305,034
Cultural and recreation	1,219,006	1,179,430	1,156,108	1,148,243	1,346,031	1,625,597	1,286,120	1,198,617	1,015,483	1,126,094
Education	13,775,500	13,368,084	13,240,333	13,007,248	13,196,086	13,061,750	12,209,081	13,617,183	11,202,659	10,004,326
Capital outlay	693,883	9,572,995	25,660,883	15,140,139	4,189,528	19,902,241	20,280,156	392,655	445,671	582,658
Debt service:										
Principal	8,072,550	9,272,608	5,995,766	5,134,503	4,920,907	3,837,682	2,738,778	2,888,782	2,508,598	2,605,200
Interest and other fees	3,392,405	3,516,979	3,377,959	3,078,744	3,004,725	2,508,273	1,697,224	1,351,352	1,502,858	1,588,798
Total Expenditures	73,097,006	81,425,930	96,539,288	81,071,234	71,231,997	86,680,975	82,300,976	58,086,587	53,886,850	51,376,025
Excess of revenues over (under) expenditures	(2,074,022)	(11,005,633)	(25,781,746)	(12,057,856)	(3,245,603)	(19,269,561)	(18,575,808)	583,664	1,233,512	497,309

Franklin County, North Carolina
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years

	Fiscal Year Ended									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Other Financing Sources (Uses)										
Transfers to other funds	(932,366)	(1,932,619)	(1,280,781)	(4,143,574)	(3,400,565)	(3,926,247)	(3,124,502)	(3,953,044)	(5,070,524)	(3,680,370)
Transfers from other funds	1,332,366	2,373,234	1,045,498	3,357,366	3,400,759	4,191,869	2,826,010	3,037,772	3,729,407	2,307,497
Sale of capital assets	-	-	-	-	-	245,728	5,000	-	35,150	177,172
Inc.(Dec) in reserve for inventory	-	-	(3,259)	(2,016)	(40,025)	-	(25,495)	56,965	-	-
Proceeds from long-term debt	-	8,638,480	24,802,878	17,600,000	14,905,000	8,600,000	34,095,000	304,707	3,150,000	642,000
Proceeds of refunded debt	-	-	-	-	(11,867,417)	-	-	-	5,550,000	-
Payment to refunded debt escrow	-	-	-	-	-	-	-	-	(5,586,950)	-
Total other financing sources (uses)	400,000	9,079,095	24,564,336	16,811,776	2,997,752	9,111,350	33,776,013	(553,600)	1,807,083	(553,701)
Net changes in fund balance	<u>\$ (1,674,022)</u>	<u>\$ (1,926,538)</u>	<u>\$ (1,217,410)</u>	<u>\$ 4,753,920</u>	<u>\$ (247,851)</u>	<u>\$ (10,158,211)</u>	<u>\$ 15,200,205</u>	<u>\$ 30,064</u>	<u>\$ 3,040,595</u>	<u>\$ (56,392)</u>
Debt service as a percentage of noncapital expenditures	15.83%	17.80%	10.12%	10.35%	11.82%	9.50%	7.15%	7.35%	7.51%	8.26%

Table 5

Franklin County, North Carolina
Ratio of Net General Obligation Bonded Debt to Assessed Value and
Net General Obligation Bonded Debt per Capita
Last Ten Years

Fiscal Year Ended June 30	Assessed Value	Net General Obligation Bonded Debt	Ratio of Net General Obligation Bonded Debt to Assessed Value	Population	Net General Obligation Bonded Debt Per Capita
2004	\$ 2,505,635,618	\$ 13,875,000	0.5538%	52,855	262.51
2005	3,103,720,609	14,600,000	0.4704%	54,181	269.47
2006	3,388,554,430	13,445,000	0.3968%	55,449	242.48
2007	3,553,765,823	32,235,000	0.9071%	55,886	576.80
2008	3,785,255,683	38,800,000	1.0250%	56,470	687.09
2009	3,921,071,975	31,730,000	0.8092%	57,332	553.44
2010	4,005,269,997	47,490,000	1.1857%	59,201	802.18
2011	4,041,492,878	68,915,000	1.7052%	60,619	1,136.85
2012	4,123,952,206	64,945,000	1.5748%	61,651	1,053.43
2013	\$ 4,210,387,188	\$ 60,985,000	1.4484%	61,633	989.49

Source: NC Office of State Planning.
Franklin County Tax Assessor's Office

Table 6

Franklin County, North Carolina
Ratio of Annual Debt Service Expenditures for General
Obligation Bonded Debt to Total General Governmental Expenditures
Last Ten Years

Fiscal Year Ended June 30	Principal	Interest on Bonds	Total Debt Service	Total General Governmental Expenditures	Ratio of Debt Debt Service to Total General Governmental Expenditures
2004	\$ 975,000	\$ 736,600	\$ 1,711,600	\$ 51,375,995	3.33%
2005	975,000	688,250	1,663,250	53,886,850	3.09%
2006	1,115,000	611,492	1,726,492	58,086,587	2.97%
2007	1,120,000	553,118	1,673,118	82,300,976	2.03%
2008	2,125,000	1,508,880	3,633,880	86,680,975	4.19%
*2009	7,070,000	1,703,571	8,773,571	71,231,997	12.32%
2010	1,840,000	1,560,593	3,400,593	81,071,234	4.19%
2011	2,575,000	2,141,930	4,716,930	96,539,288	4.89%
2012	3,970,000	2,506,035	6,476,035	81,425,930	7.95%
2013	\$ 3,960,000	\$ 2,387,603	\$ 6,347,603	\$ 73,097,006	8.68%

Note: Includes General, Special Revenue and Capital Projects.

Does not include COP Debt. expended in the school construction fund

* In FY 2008-2009, the county refunded \$5.8 million in GO Bonds

Table 7

Franklin County, North Carolina
Legal Debt Margin Information
Last Ten Years

	Fiscal Year Ended									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Assessed Value of Taxable Property	\$ 4,210,387,188	\$ 4,123,952,206	\$ 4,041,492,878	\$ 4,005,269,997	\$ 3,921,071,975	\$ 3,785,255,683	\$ 3,553,765,823	\$ 3,388,554,430	\$ 3,103,720,609	\$ 2,505,635,618
	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Debt Limit - 8 Percent of Assessed Value	<u>336,830,975</u>	<u>329,916,176</u>	<u>323,319,430</u>	<u>320,421,600</u>	<u>313,685,758</u>	<u>302,820,455</u>	<u>284,301,266</u>	<u>271,084,354</u>	<u>248,297,649</u>	<u>200,450,849</u>
Gross debt										
Total bonded debt	60,985,000	64,945,000	68,915,000	47,490,000	31,730,000	38,800,000	32,325,000	13,445,000	14,600,000	13,875,000
Authorized and unissued bonds	11,400,000	11,400,000	11,400,000	35,400,000	53,000,000	53,000,000	8,600,000	28,600,000	28,600,000	-
Lease financing agreements	23,968,110	27,856,705	24,520,833	27,941,600	31,236,102	28,389,423	27,762,105	15,343,228	16,840,000	16,690,160
Gross Debt	<u>96,353,110</u>	<u>104,201,705</u>	<u>104,835,833</u>	<u>110,831,600</u>	<u>115,966,102</u>	<u>120,189,423</u>	<u>68,687,105</u>	<u>57,388,228</u>	<u>60,040,000</u>	<u>30,565,160</u>
Total net debt applicable to limit	<u>96,353,110</u>	<u>104,201,705</u>	<u>104,835,833</u>	<u>110,831,600</u>	<u>115,966,102</u>	<u>120,189,423</u>	<u>68,687,105</u>	<u>57,388,228</u>	<u>60,040,000</u>	<u>30,565,160</u>
Legal Debt Margin	<u>\$ 240,477,865</u>	<u>\$ 225,714,471</u>	<u>\$ 218,483,597</u>	<u>\$ 209,590,000</u>	<u>\$ 197,719,656</u>	<u>\$ 182,631,032</u>	<u>\$ 215,614,161</u>	<u>\$ 213,696,126</u>	<u>\$ 188,257,649</u>	<u>\$ 169,885,689</u>
Total net debt applicable to the limit as a percentage of debt limit	28.61%	31.58%	32.42%	34.59%	36.97%	39.69%	24.16%	21.17%	24.18%	15.25%

Table 8

**Franklin County, North Carolina
Property Tax Rates - Direct and Overlapping
Last Ten Years**

	Fiscal Year Ended									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
County Direct Rates*										
County-wide Rate	0.8725	0.8725	0.8725	0.8725	0.8225	0.8225	0.7900	0.7900	0.7900	0.9995
Municipality Rates										
Town of Bunn	0.6900	0.6900	0.6900	0.6900	0.6900	0.6900	0.6900	0.6900	0.6900	0.6900
Town of Franklinton	0.7000	0.7000	0.6800	0.6800	0.6800	0.6800	0.6800	0.6800	0.6800	0.6800
Town of Louisburg	0.5350	0.5350	0.5350	0.5350	0.5350	0.4850	0.4850	0.4850	0.4850	0.4850
Town of Youngsville	0.5900	0.5900	0.5900	0.5700	0.5400	0.5400	0.5600	0.5600	0.5600	0.5600
City of Wake Forest	0.5100	0.5100	0.5100	0.5100	0.5100	0.5500	0.5400	0.5400	0.5400	0.5400

*All taxable property is subject to the county-wide tax.

Note:

All tax rates are expressed in dollars of tax per \$100 of assessed valuation. The tax rate was adjusted in 2005 due to revaluation. The Town of Wake Forest annexed from Franklin County in 2003.

Source: Franklin County Tax Office

Table 9

Franklin County, North Carolina
Assessed Value of Taxable Property
Last Ten Years

Fiscal Year Ended June 30	Real Property	Personal Property	Public Service Company Property	Total Assessed Value	County Tax Rate	Revenue Generated
2004	\$ 1,924,008,866	\$ 508,064,402	\$ 73,562,350	\$ 2,505,635,618	0.9995	\$ 25,043,828
2005	2,510,945,604	499,925,053	92,849,952	3,103,720,609	0.7900	24,519,393
2006	2,573,038,787	719,423,960	96,091,683	3,388,554,430	0.7900	26,769,580
2007	2,902,730,621	531,693,579	119,341,623	3,553,765,823	0.7900	28,074,750
2008	3,086,546,778	552,724,295	123,678,987	3,762,950,060	0.8225	30,950,264
2009	3,194,138,237	595,944,194	130,989,544	3,921,071,975	0.8225	32,250,817
2010	3,188,474,920	687,014,839	129,780,238	4,005,269,997	0.8725	34,945,981
2011	3,237,222,509	678,256,348	126,014,021	4,041,492,878	0.8725	35,262,025
2012	3,300,224,161	696,072,343	127,655,702	4,123,952,206	0.8725	35,981,483
2013	\$ 3,744,041,388	\$ 336,646,861	\$ 129,698,939	\$ 4,210,387,188	0.8725	\$ 36,735,628

Table 10

**Franklin County, North Carolina
Property Tax Levies and Collections - General Fund
Last Ten Years**

Fiscal Year Ended June 30	Total Tax Levy	Current Tax Levy	% of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Ratio of Total Tax Collections To Tax Levy	Outstanding Delinquent Taxes	Ratio of Delinquent Taxes to Tax Levy
2004	\$ 26,812,621	\$ 25,044,383	96.06%	\$ 878,243	\$ 25,922,626	96.68%	\$ 889,995	3.32%
2005	27,545,220	25,667,255	96.74%	933,346	26,600,601	96.57%	944,619	3.43%
2006	28,502,647	26,738,015	96.88%	850,441	26,738,015	93.81%	1,764,632	6.19%
2007	29,633,368	27,868,736	97.10%	884,048	27,944,872	94.30%	1,688,496	5.70%
2008	32,650,011	30,961,515	96.34%	681,402	30,510,776	93.45%	2,139,235	6.55%
2009	34,523,515	32,209,611	95.93%	1,001,978	32,016,352	92.74%	2,507,163	7.26%
2010	37,679,684	35,172,521	96.61%	1,165,015	35,153,074	93.29%	2,526,610	6.71%
2011	38,283,463	35,756,853	97.08%	1,153,362	35,879,701	93.72%	2,403,762	6.28%
2012	38,582,959	36,179,197	97.59%	1,279,570	36,590,512	94.84%	1,992,447	5.16%
2013	\$ 39,056,768	\$ 37,064,321	97.36%	\$ 852,752	\$ 36,947,048	94.60%	\$ 2,109,720	5.40%

Table 11

**Franklin County, North Carolina
General Governmental Revenues by Source
Last Ten Years**

Fiscal Year Ended June 30	Ad Valorem Taxes	Sales Tax	Other Taxes and Licenses	Intergovern- mental Revenues	Permit and Fees	Sales and Services	Investment Earnings	Miscellaneous Revenues	Total
2004	\$ 26,414,550	\$ 8,379,344	\$ 273,067	\$ 7,657,653	\$ 1,312,113	\$ 7,163,442	\$ 257,474	\$ 415,691	\$ 51,873,334
2005	27,608,437	9,434,955	264,775	7,848,988	1,528,965	7,528,753	480,463	425,026	55,120,362
2006	28,870,947	10,102,630	299,512	8,461,616	1,804,380	7,547,553	979,838	603,775	58,670,251
2007	30,126,452	11,152,255	289,430	8,254,539	2,154,766	9,431,137	2,143,720	172,869	63,725,168
2008	32,680,351	11,207,755	299,491	9,997,895	2,268,394	9,097,445	1,739,204	120,879	67,411,414
2009	34,403,249	9,526,281	565,845	10,619,514	1,196,976	10,836,080	532,190	306,259	67,986,394
2010	37,383,075	7,326,661	452,625	10,926,241	1,425,010	10,305,981	853,869	339,916	69,013,378
2011	37,536,902	6,446,864	1,114,672	13,278,681	1,186,029	10,674,266	200,151	319,977	70,757,542
2012	38,329,055	7,358,931	1,006,100	10,616,499	1,515,085	11,092,414	143,458	358,755	70,420,297
2013	\$ 38,841,282	\$ 7,644,488	\$ 942,946	\$ 10,987,782	\$ 1,825,000	\$ 10,159,301	\$ 142,629	\$ 479,556	\$ 71,022,984

Notes: Includes General, Special Revenue, and Capital Projects Fund.

In January 2003, The county implemented an additional 1/2 cent sales tax.

Sales Tax has been reduced due to the State taking Article 44 for Medicaid payments

Table 12

Franklin County, North Carolina
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities			Business-type Activities			Total Primary Government	Per Capita Income	Personal Income	Percentage of Personal Income	Population	Debt Per Capita
	General Obligation Bonds	Installment Financings	Certificates of Participation	General Obligation Bonds	Installment Financings	Certificates of Participation						
2004	\$ 13,875,000	\$ 3,937,202	\$ 12,752,958	-	\$ 3,060,000	\$ 15,575,210	\$ 49,200,370	\$ 24,043	\$ 1,270,792,765	3.8716%	52,855	\$ 931
2005	14,600,000	5,110,544	11,729,556	-	2,880,000	14,831,033	49,151,133	24,264	1,314,647,784	3.7387%	54,181	907
2006	13,445,000	4,384,873	10,654,276	-	2,700,000	14,056,515	45,240,664	25,191	1,396,815,759	3.2388%	55,449	816
2007	32,325,000	4,131,424	23,630,681	-	2,520,000	16,407,221	79,014,326	25,890	1,414,126,000	5.5875%	55,886	1,414
2008	38,800,000	3,602,169	22,447,254	-	2,340,000	15,572,547	82,761,970	26,419	1,464,955,000	5.6495%	56,470	1,466
2009	31,730,000	17,851,103	13,384,999	-	11,250,300	7,328,248	81,544,650	26,419	1,579,458,000	5.1628%	57,332	1,422
2010	47,490,000	15,266,600	12,675,000	-	10,370,900	6,750,375	92,552,875	21,664	1,282,530,464	7.2164%	59,201	1,563
2011	68,915,000	12,555,833	11,965,000	-	9,469,500	6,158,184	109,063,517	29,228	1,756,250,000	6.2100%	60,619	1,799
2012	64,945,000	16,596,705	11,260,000	-	8,738,533	5,549,606	107,089,844	29,071	1,768,529,000	6.0553%	61,651	1,737
2013	\$ 60,985,000	\$ 13,408,110	\$ 10,560,000	-	\$ 8,015,533	\$ 4,923,882	\$ 97,892,525	\$ 29,670	\$ 1,814,052,000	5.3963%	61,633	\$ 1,588

Table 13

**Franklin County, North Carolina
General Governmental Expenditures by Function
Last Ten Years**

Fiscal Year Ended June 30	General Government	Public Safety	Trans- portation	Economic and Physical Development	Human Services	Cultural & Recreation	Education	Capital Outlay	Debt Service	Total
2004	\$ 3,936,179	\$ 10,932,115	\$ -	\$ 5,295,621	\$ 15,305,034	\$ 1,126,094	\$ 10,004,326	\$ 582,628	\$ 4,193,998	\$ 51,375,995
2005	4,168,586	10,909,475	-	5,841,195	16,292,325	1,015,483	11,202,659	445,671	4,011,456	53,886,850
2006	3,808,263	12,517,803	-	4,896,599	17,415,333	1,198,617	13,617,183	392,655	4,240,134	58,086,587
2007	6,887,064	14,136,087	-	5,128,599	17,937,867	1,286,120	12,209,081	20,280,156	4,436,002	82,300,976
2008	4,947,681	16,989,641	-	5,397,420	18,410,690	1,625,597	13,061,750	19,902,241	6,345,955	86,680,975
2009	4,822,336	16,896,492	-	5,419,791	17,436,101	1,346,031	13,196,086	4,189,528	7,925,632	71,231,997
2010	4,585,485	18,155,489	-	4,888,291	15,933,092	1,148,243	13,007,248	15,140,139	8,213,247	81,071,234
2011	4,079,502	20,273,574	-	5,743,666	17,011,497	1,156,108	13,240,333	25,660,883	9,373,725	96,539,288
2012	4,107,482	18,371,117	-	5,487,835	16,549,400	1,179,430	13,368,084	9,572,995	12,789,587	81,425,930
2013	\$ 4,426,858	\$ 19,065,915	\$ -	\$ 5,449,774	\$ 17,001,115	\$ 1,219,006	\$ 13,775,500	\$ 693,883	\$ 11,464,955	\$ 73,097,006

Notes: Includes General, Special Revenue, and Capital Projects Fund.

In FY 2003, GASB 34 was implemented which changed the way some expenditures are reported.

In FY Environmental Protection and Transportation is combined with Economic & Physical Dev.

Table 14

Franklin County, North Carolina
Computation of Direct and Underlying Debt
General Obligation Bonds
Fiscal Year ended June 30, 2013

	Net General Obligation Bonded debt	Other Debt	Percent Applicable To County	Amount Applicable To County
Direct:				
Franklin County	\$ 60,985,000	\$ 33,178,713	100.00%	\$ 94,163,713
Underlying:				
Town of Louisburg	-		0.00%	-
Town of Bunn	35,000		100.00%	35,000
Town of Youngsville	-		0.00%	-
Town of Franklinton	<u>750,000</u>		100.00%	<u>750,000</u>
Totals	<u>\$ 61,770,000</u>			<u>\$ 94,948,713</u>

Note: There is no general obligation debt in any other fund. Franklin County is not fiscally responsible for the underlying debt of the Town of Bunn or Town of Franklinton.

Table 15

**Franklin County, North Carolina
Demographic Statistics
Last Ten Years**

Fiscal Year Ended June 30	Population	Personal Income	Per Capita Income	Median Age	Education Level in Years of Schooling	School Enrollment	Unemployment Rate
2004	52,855	\$ 1,270,792,765	\$ 24,043	36.26	N/A	7,914	3.80%
2005	54,181	1,314,647,784	24,264	36.36	N/A	8,066	4.90%
2006	55,449	1,396,815,759	25,191	36.10	N/A	7,865	4.10%
2007	55,886	1,414,126,000	25,890	35.80	N/A	8,300	4.80%
2008	56,470	1,464,955,000	26,419	35.80	N/A	8,296	7.00%
2009	57,332	1,579,458,000	27,685	38.00	N/A	8,458	10.40%
2010	59,201	1,282,530,464	21,664	38.00	N/A	8,437	9.90%
2011	60,619	1,756,250,000	29,228	38.00	N/A	8,599	10.10%
2012	61,651	1,768,529,000	29,071	38.00	N/A	8,683	9.30%
2013	61,633	\$ 1,814,052,000	\$ 29,670	38.00	N/A	8,796	7.60%

SOURCE:

- 1) Office of State Planning.
- 2) US Department of Commerce, Bureau of Economic Analysis
- 3) In 2005-2006, the school system discontinued their pre-k program.

Table 16

**County of Franklin NC
Principal Employers
Current Year and Ten Years Ago**

Employer	Fiscal Year Ending 2013			Fiscal Year Ending 2004		
	Employees	Rank	% of Total Employment	Employees	Rank	% of Total Employment
Novozymes North America	516	1	5.81%	N/A	N/A	N/A
Century Link	308	2	3.47%	N/A	N/A	N/A
Food Lion LLC	215	3	2.42%	N/A	N/A	N/A
Franklin Regional	200	4	2.25%	N/A	N/A	N/A
Wal-Mart	200	5	2.25%	N/A	N/A	N/A
Amcor Rigid Plastics	185	6	2.08%	N/A	N/A	N/A
Eaton Corporation	184	7	2.07%	N/A	N/A	N/A
K-Flex USA	150	8	1.69%	N/A	N/A	N/A
Southern Lithoplate	130	9	1.46%	N/A	N/A	N/A
Captive-Aire Systems	130	10	1.46%	N/A	N/A	N/A
Total	<u>2,218</u>		<u>24.96%</u>			

Note: Total jobs available in 2011 was 11,672

Source: Economic Development Department

Table 17

County of Franklin NC
Full-Time Equivalent County Government Employees by Function/Program
Last Ten Years

	Fiscal Year Ended									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
General Government:										
Manager/Administration	5	5	5	6	4	4	3	3	3	3
Information Technology	3	3	3	3	2	2	2	1	-	-
Elections	3	3	3	3	3	3	3	3	3	3
Finance Office	5	5	5	5	5	5	6	5	5	5
Tax Assessor	9	9	9	9	9	9	9	9	9	9
Tax Collector	6	6	5	6	5	5	5	5	5	5
Register of Deeds	4	4	4	5	5	5	5	5	5	5
Planning	5	5	5	5	5	7	7	6	6	6
Public Buildings-Maintenance	12	12	12	12	12	12	12	12	13	13
Public Safety:										
Inspections	6	6	6	8	8	9	9	9	9	9
GIS	3	3	3	3	3	3	3	3	3	3
Sheriff's Department	67	67	59	70	64	63	61	47	45	44
Communications - E911	17	17	17	18	17	17	14	12	12	12
Jail Operations	35	35	33	35	33	41	40	38	35	31
Emergency Medical Services	48	48	54	58	54	59	46	37	29	30
Emergency Management	3	3	3	3	4	4	4	3	3	3
Animal Control	5	5	5	5	5	5	5	5	4	4
Economic and physical development:										
Solid Waste-Landfill	6	6	6	6	6	6	6	6	6	6
Soil and Water Conservation	4	4	4	4	4	4	4	4	4	4
Airport Operations	3	3	3	3	3	3	1	1	-	-
Cooperative Extension	0	0	3	0	3	3	3	1	2	3
Economic Development	3	3	3	3	3	3	3	3	2	2
Human Services:										
Health Department	58	58	59	63	59	66	70	73	73	74
Social Services	101	101	97	99	91	93	92	89	87	87
Aging Department	7	7	9	11	11	11	11	11	9	9
Veterans Services	1	1	1	1	2	2	2	2	1	1
Cultural and recreation:										
Library	9	9	9	9	9	8	8	8	8	8
Recreation	4	3	3	3	3	3	4	5	5	5
Water and Sewer Department	17	17	16	16	16	18	18	17	17	16
Total Full-Time Positions	449	448	444	472	448	473	456	423	403	400

Notes: All full-time employees are scheduled to work 2,080 hours in a given year

Source: Franklin County Finance Office

Table 18

**Franklin County, North Carolina
Construction
Last Ten Years**

Fiscal Year Ended June 30	Residential		Commercial		Total Value
	Number of Permits	Value	Number of Permits	Value	
2004	681	\$ 67,272,867	42	\$ 16,454,470	\$ 83,727,337
2005	780	85,505,266	51	17,400,616	102,905,882
2006	732	97,858,914	72	23,711,653	121,570,567
2007	811	113,445,908	65	19,132,011	132,577,919
2008	638	68,670,110	93	37,916,101	106,586,211
2009	566	35,798,506	69	16,211,335	52,009,841
2010	785	46,949,529	75	46,944,565	93,894,094
2011	308	25,409,475	52	7,515,455	32,924,930
2012	245	31,207,903	32	13,189,120	44,397,023
2013	334	\$ 40,863,520	31	\$ 49,314,386	\$ 90,177,906

SOURCE: Franklin County Planning Department

Table 19

**Franklin County, North Carolina
Principal Taxpayers
Current Year and Ten Years Ago
For Fiscal Year Ended 2013**

Taxpayer	2013			2004				
	Rank	Assessed Valuation	Percentage of Total Assessed Valuation	Property Taxes Paid	Rank	Assessed Valuation	Percentage of Total Assessed Valuation	Property Taxes Paid
Novo Nordisk	1	\$ 141,812,506	3.37%	\$ 1,237,314	1	\$ 82,306,017	3.82%	\$ 674,909
Progress Energy	2	53,144,651	25.26%	463,687	3	19,036,003	0.88%	156,095
Wake Electric	3	29,823,881	0.71%	260,213	2	17,875,720	0.83%	146,581
Carolina Telephone	4	28,887,629	0.69%	252,045	4	29,948,395	1.39%	245,577
Amcor Pharmaceutical	5	16,026,401	0.38%	139,830	-	-	0.00%	-
Louisburg HMA	6	13,864,386	0.33%	120,967	-	10,211,715	0.47%	83,736
Southern Lithoplate	7	12,047,085	0.29%	105,111	6	8,284,446	0.38%	67,932
Public Service Company	8	9,859,358	0.23%	86,023	7	7,454,255	0.35%	61,125
Walmart	9	9,708,870	0.23%	84,710	-	-	0.00%	-
Gemini Youngsville Crossing	10	8,488,540	0.20%	74,063	-	-	0.00%	-
HON Company	-	-	0.00%	-	5	9,832,477	0.46%	80,626
Harold G. Bagwell	-	-	0.00%	-	8	7,454,255	0.35%	61,125
Boston Gear	-	-	0.00%	-	9	6,053,255	0.28%	49,637
Evans Tree Farm	-	-	0.00%	-	-	6,945,433	0.32%	56,953
Flextronics	-	-	0.00%	-	10	11,950,892	0.55%	97,997
Totals		\$ 323,663,307	31.69%	\$ 2,823,963	Totals	\$ 217,352,863	10.09%	\$ 1,782,293

Source: Franklin County Tax Office

Table 20

**Franklin County, North Carolina
Special Assessment Billing and Collections
General Fund
Last Ten Years**

Fiscal Year Ended June 30	Special Assessment Billings		Special Assessment Collections	
2004	\$	-	\$	66,963
2005		-		61,519
2006		-		61,252
2007		-		42,076
2008		-		1,860
2009		-		477
2010		-		-
2011		-		-
2012		-		-
2013	\$	-	\$	-

Note: Franklin County completed paving of streets for the North Raleigh Farms and Inglewood subdivisions. All assessments were paid in full as of 6/30/2013

Table 21

Franklin County, North Carolina
Operating Indicators by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year Ended									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
General Government:										
Registered voters	39,622	40,275	36,326	36,326	36,454	34,478	31,500	31,201	30,188	30,119
New Residential Building Permits	245	245	785	785	936	507	794	743	780	715
Land parcels	38,522	38,522	39,650	39,650	39,500	39,451	39,039	38,291	37,247	36,347
Tax bills mailed	99,007	99,007	122,215	122,215	121,100	120,800	118,875	117,746	111,082	106,082
Marriage licensed issued	311	303	307	307	324	344	320	331	335	314
Public Safety:										
Physical arrests	2,696	2,021	425	425	N/A	360	360	284	324	350
Ave monthly jail inmate count	155	160	150	150	160	125	125	101	112	114
E 911 emergency calls received	67,756	67,756	62,563	62,563	60,353	60,741	49,876	43,234	37,234	32,357
EMS/Rescue calls made	4,948	4,700	6,397	6,397	5,891	6,283	6,231	N/A	N/A	N/A
Economic and physical development:										
Tons of trash handled at landfill	31,500	31,186	31,256	31,256	29,802	34,323	34,059	35,649	38,893	42,813
Aircraft based at county airport	110	102	85	85	78	79	85	57	N/A	N/A
Human services:										
Number of medicaid eligibles	11,701	11,701	10,026	10,026	9,311	8,928	8,465	8,493	7,930	7,426
Number of Food Stamp eligibles	11,355	11,355	8,815	8,815	7,788	6,202	5,888	5,817	5,252	4,782
Number of hospitals	1	1	1	1	1	1	1	1	1	1
Number of patient beds	70	70	70	70	70	85	85	85	N/A	N/A
Cultural and Recreation										
Number of public libraries	4	4	4	4	4	4	4	4	4	4
Number of volumes	105,000	105,000	89,563	89,563	107,615	107,615	107,615	109,133	105,288	105,033
Number of parks and ball fields	4	4	4	4	3	3	3	3	3	3
Water and Sewer:										
Number of customers - water	3,189	3,189	2,894	2,894	2,889	2,689	2,613	2,564	2,183	1,554
Average daily consumption (gals)	2,058,000	2,058,000	1,785,000	1,785,000	1,800,000	1,689,000	2,039,587	1,678,219	1,653,962	1,613,562
Miles of water lines	161	161	161	161	160	153	146	137	135	128
Miles of sewer lines	47	47	46	46	45	37	32	31	30	29

Sources: Board of Elections, Social Services, Water Department, other county departments

Note: Franklin County became the FBO for the airport in April 2006

Table 22

Franklin County, North Carolina
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year Ended									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
General Government:										
County office buildings	3	3	3	3	3	3	3	3	3	3
Vehicles	3	2	2	2	2	2	2	1	1	1
Public Safety:										
Stations	5	5	5	5	5	5	4	4	4	4
Vehicles	74	72	75	75	70	70	62	59	57	57
Economic and Physical Development:										
Vehicles	2	2	2	2	2	2	2	1	1	1
Buildings	1	1	1	1	1	1	1	0	0	0
Cultural and Recreation										
Acreage	90	90	90	90	78	78	78	78	78	78
Playgrounds	4	4	4	4	3	3	2	2	2	2
Baseball fields	4	4	4	4	3	3	3	3	3	3
Softball fields	3	3	3	3	2	2	2	2	2	2
Football fields	1	1	1	1	1	1	1	1	1	1
Parks buildings	1	1	1	1	1	1	1	1	1	1
Library buildings	4	4	4	4	4	4	4	4	4	4
Vehicles	6	6	6	6	6	6	6	5	5	5
Water and Sewer										
Water mains (miles)	160	160	160	160	160	152	146	137	135	128
Fire hydrants	175	175	175	175	175	150	115	105	105	105
Elevated tanks	3	3	3	3	3	3	3	3	3	3
Storage capacity (gallons)	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Sewer mains (miles)	47	45	45	45	45	37	32	31	30	29
Treatment capacity (gallons)	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	1,000,000

Source: Franklin County Finance Office

Table 23

**Franklin County, North Carolina
Other Statistical Information
June 30, 2013**

Date of establishment	1,779
Form of government	Commissioner/Manager
Employees:	
Full-time, regular	462
Part-time, regular	115
Franklin County facilities and services	
Sheriff protection	
Number of stations	2
Number of deputies and officers	65
Number of patrol units	7
Inspections	
Residential Building permits issued	334
Cultural and recreational	
Number of libraries	4
Number of volumes	105,500
Water and Sewer	
Number of customers	2,906
Average daily consumption (in gallons)	587
Miles of water mains	160
Miles of sanitary sewers	45
Facilities and services not included in the primary government	
Hospitals	
Number of hospitals	1
Number of patient beds	85
Facilities and services not included in the reporting entity	
Education	
Number of school systems	2
Number of community colleges	1
Number of junior colleges	1
Recreation	
Golf Courses	3
Swimming Pools - All Private	5

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
Franklin County, North Carolina

We have audited, in accordance with the audited standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Franklin County, North Carolina as of and for the year ended June 30, 2013 and the related notes to the financial statements, which collectively comprises Franklin County's basic financial statements, and have issued our report thereon dated November 13, 2013.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Franklin 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 Franklin 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.

Our consideration of internal control was for the limited purpose described in the first 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.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Franklin County's financial statements are free from 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 results 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
November 13, 2013

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

Certified Public Accountants



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

Independent Auditor's Report

To the Board of County Commissioners
Franklin County, North Carolina

Report on Compliance for Each Major Federal Program

We have audited the Franklin County, North Carolina, compliance with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of Franklin County's major federal programs for the year ended June 30, 2013. Franklin County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Basis for Qualified Opinion on Medical Assistance Program

As described in the accompanying schedule of findings and questioned costs, Franklin County did not comply with requirements regarding the CFDA 93.778 Medical Assistance Program as described in finding numbers 13-1 and 13-2 for Eligibility. Compliance with such requirements is necessary, in our opinion, for Franklin County to comply with the requirements applicable to that program.

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Qualified Opinion on Medical Assistance Program

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, Franklin County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Medical Assistance Program for the year ended June 30, 2013.

Other matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 13-1 and 13-2. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control over Compliance

Management of Franklin 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 Franklin County's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 13-1 to be a material weakness.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 13-2 to be a significant deficiency.

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

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

Winston, Williams, Creech, Evans & Company, LLP

Winston, Williams, Creech, Evans & Company, LLP
Certified Public Accountants
Oxford, NC
November 13, 2013

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

Independent Auditor's Report

To the Board of County Commissioners
Franklin County, North Carolina

Report on Compliance for Each Major State Program

We have audited the Franklin 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 Franklin County's major state programs for the year ended June 30, 2013. Franklin County's major State programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Franklin 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State program occurred. An audit includes examining, on a test basis, evidence about Franklin County's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

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

Basis for Qualified Opinion on the Medical Assistance Program

As described in the accompanying schedule of findings and questioned costs, Franklin County did not comply with requirements regarding CFDA 93.778 Medical Assistance Program as described in finding numbers 13-1 and 13-2 for

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eligibility. Compliance with such requirements is necessary, in our opinion, for Franklin County to comply with the requirements applicable to that program.

Qualified Opinion on the Medical Assistance Program

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, Franklin County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Medical Assistance Program for the year ended June 30, 2013.

Unmodified Opinion on Each of the Other Major State Programs

In our opinion, the Franklin County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major state programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2013.

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 13-1 and 13-2. Our opinion on each major state program is not modified with respect to these matters.

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

Report on Internal Control over Compliance

Management of Franklin 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 Franklin 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 each major state program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 13-1 to be a material weakness.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 13-2 to be a significant deficiency.

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

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

Winston, Williams, Creech, Evans & Company, LLP

Winston, Williams, Creech, Evans & Company, LLP
Certified Public Accountants
Oxford, NC
November 13, 2013

**Franklin County, North Carolina
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2013**

I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified?	___ Yes	_X_ No
Significant Deficiency(s) identified that are not considered to be material weaknesses	___ 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?	_X_ Yes	___ No
Significant Deficiency(s) identified that are not considered to be material weaknesses	_X_ Yes	___ None reported

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

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?	_X_ Yes	___ No
--	---------	--------

Identification of major federal programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
93.778	Medical Assistance Program

Dollar threshold used to distinguish between Type A and Type B Programs:	\$	1,562,319
--	----	-----------

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

State Awards

Internal Control Over Major Programs:

Material weakness(es) identified?	_X_ Yes	___ No
Significant Deficiency(s) identified that are not considered to be material weaknesses	_X_ Yes	___ No

Type of auditors' report issued on compliance for major state program: Unqualified, for all state programs except for Medical Assistance, which was qualified.

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

Identification of major state Programs:

Program Name
 Medical Assistance
 State/County Special Assistance
 State Aid to Airports

Franklin County, North Carolina
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2013

II. Financial Statement Findings

None reported.

III Federal Awards Findings and Questioned Costs

US Department of Health and Human Services

Centers for Medicare and Medicaid Services

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

Program Name: Medical Assistance Program

CFDA #: 93.778

Finding: 13-1

MATERIAL WEAKNESS

MATERIAL NONCOMPLIANCE

Eligibility

Criteria: Case files should contain an accurate budget that includes earned income, unearned income, allowed deductions, and comparison of applicant's family income to ensure it falls below the State-provided income standard.

Condition: One budget incorrectly applied earned income deductions for the particular Medicaid program. The incorrect State-provided income standard was applied to one budget. There were 2 cases that did not correctly calculate child support correctly in the unearned income section of the budget. Another Medicaid budget did not perform a wage verification after significant discrepancies were noted between pay stubs provided and wages per the Employment Security Commission per the On-line Verification. Per discussions with the DHHS a verification should have been triggered when the OLV indicated a large difference from wages used in an active FNS file.

Questioned Costs: We were unable to directly determine the questioned costs for this case as the state pays the benefits directly. Information was requested from the State for the questioned costs however these amounts were not available at our report date.

Context: Of the 65 cases that were examined during our audit, 5 were noted to contain errors in the budgets.

Effect: The budget for eligibility is incorrect and does not support the underlying information provided by the applicant. Understatement of income could lead to approving eligibility in error. One of the cases overstated income which could lead to denying someone benefits they were otherwise entitled.

Cause: Human error in reading the State-provided income standard. Also, human error in performing the income calculations required in the budget process. Incorrect interpretation of state guidance and policy as to what is included in income.

Recommendation: Workers should be retrained on what constitutes income and what items can be excluded from income for each program type. Checks and balances should be in place for any numeric calculations or thresholds used in the determination of eligibility in this program.

Views of responsible officials and planned corrective actions: The County agrees with the finding on the earned income deductions, child support calculations, and application of State-provided income standards. Management will ensure that specific training is conducted to address these findings, as well as all aspects of budgeting. In addition, second party reviews will be conducted to ensure that quality and accuracy are met in the future. The County disagrees with the finding concerning wage verification. Policy section MA-3420 (III A.2.a) verifying earned income: Using the order given, the County followed this policy when conducting the re-enrollment and used wages that were considered current from the FNS file. After completing the budget, in accordance with policy issued by the North Carolina Division of Medical Assistance, the case is eligible for MIC.

Franklin County, North Carolina
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2013

US Department of Health and Human Services

Centers for Medicare and Medicaid Services

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

Program Name: Medical Assistance Program

CFDA #: 93.778

Finding: 13-2

SIGNIFICANT DEFICIENCY

SIGNIFICANT NONCOMPLIANCE

Eligibility

Criteria: All original applications for Medicaid should include verification of state residency from two different sources or a declaration from the applicant if they cannot provide two forms of residency documentation.

Condition: One file included notation that residency was satisfied with two different types of documents, however, one document type is not on the approved list of residency verification sources.

Questioned Costs: We were unable to directly determine the questioned costs for this case as the state pays the benefits directly. Information was requested from the State for the questioned costs however these amounts were not available at our report date.

Context: Of the 65 cases that were examined during our audit, 11 cases included residency verification and 1 of those 11 was noted to have only 1 approved form of residency verification.

Effect: An applicant could possibly receive assistance that is not a resident of the state.

Cause: Process was not followed for residency verification.

Recommendation: Workers should be retrained on what acceptable forms of residency documentation are and how many documents of which types are required.

Views of responsible officials and planned corrective actions: The county agrees with the finding. Management will ensure that specific training is conducted to address appropriate verification of residency requirements.

IV. State Award Findings and Questioned Costs

See Finding 13 - 1 and 13 - 2

Franklin County, North Carolina
Corrective Action Plan
For the Fiscal Year Ended June 30, 2013

II. Financial Statement Findings

None reported.

III. Federal Awards Findings and Questioned Costs

Finding: 13-1

Name of contact person: Nicki Perry, Director Franklin County Department of Social Services

Corrective Action: Specific training will be conducted to address specifics of the finding, as well as all aspects of budgeting. In addition, second party reviews will be conducted to ensure that quality and accuracy are met in the future.

Proposed Completion Date: June 30, 2013

Finding: 13-2

Name of contact person: Nicki Perry, Director of Franklin County Department of Social Services

Corrective Action: Specific training will be conducted to address appropriate verification of residency requirements.

Proposed Completion Date: June 30, 2013

IV. State Award Findings and Questioned Costs

See Finding 13-1 and 13-2.

Franklin County, North Carolina
Schedule of Prior Year Audit Findings
For the Fiscal Year Ended June 30, 2013

None noted.

Franklin County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2013

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Federal. (Direct & Pass-through) Expenditures</u>	<u>State Expenditures</u>
Federal Awards:				
<u>U.S. Dept. of Agriculture</u>				
<u>Food and Nutrition Service</u>				
Passed-through the N.C. Dept. of Health and Human Services:				
Division of Social Services:				
Administration:				
Food Stamp Cluster:				
Grants for the Supplemental Nutrition Assistance Program	10.561		653,400	-
Passed-through the N.C. Dept. of Health and Human Services:				
Division of Public Health:				
Special Supplemental Nutrition Program for Women, Infants, & Children	10.557		303,769	-
Direct Benefit Payments:				
Special Supplemental Nutrition Program for Women, Infants, & Children	10.557		976,177	-
Passed-through the Kerr-Tar Council of Governments:				
Nutrition Program for the Elderly	10.570		16,143	-
Total U.S. Dept. of Agriculture			1,296,089	-
<u>U.S. Dept. of Housing and Urban Development</u>				
Passed-through the N.C. Dept. of Commerce:				
Community Development Block Grant, Small Cities	14.228	06-C-1616	125,000	-
<u>U.S. Dept. of Justice</u>				
Equitable Sharing Program	16.922		11,312	
Bureau of Justice Assistance				
Passed-through the NC Dept. of Crime Control and Public Safety:				
Bullet Proof Vest Partnership Program	16.607		2,248	-
ARRA Violence Against Women	16.588		56,368	-
Total US Department of Justice			67,680	-
<u>U.S. Election Assistance Commission</u>				
Passed-Through State Board of Elections				
Help America Vote Act	39.011		9,484	-
<u>U.S. Dept. of Cultural Resources</u>				
Passed-through the N.C. Dept. of Cultural Resources				
State Library of NC				
Institute of Museum and Library Services	45.310		14,996	-
<u>U.S. Dept. of Health and Human Services</u>				
<u>Administration on Aging</u>				
<u>Division of Social Services</u>				
Passed-through the Kerr-Tar Council of Governments:				
Aging Cluster:				
Special Programs for the Aging - Title III B				
Grants for Supportative Services	93.044		66,957	197,218
Special Programs for the Aging - Title III C				
Nutrition Services	93.045		67,900	56,081
Family Caregiver Support	93.052		7,516	480
Medicare Part D Grant			-	6,381
Total Aging Cluster			142,373	260,160

Franklin County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2013

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Federal. (Direct & Pass-through) Expenditures	State Expenditures
<u>Administration for Children and Families</u>				
Passed-through the N.C. Dept. Of Health and Human Services				
Division of Social Services:				
Social Service Block Grant	93.667		-	500
Temporary Assistance for Needy Families	93.558		4,941	-
Foster Care and Adoption Cluster:				
Title IV-E Foster Care	93.658		129,450	10,316
Foster Care - Direct Benefits Payments	93.658		114,069	40,446
Adoption Assistance - Administration	93.659		2,052	-
Adoption Assistance - Direct Benefits Payments	93.659		317,057	84,457
Total Foster Care and Adoption Cluster			562,628	135,219
Temporary Assistance for Needy Families:				
Administration	93.558		685,184	4,975
Direct Benefits Payments	93.558		246,270	
Low-Income Home Energy Assistance Block Grant:				
Administration	93.568		515,407	-
Direct Benefits Payments	93.568		(289)	-
Promoting Safe and Stable Families	93.556		4,903	-
Child Welfare Services	93.645		37,736	1,751
Social Services Block Grant	93.667		245,437	55,799
IV-D Administration	93.563		547,877	28
Chafee Foster Care Independence Program	93.674		12,174	3,044
Chafee Foster Care Independence Program - Direct	93.674		3,759	-
Subsidized Child Care Cluster (note 4):				
<u>Child Care Development Cluster</u>				
Division of Social Services				
Child Care Development Fund - Administration	93.596		64,597	-
Division of Child Development:				
Child Care and Development Fund - Discretionary	93.575		715,544	-
Child Care and Development Fund - Mandatory	93.596		314,931	-
Child Care and Development Fund - Match	93.596		343,940	133,843
Total Child Care Fund Cluster			1,439,012	133,843
Temporary Assistance for Needy Families				
Smart Start	93.558		413,864	-
State Appropriations			-	1,146
More at Four State Funding			-	92,830
TANF-MOE			-	107,634
Social Services Block Grant	93.667		4,314	-
Foster Care Title IV-E	93658		18,221	8,825
Total Subsidized Child Care Cluster			1,875,411	344,278
<u>Center for Medicare and Medicaid Assistance</u>				
Passed-through the N.C. Dept. of Health and Human Services:				
Division of Medical Assistance:				
Medical Assistance Program - Direct Benefits Payments	93.778		43,899,856	24,719,856
Division of Social Services:				
Medical Assistance Program - Administration	93.778		851,245	23,013
Children's Health Insurance Program	93.767		48,876	2,720
<u>Office of Population Affairs</u>				
Passed-through the N.C. Dept. of Health and Human Services:				
Division of Public Health:				
Family Planning Services	93.217		33,332	-

Franklin County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2013

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Federal. (Direct & Pass-through) Expenditures	State Expenditures
<u>Center for Disease Control and Prevention</u>				
Passed through the NC Department of Health and Human Services				
Division of Public Health				
Public Health Emergency Preparedness Immunization Cluster	93.069		48,224	-
Immunization Program	93.268		15,181	-
Total Immunization Cluster			15,181	-
Investigations and Technical Assistance	93.283		494	-
Preventive Health and Health Services Block Grant	93.991		9,640	-
<u>Health Resources and Services Administration</u>				
Passed-through the N.C. Dept. of Health and Human Services:				
Division of Public Health:				
Maternal and Child Health Services Block Grant	93.994		84,708	63,538
Total U.S. Dept. of Health and Human Services			49,279,266	25,614,353
<u>U.S. Dept. of Homeland Security</u>				
Passed-through the N.C. Dept. of Crimes Control : and Public Safety				
Division of Emergency Management Emergency Management Performance	97.042		33,023	-
Total federal awards			52,077,287	25,614,881
State Awards:				
<u>NC Department of Agriculture</u>				
NC Agricultural Development and Farmland AGRI-SEP Food Program Meal			-	2,857
<u>NC Department of Administration</u>				
Veterans Service Program			-	1,452
<u>NC Dept. of Cultural Resources</u>				
State Library of North Carolina: State Aid to Public Libraries			-	108,384
<u>NC Dept. of Health and Human Services</u>				
Division of Social Services:				
State/County Special Assistance Domiciliary Care				
Direct Benefits Payments			-	460,734
Administration			-	29,836
Adoption Subsidy - Direct			-	242,370
SFHF Maximization - Direct			-	43,652
Foster Care At Risk Maximization - Direct			-	8,385
State Foster Home - Direct			-	63,773
Energy Neighbors			-	7,884
Program Integrity			-	865
Special Assistance Adult Care <60			-	(2,215)
Special Assistance Adult Care 60+			-	(3,756)
Smart Start			-	34,318
Total Division of Social Service			-	885,846

Franklin County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2013

<u>Grantor/Pass-through</u> <u>Grantor/Program Title</u>	<u>Federal</u> <u>CFDA</u> <u>Number</u>	<u>State/</u> <u>Pass-through</u> <u>Grantor's</u> <u>Number</u>	<u>Federal. (Direct &</u> <u>Pass-through)</u> <u>Expenditures</u>	<u>State</u> <u>Expenditures</u>
Division of Public Health:				
Rural Health Grant			-	28,164
Environmental Health			-	4,000
Food and Lodging Fees			-	3,550
Tuberculosis			-	14,184
General Aid to Counties			-	87,775
Risk Reduction/Health Promotion			-	6,206
General Communicable Disease Control			-	4,342
WHSF			-	5,023
TB Medical Services			-	1,034
School Nurse Funding Initiative			-	150,000
Healthy Communities			-	2,839
Total Division of Public Health			-	307,117
Division of Aging:				
Passed-through the Kerr-Tar Council of Governments				
Senior Center Development			-	23,503
Total N. C. Department of Health and Human Services			-	1,216,466
<u>N.C. Dept. of Transportation</u>				
Elderly and Disabled Transportation Assistance Program			-	61,133
Work First			-	16,677
Rural General Public Program			-	77,553
State Aid to Airports				
Triangle North Executive-Land Acquisition			-	498,068
Total N.C. Dept. of Transportation			-	653,431
<u>N.C. Dept. of Environment and Natural Resources</u>				
Division of Soil and Water Conservation				
Soil Technician Grant			-	94,799
DWM Electronics Mgt. Program			-	3,485
Division of Parks and Recreation				
PPA Off Waste Red Trust Fund			-	18,861
Total N.C. Dept. of Environment and Natural Resources			-	117,145
<u>N.C. Dept. of Public Safety</u>				
JCPC Grant			-	152,277
<u>N.C. Dept. of Public Instruction</u>				
Public School Building Capital Fund			-	900,000
<u>N.C. Dept. of Commerce</u>				
Industrial Development Fund			-	298,969
Total State awards			-	3,450,981
Total federal and State awards			\$ 52,077,287	\$ 29,065,862

Notes to the Schedule of Expenditures of Federal and State Financial Awards:

1. Basis of Presentation

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

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