

January 19, 2010

The Board of Commissioners of Franklin County, North Carolina, met for its Regular Meeting at 7:00 P.M. in the Commissioner's Conference Room located in the County Administration Building with the following Commissioners present: Chair Penny McGhee-Young, Vice-Chairman Sidney E. Dunston, Robert L. Swanson, Donald C. Lancaster, E. Shane Mitchell and Harry L. Foy, Jr.

Chair McGhee-Young asked the Board to consider approval of the consent agenda and stated she would like to remove Item 1-E for further discussion.

Commissioner Foy made the motion to approve the (remainder of the) consent agenda, seconded by Commissioner Swanson. The motion duly carried with all present voting "AYE." The items approved are as follows:

1. CONSENT AGENDA

- A. November 16, 2009 Minutes
- B. December 7, 2009 Minutes
- C. December 21, 2009 Minutes
- D. January 4, 2010 Minutes
- ~~E. Releases, Adjustments, Refunds and Tax Collection Report~~

Referencing Item 1-E, the Chair asked Tax Administrator Jimmy Tanner to provide a two-month comparison each time the Releases, Adjustments, Refunds and Tax Collection Report is submitted. Mr. Tanner agreed to provide the information.

Chairman Swanson then made the motion to approve Item 1-E, seconded by Commissioner Mitchell. The motion duly carried with all present voting "AYE."

2. COMMENTS FROM THE PUBLIC

This was the time set aside by the Board of Commissioners to allow individuals five minutes to address the Board on issues concerning the county.

Sylvia Bailey, 212 Fox Park Road, Louisburg, NC

- Ms. Bailey provided a brief update on the proposed Perry Community Life Center. She stated the group is working diligently with engineers, contractors and grant writers in preparation of a proposed text amendment.

3. RECOGNITION OF EMPLOYEE OF THE QUARTER

Steve Styers, Supervisor-Lab Manager, Franklin County Public Utilities, was recognized as the Employee of the Quarter ending December, 2009. Mr. Styers has been employed with the county since February, 2003 and selected for this recognition by a committee of his peers. Mr. Styers received a vacation day and a savings bond. Franklin County's Employee of the Year will be recognized on February 1, 2010.

4. CONSIDERATION OF APPOINTMENT AND SUBSEQUENT SWEARING IN OR NEW BOARD MEMBERS

The Board was expected to consider an appointment to fill the vacant District 4 County Commissioner seat.

Commissioner Swanson made the motion to appoint David Thomas Bunn to the Board of Commissioners. The motion was seconded by Commissioner Lancaster and duly carried with all present voting "AYE."

Franklin County Clerk of Superior Court Alice Faye Hunter administered the oath of office to Mr. Bunn and Mr. Bunn subsequently took his seat as a Board member.



FILED
2010 JAN 20 A 8:18
FRANKLIN COUNTY, C.S.C.
BY *afh*

Board of County Commissioners
113 Market Street
Louisburg, NC 27549
Phone: 919.496.5994
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www.franklincountync.us

Franklin County Commissioner's Oath of Office

I, DAVID Thomas BUNN, do solemnly swear (or affirm) that I will support and maintain the Constitution and laws of the United States, and the Constitution and laws of North Carolina not inconsistent therewith, and that I will faithfully discharge the duties of my office as County Commissioner of Franklin County so help me God.

Subscribed and sworn to before me this 19th day of January 2010.

(seal)

Alice Faye Hunter, Franklin County Clerk of Court

5. AUDIT REPORT

Jim Winston and Thomas Parker represented Winston, Williams and Creech in presenting Franklin County's Audit report for FYE 2009. Chuck Murray, Finance Director, presented a financial recap in conjunction with the auditors.

Mr. Winston gave the following PowerPoint presentation and stated he felt the Board and the Manager did a good job of managing expenses. He stated fund balance was not used, but rather said it gained \$946,000. Overall, he said the County had a good year and stated there would likely be two more difficult quarters before the economic climate improves.

Franklin County June 30, 2009

Audit Presentation

Winston, Williams, Creech, Evans & Co.
LLP

1

Overview

- Franklin County has received an unqualified opinion on their June 30, 2009 financial statements; this is also called a "clean" opinion.
- Franklin County again received the Certificate of Excellence in Financial Reporting for fiscal year 06/30/08 and has submitted the 6/30/09 report to GFOA.

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GASB # 34 Highlights

- Management's Discussion and Analysis
- Statement of Net Assets-Governmental Funds

	2008	2009
Total Assets	\$ 63,099,141	\$ 61,294,752
Total Liabilities	<u>70,398,040</u>	<u>68,159,811</u>
Net Assets	<u>\$(7,298,899)</u>	<u>\$(6,865,059)</u>

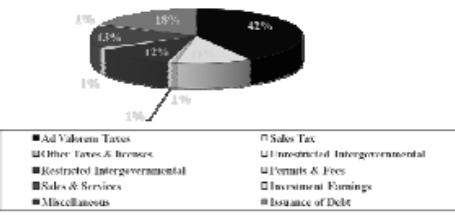
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Statement of Activities-All Funds

	2008	2009
Revenues	\$ 74,412,685	\$ 74,415,539
Expenditures	<u>88,288,109</u>	<u>74,389,934</u>
Change in Net Assets	(13,875,424)	25,605
Beginning Net Assets	<u>20,489,504</u>	<u>6,614,080</u>
Ending Net Assets	<u>\$ 6,614,080</u>	<u>\$ 6,639,685</u>

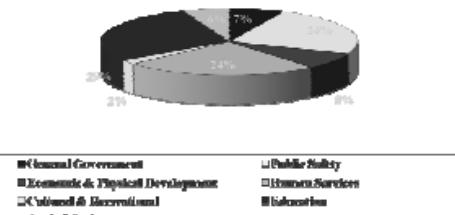
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Governmental Fund Revenues



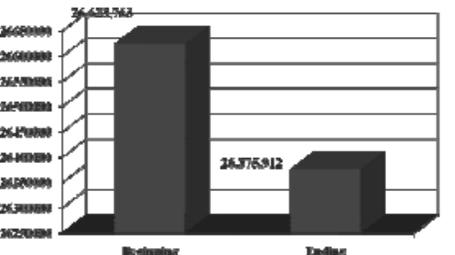
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Governmental Fund Expenditures



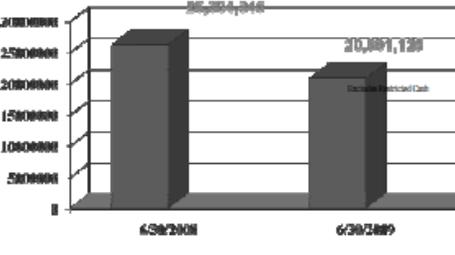
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Fund Balance- All Governmental Funds



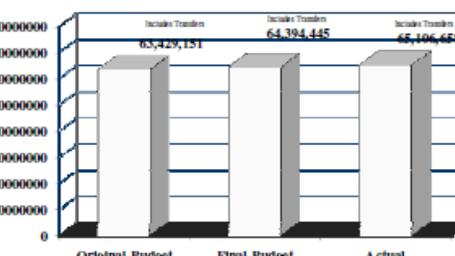
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Cash-Governmental (Excludes Capital Projects Fund)



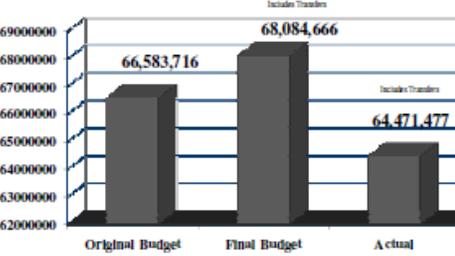
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General Fund Revenues

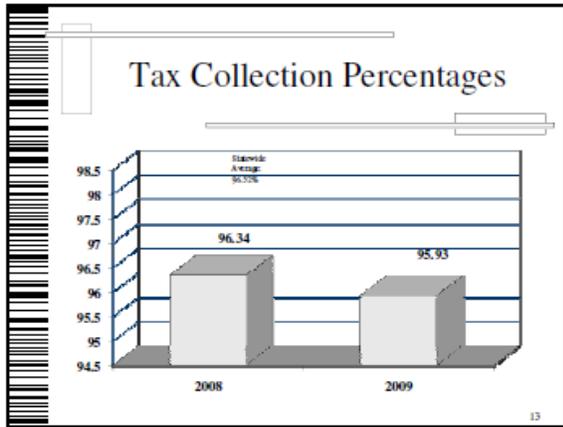
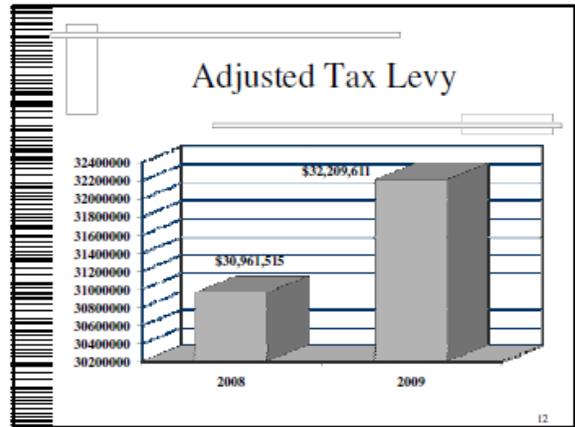
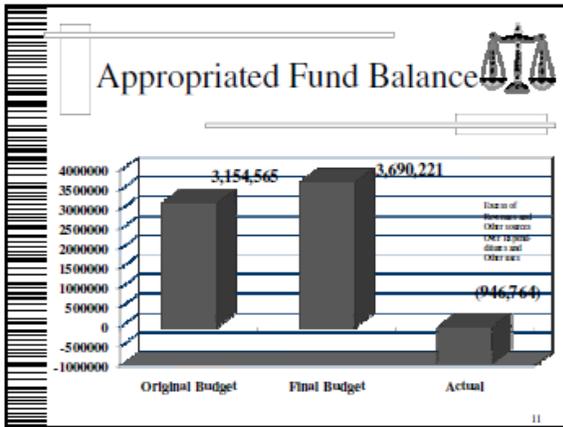


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General Fund Expenditures



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Water and Sewer Fund Statement of Net Activities

	<u>2009</u>	<u>2008</u>
Total Assets	\$ 32,701,289	\$ 32,231,610
Total Liabilities	<u>19,196,545</u>	<u>18,493,300</u>
Net Assets	<u>\$ 13,504,744</u>	<u>\$ 13,738,310</u>

Water and Sewer Fund Statement of Activities

	<u>2009</u>	<u>2008</u>
Revenues	\$ 5,989,347	\$ 6,146,887
Expenditures	(6,222,719)	(5,944,894)
Net Transfers	<u>(194)</u>	<u>(265,622)</u>
Change in Net Assets	(233,566)	(63,629)
Beginning Net Assets	<u>13,738,310</u>	<u>13,801,939</u>
Ending Net Assets	<u>\$ 13,504,744</u>	<u>\$ 13,738,310</u>

Chuck Murray, Finance Director, made the following presentation and commented that fund balance was at 28% leaving \$14.5 million of undesignated fund balance.

Franklin County North Carolina Fiscal Year 2008-2009 Financial Audit Report

Page 1

Performance of the County (continued)

4. **Management Letter** – Contains suggestions the auditor feels would enhance and strengthen the County's internal control over the operating system. County staff has reviewed the management letter and have taken the auditor's comments under consideration.

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Performance of the County

- (Page 11) **Auditor's Opinion** – The County's financial statements present fairly, in all respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information. **The county received an "Unqualified" opinion which is the best possible opinion.**
- (Page 116) **Internal Control Over Financial Reporting** – Auditors found **no material weaknesses** in Internal Control over Financial Reporting. The auditors have identified one significant deficiency involving the internal control over financial reporting involving the Tax Office where 2007-2008 Ad Valorem taxes receivable was understated by \$174,669. The understatement occurred with the change to a new software in the tax office. The tax office actually discovered the error during the 2008-2009 fiscal year and reported it to the finance office and the auditors during the audit process. The corrective action plan is on page 125.
- (Page 117) **Compliance and Other Matters** – Auditors performed tests on the County's 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. The auditors reported one finding of noncompliance in the Social Services department where 16 of the 45 files tested lacked the required notification. There are no questioned cost involved and does not effect the clients eligibility.

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Franklin County Financial Summary – All Governmental Funds (page 31)

Expenditures:

Gen. Gov.	Pub. Safety	Economic & Dev. Prog.	Human Services	Cultural & Rec.	Education	Capital	Debt	Total
\$4,622,336	16,095,492	5,419,791	17,406,101	1,346,031	113,196,080	4,189,528	7,925,622	\$71,231,997

Revenues:

Prop. Taxes	Sales Tax	Other Taxes & E-911 Fees	Intergov.	Fees	Sales & Serv.	Invest. Earn.	Misc. Rev.	Total
\$34,403,269	19,525,281	252,945	11,262,913	1,196,376	1,036,000	532,190	306,259	\$67,906,594

Other Financing Sources:

Issuance of Debt	14,905,000
Payment of Debt	(11,867,417)
Transfers in and out - (net)	(196)
Total of Other Financing Sources	\$3,037,577
Net Change to Fund Balance (all funds)	\$207,828

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Franklin County Fund Balance Summary

	General Fund	Other Govt. Funds	Total Fund Bal.
At 7/1/08	\$19,246,432	\$8,377,331	\$28,623,763
FY Changes	908,739	(1,154,590)	(247,851)
Fund Bal 6/30/09	\$19,153,171	\$7,222,741	\$26,375,912
Percent to Budget	28.32%		
Undesignated FB	\$14,545,686		
Percent to Budget	21.51%		

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Breakdown of the General Fund Fund Balance for F.Y.E. 2009

- Total Fund Balance** **\$19,153,171**
- Budgeted to be spent for F.Y. 2009-2010 budget \$ 350,054
- Earmarked by Board of Commissioners for Emergency Medical Equipment through EMS Incentive Plan. 185,213
- Earmarked by Board of Commissioners through the "payment in lieu of" for Recreation. 383,776
- Reserved by State Statute – (Receivables, etc,..) 3,106,070
- Other reserved items for Coop. Extension, ect,..) 54,446
- Airport Fuel Inventory 22,419
- Adequate Public Facilities Fees 425,224
- Occupancy Tax 80,283
- Undesignated and Unreserved** **\$ 14,545,686**

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Property Tax Collection Information "General Fund"

- Total Tax Levy for the current fiscal year was \$32,209,611.**
- The County collected \$30,897,685 or 95.93%, a decrease from the 96.34% last year.**
- The amount uncollected was \$1,311,926.**
- The total collected for all years was \$32,016,352.**
- Total remaining to be collected for 10 years outstanding is \$2,507,163. In FYE 2007-2008 the amount was \$2,139,235, and \$1,688,496 in FYE 2006-2007.**

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Key Department Analysis- General Fund:

Source	Budget	Actual	Difference
Total Budgeted Exp.	\$72,915,416	\$69,302,227	\$3,613,189
Total Budgeted Rev.	69,225,195	69,988,519	763,324
Budget Impact		(+)	\$4,376,513
Part-Time Salaries	1,188,444	1,144,792	46,652
Full-Time Salaries	17,077,833	16,636,408	441,425
Employee Benefits	6,267,521	6,048,796	218,725
Budget Impact		(+)	\$ 706,802

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Key Department Analysis:

Source	Budget	Actual	Difference
Tax Office Exp.	\$1,341,545	\$1,128,151	\$213,393
Tax Office Rev.	31,864,709	32,338,369	473,660
Budget Impact		(+)	\$687,053
Sheriff, Jail Exp.	8,756,009	8,174,643	581,366
Sheriff, Jail Rev.	2,008,991	2,401,575	392,584
Budget Impact		(+)	973,950
Social Services Exp.	11,953,584	11,160,398	793,186
Social Services Rev.	6,448,553	6,722,850	274,297
Budget Impact		(+)	1,067,483
Medicaid was \$383,331 under budget			

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Key Department Analysis:

Source	Budget	Actual	Difference
Health Dept. Exp.	\$5,355,151	\$4,858,601	\$496,550
Health Dept. Rev.	4,349,961	4,133,346	(216,615)
Budget Impact		(+)	\$279,935
Solid Waste Exp.	3,353,918	2,822,884	531,034
Solid Waste Rev.	2,174,195	2,065,323	(108,872)
Budget Impact		(+)	422,162
Communications Exp.	939,488	834,868	104,620
Communications Rev.	0	0	0
Budget Impact		(+)	104,620

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Key Department Analysis:

Source	Budget	Actual	Difference
Register of Deeds Exp.	\$388,242	\$371,561	\$16,681
Register of Deeds Rev.	700,000	454,362	(245,638)
Budget Impact			(-) \$(228,957)
Airport Expenses	710,089	672,579	37,510
Airport Rev.	662,070	617,269	(44,801)
Reduction in Fuel Reserves			(40,025)
Budget Impact			(-) \$(47,316)
EMS - Ambulance Exp.	4,287,159	4,230,632	56,527
EMS Ambulance Rev.	1,328,395	1,703,570	375,175
Budget Impact			(+) 431,702

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Key Department Analysis:

Source	Budget	Actual	Difference
Planning/Inspections Exp.	1,128,638	974,678	(+) 153,960
Planning/Inspections Rev.	983,380	571,853	(-) 411,527
Budget Impact			(-) \$(257,567)
Interest Earnings	\$557,550	\$493,554	\$(63,996)
Sales Tax Rev.	7,118,950	6,934,168	(184,782)
Beer and Wine Taxes	135,000	214,604	79,604
Budget Impact			(-) \$(169,174)

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**Water and Sewer Fund Summary
For F.Y.E. June 30th, 2009**

	F.Y.E. 2009	F.Y.E. 2008
Total Sales for water were:	\$3,986,083	\$4,009,957
Total Sales for sewer were:	1,274,065	1,093,469
Fees, Charges, and Other were:	\$461,711	738,042
Transfer from General Fund:	0	-0-
Interest Earnings	158	78,442
Total Revenues and Transfers:	\$5,722,017	\$5,919,910
Water Purchases were:	\$2,833,153	\$2,663,857
Debt Service payments were:	2,118,782	1,679,780
Operating and Capital expenses:	1,753,600	1,739,217
Transfer to General Fund	-0-	350,000
Total Expenditures were:	6,705,535	6,432,854
Revenues over Expenditures:	\$(983,518)	\$(512,944)
Depreciation on system:	852,625	876,790

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- Statistical Section**
- The county's net assets total \$6,639,685 net of depreciation.
 - (page 94) Fund Balance – Last ten years
 - (page 95) Expenditures – Last ten years
 - (page 95) Revenues – Last ten years
 - (page 99) Assessed Value of Taxable Property – Last ten years
 - (page 100) Tax Rates for the last ten years
 - (page 104) Debt Analysis – Last ten years
 - Legal Debt Margin is \$197,719,656 (pg 99)
 - (page 107) Demographic Statistics – Last ten years
 - (page 110) Construction Permits and values– Last ten years
- Page 14

County's Debt Service at 6/30/2009

Total Bonded Debt	\$31,730,000
Authorized and Unissued	\$53,000,000
Lease financings agreements	\$31,236,102
Total Debt applicable to limit	\$115,966,102

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- Composition of the report:**
- Section 1 - **Letter of Transmittal** (page 1) - Addressed to the Board of Commissioners and the Citizens of Franklin County; written by the County Manager and the Finance Director, provides a profile of the county, major initiatives of the county, current economic condition and outlook of the county, talks about the Single Audit Process, cash management and risk management activities, pension and other post employment benefits, and awards and other information.
 - Section 2 - **Financial Section** (page 11) - Contains the Independent Auditor's Report; the MDA (Management's Discussion and Analysis) which discusses the Financial Highlights for the year, an overview of the financial statements, budgetary highlights, Capital assets and Debt Administration, economic factors and budget highlights for the current fiscal year, and financial exhibits and statements regarding the County's well being.
 - Section 3 - **Notes to the Financial Statements** (Page 34) - Provides descriptive information about the county's financial condition and additional information related to away day business of the county.
 - Section 4 - **Combining and Individual Schedules of General and other Governmental Funds** (page 83) - Provides a schedule of revenues, expenditures and changes in fund balance for all governmental funds. Compares Budget to Actual.
 - Section 5 - **Enterprise Funds** (page 83) - Provides financial statements and notes regarding the County's Water and Sewer Fund.
 - Section 6 - **Statistical Information** (page 91) Comparative financial and statistical information over the past ten years.
 - Section 7 - **Compliance Information** (page 116) - Provides auditor's opinions and comments regarding the County's compliance to federal and state awards and programs and a report on internal control over financial reporting.
- Page 16

Commissioner Lancaster made the motion to accept the audit report from Winston, Williams and Creech CPA. The motion was seconded by Commissioner Mitchell and duly carried with all present voting "AYE."

6. EMAIL RETENTION POLICY

Coy Floyd, IT Director, presented an Email Retention Policy that sets guidelines for what must be retained along with various retention methods. He utilized the following PowerPoint presentation.

Email Retention Policy

PURPOSE:

THE PURPOSE OF THIS POLICY IS TO PROVIDE GUIDANCE ON THE USE AND NEED FOR RETENTION OF CERTAIN EMAILS SENT OR RECEIVED BY FRANKLIN COUNTY EMPLOYEES.

Why retain E-mail?

- Local governments retain e-mail messages to satisfy agency needs, record-keeping requirements and to comply with the law. Retention and record-keeping responsibilities often are delegated to individual users (**senders/receivers**). Government employees face this challenge of managing e-mail, particularly those who make it an important part of their work.

Public Records Act

- Under North Carolina's Public Records Act (chapter 132 of the General Statutes of North Carolina), the e-mail content is subject to the same access and inspection conditions as other records, unless exempted from access by another statute. Privacy considerations, records retention scheduling requirements, and other laws and regulations also apply to e-mail content.

Emails With Long Term Value

- › policies and directives
- › correspondence related to official business
- › work schedules
- › meeting agendas or minutes
- › any document that initiates, authorizes, or completes a business transaction
- › reports
- › draft documents that are to be reviewed and/or commented upon.

Emails With Short Term Value

- › "Call me when you return to your office."
- › "Can you meet on Thursday?"
- › "There is an interesting article on this subject at _____."
- › "Budget requests are due on the 30th."

Other Topics

- Personal Email Accounts
- E-Discovery
- Email Archiving Technology

Questions

Mr. Floyd added that personal email is not exempt from the policy. He stated that if business related County emails are sent to a personal address, those emails are subject to the public records laws.

Commissioner Lancaster made the motion to approve the Email Retention Policy, seconded by Commissioner Dunston. The motion duly carried with all present voting "AYE."

7. APPOINTMENTS

Chair Appointments

The Chair was expected to appoint individual commissioners to select county and regional boards and committees. The Chair delayed the appointments in order to have discussions with newly elected Commissioner Bunn about his interests.

8. BOARD, MANAGER AND CLERK'S COMMENTS

This was the time set aside for the Board of County Commissioners, the County Manager, and the Clerk to the Board to report on various activities. The Board may also discuss other items of interest.

County Clerk Kristen King: No comments.

Commissioner Foy: No comments.

Commissioner Bunn: No comments.

Commissioner Young: Commissioner Young commented on various events that were held in the County to honor Martin Luther King, Junior Day. After receiving citizen's complaints regarding the County Landfill and its convenience centers during the busy holiday season, she stated her desire to have an agenda item in February to have Solid Waste staff let the Board know what is being done to solve some of these issues on an ongoing basis as we move forward.

Commissioner Lancaster: No comments.

Commissioner Mitchell: No comments.

Commissioner Dunston: Commissioner Dunston stated he would like the Board to consider and approve a resolution of support towards Haitian relief in light of the recent earthquake. County Manager Angela Harris stated information will be posted on the County's website on how citizens can donate toward relief efforts.

Commissioner Swanson: No comments.

County Manager Angela Harris: Mrs. Harris reported on the following:

- Mrs. Harris commented the Board would soon be hearing more about ways the Tax Office is working with citizens to help prevent for foreclosure. She said the County is assisting Franklin-Vance-Warren Opportunity in letting citizens know that a workshop is scheduled that will highlight different options that people can explore in an effort to prevent foreclosure. The workshop will be held in Henderson in February, 2010.
- Mrs. Harris commented the Board's retreat will begin tomorrow (January 20, 2010) with a focus on economic development.

9. CLOSED SESSION

Chair Young stated a second closed session topic needed to be added to the agenda pursuant to NCGS 143-318.11 (a) (3) to consult with an attorney employed or retained by the public body in order to preserve the attorney-client privilege between the attorney

and the public body, which privilege is hereby acknowledged. The motion to add the topic was made by Commissioner Swanson and seconded by Commissioner Mitchell. The motion duly carried with all present voting "AYE."

Commissioner Dunston made the motion to enter into closed session pursuant to NCGS 143-318.11 (a) (6), in order for the board to discuss a personnel matter and pursuant to NCGS 143-318.11 (a) (3) to consult with an attorney employed or retained by the public body in order to preserve the attorney-client privilege between the attorney and the public body, which privilege is hereby acknowledged. The motion was seconded by Commissioner Swanson and carried with a 5 to 1 vote, with Commissioner Foy voting "NO."

Following the closed session, Commissioner Young made the motion to enter back into open session, seconded by Commissioner Dunston. The motion duly carried with all present voting "AYE."

Emergency Communications Director Christy Shearin asked the Board to consider a 60-day extension for the radio project in order to receive bids.

Commissioner Dunston made the motion to extend the radio project RFP's (request for proposal) and additional 60 days with a deadline of April 8, 2010. The motion was seconded by Commissioner Lancaster and duly carried with all present voting "AYE."

Economic Development Director and Interim Airport Manager Ronnie Goswick then introduced the County's new Airport Manager Steve Merritt. Mr. Goswick stated Mr. Merritt has 25 years of aviation experience and said the Airport Commission voted to appoint him on January 12, 2010. Mr. Merritt will begin his work with the County on January 25, 2010 with a salary of \$57,251. He will be expected to take 16 hours of furlough time. Mr. Merritt then addressed the Board and stated his appreciation for the opportunity to serve.

The meeting adjourned at 9:15 P.M.

Penny McGhee-Young, Chair

Kristen G. King, Clerk to the Board

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