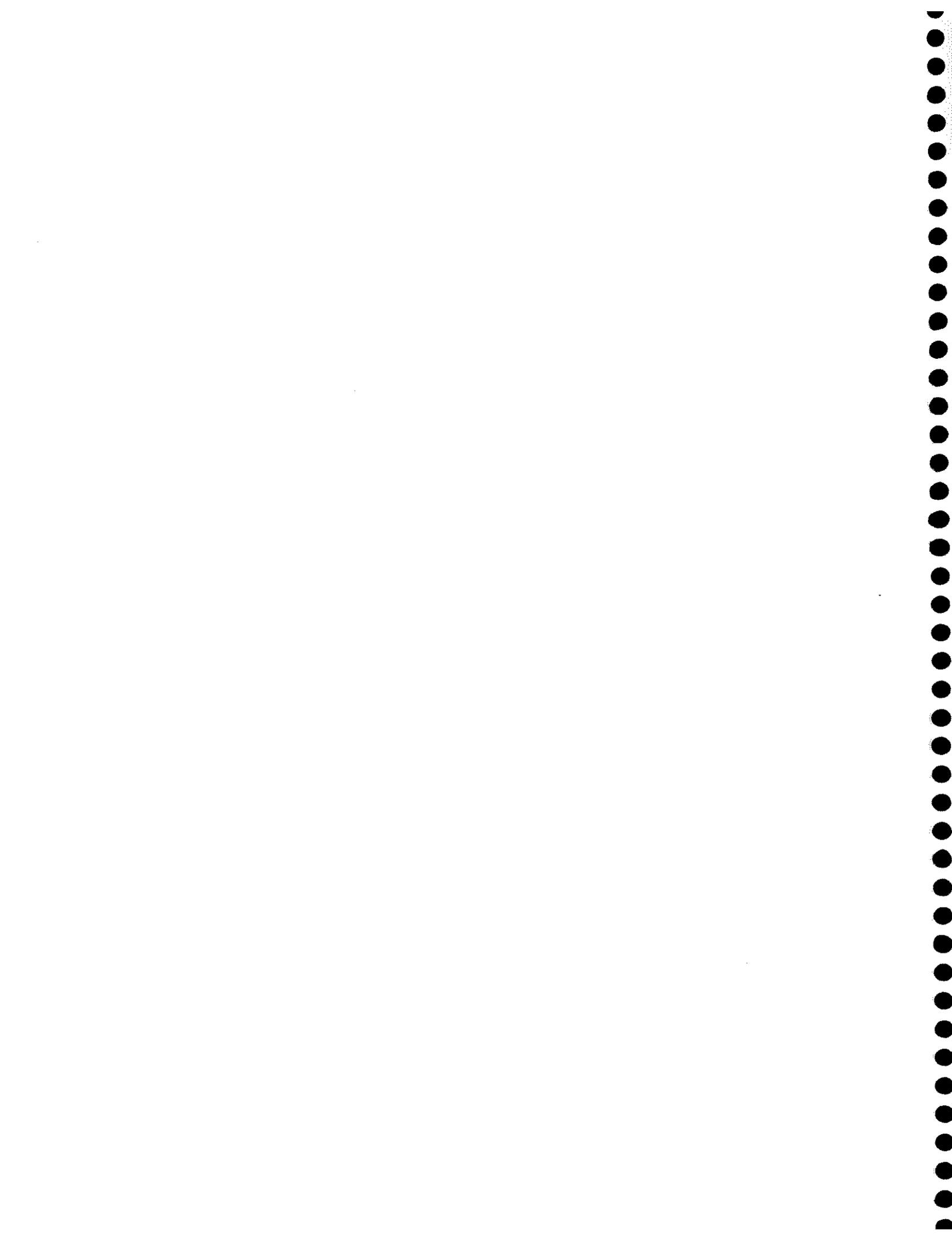


# Franklin County North Carolina



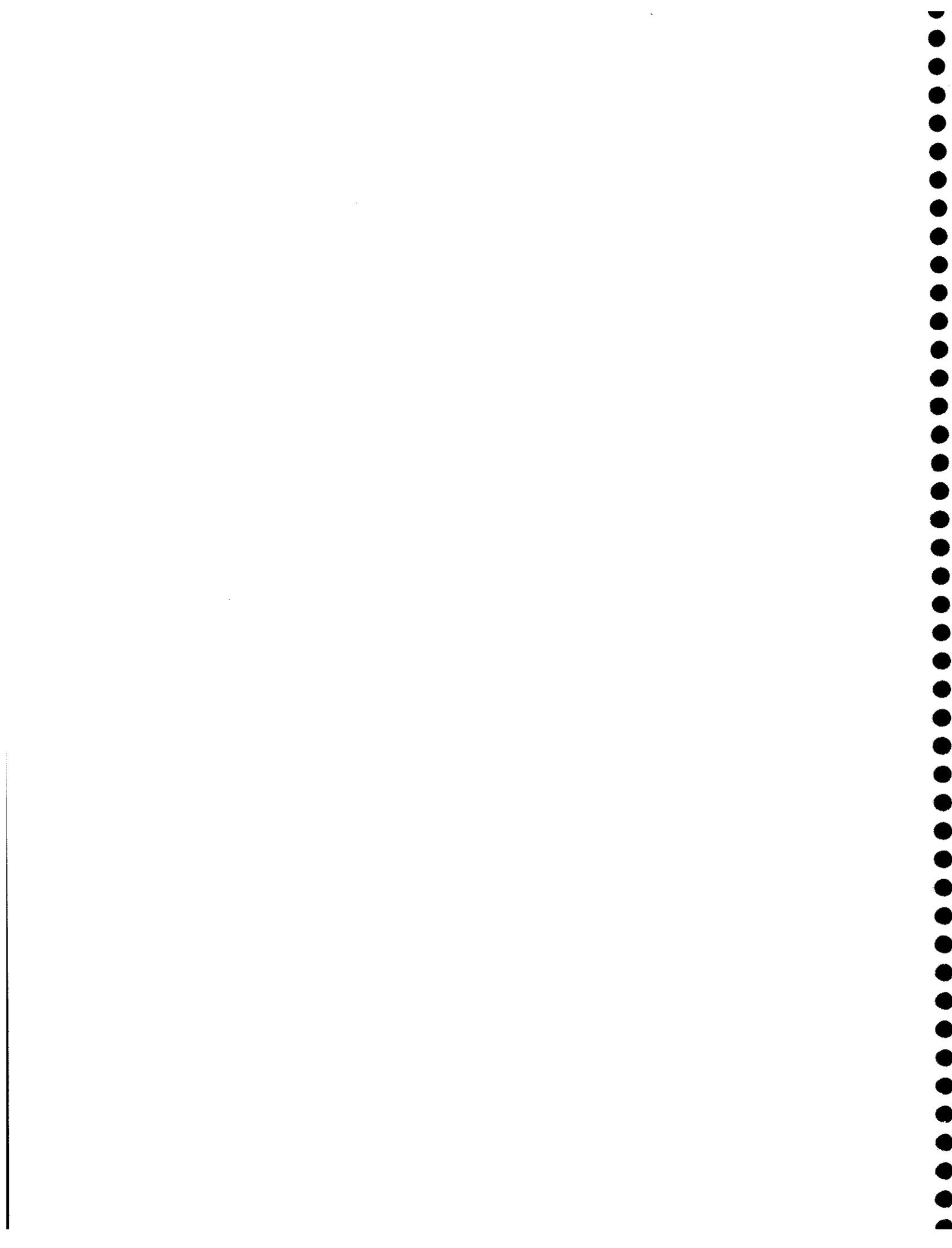
## Comprehensive Annual Financial Report For the fiscal year ended June 30, 2007

Prepared by:  
Franklin County Finance Department





# TABLE OF CONTENTS



**Franklin County, North Carolina**  
Table of Contents  
June 30, 2007

---

	<u>Exhibit</u>	<u>Page</u>
<b>Introductory Section</b>		
Letter of Transmittal		1
Certificate of Achievement		8
Organizational Chart		9
List of County Officials		10
<b>Financial Section</b>		
Independent Auditor's Report		12
Management's Discussion and Analysis		15
Basic Financial Statements		
Government-wide Financial Statements		
Statement of Net Assets	1	25
Statement of Activities	2	26
Fund Financial Statements		
Balance Sheet – Governmental Funds	3	27
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	4	28
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	4	29
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund	5	30
Statement of Net Assets – Proprietary Funds	6	31
Statement of Revenues, Expenditures, and Changes in Net Assets – Proprietary Funds	7	32
Statement of Cash Flows – Proprietary Funds	8	33
Statement of Fiduciary Net Assets	9	35

**Franklin County, North Carolina**  
**Table of Contents**  
**June 30, 2007**

	<u>Exhibit</u>	<u>Page</u>
Notes to the Financial Statements		37
Required Supplemental Financial Data		
Law Enforcement Officers' Special Separation Allowance - Schedule of Funding Progress	10	67
Law Enforcement Officers' Special Separation Allowance - Schedule of Employer Contributions	11	68
Law Enforcement Officers' Special Separation Allowance - Notes to the Required Statements	11	68
Schedule of Revenues, Expenditures, and Changes in Fund Balance - General Fund - Budget and Actual	12	70
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - School Construction Projects Fund	13	77
Combining Statements for Nonmajor Governmental Funds:		
Combining Balance Sheet - Nonmajor Governmental Funds	14	78
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds	15	79
Individual Statements and Schedules - Governmental Funds:		
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Capital Reserve Fund	16	80
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Fire District Fund	17	81
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Emergency Telephone System Fund	18	82
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - DEA Fund	19	83
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Golden Leaf Foundation Project	20	84
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Community Development Fund	21	85

**Franklin County, North Carolina**  
Table of Contents  
June 30, 2007

---

	<u>Exhibit</u>	<u>Page</u>
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Revaluation Project Fund	22	86
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - COPS Capital Project Fund	23	87
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Airport Capital Project Fund	24	88
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - County Building Project Fund	25	89
Proprietary Funds		
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP) - Water and Sewer Fund	26	91
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP) - Water and Sewer Capital Projects Fund	27	92
Internal Service Fund		
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP) - Insurance Fund	28	94
Agency Funds		
Combining Statements of Changes in Assets and Liabilities - Agency Funds	29	96
Other Schedules		
Schedule of Ad Valorem Taxes Receivable	30	98
Analysis of Current Tax Levy - County-wide Levy	31	99
Secondary Market Disclosures	32	100
Ten Largest Taxpayers	33	101

**Franklin County, North Carolina**  
Table of Contents  
June 30, 2007

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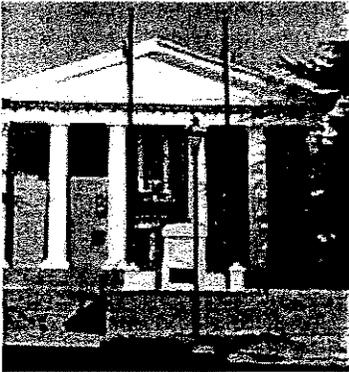
	<u>Page</u>
<b>Statistical Section</b>	
Net Assets by Component, two year Comparison	103
Changes in Net Assets, three year Comparison	104
Fund Balances – General Fund and Govt. Funds 10 years	106
Changes in Fund Balances 10 years	107
General Governmental Revenues 10 years	109
Assessed Value of Taxable Property 10 years	110
Property Tax Rates – Direct and All Overlapping Governments	111
Principal Tax Payers – Current Year and Nine Years Ago	112
Property Tax Levies and Collections 10 Years	113
Ratios of Outstanding Debt by Type 10 years	114
Ratio of Annual Debt Service Expenditures for General Obligation Bonded Debt to Total General Governmental Expenditures	115
Computation of Direct and Underlying Bonded Debt- General Obligation Bonds	116
Legal Debt Margin Information 10 Years	117
Special Assessments Billing and Collections 10 Years	118
Demographic Statistics 10 years	119
Principal Employees – Current Year and Nine Years Ago	120
Full-time Equivalent County Government Employees By Function	121
Operating Indicators by Function/Program	122

Capital Asset Statistics by Function/Program	123
Other Statistical Information	124
Ratio of Net General Obligation Bonded Debt to Assessed Value	125
General Governmental Expenditures by Function 10 years	126
Construction - Last Ten Years	127

**Compliance Section**

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Governmental Auditing Standards</i>	129
Report on Compliance with Requirements Applicable to Each Major Federal Program and Internal Control Over Compliance in Accordance with <i>OMB Circular A-133</i> and the State Single Audit Implementation Act	131
Report on Compliance with Requirements Applicable to Each Major State Program and Internal Control Over Compliance in Accordance with Applicable Sections of <i>OMB Circular A-133</i> and the State Single Audit Implementation Act	133
Schedule of Findings and Questioned Costs	135
Corrective Action Plan	138
Summary Schedule of Prior Year Audit Findings	139
Schedule of Expenditures of Federal and State Awards	140

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## COUNTY OF FRANKLIN

113 Market Street • Louisburg, N.C. 27549  
Office (919) 496-5994 • Fax (919) 496-2683  
[www.co.franklin.nc.us](http://www.co.franklin.nc.us)

December 15<sup>th</sup>, 2007

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, 2007. 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 principals (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 County of Franklin's financial statements in conformity with GAAP. Because of 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 Holden, Moss, Knott, Clark, P.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<sup>th</sup> 2007 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 principals 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, 2007, 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 require 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 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 55,886. There are five municipalities, Town of Bunn, Town of Youngsville, Town of Franklinton, Town of Centerville, and the Town of Louisburg, which serves as the county seat. 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 request for funding by April 1<sup>st</sup> 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 1<sup>st</sup>. The County Board of Commissioners is required to hold public hearings on the proposed budget and must adopt an annual budget by June 30<sup>th</sup> 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, he must inform the Board of Commissioners if he 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 length budget to actual comparisons for each governmental fund that a project length budget has been adopted is 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. Being identified as the 9<sup>th</sup> fastest growing county in North Carolina, the increasing population

places 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**

Several small sewer line extensions were installed during the fiscal year. A \$2.5 million sewer lines was installed on Joe's Creek, a \$100,000 sewer expansion to service Spencer's Gate sub division, started the engineering and design of the Wal-mart expansion in Louisburg. On the water side, the county completed a new line on Sid Mitchell Road at a cost of \$650,000.

### **Animal Control Facility**

The County began the construction of a new Franklin County Animal Control Facility during the fiscal year. Bids were received and the county financed \$1.28 million for the construction of the facility. Construction is estimated to be complete in fiscal year July 2008.

### **County Airport**

During the fiscal year, the county constructed 2 Aircraft T-Hangers at a cost of \$734,000. A waiting list was compiled before the project began and it is good to say both hangers are full of aircraft. It is anticipated that the Franklin County Regional Airport will be self supportive at year's end. If you add the advalorem tax collected with the tax base located at the airport, it is already self supporting.

### **School Needs**

In June 2004, the County Commissioners and the Board of Education agreed to ask the citizens of the county to support a \$30 million general obligation bond issue for school renovations, future land purchase, and construction of a new elementary school. In November 2004, this bond issue passed by a 3 to 1 margin. School renovations have begun and contracts have been let on Bunn High and Louisburg High. The County issued \$1.4 million in General Obligation Bonds in May 2005 for Terrell Lane Middle School and that project was completed during the fiscal year. The County issued another 20 million in G.O. Bonds in August 2006 the remaining \$8.6 million in August 2007. The County also issued \$12.815 million to complete the new elementary school in June 2007. Renovations are scheduled for all three high schools and additions will be constructed at Bunn Elementary, Laurel Mill Elementary and Youngsville Elementary. All projects should be complete by August 2008.

The County has also committed to floating a \$53 million GO Bond Issue before the voters in May 2008 for a new high school to serve the Franklinton/Youngsville area and to provide other various renovations to other existing schools.

## **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, 23.8% of employment in the county is in manufacturing, 25.5% in service producing industries, 20.9% in government, 9.3% in construction and mining, and 18.1% in other non-agricultural employment. Agriculture now employs 2.4%. Tobacco, grain and livestock are major agriculture commodities raised in the county. Currently, 68 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. Three interstate highways (40, 540, 85, and 95) are easily reached from the county.

Research Triangle Park, the world's largest research complex is only 35 miles southeast of the county seat.

Franklin County's population has increased by 34% since 1995. It is estimated that Franklin County currently has 55,886 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. In the last five years, the county has expended over \$75 million dollars for the renovation of 3 high schools, construction of two new middle schools and three Elementary schools. Even with this, the County has been presented with another 80 million in school facility needs and has begun to address these needs by floating a \$53 million bond issue in May 2008.

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 2005, The State of North Carolina passed a lottery to help with school operational needs and school construction needs. During the State of NC's budget process, the State developed a proposal that will eventually eliminate the county's Medicaid liability over a three year period. They also gave the county a potential new revenue source. The BOC can request that an additional ½ cent sales tax or a land transfer be imposed, however, the BOC has not decided to initiate this process as of the date of this report.

The County has three major water sources. The County can acquire up to three million gallons per day from the City of Henderson, five hundred thousand per day from the Town of Franklinton and the Town of Louisburg respectively. The county issued 12.4 million 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<sup>th</sup> 2007, the County utilizes about 2.0 million gallons per day. The county currently has 2,192 residential water customers and 421 sewer customers. The average daily treatment of sewer is 650,000 gallons.

The county's largest corporate citizen is Novozymes, Incorporated. Novo Nordisk Biochem, Inc. The company currently has 450 employees. Their current property valuation is \$97.7 million. This provided over \$771,000 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 \$1,250,000 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 2.88 percent of the county's tax base. Over reliance on a few large taxpayers is often viewed as a financial weakness and could hinder efforts to upgrade the county's bond rating.

### **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. The

results of the County's single audit for the fiscal year ended June 30, 2007, provided no instances of material weaknesses in the internal control structure or significant violations of applicable laws and regulations despite the new implementation of SAS 112.

### **CASH MANAGEMENT AND RISK MANAGEMENT**

**Cash Management** - The County uses a central depository system to pool moneys from all funds to facilitate disbursements and investments. All depositories are collateralized according to North Carolina General Statute 159-31. Investments are made in accordance with North Carolina General Statute 159-30. Cash temporarily idle during the year was invested in interest-bearing accounts, principally with the North Carolina Capital Management Trust, BB&T, and First Citizens Bank. The government fund types recorded investment income of \$2,143,720 for fiscal year 2007. At June 30, 2007, the County's deposits had a carrying value of \$27,632,179 and a bank balance of \$28,816,540. All County deposits are maintained with financial institutions, which collateralize deposits in excess of amounts insured by the FDIC by the Pooling Method. At June 30, 2007 \$1,047,069 of the bank balance was covered by federal depository insurance and \$27,769,471 was covered by collateral held under the Pooling Method.

**Risk Management** – The County participates in one insurance pool developed by the North Carolina Association of County Commissioners. The pool provides coverage for health and dental insurance and general liability. The limits of coverage include the following: jail and public safety officers' liability \$2,000,000, vehicle liability \$2,000,000 and property damage \$125.5 million. The county is self insured for worker's compensation and has realized a substantial savings by doing so. The county has additional specific stop loss coverage in the amount of \$350,000 per incident.

Also the county has a Safety Officer. The Safety Officer reviews accidents, makes periodic on-site inspections, makes recommendations to improve safety practices and provide employee safety education. The county has an established safety committee that consists of a representative from each county office building. The safety committee meets monthly to review accidents, perform safety inspections and discuss potential corrections to safety related issues.

### **PENSION AND OTHER POST EMPLOYMENT BENEFITS**

The County of Franklin sponsors a single-employer defined benefit pension plan for its public safety employees (Separation Allowance). Each year, an independent actuary calculates the amount of the annual contribution that the County of Franklin may make to the pension plan to ensure the plan will be able to fully meet its obligations to retired employees on a timely basis. 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. The County currently has 40 active members. Four retirees are receiving benefits.

The County of Franklin also 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. This plan includes all County employees. The rate of contribution is determined each year by an actuarially determined rate. The County of Franklin has no obligation in connection with employee benefits offered through this plan beyond its contributions to the LGERS.

A Supplemental Retirement Income Plan is also provided to all County employees. The County contributes each month an amount equal to 4% of each employee's salary, excluding law enforcement that receive 5% of their monthly salary. All amounts are contributed and invested immediately and employees may also make voluntary contributions to the plan. The Department of State Treasurer and Board of Trustees administer the plan.

The County of Franklin also provides post retirement health care benefits for certain retirees. As of the end of FY 2007, there were 19 retired employees receiving a medicare supplement and 19 retirees who are receiving regular health insurance coverage. At age 65, all retirees must change over to the Medicare supplement. These benefits are financed on a pay as you go basis, and GAAP does not required governments to report a liability in the financial statements in connection with an employer's obligation to provide these benefits.

Additional information on the pension and post employment benefits can be found in the notes to the financial statements.

### **AWARDS AND OTHER INFORMATION**

**Independent Audit** – The County is required by state statutes to have an annual independent financial audit. The accounting firm of Holden, Moss, Knott, and Clark, P.A. has been conducting the County's annual audit since F.Y. E. 1992. 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 general-purpose 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<sup>th</sup>, 2006. This was the eight 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 Holden, Moss, Knott Clark and Taylor, P.A. 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.co.franklin.nc.us](http://www.co.franklin.nc.us).

Respectfully submitted,



Chris Coudriet  
County Manager



Charles F. Murray, Jr.  
Director of Finance

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Franklin County  
North Carolina

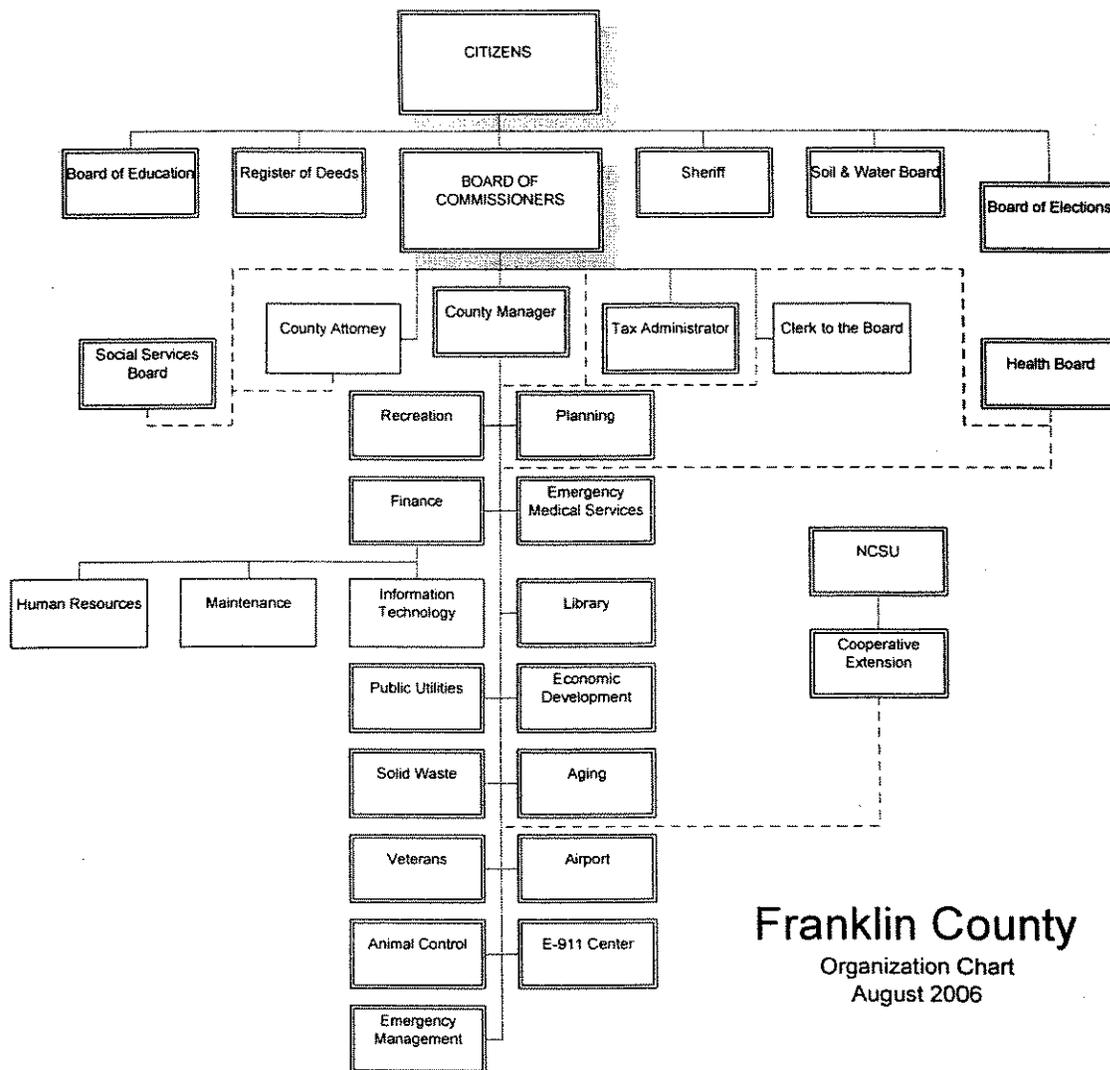
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2006

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director



Franklin County  
 Organization Chart  
 August 2006

FRANKLIN COUNTY, NORTH CAROLINA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
LIST OF COUNTY OFFICIALS  
JUNE 30, 2007

**BOARD OF COUNTY COMMISSIONERS**

Lynwood D. Buffaloe, Chairman

Robert Lee Swanson, Vice Chairman

Harry L. Foy, Jr.

Donald C. Lancaster

Sidney E. Dunston

Penny McGhee-Young

Robert M. Winters

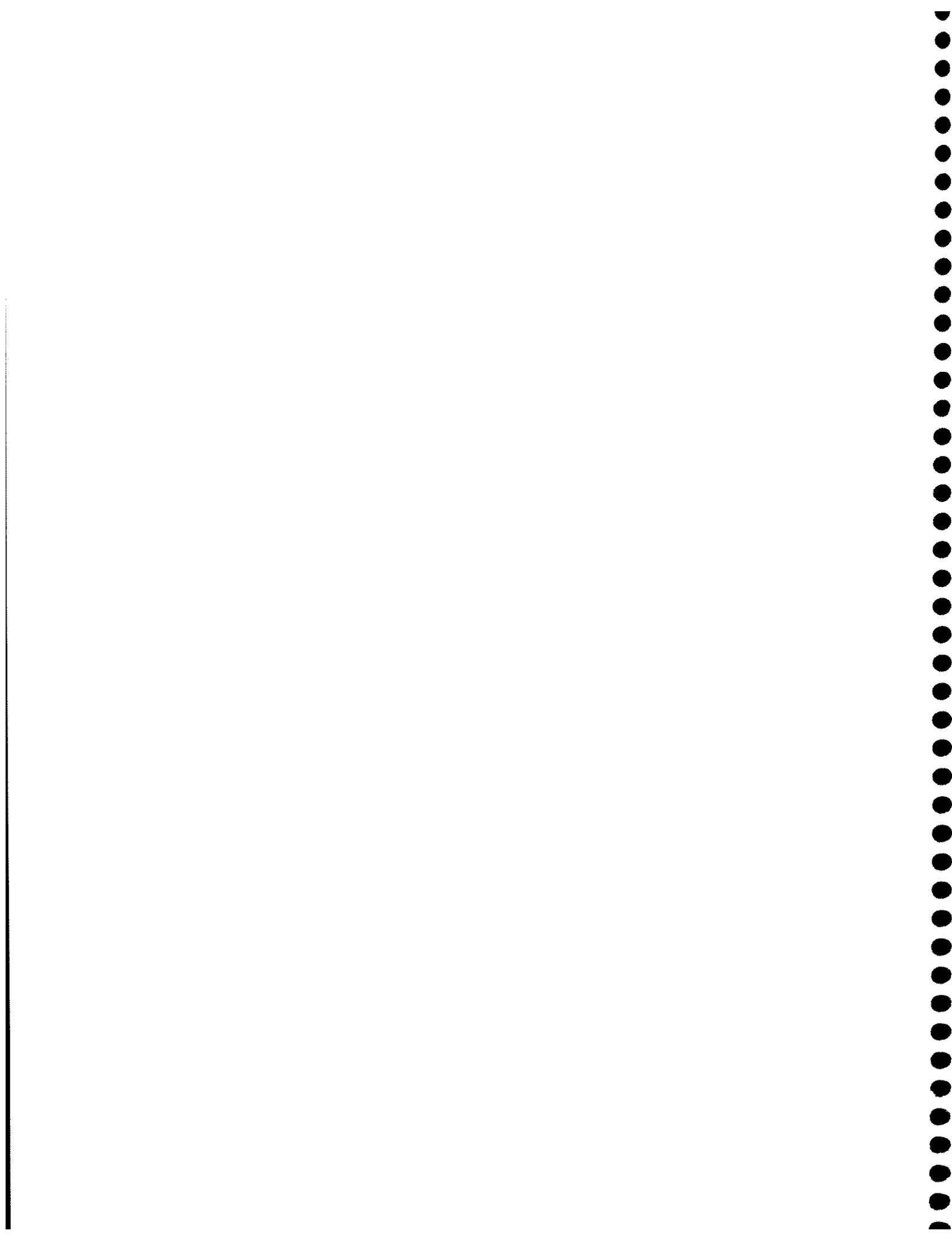
**COUNTY OFFICIALS**

Chris Coudriet.  
County Manager

Charles F. Murray, Jr.  
Director of Finance

Darnell A. Batton  
County Attorney

# FINANCIAL SECTION



## Independent Auditor's Report

To the Board of County Commissioners  
Franklin County, North Carolina

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, 2007, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Franklin County's management. Our responsibility is to express opinions on these basic 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, North Carolina as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison of the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2007, on our consideration of Franklin County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis and the Law Enforcement Officers' Special Separation Allowance Schedules of Funding Progress and Employer Contributions on pages 4 through 12 and pages 55 and 56, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit this information and express no opinion thereon.

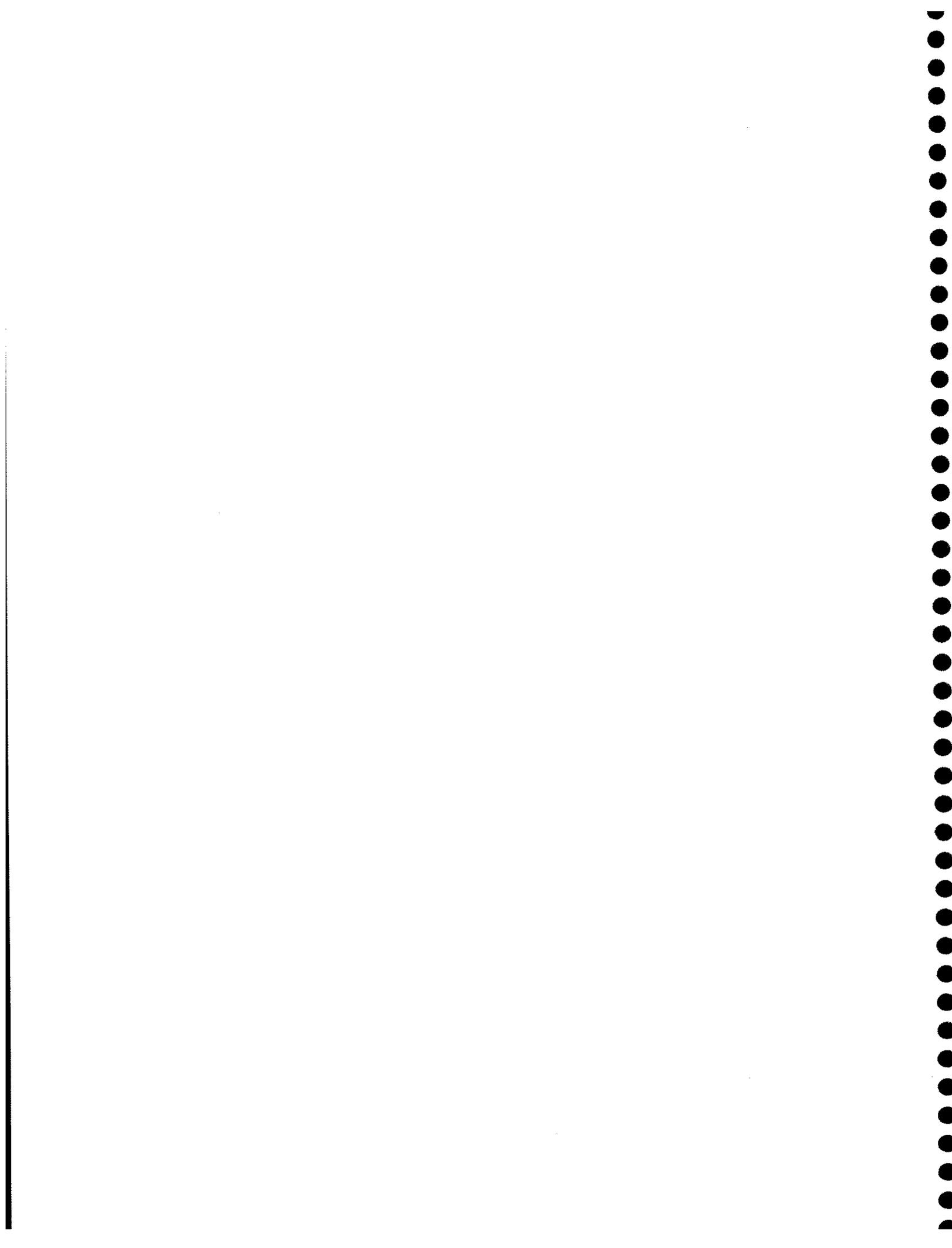
Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of Franklin County, North Carolina. The combining statements and individual nonmajor fund schedules, other schedules, and the accompanying schedule of expenditures of federal and State awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Holden, Moss, Knott, Clark, Copley & Hoyle, PA*  
Certified Public Accountants and Consultants

October 30, 2007  
Henderson, North Carolina



**MANAGEMENT'S  
DISCUSSION AND ANALYSIS**





# County Of Franklin

113 Market Street  
Louisburg, North Carolina 27549  
Telephone: 919-496-3182  
Fax: 919-496-2683

Office of Finance  
Charles Murray, Jr.  
Director

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the 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, 2007. 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

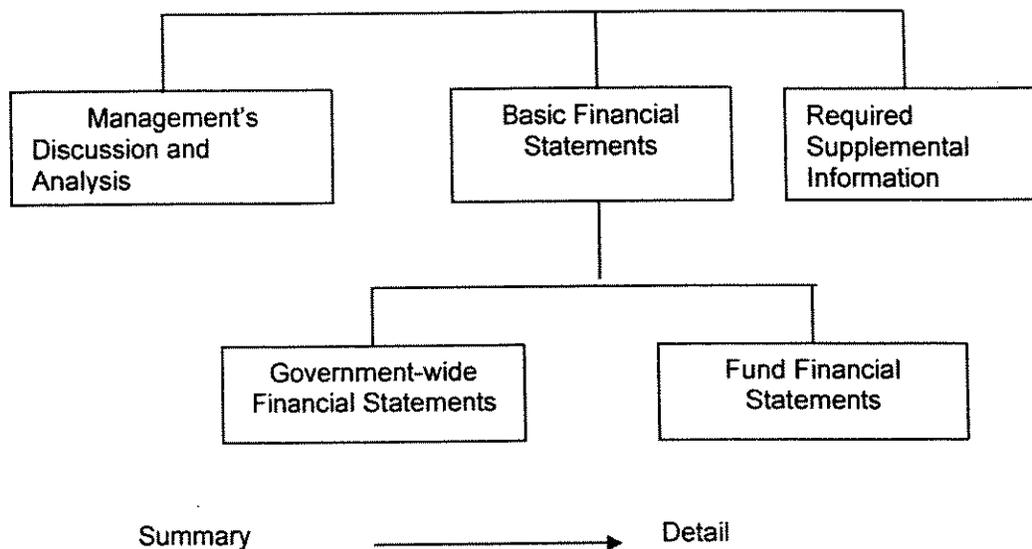
- The assets of the County exceeded its liabilities at the close of the fiscal year by \$40,743,235 (*net assets*). In accordance with North Carolina law, liabilities of the County include long-term debt associated with assets belonging to the Franklin County Board of Education. The amount included in liabilities related to school financing is \$53,167,538. 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 assets due to this law.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$36,751,000, a 71 percent increase from the previous fiscal year where the combined fund balances totaled \$21,550,805. The major increase was due \$12,955,409 in the school capital reserve funds earmarked for school construction. Approximately 32 percent of this total amount or \$18,191,113 is available for spending at the government's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$15,918,098 or 27 percent of total general fund expenditures for the fiscal year. Of this amount \$1,791,867 has been designated for subsequent year expenditures.
- The County's total debt increased by \$33,645,696 during the current fiscal year. In November 2004, the county passed a \$30 million G.O. Bond for school construction needs. The County issued \$1.4 million in new General Obligation Bonds in FY 2004-2005 and did not issue any in FY 2005-2006; however, the County issued \$20,000,000 in August 2006. The county also issued \$17,250,000 in COPS in June 2007 for school construction, water/sewer improvements, and new animal control facility. All debt payments were paid timely.
- The County was upgraded in May 2005 in its bond rating from Moody's Investor Services from an (A2) to an (A1) and was also upgraded by Standard & Poor's from an (A) to an (A+). The County's rating the same during FY 2006-2007.

### 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 assets and how they have changed. Net assets are the difference between the County's total assets and total liabilities. Measuring net assets is one way to gage the County's financial condition.

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units. The governmental activities include most of the County's basic services such as general administration, 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 2007 is for water and sewer service. In past fiscal years, the County recognized solid waste service as a business type activity. However in fiscal year 2003, the county began reporting this service under governmental activities. 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 Assets 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 Assets and the Statement of Activities. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the functions of the County. The County 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 26 - 54 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 55 of this report.

Government-wide Financial Analysis

The County's government-wide financial statements presented in fiscal year ending 2003 marked the beginning of a new era in financial reporting for the County and many other units of government across the United States. Prior to this year, the County maintained their governmental and proprietary fund groups as two separate and very distinct types of accounting without any type of consolidated statement that accurately reflected the operations and net assets of the government as a whole. There was a total column that appeared on the financial statements, but it was a memorandum total only. No attempt was made to adjust the statements in such a way that the total column would represent the overall financial condition of the County. These statements were basically the equivalent of the fund financial statements that appear in this report with fiduciary funds and two account groups, the long-term debt and the general fixed assets, included.

The changes in the financial statement-reporting model were mandated by the Government Accounting Standards Board (GASB). GASB Statement 34 dictated the changes you see in the County's financial reports as well as those of many other units of government when comparing to the County's financial reports prior to FYE 2003. The County was required to implement these changes in FYE 2003. The current year reflects the GASB 34 change as well and all future years will.

Figure 2 (below) represents comparative data for the County's total assets, total liabilities, and net assets for FYE 2006 and FYE 2007.

**Figure 2**

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Current and other assets	\$ 43,754,669	\$ 26,614,518	\$ 7,377,511	\$ 3,367,186	\$ 51,132,180	\$ 29,981,704
Capital assets	49,066,139	28,083,975	25,811,669	26,438,897	74,877,808	54,522,872
Total assets	92,820,808	54,698,493	33,189,180	29,806,083	126,009,988	84,504,576
Long-term liabilities outstanding	61,460,800	29,992,490	16,801,570	16,801,570	78,262,370	46,794,060
Other liabilities	4,418,712	2,134,615	408,285	633,681	4,826,997	2,768,296
Total liabilities	65,879,512	32,127,105	17,209,855	17,435,251	83,089,367	49,562,356
Net assets:						
Invested in capital assets, net of related debt	44,270,721	21,679,627	10,041,448	9,680,354	54,312,169	31,359,981
Unrestricted	(17,329,425)	891,761	3,760,491	2,690,478	(13,568,934)	3,582,239
Total net assets	\$ 26,941,296	\$ 22,571,388	\$ 13,801,939	\$ 12,370,832	\$ 40,743,235	\$ 34,942,220

As noted earlier, net assets may serve over time as one useful indicator of a government's financial condition. The assets of the County exceeded liabilities by \$40,743,235 as of June 30, 2007. Net assets are reported in two categories: Invested in capital assets, net of related debt of \$54,312,169 million and unrestricted net assets \$(13.57) 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 assets is restricted net assets. This represents resources that are subject to external restrictions on how they may be used. The final category of net assets is unrestricted net assets. 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 \$13.57 million in unrestricted net assets. Many counties in the State of North Carolina have a deficit in unrestricted net assets. This could be 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 \$53.22 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 assets increased, however with issuance of \$37.25 million in new debt in FY 2006-2007, a decrease is expected next year. The schools are still under construction and currently belong to the county, however, when they are completed, the asset will be turned over to the school system with the liability remaining. Some of the impact of the inclusion of the school system debt without the corresponding assets was offset by the following positive operational initiatives and results:

- Continued diligence by increasing the tax collection percentage from 96.88% to 97.10.
- Continued low cost of debt due to the County's bond rating.
- Continued land use planning for residential growth.
- Adoption of a Adequate Public Facilities Fee
- Lottery Proceeds for school debt
- A continued increase in sales tax revenue and additional \$571,004 above budget in tax collections.
- An increase in rates for investments which provided \$1,214,619 in revenue.

**Figure 3**  
**FRANKLIN COUNTY'S CHANGES IN NET ASSETS**

	Governmental Activities		Business-type Activities		FY 2006	FY 2005
	FY 2007	FY 2006	FY 2007	FY 2006		
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 11,308,248	\$ 8,954,955	\$ 6,280,308	\$ 4,426,604	\$ 17,588,556	\$ 13,381,559
Operating grants and contributions	6,490,849	6,805,749	-	-	6,490,849	6,805,749
Capital grants and contributions	1,257,057	1,443,355	400,000	503,246	1,657,057	1,946,601
General revenues:						
Property taxes	30,083,554	28,883,215	-	-	30,083,554	28,883,215
Other taxes	11,152,255	10,102,630	-	-	11,152,255	10,102,630
Other	3,683,809	2,461,008	131,441	169,138	3,815,250	2,630,146
<b>Total revenues</b>	<b>63,975,772</b>	<b>58,650,912</b>	<b>6,811,749</b>	<b>5,098,988</b>	<b>70,787,521</b>	<b>63,749,900</b>
<b>Expenses:</b>						
General Government	7,154,891	3,772,123	-	-	7,154,891	3,772,123
Public Safety	14,440,777	12,328,799	-	-	14,440,777	12,328,799
Economic and Fiscal Development	2,627,867	3,107,944	-	-	2,627,867	3,107,944
Human Services	18,251,014	17,358,323	-	-	18,251,014	17,358,323
Cultural and Recreation	1,383,297	1,275,730	-	-	1,383,297	1,275,730
Education	12,209,081	13,617,183	-	-	12,209,081	13,617,183
Interest on long-term debt	1,697,224	1,351,352	-	-	1,697,224	1,351,352
Water and Sewer	-	-	5,679,134	5,341,717	5,679,134	5,341,717
<b>Total expenses</b>	<b>57,764,151</b>	<b>52,811,454</b>	<b>5,679,134</b>	<b>5,341,717</b>	<b>63,443,285</b>	<b>58,153,171</b>
Increase(Decrease) in net assets before transfers	6,211,621	5,839,458	1,132,615	(242,729)	7,344,236	5,596,729
Transfers	(298,492)	(913,272)	298,492	915,272	-	-
<b>Increase in net assets</b>	<b>5,913,129</b>	<b>4,924,186</b>	<b>1,431,107</b>	<b>672,543</b>	<b>7,344,236</b>	<b>5,596,729</b>
Net assets, July, 1 as restated	21,028,167	17,647,202	12,370,832	11,698,289	33,398,999	29,345,491
(See footnote ii.C.)						
<b>Net assets, June 30</b>	<b>\$ 26,941,296</b>	<b>\$ 22,571,388</b>	<b>\$ 13,801,939</b>	<b>\$ 12,370,832</b>	<b>\$ 40,743,235</b>	<b>\$ 34,942,220</b>

**Governmental activities:** Governmental activities increased the County's net assets by \$5,913,127 or 27 percent. Key elements are as follows:

- Ad valorem Tax collections increased by \$1,190,450 due to an increase in property valuation. The General fund tax rate remained at 79.0 cents per \$100.
- Sales Tax revenue increased by \$696,373, a 9 percent increase. Sales Tax collections continue to be strong with an average of 12 percent over the past three years.
- Investment earnings increased by 119 percent or about \$1,163,882. Interest rates on investments have increased to an average yield of 5.40 percent. \$785,057 was interest earned on Bond proceeds.

**Business-type activities:** The net assets in Business-type activities increased by \$1,413,107. Charges for services continue to increase. In FY 2006-2007, the county collected \$1,240,063 in additional charges which amounts to a 24.6 percent increase. A 5 percent increase in rates was administered during the budget process. The county's customer base increased from 2,183 to 2,564, a 17.5 percent increase.

**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, unreserved fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the County. At the end of the current fiscal year, unreserved undesignated fund balance of the General Fund was \$13,254,349 while total fund balance reached \$18,597,430. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved undesignated fund balance represents 22.30 percent of total General Fund expenditures, while total fund balance represents 31.20 percent.

Also in FY 2006-2007, the county's school construction capital project fund was identified as a major governmental fund. This fund accounts for school construction activities such as bond proceeds and capital construction expenses. At June 30<sup>th</sup>, 2007, the school construction had a fund balance of \$13.2 million.

At June 30, 2007, the governmental funds of the County reported a combined fund balance of \$36,751,000. The county's overall fund balance remains strong.

### **General Fund Budgetary Highlights**

During fiscal year 2007, 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 \$755,526 and expenditures by only \$4,109,701 or 7.0% of the total budget. \$2,500,000 was appropriated during the year for the purchase of 200+ acres for the future Franklin County HUB site.

The actual operating revenues for the General Fund were higher than the budgeted amount by \$2,856,216. Sales Tax revenues exceeded budget by \$569,819 and Ad valorem taxes exceeded budget by \$571,004. The County's expenditures were \$3,163,179 less than budgeted. Human Services departments under spent their budgets by \$1,154,694 and Public Safety departments under spent their budgets by \$914,091.

**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 assets of the Water and Sewer Fund at the end of the fiscal year amounted to \$5,742,818. This increase of \$3,052,340 was mainly due to the issuance of COPS with project expenditures not complete.

### 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, 2007, totaled \$56,369,534 (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:

- The purchase of 220 acres \$2,500,000 million for future Economic Development.
- Completed the roof replacement for the Human Services Building with a cost of \$643,000.

- Major construction on two schools in the amount of \$19,000,000.
- Built two T-Hangers at the Franklin County Airport at a cost of \$700,000.

**Figure 4**

**Franklin County's Capital Assets (net of depreciation)**

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Land	\$ 11,770,760	\$ 9,129,673	\$ 332,206	\$ 332,206	\$ 12,102,966	\$ 9,461,879
Buildings	14,046,871	14,030,985	-	-	14,046,871	14,030,985
Gas Lines	259,577	267,804	-	-	259,577	267,804
Water Lines	152,788	156,869	10,412,521	10,761,515	10,565,309	10,918,384
Sewer Lines	-	-	14,617,578	15,105,326	14,617,578	15,105,326
Automotive equipment	864,907	1,049,137	76,200	75,821	941,107	1,124,958
Office and other equipment	1,719,806	1,355,687	137,957	131,529	1,857,763	1,487,216
Construction in progress	20,251,430	2,093,820	235,207	32,500	20,486,637	2,126,320
Total	\$ 49,066,139	\$ 28,083,975	\$ 25,811,669	\$ 26,438,897	\$ 74,877,808	\$ 54,522,872

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, 2007, the County had total bonded school debt outstanding of \$32,325,000, all of which is backed by the full faith and credit of the County. The County has \$40,037,902 in Certificates Of Participation outstanding, \$2,700,000 outstanding in Federal and State revolving loans and \$4,131,424 in several small installment loans outstanding. 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	
	2007	2006	2007	2006	2007	2006
General obligation bonds	\$ 32,325,000	\$ 13,445,000	\$ -	\$ -	\$ 32,325,000	\$ 13,445,000
Certificates of Participation	23,630,681	10,654,276	16,407,221	14,058,545	\$ 40,037,902	24,712,821
Installment Purchases	4,131,424	4,689,580	-	-	\$ 4,131,424	4,689,580
Revolving Loans	-	-	2,520,000	2,700,000	\$ 2,520,000	2,700,000
Other obligations	1,373,695	1,204,262	51,735	43,025	\$ 1,425,430	1,247,287
Total long-term debt	\$ 61,460,800	\$ 29,993,118	\$ 18,978,956	\$ 16,801,570	\$ 80,439,756	\$ 46,794,688

In fiscal year 2006-2007, the County's total debt increased by \$33,645,068 as the county issued \$20,000,000 in GO Bonds and \$17,250,000 in COPs. The County met all of its obligations in a timely fashion.

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

Moody's Investor Services	A1
Standard & Poor's	A+

This stability of the county's bond rating is a clear indication of the sound financial condition of The County. 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 \$215,614,161. The County has \$8,600,000 bonds authorized but un-issued at June 30, 2007. The County did issue the remaining \$8.6 million in August 2007.

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

### Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for Franklin County was 4.80 percent at June 30, 2007 which is higher when compared to last year's rate at 4.20 percent. This compares favorably to the state's average of 5.00 percent and the national average 5.10 percent.
- Inflationary trends in the region compare very favorably to national indicators.
- Sales Tax revenues are increasing statewide and the County's tax base continues to grow at almost 7% annually.

All of these factors were considered in preparing the County of Franklin's budget for FY 2008.

### Budget Highlights for the Fiscal Year Ending June 30, 2008

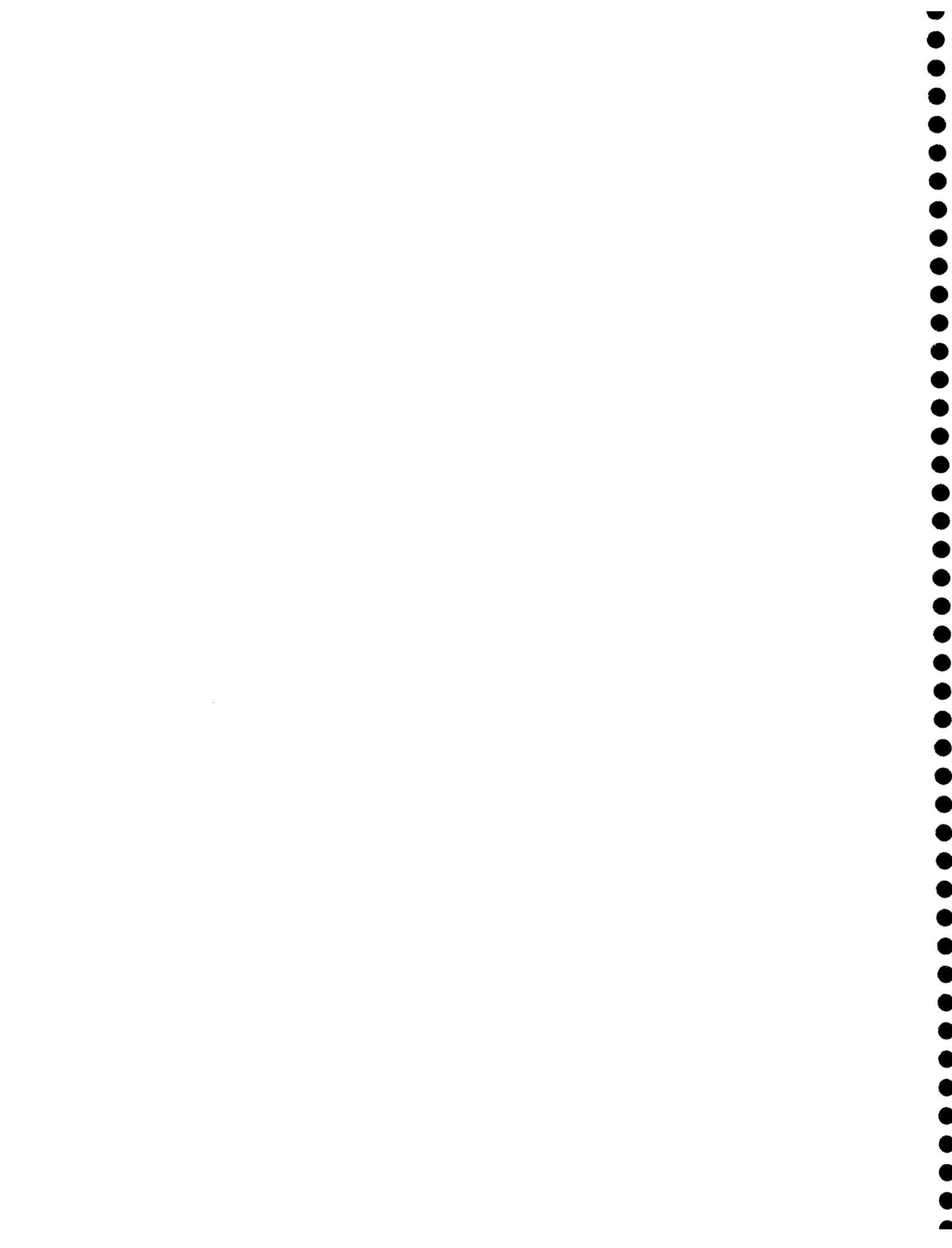
- **Governmental Activities:** The County has approved a \$65 million general fund budget for fiscal year 2007-2008. This represents a \$6.3 million or 10.80 percent increase over the previous fiscal year. The property tax rate increased 3.25 cents per \$100 dollars of property valuation.
- Budgeted expenditures for education continue to increase. The County budgeted \$18,114,748 for education in fiscal year 2007, an increase of \$ 2,624,950 over the previous year. The County has committed to enhancing public safety with the addition of 13 new positions in the sheriff's budget. The county also plans to add a simulcast system which will allow communicators to dispatch all needed emergency more efficiently. The county purchase 20 acres of property in the Pilot area for the construction of a recreation facility. The budget also included a \$1,000 COLA for each employee and a \$250 mid-year bonus.
- **Business – type Activities:** The County increased its water and sewer rates by 5 percent during the 2007-2008 budget. The county's water and sewer system is in the black for the first time in 5 years and has an appropriation of \$300,000 to the general fund for loans previously made. The county's customer base continues to see 18 to 20 percent increases annually. The budget also includes new office space for the department.

### 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.

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# BASIC FINANCIAL STATEMENTS



Franklin County, North Carolina  
Statement of Net Assets  
June 30, 2007

	Governmental Activities	Business-type Activity	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 23,135,842	\$ 3,603,190	\$ 26,739,032
Receivables (net)	2,598,392	594,678	3,193,070
Due from other governments	3,041,975	22,645	3,064,620
Inventory	31,470	-	31,470
Restricted cash and cash equivalents	14,946,990	3,156,998	18,103,988
Capital assets:			
Land, improvements, and construction in progress	30,712,157	567,413	31,279,570
Other capital assets, net of depreciation	18,353,982	25,244,256	43,598,238
Total capital assets	<u>49,066,139</u>	<u>25,811,669</u>	<u>74,877,808</u>
Total assets	<u>92,820,808</u>	<u>33,189,180</u>	<u>126,009,988</u>
<b>Liabilities</b>			
Accounts payable and accrued expenses	4,131,094	298,880	4,429,974
Unearned revenue	287,618	-	287,618
Customer deposits	-	161,140	161,140
Long-term liabilities:			
Due within one year	5,800,087	1,174,673	6,974,760
Due in more than one year	<u>55,660,713</u>	<u>17,752,548</u>	<u>73,413,261</u>
Total liabilities	<u>65,879,512</u>	<u>19,387,241</u>	<u>85,266,753</u>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	44,270,721	10,041,448	54,312,169
Unrestricted	<u>(17,329,425)</u>	<u>3,760,491</u>	<u>(13,568,934)</u>
Total net assets	<u>\$ 26,941,296</u>	<u>\$ 13,801,939</u>	<u>\$ 40,743,235</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, 2007

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activity	Total
<b>Governmental activities:</b>							
General government	\$ 7,154,891	\$ 690,055	\$ -	\$ -	\$ (6,464,836)	\$ -	\$ (6,464,836)
Public safety	14,440,777	3,669,494	47,608	-	(10,723,675)	-	(10,723,675)
Economic and physical development	2,627,867	2,509,345	115,296	757,057	753,831	-	753,831
Human services	18,251,014	4,369,288	6,327,945	-	(7,553,781)	-	(7,553,781)
Cultural and recreation	1,383,297	70,066	-	-	(1,313,231)	-	(1,313,231)
Education	12,209,081	-	-	500,000	(11,709,081)	-	(11,709,081)
Interest on long-term debt	1,697,224	-	-	-	(1,697,224)	-	(1,697,224)
Total governmental activities	57,764,151	11,308,248	6,490,849	1,257,057	(38,707,997)	-	(38,707,997)
<b>Business-type activity:</b>							
Water and Sewer Department	5,679,134	6,280,308	-	400,000	-	1,001,174	1,001,174
Total business-type activity							
	\$ 63,443,285	\$ 17,588,556	\$ 6,490,849	\$ 1,657,057	(38,707,997)	1,001,174	(37,706,823)
<b>General revenues:</b>							
Taxes:							
Property taxes, levied for general purposes					30,083,554	-	30,083,554
Local option sales tax					11,152,255	-	11,152,255
Investment earnings, unrestricted					2,170,710	131,441	2,302,151
Miscellaneous, unrestricted					1,513,099	-	1,513,099
Transfers:							
Net transfers to Water & Sewer Fund from General Fund					(298,492)	298,492	-
Total general revenues and transfers					44,621,126	429,933	45,051,059
Change in net assets					5,913,129	1,431,107	7,344,236
Net assets - July 1, 2006					21,028,167	12,370,832	33,398,999
Net assets - June 30, 2007					\$ 26,941,296	\$ 13,801,939	\$ 40,743,235

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

**Franklin County, North Carolina**  
Balance Sheet  
Governmental Funds  
June 30, 2007

	Major <u>General</u>	Major <u>School Construction Fund</u>	Nonmajor <u>Other Governmental Funds</u>	Total <u>Governmental Funds</u>
<b>Assets</b>				
Cash and cash equivalents	\$ 17,916,274	\$ 2,316,257	\$ 2,405,944	\$ 22,638,475
Receivables, net	2,097,705	-	130,956	2,228,661
Due from other governments	2,160,020	286,755	595,200	3,041,975
Inventory	31,470	-	-	31,470
Restricted assets:				
Debt service reserve	-	12,822,841	2,124,149	14,946,990
<b>Total assets</b>	<u>\$ 22,205,469</u>	<u>\$ 15,425,853</u>	<u>\$ 5,256,249</u>	<u>\$ 42,887,571</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ 1,718,448	\$ 2,183,688	\$ 228,187	\$ 4,130,323
Deferred revenue	1,889,591	-	116,657	2,006,248
<b>Total liabilities</b>	<u>3,608,039</u>	<u>2,183,688</u>	<u>344,844</u>	<u>6,136,571</u>
<b>Fund Balances:</b>				
Reserved by State statute	2,647,862	286,756	514,241	3,448,859
Reserved for inventory	31,470	-	-	31,470
Reserved for				
Debt service	-	-	2,124,149	2,124,149
School construction	-	12,955,409	-	12,955,409
Unreserved:				
Designated for subsequent year's expenditure				
General fund	1,791,867	-	-	1,791,867
Board designated for Cooperative Extension	45,034	-	-	45,034
Board designated for EMS	532,098	-	-	532,098
Board designated for Parks and Recreation	350,234	-	-	350,234
Board designated for Adequate Public Facilities	41,197	-	-	41,197
Undesignated	13,157,668	-	-	13,157,668
Unreserved, undesignated, reported in nonmajor:				
Special revenue funds	-	-	2,120,902	2,120,902
Capital projects funds	-	-	152,113	152,113
<b>Total fund balances</b>	<u>18,597,430</u>	<u>13,242,165</u>	<u>4,911,405</u>	<u>36,751,000</u>
<b>Total liabilities and fund balances</b>	<u>\$ 22,205,469</u>	<u>\$ 15,425,853</u>	<u>\$ 5,256,249</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	49,066,139
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.	496,596
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:	1,718,630
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:	369,731
Some liabilities, including bonds payable, are not due and payable in the current year and, therefore, are not reported in the funds	(61,460,800)
<b>Net assets of governmental activities</b>	<u>\$ 26,941,296</u>

**Franklin County, North Carolina**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2007**

	Major	Major	Nonmajor	Total
	General Fund	School Construction Fund	Other Governmental Funds	Governmental Funds
<b>Revenues</b>				
Ad valorem taxes	\$ 28,385,169	\$ -	\$ 1,741,283	\$ 30,126,452
Local option sales taxes	8,419,819	-	2,732,436	11,152,255
Other taxes and licenses	2,305	-	287,125	289,430
Unrestricted intergovernmental	348,831	-	-	348,831
Restricted intergovernmental	6,964,769	-	940,939	7,905,708
Permits and fees	2,154,766	-	-	2,154,766
Sales and services	9,431,137	-	-	9,431,137
Investment earnings	1,214,619	785,057	144,044	2,143,720
Miscellaneous	172,869	-	-	172,869
<b>Total revenues</b>	<b>57,094,284</b>	<b>785,057</b>	<b>5,845,827</b>	<b>63,725,168</b>
<b>Expenditures</b>				
Current:				
General government	6,887,064	-	-	6,887,064
Public safety	11,935,672	-	2,200,415	14,136,087
Economic and physical development	4,948,180	-	180,419	5,128,599
Human services	17,937,867	-	-	17,937,867
Cultural and recreational	1,286,120	-	-	1,286,120
Intergovernmental:				
Education	12,209,081	-	-	12,209,081
Capital outlay	-	19,014,867	1,265,289	20,280,156
Debt service:				
Principal	2,738,778	-	-	2,738,778
Interest and other charges	1,697,224	-	-	1,697,224
<b>Total expenditures</b>	<b>59,639,986</b>	<b>19,014,867</b>	<b>3,646,123</b>	<b>82,300,976</b>
<b>Revenues over (under) expenditures</b>	<b>(2,545,702)</b>	<b>(18,229,810)</b>	<b>2,199,704</b>	<b>(18,575,808)</b>
<b>Other financing sources (uses)</b>				
Transfers to other funds	(429,833)	-	(2,694,669)	(3,124,502)
Transfers from other funds	2,696,177	-	129,833	2,826,010
Issuance of debt	-	32,815,000	1,280,000	34,095,000
Sale of capital assets	5,000	-	-	5,000
<b>Total other financing sources (uses) - net</b>	<b>2,271,344</b>	<b>32,815,000</b>	<b>(1,284,836)</b>	<b>33,801,508</b>
<b>Net changes in fund balances</b>	<b>(274,358)</b>	<b>14,585,190</b>	<b>914,868</b>	<b>15,225,700</b>
<b>Fund balances</b>				
Beginning of year, July 1	18,897,283	(1,343,025)	3,996,537	21,550,795
Decrease in reserve for inventory	(25,495)	-	-	(25,495)
<b>End of year, June 30</b>	<b>\$ 18,597,430</b>	<b>\$ 13,242,165</b>	<b>\$ 4,911,405</b>	<b>\$ 36,751,000</b>

**Franklin County, North Carolina**  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2007

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

Net changes in funds balances - total governmental funds	\$ 15,225,700
Government funds report capital outlays as expenditures. However in the Statement of Activities the cost of those assets is capitalized and allocated over the life of the asset.	24,059,896
The allocation of the cost of assets over the life of the asset through depreciation is not a current financial use in the funds; therefore depreciation expense is not recorded in these statements.	(1,532,700)
Assessments during the year provide current financial resources and are reported as revenues in the funds. This transaction has no impact on net assets since assessment income was accrued in a prior period.	(43,005)
Reduction in Ad Valorem taxes receivable that are not reflected in the funds as they are not a source of current resources.	(42,929)
The repayment of the principal of long-term debt consumes the current financial resources of governmental funds. This transaction has no effect on net assets.	2,796,123
Loss on disposal of capital assets, which are not recorded in the governmental funds since they do not involve the use of current assets	(1,790)
The net issuance of long-term debt creates current financial resources which are recognized in the governmental funds. This transaction has no impact on net assets.	(34,095,000)
The net loss of internal service activity is reported in the government-wide statements.	(258,238)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported in governmental funds:	
Compensated absences accrued	(158,714)
Retirement expenses accrued	(10,719)
Inventory not expensed on statement of activities	<u>(25,495)</u>
Total changes in net assets of governmental activities	<u>\$ 5,913,129</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, 2007**

	Original Budget	Final Budget	Actual	Variance With Final Positive (Negative)
<b>Revenues</b>				
Ad valorem taxes	\$ 27,468,331	\$ 27,814,165	\$ 28,385,169	\$ 571,004
Local option sales tax	7,850,000	7,850,000	8,419,819	569,819
Other taxes and licenses	-	2,100	2,305	205
Unrestricted intergovernmental	618,000	618,000	348,831	(269,169)
Restricted intergovernmental	6,316,463	6,421,881	6,964,769	542,888
Permits and fees	2,708,490	1,609,350	2,154,766	545,416
Sales and services	8,576,884	10,068,184	9,431,137	(637,047)
Investment earnings	525,000	525,000	1,214,619	689,619
Miscellaneous	174,900	84,914	172,869	87,955
Total revenues	<u>54,238,068</u>	<u>54,993,594</u>	<u>57,094,284</u>	<u>2,100,690</u>
<b>Expenditures</b>				
Current:				
General government	4,885,904	7,484,961	6,887,064	597,897
Public safety	12,233,994	12,849,763	11,935,672	914,091
Economic and physical development	4,852,135	5,300,028	4,948,180	351,848
Human services	18,886,294	19,092,561	17,937,867	1,154,694
Cultural and recreational	1,279,581	1,355,356	1,286,120	69,236
Intergovernmental:				
Education	12,089,081	12,209,081	12,209,081	-
Debt service:				
Principal retirement	2,697,214	2,739,003	2,738,778	225
Interest and other charges	1,769,261	1,772,412	1,697,224	75,188
Total expenditures	<u>58,693,464</u>	<u>62,803,165</u>	<u>59,639,986</u>	<u>3,163,179</u>
<b>Revenues under expenditures</b>	<u>(4,455,396)</u>	<u>(7,809,571)</u>	<u>(2,545,702)</u>	<u>5,263,869</u>
<b>Other financing sources (uses)</b>				
Transfers to other funds	(357,367)	(429,833)	(429,833)	-
Transfers from other funds	2,500,000	2,620,000	2,696,177	76,177
Sale of capital assets	-	15,000	5,000	10,000
Appropriated fund balance	2,312,763	5,604,404	-	-
Total other financing sources (uses) - net	<u>4,455,396</u>	<u>7,809,571</u>	<u>2,271,344</u>	<u>76,177</u>
<b>Revenues and other financing sources under expenditures and other financing uses</b>	<u>\$ -</u>	<u>\$ -</u>	<u>(274,358)</u>	<u>\$ 5,340,046</u>
<b>Fund balance</b>				
Beginning of year, July 1			18,897,283	
Decrease in reserve for inventory			<u>(25,495)</u>	
End of year, June 30			<u>\$ 18,597,430</u>	

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

Franklin County, North Carolina  
Statement of Net Assets  
Proprietary Funds  
June 30, 2007

	<u>Major</u>	<u>Major</u>
	<u>Enterprise</u>	<u>Internal</u>
	<u>Fund</u>	<u>Service</u>
	<u>Water and</u>	<u>Insurance</u>
	<u>Sewer Fund</u>	<u>Fund</u>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 3,603,190	\$ 497,367
Receivables, net	594,678	-
Due from other governments	22,645	282
Reserved cash	3,156,998	-
Total current assets	<u>7,377,511</u>	<u>497,649</u>
Noncurrent assets:		
Capital assets:		
Land, improvements, and construction in progress	567,413	-
Other capital assets, net of depreciation	25,244,256	-
Total capital assets	<u>25,811,669</u>	<u>-</u>
Total noncurrent assets	<u>25,811,669</u>	<u>-</u>
Total assets	<u>33,189,180</u>	<u>497,649</u>
<b>Liabilities</b>		
Current liabilities:		
Accounts payable	221,621	1,053
Accrued payroll	25,524	-
Customer deposits	161,140	-
Compensated absences	51,735	-
Revolving loans	180,000	-
Certificates of participation	994,673	-
Total current liabilities	<u>1,634,693</u>	<u>1,053</u>
Noncurrent liabilities:		
Revolving loans	2,340,000	-
Certificates of participation	15,412,548	-
Total liabilities	<u>19,387,241</u>	<u>1,053</u>
<b>Net Assets</b>		
Invested in capital assets, net of related debt	10,041,448	-
Unrestricted	3,760,491	496,596
Total net assets	<u>\$ 13,801,939</u>	<u>\$ 496,596</u>

**Franklin County, North Carolina**  
Statement of Revenues, Expenses, and Changes in Fund Net Assets  
Proprietary Funds  
For the Year Ended June 30, 2007

	<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>
<b>Operating revenues</b>		
Charges for water	\$ 4,078,621	\$ -
Charges for sewer	1,271,414	-
Impact and connection fees	641,467	-
Charges for services	-	4,335,054
Miscellaneous	288,806	-
Total operating revenues	<u>6,280,308</u>	<u>4,335,054</u>
<b>Operating expenses</b>		
Internal Service fund expenses	-	4,620,282
<u>Water Department</u>		
Salaries and employee benefits	513,836	-
Water purchases	2,456,581	-
Other operating expenses	300,403	-
Depreciation	638,673	-
	<u>3,909,493</u>	<u>-</u>
<u>Sewer Department</u>		
Salaries and employee benefits	256,409	-
Contracted services	121,389	-
Other operating expenses	380,223	-
Depreciation	330,775	-
	<u>1,088,796</u>	<u>-</u>
Total operating expenses	<u>4,998,289</u>	<u>4,620,282</u>
Operating income	<u>1,282,019</u>	<u>(285,228)</u>
<b>Nonoperating revenues (expenses)</b>		
Interest earnings	131,441	26,990
Interest expense	(680,845)	-
Total nonoperating revenue (expenses) - net	<u>(549,404)</u>	<u>26,990</u>
Income (loss) before transfers	<u>732,615</u>	<u>(258,238)</u>
<b>Capital contributions - State grant</b>	<u>400,000</u>	<u>-</u>
<b>Transfers</b>		
Transfer to General fund	(1,508)	-
Transfer from General fund	300,000	-
Total transfers	<u>298,492</u>	<u>-</u>
Change in net assets	<u>1,431,107</u>	<u>(258,238)</u>
<b>Net assets</b>		
Beginning of year, July 1	<u>12,370,832</u>	<u>754,834</u>
End of year, June 30	<u>\$ 13,801,939</u>	<u>\$ 496,596</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, 2007

	<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>
<b>Cash flows from operating activities</b>		
Cash received from customers	\$ 6,191,489	\$ 4,334,772
Cash paid for goods and services	(3,527,678)	(4,619,229)
Cash paid to employees for services	(761,148)	-
Customer deposits received	43,299	-
Net cash provided by operating activities	<u>1,945,962</u>	<u>(284,457)</u>
<b>Cash flows from noncapital financing activities</b>		
Transfers out	(1,508)	-
Transfers in	300,000	-
Net cash provided by noncapital financing activities	<u>298,492</u>	<u>-</u>
<b>Cash flows from capital and related financing activities</b>		
Issuance of debt	3,155,000	-
Increase in reserved cash	(3,156,998)	-
Acquisition and construction of capital assets	(342,695)	-
Principal paid on bonds	(986,324)	-
Interest paid on bonds	(680,370)	-
State grant	400,000	-
Net cash used by capital and related financing activities	<u>(1,611,387)</u>	<u>-</u>
<b>Cash flows from investing activities</b>		
Interest on investments	131,441	26,990
Net increase in cash and cash equivalents	764,508	(257,467)
<b>Cash and cash equivalents</b>		
Beginning of year, July 1	<u>2,838,682</u>	<u>754,834</u>
End of year, June 30	<u>\$ 3,603,190</u>	<u>\$ 497,367</u>

Franklin County, North Carolina  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2007

	<u>Major</u>	<u>Major</u>
	<u>Enterprise</u>	<u>Internal Service</u>
	<u>Fund</u>	<u>Fund</u>
	<u>Water and</u>	<u>Insurance Fund</u>
	<u>Sewer Fund</u>	
<b>Reconciliation of operating income to net cash provided by operating activities:</b>		
Operating income	\$ 1,282,019	\$ (285,228)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	969,448	-
Changes in assets and liabilities:		
Increase in accounts receivable	(88,819)	(282)
Increase (decrease) in accounts payable and accrued liabilities	(269,082)	1,053
Increase in accrued payroll	387	-
Increase in customer deposits	43,299	-
Increase in accrued vacation pay	8,710	-
Total adjustments	<u>663,943</u>	<u>771</u>
Net cash provided by operating activities	<u>\$ 1,945,962</u>	<u>\$ (284,457)</u>

Franklin County, North Carolina  
 Statement of Fiduciary Net Assets  
 Fiduciary Funds  
 June 30, 2007

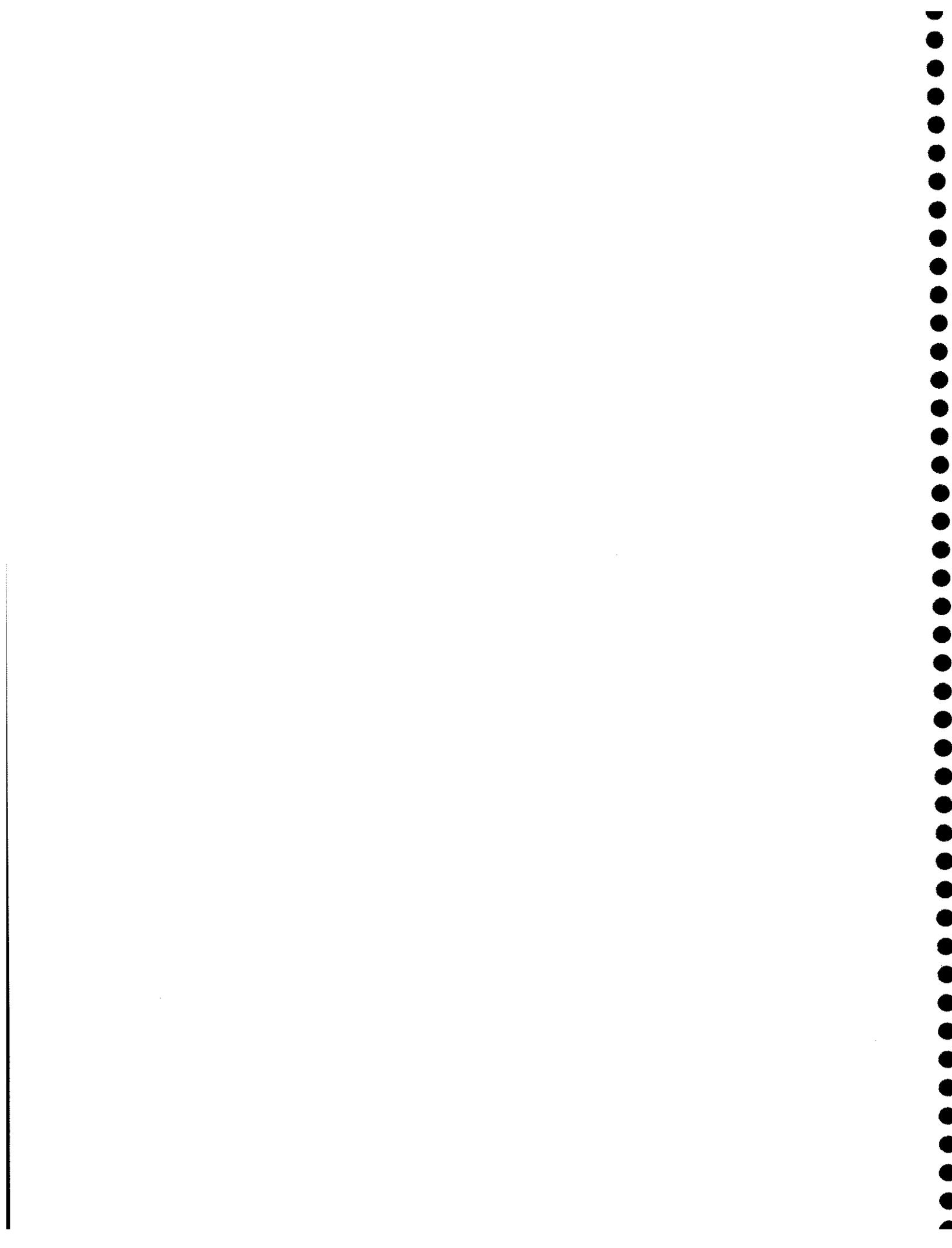
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	Agency Funds
<b>Assets</b>	
Cash and cash equivalents	\$ 53,394
<b>Liabilities and Net Assets</b>	
Liabilities:	
Intergovernmental payable - State of North Carolina	\$ 2,791
Miscellaneous liabilities	50,603
	53,394
Net Assets	\$ -

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**NOTES TO THE  
FINANCIAL STATEMENTS**



**Franklin County, North Carolina**  
Notes to the Financial Statements  
For the Year Ended June 30, 2007

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**I. Summary of Significant Accounting Policies**

The accounting policies of Franklin County and its component unit conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

**A. Reporting Entity**

The County, which is governed by a seven-member board of commissioners, is one of the 100 counties established in North Carolina under North Carolina General Statute 153A-10. As required by generally accepted accounting principles, these financial statements present the County and its component unit, a legally separate entity for which the County is financially accountable.

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 assets and the statement of activities display information about the primary government (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. 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 business-type activity 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. 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.

**Franklin County, North Carolina**  
Notes to the Financial Statements  
For the Year Ended June 30, 2007

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*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 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. Nonoperating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

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.

*School Construction Fund* – This fund is used to account for school construction projects financed by the County.

The County reports the following major enterprise fund:

*Water and Sewer Fund* – This fund is used to account for water and sewer operations 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 five 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.

Franklin County, North Carolina  
Notes to the Financial Statements  
For the Year Ended June 30, 2007

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**Measurement Focus, Basis of Accounting**

In accordance with North Carolina General Statutes, all funds of the County are maintained during the year using the modified accrual basis of accounting.

*Government-wide, Proprietary, and Fiduciary Fund Financial Statements.* The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus, except for the agency funds, which have no measurement focus. The government-wide, proprietary fund, and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating 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 nonoperating 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.

**Franklin County, North Carolina**  
Notes to the Financial Statements  
For the Year Ended June 30, 2007

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The County considers all revenues available if they are collected within 60 days after year-end, except for property taxes. Ad valorem property taxes are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable 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 those motor vehicles registered under the staggered system and for vehicles newly registered under the annual system, 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 2005 through February 2007 apply to the fiscal year ended June 30, 2007. Uncollected taxes that were billed during this period are shown as a receivable on these financial statements. In addition, as of January 1, 2006, State law implemented a staggered expiration date system for annually registered vehicles as part of the conversion into the staggered registration. Originally, annual registration expired December 31 each year with taxes due by May 1 of the following year. To transition from the staggered into the annual system, the initial 2007 registration renewals will vary from 7 to 18 months after December 31, 2006. Once these initial renewals have expired, all vehicles that were previously annually registered will be in the staggered system.

Sales taxes 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 assets available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

All governmental and business-type activities and enterprise funds of the County follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

**Franklin County, North Carolina**  
Notes to the Financial Statements  
For the Year Ended June 30, 2007

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**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, four of the special revenue funds (Capital Reserve Fund, Fire District Fund, DEA Fund, and the Emergency Telephone System Fund), the Insurance Fund (an internal service fund), and the Water and Sewer Fund. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the capital projects funds, 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 by the budget ordinance to transfer appropriations between functional areas within a fund up to \$10,000. During the year, several amendments to the original budget were necessary, the effects of which were not material.

**D. Assets, Liabilities, 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).

**Franklin County, North Carolina**  
Notes to the Financial Statements  
For the Year Ended June 30, 2007

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The County's investments with maturity of more than one year at acquisition and non-money market investments are carried at fair value as determined by quoted marked prices. The securities of the NCCMT Cash Portfolio, and 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. Money market investments that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost.

## **2. Cash and Cash Equivalents**

The County pools moneys from several funds, except 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 COPS Capital Projects Fund are classified as restricted assets because their use is completely restricted to the purpose for which the bonds were issued.

## **4. Ad Valorem Taxes Receivable**

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the County levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, penalties and interest do not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2006.

## **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**

Inventory is valued at the lower of cost, on a first-in, first-out basis, or market. The County's General Fund inventory consists of aviation fuel that is recorded as expenditures when purchased.

**Franklin County, North Carolina**  
Notes to the Financial Statements  
For the Year Ended June 30, 2007

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**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 cost is: \$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, once 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	30-15
Furniture and equipment	5-40
Vehicles	5
Computer equipment & software	3-5
Water lines	15-40

**8. Long-term Obligations**

In the government-wide financial statements and in the proprietary fund type in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activity, or proprietary fund type statement of net assets.

In the fund financial statements for governmental fund types, the face amount of debt issued is reported as an other financing source.

**9. 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. For the County's government-wide and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned.

**Franklin County, North Carolina**  
Notes to the Financial Statements  
For the Year Ended June 30, 2007

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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 accrual for sick leave has been made by the County.

## **10. Net Assets/Fund Balances**

### **Net Assets**

Net assets in government-wide and proprietary fund financial statements are classified as invested in capital assets, net of related debt; restricted; and unrestricted. Restricted net assets represent constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through State statute.

### **Fund Balances**

In the governmental fund financial statements, reservations or restrictions of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

State law [G.S. 159-13(b)(16)] restricts the appropriation of fund balance to an amount not to exceed the sum of cash and investments minus the sum of liabilities, encumbrances and deferred revenues arising from cash receipts as those amounts stand at the close of the fiscal year preceding the budget year.

The governmental fund types classify fund balances as follows:

#### Reserved

**Reserved by State statute** - portion of fund balance, which is not available for appropriation under State law [G.S. 159-8(a)]. This amount is usually comprised of accounts receivable and interfund receivables, which are not offset by deferred revenues.

**Reserved for Debt Service** – portion of fund balance, which is available for appropriation under State law only for the Debt Service.

**Reserved for Inventory** – portion of fund balance not available for appropriation because it represents the year-end balance of ending inventory, which is not an expendable available resource.

Franklin County, North Carolina  
Notes to the Financial Statements  
For the Year Ended June 30, 2007

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**Reserved for School Construction** – portion of fund balance which is available only for school construction.

Unreserved

**Designated for Cooperative Extension** – portion of fund balance, which has been designated by the Board for Cooperative Extension.

**Designated for Emergency Medical Services** – portion of fund balance, which has been designated by the Board for Emergency Medical Services equipment.

**Designated for Parks and Recreation** – portion of fund balance designated by the Board for parks and recreation.

**Designate for Adequate Public Facility Ordinance** - portion of fund balance designated by the Board for public school facilities improvement.

**Designated for subsequent year's expenditures** – portion of total fund balance available for appropriation that has been designated for the adopted 2007-2008 budget ordinance.

**Undesignated** – portion of fund balance available for appropriation, which is uncommitted at year-end.

**E. Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make assumptions and estimates that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Franklin County, North Carolina  
Notes to the Financial Statements  
For the Year Ended June 30, 2007

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**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. 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 undercollateralization, 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 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, 2007, the County's deposits had a carrying amount of \$27,632,179 and a bank balance of \$28,816,540. Of the bank balance, \$1,047,069 was covered by federal depository insurance and \$27,769,471 in interest bearing deposits was covered by collateral held under the Pooling Method.

At June 30, 2007, Franklin County had \$3,540 cash on hand.

**2. Investments**

At June 30, 2007, the County's investment balances were as follows:

	<u>Fair Value</u>	<u>6-12 months</u>
NC Capital Management Trust:	\$ 17,260,695	\$ 17,260,695

*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, 2007. The County's policy on investment is that only investments allowed by North Carolina General Statutes are allowed.

**Franklin County, North Carolina**  
Notes to the Financial Statements  
For the Year Ended June 30, 2007

**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>
2004	\$ 1,948,875	\$ 638,257	\$ 2,587,132
2005	2,936,699	697,466	3,634,165
2007	2,978,049	439,262	3,417,311
2007	3,001,106	172,564	3,173,670
Total	<u>\$11,864,729</u>	<u>\$ 1,947,549</u>	<u>\$12,812,278</u>

**4. Receivables**

Accounts receivable at the individual fund level at June 30, 2007 were as follows:

	<u>Accounts</u>	<u>Ad Valorem Taxes &amp; Related Accrued Interest</u>	<u>Special Assessments</u>	<u>Due from Other Governments</u>	<u>Total</u>
<b>Governmental Activities:</b>					
General	\$ 855,893	\$ 2,058,227	\$ 3,027	\$ 2,160,020	\$ 5,077,167
Other Governmental	22,219	108,737	-	881,955	1,012,911
Total receivables	878,112	2,166,964	3,027	3,041,975	6,090,078
Allowance for doubtful accounts	(298,711)	(151,000)	-	-	(449,711)
Total – governmental activities	<u>\$ 579,401</u>	<u>\$ 2,015,964</u>	<u>\$ 3,027</u>	<u>\$ 3,041,975</u>	<u>\$ 5,640,367</u>
Amounts not scheduled for collection during the subsequent year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,027</u>	<u>-</u>	<u>\$ 3,027</u>
<b>Business-type Activities:</b>					
Water and Sewer	\$ 625,661	\$ -	\$ -	\$ 22,644	\$ 648,305
Allowance for doubtful accounts	(30,982)	-	-	-	(30,982)
Total – business-type activity	<u>\$ 594,679</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,644</u>	<u>\$ 617,323</u>

**Franklin County, North Carolina**  
Notes to the Financial Statements  
For the Year Ended June 30, 2007

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

Local option sales tax	1,888,481
Child Care	187,124
Social Services	145,522
Airport Grant	96,685
State Health Grants	97,653
Sales tax refund	539,783
Miscellaneous	<u>109,372</u>
Total	<u>\$ 3,064,619</u>

**5. Capital Assets**

Capital asset activity for the year ended June 30, 2007 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	\$ 7,738,882	\$ 2,721,845	\$ -	\$ 10,460,727
Construction in process	<u>550,599</u>	<u>20,280,157</u>	<u>579,326</u>	<u>20,251,430</u>
Total capital assets not being depreciated	<u>8,289,481</u>	<u>23,002,002</u>	<u>579,326</u>	<u>30,712,157</u>
Capital assets being depreciated:				
Buildings	20,732,046	579,326	-	21,311,372
Waterlines	163,228	-	-	163,228
Gas lines	411,481	-	-	411,481
Land Improvements	1,615,162	-	-	1,615,162
Equipment	3,425,843	731,698	5,850	4,151,691
Vehicles	<u>4,263,457</u>	<u>326,177</u>	<u>328,242</u>	<u>4,261,392</u>
Total capital assets being depreciated	<u>30,611,217</u>	<u>1,637,201</u>	<u>334,092</u>	<u>31,914,326</u>
Less accumulated depreciation for:				
Buildings	6,701,061	563,440	-	7,264,501
Waterlines	6,359	4,081	-	10,440
Gas lines	143,677	8,227	-	151,904
Land Improvements	224,371	80,758	-	305,129
Equipment	2,070,156	367,581	5,852	2,431,885
Vehicles	<u>3,214,320</u>	<u>580,613</u>	<u>326,448</u>	<u>3,396,485</u>
Total accumulated depreciation	<u>12,359,944</u>	<u>\$ 1,532,700</u>	<u>\$ 332,300</u>	<u>13,560,344</u>
Total capital assets being depreciated, net	<u>18,251,273</u>			<u>18,353,982</u>
Governmental-type activities capital assets, net	<u>\$ 26,540,754</u>			<u>\$ 49,066,139</u>

**Franklin County, North Carolina**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2007**

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<b>Business-type activities:</b>				
Franklin County Water & Sewer Fund				
Capital assets not being depreciated:				
Land	\$ 332,206	\$ -	\$ -	\$ 332,206
Construction in progress	32,500	244,307	41,600	235,207
Total capital assets not being depreciated	<u>364,706</u>	<u>244,307</u>	<u>41,600</u>	<u>567,413</u>
Capital assets being depreciated:				
Plant and distribution systems	31,746,905	55,467	-	31,802,372
Furniture and maintenance equipment	523,024	47,555	-	570,579
Vehicles	294,054	36,186	-	330,240
Total capital assets being depreciated	<u>32,563,983</u>	<u>139,208</u>	<u>-</u>	<u>32,703,191</u>
Less accumulated depreciation for:				
Plant and distribution systems	5,880,064	892,209	-	6,772,273
Furniture and maintenance equipment	391,495	41,127	-	432,622
Vehicles	218,233	35,807	-	254,040
Total accumulated depreciation	<u>6,489,792</u>	<u>\$ 969,143</u>	<u>\$ -</u>	<u>7,458,935</u>
Total capital assets being depreciated, net	<u>26,074,191</u>			<u>25,244,256</u>
Business-type activities capital assets, net	<u>\$ 26,438,897</u>			<u>\$ 25,811,669</u>

**Depreciation Expense**

Depreciation expense was charged to functions/programs of governmental activity capital assets as follows:

General Government	\$ 171,300
Public Safety	774,396
Economic and Physical Development	285,212
Transportation	9,758
Human Services	187,931
Cultural and Recreational	104,103
Total depreciation expense	<u>\$ 1,532,700</u>

**Construction and Other Commitments**

At June 30, 2007, the County was obligated under construction project:

<u>Project</u>	<u>Spent-to-date</u>	<u>Remaining Commitment</u>
School projects	\$ 11,308,503	\$ 7,758,784

**Franklin County, North Carolina**  
Notes to the Financial Statements  
For the Year Ended June 30, 2007

**B. Liabilities**

**1. Payables**

Payables at the government-wide level at June 30, 2007 were as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Total</u>
Governmental Activities:			
General	\$ 1,010,577	\$ 708,642	\$ 1,719,219
School Construction Project	2,183,688	-	2,183,688
Other Governmental	<u>228,187</u>	<u>-</u>	<u>228,187</u>
Total - governmental activities	<u>\$ 3,422,452</u>	<u>\$ 708,642</u>	<u>\$ 4,131,094</u>
Business-type Activity:			
Water and Sewer Fund	<u>\$ 221,621</u>	<u>\$ 77,259</u>	<u>\$ 298,880</u>

**2. Pension Plan Obligations**

**a. Local Governmental Employee's Retirement System**

*Plan Description* – Franklin County contributes to the statewide Local Governmental Employee's 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 Employee's 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 4.92% and 4.78% 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, 2007, 2006, and 2005 were \$744,807, \$546,437, and \$548,175, respectively. The contributions made by the County and the plan members equaled the required contributions for each year.

Franklin County, North Carolina  
Notes to the Financial Statements  
For the Year Ended June 30, 2007

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**b. Law Enforcement Officers' Special Separation Allowance**

**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.

The Separation Allowance covers all full-time County law enforcement officers. At December 31, 2006, the Separation Allowance's membership consisted of:

Retirees receiving benefits	3
Terminated plan members entitled to but not yet receiving benefits	0
Active plan members	<u>52</u>
Total	<u>55</u>

**Summary of Significant Accounting Policies**

*Basis of Accounting* – Financial statements for the Separation Allowance are prepared using the accrual basis of accounting. Employer contributions to the plan are recognized when due and when the County has made a formal commitment to provide the contributions. Benefits are recognized when due and payable in accordance with the terms of the plan.

*Method Used to Value Investments* – Investments are reported at fair value. Short-term money market debt instruments, deposits, and repurchase agreements, are reported at cost or amortized cost, which approximates fair value. Certain longer term United States Government and United States Agency securities are valued at the last reported sales price.

**Contributions**

The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned by making contributions based on actuarial valuations. For the current year, the County contributed \$35,340, or 2.12% of annual covered payroll. There were no contributions made by employees. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings.

**Franklin County, North Carolina**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2007**

The annual required contribution for the current year was determined as part of the December 31, 2006 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumption included (a) 7.25% investment rate of return (net of administrative expenses) and (b) projected salary increases of 4.5% – 12.3% per year. Both (a) and (b) included an inflation component of 3.75%. The assumptions did not include postretirement benefit increases. The actuarial value of assets was determined using the market value of investments. The unfounded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2006 was 24 years.

**3-Year Trend Information**

For Year Ended <u>June 30</u>	Annual Pension Cost <u>(APC)</u>	Percentage of APC <u>Contributed</u>	Net Pension <u>Obligation</u>
2005	\$ 41,877	92.78%	\$ 212,709
2006	47,054	71.17%	226,274
2007	37,340	71.75%	236,993

**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.

*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, 2007 were \$94,564, which consisted of \$72,046 from the County and \$22,518 from the law enforcement officers.

**Franklin County, North Carolina**  
Notes to the Financial Statements  
For the Year Ended June 30, 2007

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**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 that 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.

*Funding Policy* – On a monthly basis, the County remits to the Department of State Treasurer an amount equal to four and one-half percent (4.5%) of the monthly receipts collected pursuant to Article 1 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, 2007, the County's required and actual contributions were \$18,885.

**e. Other Post-employment Benefits**

According to a County resolution, the County provides health care benefits to retirees of the County who participate in the North Carolina Local Governmental Employees' Retirement System (System) and have at least ten years of continuous creditable service with the County at the time of retirement. The County pays the full cost of coverage for these benefits. Also, retirees can purchase coverage for their dependents at the County's group rates. Currently 56 retirees are eligible for postretirement health benefits. For the fiscal year ended June 30, 2007, the County made payments for postretirement health benefit premiums of \$229,980. The County obtains Medicare supplement coverage through private insurers.

**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

**Franklin County, North Carolina**  
Notes to the Financial Statements  
For the Year Ended June 30, 2007

Contributions are determined as a percentage of monthly payroll, based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. Because the benefit payments are made by the Death Benefit Plan and not by the County, the County does not determine the number of eligible participants.

For the fiscal year ended June 30, 2007, the County made contributions to the State for death benefits of \$18,572. The County's required contributions for employees not engaged in law enforcement and for law enforcement officers represented 0.12% and 0.14% of covered payroll, respectively. The contributions to the Death Benefit plan cannot be separated between the post employment benefit amount and the other benefit amount.

**3. Deferred/Unearned Revenues**

The balance in deferred revenue on the fund statements and unearned revenues on the government-wide statement at year-end is composed of the following elements:

	Deferred Revenue	Unearned Revenue
Prepaid taxes not yet earned		
General Fund	\$ -	\$ 183,047
Special Revenue Fund	-	7,941
Taxes receivable, net		
General Fund	1,606,836	-
Special Revenue Fund	108,737	-
Special assessments receivable		
General Fund	3,027	-
Home Owners Fund	-	96,681
General Fund		
Total	\$ 1,718,600	\$ 287,669

**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 two 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, and health and dental insurance for County employees. 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

**Franklin County, North Carolina**  
Notes to the Financial Statements  
For the Year Ended June 30, 2007

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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, and single occurrence losses of \$350,000 for workers' compensation. For health and dental insurance, the County is reinsured through the Pool for individual losses in excess of \$50,000 and aggregate annual losses in excess of 115% of expected claims. The pool is reinsured through commercial carrier for individual losses in excess of \$100,000.

The County is self-insured for workers' compensation with Compensation Claims Solutions as its administrator. The County has a \$350,000 stop-loss insurance policy with an insurance company.

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.

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 at any given time of the County's funds 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.

## **5. Commitments**

At June 30, 2007, the County was obligated under an operating lease for office space as follows:

Beginning January 1, 1999 through December 31, 2007 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, 2007 was \$38,438.

At June 30, 2007, 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 \$300 to \$1,500 per year. All leases expired June 30, 2007 with options to extend for an additional year. Options were exercised on all of the leases at June 30, 2007. Rent expense for the year ended June 30, 2007 was \$8,870.

At June 30, 2007, the County was obligated under various operating leases for office equipment as follows:

**Franklin County, North Carolina**  
Notes to the Financial Statements  
For the Year Ended June 30, 2007

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Various agreements expiring from July 2007 to April 2010. Total lease expense for the year ended June 30, 2007 was \$78,028.

Future lease payments total:

<u>For Year</u> <u>Ending June 30,</u>	
2008	\$ 97,809
2009	48,137
2010	45,234
2011	<u>22,911</u>
Total	<u>\$ 214,091</u>

At June 30, 2007, the County was obligated under a commitment as follows:

The County has made and entered into an agreement on September 19, 1993 and amended November 6, 1995 with Waste Management of Carolinas, Inc. to transport certain solid waste from the transfer station to a permitted landfill. This agreement goes into effect with the opening of the Franklin County transfer station 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 \$36.94 per ton (annual increase based on increase in CPI)

At June 30, 2007, the County was obligated to purchase water from three 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 \$2.55 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 3.49 per thousand gallons. The obligation ends July 1, 2036.

With the Town of Franklinton to purchase at a minimum 350,000 gallons of water per day. The current rate is \$4.25 per thousand dollars. The obligation ends March 8, 2022.

Franklin County, North Carolina  
Notes to the Financial Statements  
For the Year Ended June 30, 2007

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**6. Contingent Liabilities**

At June 30, 2007, the County was a defendant to various lawsuits or threatened 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**

In January 1997, the County entered an installment purchase contract with CP&L in the amount of \$225,000 to purchase certain real estate. The obligation is payable by a down payment of \$20,000 in July 1997 and fourteen annual installments of principal and interest at 4% in the amount of \$19,407 beginning July 1999. Principal and interest payments are appropriated when due. \$82,950

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. \$2,400,000

On April 7, 2007, the County entered into an installment purchase agreement to purchase Emergency Medical Services equipment in the amount of \$304,707. A principal amount of \$68,487 plus interest at 4.02% is on April 7 for each of the next five years. Principal and interest payments are appropriated when due. \$248,474

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 2007. Interest is 3.85%. Principal and interest payments are appropriated when due. \$1,400,000

Total installment purchase debt \$4,131,424

Franklin County, North Carolina  
Notes to the Financial Statements  
For the Year Ended June 30, 2007

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**b. Long-term 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, 2007 is comprised of the following:

**Serviced by the County's General Fund:**

**General Obligation Bonds**

<b>\$1,400,000</b> 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%.	1,200,000
<b>\$5,550,000</b> 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%.	5,425,000
<b>\$9,500,000</b> 1998 School Bonds, issued 2/1/98, with interest semiannually on August 1 and February 1 and principal due on February 1 of \$475,000 through 2019, interest payable at 4.6%.	5,700,000
<b>\$20,000,000</b> 2006 School Bonds, issued 8/1/06, 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%	<u>20,000,000</u>
	<u>\$ 32,325,000</u>

**Certificates of Participation:**

<b>\$10,505,000</b> 1999 Franklin County Jail, School and Courthouse Refunding Certificates of Participation, issued 5/23/96, with interest semiannually on December 1 and June 1 and principal due on June 1 through 2014, interest at 3.1% to 4.75%.	\$ 4,840,681
<b>\$14,095,000</b> 2007 Franklin County Animal Control and School Certificates of Participation, issued June, 2007, with interest and principal annually on September 1 through 2027, interest at 4% to 5%.	14,095,000
<b>\$9,630,000</b> 1996 Franklin County Jail, School and Courthouse Refunding Certificates of Participation, issued 3/1/99 and interest semiannually on December 1 and June 1 and principal due on June 1 through 2014, interest at 5.27%.	<u>4,695,000</u>
	<u>\$23,630,681</u>

**Franklin County, North Carolina**  
Notes to the Financial Statements  
For the Year Ended June 30, 2007

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**Serviced by the County's Water and Sewer Fund:**

**Revolving Loans**

<b>\$1,500,000</b> 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%.	\$ 1,050,000
<b>\$2,100,000</b> 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%.	<u>1,470,000</u>
	<u>\$ 2,520,000</u>

**Certificates of Participation:**

<b>\$2,040,000</b> 1999 Franklin County Water and Sewer Certificates of Participation, issued 3/1/99, with interest semiannually on December 1 and June 1 and principal due on June 1 through 2011, interest at 3.1% to 4.5%.	\$ 770,000
<b>\$8,995,000</b> 1999 Franklin County Water and Sewer Certificates of Participation, issued 3/1/99, with interest semiannually on December 1 and June 1 and principal due on June 1 through 2025, interest at 3.5% to 5.0%.	7,365,000
<b>\$3,155,000</b> 2007 Franklin County Water and Sewer Certificates of Participation, issued June, 2007, with interest and principal annually on September 1 through 2027, interest at 4% to 5%.	3,155,000
<b>\$6,500,000</b> 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%.	<u>5,117,221</u>
	<u>\$ 16,407,221</u>

On June 30, 2007, Franklin County had a legal debt margin of \$ 215,614,161.

**Debt Related to Capital Assets**

Of the total Governmental Activities debt above, \$7,257,286 relates to assets still held by the County.

**Franklin County, North Carolina**  
Notes to the Financial Statements  
For the Year Ended June 30, 2007

**Defeased Debt**

On September 18, 2004, Franklin County issued general obligation bonds of \$5.55 million with an interest rate of 3.25% to 4.0% to advance refund general obligation debt with an interest rate of 5.7% to 5.4%. The general obligation bonds are due with interest semiannually on October 1 and April 1 and principal on April 1 through 2018. The refunding debt was issued at par and, after paying issuance costs of \$78,524 the net proceeds were \$5.68 million. The net proceeds from the issuance of the refunding bonds were used to purchase U. S. government securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the refunded bonds are called through 2018. The advance refunding met the requirements of an in-substance defeasance and the debt was removed from the County's government-wide financial statements.

As a result of the advance refunding, the County increased its total debt service requirements by \$300,000, still resulting in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$378,099.

The amount of defeased debt at June 30, 2007, is \$ 0. All debt defeased in prior years has been paid off.

**8. Changes in Long-Term Debt**

The following is a summary of changes in general long-term debt for the year ended June 30, 2007:

**Governmental Activities:**

	Balance July 1, 2006	Additions	Retirements	Balance June 30, 2007	Current Portion
General obligation bonds	\$ 13,445,000	\$ 20,000,000	\$ 1,120,000	\$ 32,325,000	\$ 2,125,000
Certificates of participation	10,654,275	14,095,000	1,118,594	23,630,681	1,785,280
Installment purchases	4,688,953	-	557,529	4,131,424	516,112
Compensated absences	977,988	1,136,702	977,988	1,136,702	1,136,702
Net pension obligation	<u>226,274</u>	<u>236,993</u>	<u>226,274</u>	<u>236,993</u>	<u>236,993</u>
<b>Total</b>	<b><u>\$ 29,992,490</u></b>	<b><u>\$35,468,695</u></b>	<b><u>\$ 4,000,385</u></b>	<b><u>\$ 61,460,800</u></b>	<b><u>\$ 5,800,087</u></b>

**Business-type Activities:**

By purpose:					
Revolving loans	\$ 2,700,000	\$ -	\$ 180,000	\$ 2,520,000	\$ 180,000
Certificates of participation	14,058,545	3,155,000	806,324	16,407,221	994,673
Compensated absences	<u>43,025</u>	<u>51,735</u>	<u>43,025</u>	<u>51,735</u>	<u>51,735</u>
<b>Total</b>	<b><u>\$ 16,801,570</u></b>	<b><u>\$ 3,206,735</u></b>	<b><u>\$ 1,029,349</u></b>	<b><u>\$ 18,978,956</u></b>	<b><u>\$ 1,226,408</u></b>

In prior years, the general fund has liquidated compensation absences. The net pension obligation has not been liquidated in prior years.

**Franklin County, North Carolina**  
Notes to the Financial Statements  
For the Year Ended June 30, 2007

**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>Certificates of Participation</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ 2,125,000	\$ 1,332,467	\$ 1,183,420	\$ 893,409
2009	2,120,000	1,238,117	1,944,838	1,032,792
2010	2,115,000	1,146,467	2,002,934	945,158
2011	2,110,000	1,056,268	2,062,797	853,895
2012	2,105,000	967,517	2,124,521	758,769
2013-2017	10,380,750	3,560,531	6,572,171	2,497,355
2018-2022	6,370,000	1,658,865	3,520,000	1,493,225
2023-2027	5,000,000	536,875	3,520,000	614,500
2028	-	-	700,000	17,500
	<u>\$ 32,325,000</u>	<u>\$ 11,497,107</u>	<u>\$ 23,630,681</u>	<u>\$ 9,106,603</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>
2008	\$ 516,112	\$ 179,582	\$ 3,824,532	\$ 2,405,458
2009	519,103	157,027	4,583,941	2,427,936
2010	522,213	134,352	4,640,147	2,225,977
2011	525,448	111,553	4,698,245	2,021,716
2012	460,328	88,623	4,689,849	1,814,909
2013-2017	1,588,220	155,864	18,540,391	6,213,750
2018-2022	-	-	9,890,000	3,152,090
2023-2027	-	-	8,520,000	614,500
2028	-	-	700,000	17,500
	<u>\$ 4,131,424</u>	<u>\$ 827,001</u>	<u>\$ 60,087,105</u>	<u>\$ 20,893,836</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>
2008	\$ 180,000	\$ 65,520	\$ 834,673	\$ 676,762
2009	180,000	60,840	1,031,085	685,435
2010	180,000	56,160	1,066,088	644,057
2011	180,000	51,480	1,102,191	600,117
2012	180,000	46,800	928,577	554,341
2013-2017	900,000	163,800	5,158,689	2,153,656
2018-2022	720,000	46,800	3,645,918	1,655,571
2023-2027	-	-	2,485,000	309,625
2028	-	-	155,000	3,875
	<u>\$ 2,520,000</u>	<u>\$ 491,400</u>	<u>\$ 16,407,221</u>	<u>\$ 7,283,439</u>

**Franklin County, North Carolina**  
Notes to the Financial Statements  
For the Year Ended June 30, 2007

<u>Year Ending June 30,</u>	Total Debt Due	
	Principal	Interest
2008	\$ 1,014,673	\$ 742,282
2009	1,211,085	746,275
2010	1,246,088	700,217
2011	1,282,191	651,597
2012	1,108,577	601,141
2013-2017	6,058,689	2,317,456
2018-2022	4,365,918	1,702,371
2023-2027	2,485,000	309,625
2028	155,000	3,875
	<u>\$ 18,927,221</u>	<u>\$ 7,774,839</u>

**C. Interfund Activity**

Transfers to/from other funds:

From the General Fund to the Water and Sewer Fund to supplement other funding sources	\$ 300,000
From the General Fund to the Fire District Fund to supplement other funding sources	40,700
From the General fund to the Airport Capital Project Fund to supplement other funding sources	33,333
From the General Fund to the Revaluation Project Fund to accumulate reserves for the sexennial revaluation of real property	55,800
From the Capital Reserve Fund to the General Fund for the payment of debt service and land purchase	2,620,000
From the COPS Capital Project Fund to the General Fund for the payment of debt service	74,669
From the Water and Sewer Capital Project Fund to the Water and Sewer Fund for debt service	1,508

**Franklin County, North Carolina**  
Notes to the Financial Statements  
For the Year Ended June 30, 2007

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**III. Joint Ventures**

The Area Mental Health District was established to provide mental health services for six counties: Franklin, Warren, Granville, Vance, Halifax, 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 \$151,220 to the Area Mental Health during the fiscal year ended June 30, 2007. 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, 2007. 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 134 South Garnett St, Henderson, N.C. 27536.

The Kerr Area Rural Transportation Authority (K.A.R.T.S.) is an association of four 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 \$19,899 to K.A.R.T.S. during the fiscal year ended June 30, 2007. 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, 2007. 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 \$270,000 and \$15,000 to the community college for operating and capital purposes, respectively, during the fiscal year

**Franklin County, North Carolina**  
Notes to the Financial Statements  
For the Year Ended June 30, 2007

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ended June 30, 2007. 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, 2007. 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.

**IV. 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 \$19,588 to the Council during the fiscal year ended June 30, 2007.

**V. 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, 2007, the County reported these local option sales taxes within its Special Revenue Fund. The County expended the restricted portion of these taxes for public school capital outlays and retirement of public school debt.

**VII. Benefit Payments Issued by the State**

The amounts listed below were paid directly to individual recipients by the State from federal and State moneys. County personnel are involved with certain functions, primarily eligibility determinations that cause benefit payments to be issued by the State. These amounts disclose this additional aid to County recipients, which 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	\$ 473,361	\$ -
Medicaid	35,262,405	-
Food Stamp Program	6,328,399	-
Energy Assistance	88,8478	-
Adoption Assistance	143,988	41,956
State/County Special Assistance for Adults	-	453,960
Title IV – E Foster Care	45,114	-
Special Supplemental Nutrition Program for Women, Infants, and Children	207,740	-
	<u>\$ 42,549,856</u>	<u>\$ 16,647,758</u>

**VIII. 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.

**IX. Significant Effects of Subsequent Events**

In August 2007, the County issued school bonds in the amount of \$8,600,000. The principal will be paid plus interest beginning March 2008. Payments will continue for twenty years with interest varying 4% to 5%.

The State of North Carolina has adopted a budget that will assume the County's share of Medicaid costs, which was an expenditure of \$3,177,047 this year. The State will in turn receive Article 44 of the County's sales tax, which was \$2,028,569 this year. This process will be phased in over a three year period beginning October 1, 2007.

**X. Restatement of Net Assets**

During the conversion to full accrual for the government-wide statements, completed construction in process that should have been removed was not removed. Therefore, Net Assets for Governmental activities were overstated by \$1,543,221.

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# REQUIRED SUPPLEMENTAL INFORMATION

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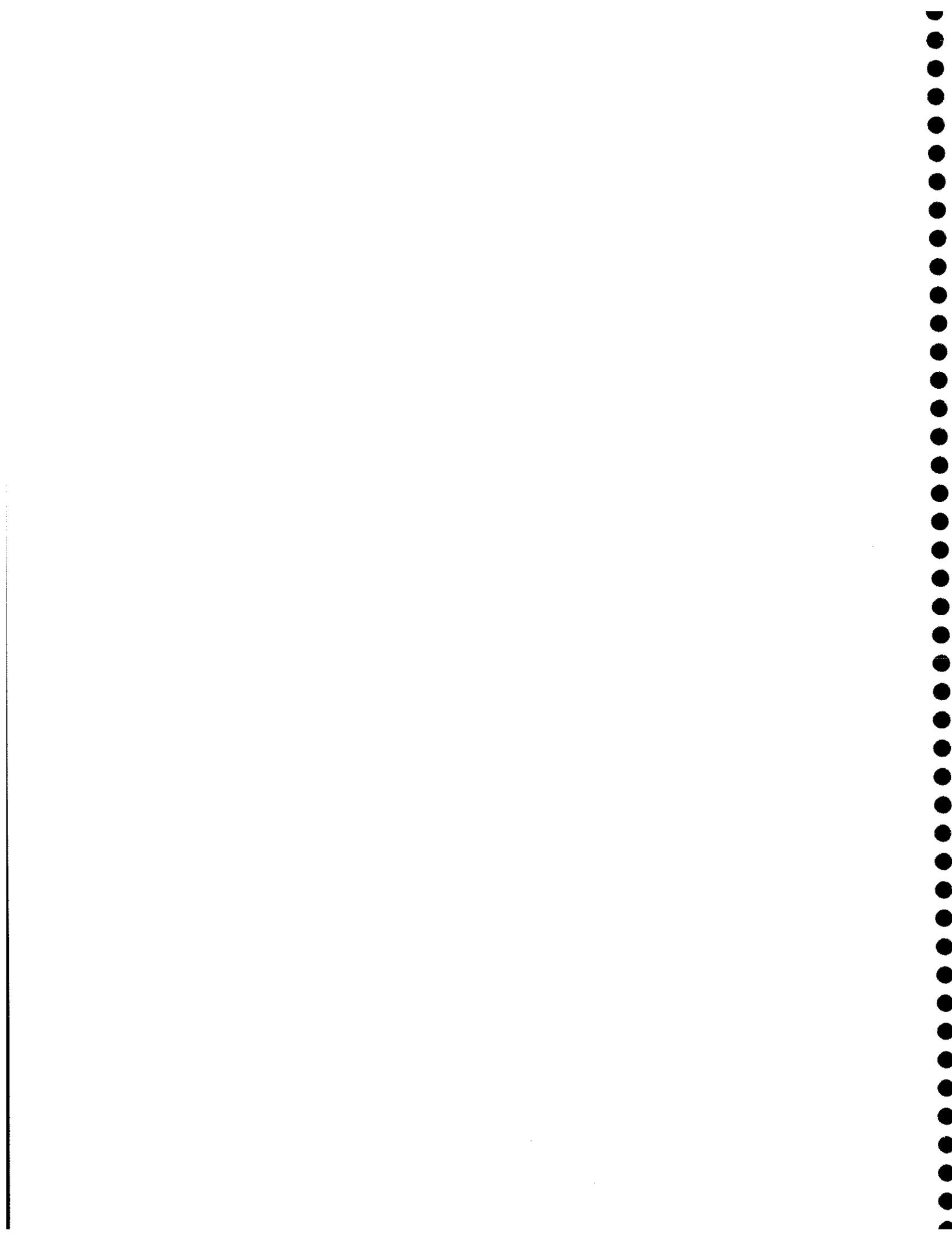
This section contains additional information required by generally accepted accounting principles.

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**Schedule of Funding Progress for the Law Enforcement Officers' Special Separation Allowance**

**Schedule of Employer Contributions for the Law Enforcement Officers' Special Separation Allowance**

**Notes to the Required Schedules for the Law Enforcement Officers' Special Separation Allowance**



**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
12/31/1995	\$ -	\$ 98,806	\$ 98,806	0.00%	\$ 738,941	13.37%
12/31/1996	-	117,702	117,702	0.00%	812,112	14.49%
12/31/1997	-	137,416	137,416	0.00%	884,420	15.54%
12/31/1998	-	164,981	164,981	0.00%	1,000,145	16.50%
12/31/1999	-	176,025	176,025	0.00%	1,171,956	15.02%
12/31/2000	-	264,180	264,180	0.00%	1,233,208	21.42%
12/31/2001	-	244,371	244,371	0.00%	1,246,941	19.60%
12/31/2002	-	287,065	287,065	0.00%	1,203,218	23.86%
12/31/2003	-	317,852	317,852	0.00%	1,287,731	24.68%
12/31/2004	-	360,564	360,564	0.00%	1,464,050	24.63%
12/31/2005	-	259,794	259,794	0.00%	1,541,884	16.85%
12/31/2006	-	252,547	252,547	0.00%	1,697,594	14.88%

**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
1997	\$ 17,069	0.00%
1998	19,798	0.00%
1999	22,435	0.00%
2000	26,186	0.00%
2001	29,610	0.00%
2002	33,028	0.00%
2003	33,028	0.00%
2004	34,445	0.00%
2005	38,852	0.00%
2006	26,546	0.00%
2007	37,340	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. Only seven years of actuarial information is available. Additional information as of the latest actuarial valuation follows.

Valuation date	12/31/2006
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	24 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	7.25%
Projected salary increases	4.5-12.3%
Includes inflation at	3.75%
Cost-of-living adjustments	n/a

Franklin County, North Carolina  
 General Fund  
 Schedule of Revenues, Expenditures, and  
 Changes in Fund Balances - Budget and Actual  
 For the Year Ended June 30, 2007  
 (With Comparative Totals For the Year Ended June 30, 2006)

	2007		Variance Positive (Negative)	2006
	Budget	Actual		Actual
<b>Revenues:</b>				
Ad valorem taxes:				
Taxes		\$ 27,956,492		\$ 26,859,290
Penalties and interest		428,677		335,429
Total	\$ 27,814,165	28,385,169	\$ 571,004	27,194,719
Local option sales taxes:				
Article 39 one percent		3,047,081		2,950,601
Article 40 one-half of one percent		2,131,563		1,855,585
Article 42 one-half of one percent		1,212,606		1,055,955
Article 44		2,028,569		1,861,305
Total	7,850,000	8,419,819	569,819	7,723,446
Other taxes and licenses:				
Privilege licenses	2,100	2,305	205	5,005
Unrestricted intergovernmental:				
Gasoline tax refund		563		3,968
State DWI fees		6,715		5,931
Beer and wine tax		208,104		199,876
White goods tax		16,653		20,046
Occupancy tax		60,229		17,943
Tire disposal fees		56,567		54,529
Total	618,000	348,831	(269,169)	302,293
Restricted intergovernmental:				
Federal and State grants		6,315,862		7,090,871
Lottery Proceeds		500,000		-
Court facility fees		136,824		100,537
ABC bottles taxes		12,083		12,279
Total	6,421,881	6,964,769	542,888	7,203,687
Permits and fees:				
Building permits		312,020		322,158
Inspection fees		1,055,782		724,805
Register of Deeds fees		786,964		757,417
Total	1,609,350	2,154,766	545,416	1,804,380
Sales and services:				
Rents, concessions, and fees		60,261		179,049
Health fees		3,409,863		3,809,299
Social services		304,747		259,315
Aging services		654,678		183,731
Airport		509,995		
Sheriff and jail fees		1,041,306		801,176
Library fees and donations		39,094		24,494
Solid waste fees		2,042,355		1,018,514
Ambulance and rescue squad fees		1,123,562		1,121,132
Recreation		30,972		30,057
Other		214,304		120,786
Total	10,068,184	9,431,137	(637,047)	7,547,553
Investment earnings				
	525,000	1,214,619	689,619	895,174
Miscellaneous:				
Donations and private grants		-		102,072
Insurance proceeds		30,987		7,027
Special assessments		42,076		61,252
Other		99,806		433,424
Total	84,914	172,869	87,955	603,775
Total revenues	54,993,594	57,094,284	2,100,690	53,280,032

**Franklin County, North Carolina**  
**General Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2007**  
 (With Comparative Totals for the Year Ended June 30, 2006)

	2007		Variance Positive (Negative)	2006
	Budget	Actual		Actual
<b>Expenditures:</b>				
<b>General government:</b>				
<b>Governing body:</b>				
Salaries and employee benefits		\$ 160,933		\$ 138,621
Other operating expenditures		90,347		67,395
Insurance other than property		2,135		6,990
Total	\$ 249,108	253,415	\$ (4,307)	213,006
<b>Administration:</b>				
Salaries and employee benefits		186,592		178,837
Other operating expenditures		40,155		51,927
Legal and professional		60,449		35,550
Total	290,472	287,196	3,276	266,314
<b>Elections:</b>				
Salaries and employee benefits		166,952		165,124
Other operating expenditures		88,107		128,421
Total	329,922	255,059	74,863	293,545
<b>Finance:</b>				
Salaries and employee benefits		285,882		271,532
Other operating expenditures		53,157		35,994
Capital outlay		-		8,906
Total	378,327	358,472	19,855	316,432
<b>Taxes:</b>				
Salaries and employee benefits		659,774		797,362
Other operating expenditures		259,390		136,787
Capital outlay		174,069		9,915
Total	1,257,763	1,093,233	164,530	944,064
<b>Register of Deeds:</b>				
Salaries and employee benefits		268,834		228,192
Other operating expenditures		87,491		91,901
Debt service		-		67,769
Capital outlay		7,012		12,060
Total	405,992	363,337	42,655	399,922
<b>Public buildings:</b>				
Salaries and employee benefits		417,347		390,283
Other operating expenditures		306,227		252,965
Land and building purchases		2,505,958		49,978
Capital outlay		263,517		16,236
Total	3,628,927	3,493,049	135,878	709,462
<b>Court facilities:</b>				
Operating expenditures	70,480	49,251	21,229	60,256
<b>Information technology services:</b>				
Salaries and employee benefits		80,448		13,378
Other operating expenditures		29,090		7,618
Total	119,132	109,538	9,594	20,996
<b>GIS Mapping:</b>				
Salaries and employee benefits		143,587		124,350
Other operating expenditures		64,252		44,415
Capital outlay		-		-
Total	223,796	207,839	15,957	168,765
Other general government	531,042	416,675	114,367	168,310
<b>Total general government</b>	<b>7,484,961</b>	<b>6,887,064</b>	<b>597,897</b>	<b>3,561,072</b>

Franklin County, North Carolina  
General Fund  
Statement of Revenues, Expenditures, and  
Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2007  
(With Comparative Totals for the Year Ended June 30, 2006)

	2007			2006
	Budget	Actual	Variance Positive (Negative)	Actual
Public safety:				
Sheriff and communications:				
Salaries and employee benefits		\$ 2,657,942		\$ 2,360,936
Other operating expenditures		752,946		663,234
Capital outlay		295,113		285,735
Total	\$ 3,777,680	3,706,001	\$ 71,679	3,309,905
Jail:				
Salaries and employee benefits		1,487,876		1,352,226
Other operating expenditures		767,128		682,646
Capital outlay		15,771		38,797
Total	2,385,957	2,270,775	115,182	2,073,669
Jail nutrition:				
Salaries and employee benefits		203,017		190,199
Other operating expenditures		379,341		329,532
Capital outlay		-		9,159
Total	580,761	582,358	(1,597)	528,890
Medical examiner:				
Contracted services	28,000	23,950	4,050	18,100
Emergency management:				
Salaries and employee benefits		237,187		163,039
Other operating expenditures		54,480		74,056
Capital outlay		-		67,917
Total	309,400	291,667	17,733	305,012
Fire:				
Forest fire control service	295,955	87,498	208,457	115,289
Code enforcement:				
Salaries and employee benefits		494,038		459,848
Other operating expenditures		66,780		57,603
Capital outlay		-		14,791
Total	569,171	560,818	8,353	532,242
Emergency communications:				
Salaries and employee benefits		575,020		528,482
Other operating expenditures		168,232		81,269
Total	830,064	743,252	86,812	609,751
Rescue units:				
Salaries and employee benefits		2,014,849		1,551,866
Rescue units		725,137		488,319
Other operating expenditures		388,367		216,042
Capital outlay		91,251		365,002
Total	3,528,056	3,219,604	308,452	2,621,229
Animal control:				
Salaries and employee benefits		215,769		159,819
Other operating expenditures		105,535		70,681
Capital outlay		18,653		31,902
Total	435,240	339,957	95,283	262,402
Community-based alternatives:				
Salaries and employee benefits		72,510		41,866
Other operating expenditures		37,282		8,700
Total	109,479	109,792	(313)	50,566
Other public safety	-	-	-	95,628
Total public safety	12,849,763	11,935,672	914,091	10,522,683

**Franklin County, North Carolina**  
**General Fund**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2007**  
(With Comparative Totals for the Year Ended June 30, 2006)

	2007		Variance Positive (Negative)	2006
	Budget	Actual		Actual
Economic and physical development:				
Agricultural extension:				
Salaries and employee benefits		\$ 10,078		\$ 12,204
Other operating expenditures		299,940		249,496
Capital outlay		7,949		20,062
Total	\$ 362,671	317,967	\$ 44,704	281,762
Soil and water conservation:				
Salaries and employee benefits		194,170		196,169
Other operating expenditures		21,748		33,665
Total	228,722	215,918	12,804	229,834
Industrial development:				
Salaries and employee benefits		204,669		144,158
Other operating expenditures		97,883		60,365
Capital outlay		40,376		-
Total	346,654	342,928	3,726	204,523
Planning:				
Salaries and employee benefits		356,547		330,927
Other operating expenditures		135,617		75,695
Total	522,857	492,164	30,693	406,622
Airport:				
Operating expenditures		119,468		270,013
Other operating expenditures		164,237		-
Contracted services		-		27,100
Fuel purchases		274,248		-
Capital outlay		14,109		29,273
Total	774,845	572,062	202,783	326,386
Landfill:				
Salaries and employee benefits		722,631		578,132
Waste disposal contract		1,443,359		1,436,560
Other operating expenditures		719,204		787,236
Capital outlay		121,947		314,979
Total	3,064,279	3,007,141	57,138	3,116,907
Other economic development		-		13,075
<u>Total economic &amp; physical development</u>	5,300,028	4,948,180	351,848	4,579,109
Human services:				
Health:				
Administration:				
Salaries and employee benefits		731,121		715,463
Contractual services		32,940		14,152
Other operating expenditures		75,362		75,362
Capital outlay		-		30,148
Total	861,733	839,423	22,310	835,125
Health clinic:				
Salaries and employee benefits		1,545,935		1,575,972
Contractual services		374,727		404,163
Other operating expenditures		316,813		324,222
Capital outlay		19,542		-
Total	2,514,570	2,257,017	257,553	2,304,357

Franklin County, North Carolina  
General Fund  
Statement of Revenues, Expenditures, and  
Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2007  
(With Comparative Totals for the Year Ended June 30, 2006)

	2007		Variance Positive (Negative)	2006
	Budget	Actual		Actual
Home health:				
Salaries and employee benefits		\$ 883,911		\$ 884,670
Contractual services		155,034		203,561
Other operating expenditures		374,063		321,195
Total	\$ 1,449,060	1,413,006	\$ 36,052	1,409,426
Dental health:				
Salaries and employee benefits		173,946		181,994
Other operating expenditures		319,486		286,136
Total	651,924	493,432	158,492	468,130
Total health	5,477,287	5,002,880	474,407	5,017,038
Social services:				
Administration:				
Salaries and employee benefits		3,976,054		3,856,412
Other operating expenditures		711,828		533,141
Professional services		100,562		75,089
Capital outlay		84,512		113,604
Total	5,005,685	4,872,956	132,729	4,578,246
Medicaid program:				
Assistance payments	3,241,000	3,177,047	63,953	3,133,267
Special assistance program:				
Assistance payments	500,000	474,115	25,885	462,855
Work First:				
Assistance payments	82,175	49,382	32,793	51,002
Foster care:				
Assistance payments	631,185	537,748	93,437	537,748
Crisis intervention:				
Assistance payments	194,553	191,428	3,125	171,390
General assistance program:				
Assistance payments	20,000	19,867	133	19,970
Day Care program:				
Assistance payments	2,163,351	1,931,234	232,117	1,903,745
Other assistance:				
Assistance payments	308,852	285,380	23,472	119,082
Chore services:				
Other operating expenditures	38,733	26,207	12,526	31,811
Total social services	12,185,534	11,565,364	620,170	11,009,116
Aging program:				
Salaries and employee benefits		511,748		629,257
Contracted services		262,841		249,358
Other operating expenditures		341,185		198,883
Total	1,174,735	1,115,774	58,961	1,077,498

Franklin County, North Carolina  
General Fund  
Statement of Revenues, Expenditures, and  
Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2007  
(With Comparative Totals for the Year Ended June 30, 2006)

	2007		Variance Positive (Negative)	2006
	Budget	Actual		Actual
Mental health administration:				
Contracted services	\$ 155,757	\$ 155,757	\$ -	\$ 151,220
Veterans service office:				
Salaries and employee benefits		83,533		59,996
Other operating expenditures		14,559		13,459
Total	99,248	98,092	1,156	73,455
Other human services			-	87,006
<u>Total human services</u>	<u>19,092,561</u>	<u>17,937,867</u>	<u>1,154,693</u>	<u>17,415,333</u>
Cultural and recreational:				
Arts and Recreation:				
Salaries and employee benefits		223,653		216,299
Other operating expenditures		309,533		216,346
Capital outlay		-		-
Total	581,872	533,186	48,686	432,645
Libraries:				
Salaries and employee benefits		511,744		497,109
Other operating expenditures		114,719		140,384
Books, magazines & telecommunications		104,669		94,535
Capital outlay		21,802		18,944
Total	773,484	752,934	20,550	750,972
Other cultural and recreational	-	-	-	15,000
<u>Total culture and recreation</u>	<u>1,355,356</u>	<u>1,286,120</u>	<u>69,236</u>	<u>1,198,617</u>
Education:				
Public schools - current		10,601,444		9,908,811
Public schools - capital outlay		1,202,637		1,201,000
Public schools (lottery) - capital outlay				-
Community colleges - current		135,000		234,740
Community colleges - capital outlay		270,000		15,000
<u>Total education</u>	<u>12,209,081</u>	<u>12,209,081</u>	<u>-</u>	<u>11,359,551</u>
Debt service:				
Principal retirement		2,738,778		2,728,084
Interest and fees		1,697,224		1,349,883
<u>Total debt service</u>	<u>4,511,415</u>	<u>4,436,002</u>	<u>75,413</u>	<u>4,077,967</u>
Total expenditures	62,803,165	59,639,986	3,163,179	52,714,332
Revenues over (under) expenditures	(7,809,571)	(2,545,702)	5,263,869	565,700

Franklin County, North Carolina  
General Fund  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2007  
(With Comparative Totals For the Year Ended June 30, 2006)

	2007			2006
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
<b>Other financing sources (uses)</b>				
Transfers to other funds:				
Fire District Fund	\$ (40,700)	\$ (40,700)	\$ -	\$ (40,700)
Human Services Buildings Fund	-	-	-	(654,825)
Purchase of Assets for Water and Sewer Fund	-	-	-	(165,635)
Water and Sewer Fund	(300,000)	(300,000)	-	(330,000)
Water and Sewer Capital Projects Fund	-	-	-	(419,917)
Revaluation Fund	(55,800)	(55,800)	-	(75,000)
Airport Fund	(33,333)	(33,333)	-	(16,667)
Total transfers out	<u>(429,833)</u>	<u>(429,833)</u>	<u>-</u>	<u>(1,702,744)</u>
Transfers from other funds:				
Capital Reserve Fund	2,620,000	2,620,000	-	2,250,000
Water and Sewer Capital Projects Fund	-	1,508	1,508	280
COPS Capital Project Fund	-	74,669	74,669	300
Total transfers in	<u>2,620,000</u>	<u>2,696,177</u>	<u>76,177</u>	<u>2,250,580</u>
Issuance of debt	-	-	-	304,707
Sale of capital assets	15,000	5,000	(10,000)	-
Total other financing sources (uses) - net	<u>2,205,167</u>	<u>2,271,344</u>	<u>66,177</u>	<u>852,543</u>
Revenues and other financing sources over (under) expenditures and other financing uses	(5,604,404)	(274,358)	5,330,046	1,418,243
Appropriated fund balance	<u>5,604,404</u>	<u>-</u>	<u>(5,604,404)</u>	<u>-</u>
Revenues, other financing sources and appropriated fund balance over (under) expenditures and other uses	<u>\$ -</u>	<u>(274,358)</u>	<u>\$ (274,358)</u>	<u>1,418,243</u>
Fund balances				
Beginning of year, July 1		18,897,283		<u>17,422,075</u>
Increase (decrease) in reserve for inventory		<u>(25,495)</u>		56,965
End of year, June 30		<u>\$ 18,597,430</u>		<u>\$ 18,897,283</u>

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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, 2007

	Project Author- ization	Prior Year	Actual Current Year	Total to Date	Variance Positive (Negative)
<b>Revenues</b>					
Restricted intergovernmental	\$ 192,983	\$ -	\$ -	\$ -	\$ (192,983)
Interest earnings	350,600	-	785,057	785,057	434,457
Total revenues	<u>543,583</u>	<u>-</u>	<u>785,057</u>	<u>785,057</u>	<u>241,474</u>
<b>Expenditures</b>					
Bond issuance costs	-	479	-	479	(479)
Construction	43,980,833	2,136,698	19,014,867	21,151,565	22,829,268
Total expenditures	<u>43,980,833</u>	<u>2,137,177</u>	<u>19,014,867</u>	<u>21,152,044</u>	<u>22,828,789</u>
<b>Other financing sources</b>					
Sales tax refund	587,688	-	-	-	(587,688)
Issuance of debt	42,849,562	-	32,815,000	32,815,000	(10,034,562)
Total other sources	<u>43,437,250</u>	<u>-</u>	<u>32,815,000</u>	<u>32,815,000</u>	<u>(10,622,250)</u>
<b>Revenues and other financing sources under expenditures</b>	<u>\$ -</u>	<u>\$ (2,137,177)</u>	14,585,190	<u>\$ 12,448,492</u>	<u>\$ 12,448,492</u>
<b>Fund balance</b>					
Beginning of year, July 1			(1,343,025)		
End of year, June 30			<u>\$ 13,242,165</u>		

**Franklin County, North Carolina**  
 Combining Balance Sheet  
 Nonmajor Governmental Funds  
 June 30, 2007

	Special Revenue Funds										Capital Projects Funds				Total Nonmajor Governmental Funds
	Capital Reserve Fund	Fire District Fund	Emergency Telephone System Fund	DEA Fund	Golden Leaf Foundation Fund	Community Development Fund	Revaluation Project Fund	Total Nonmajor Special Revenue Funds	COPS Capital Projects Fund	Airport Projects Fund	County Building Project Fund	Total Nonmajor Capital Projects Funds			
<b>Assets</b>															
Cash and cash equivalents	\$ 489,868	\$ 58,249	\$ 938,845	\$ 22,264	\$ 23,507	\$ 27,575	\$ 600,721	\$ 2,162,028	\$ 391	\$ 213,164	\$ 30,360	\$ 243,915	\$ 2,405,844		
Accounts receivable, net	-	-	22,219	-	-	-	-	22,219	-	-	-	-	22,219		
Taxes receivable, net	-	108,737	-	-	-	-	-	108,737	-	-	-	-	108,737		
Due from other governments	458,235	-	5,415	744	-	1,703	-	467,087	-	112,782	15,311	128,103	595,200		
Restricted assets:															
Cash reserved for debt service	-	-	-	-	-	-	-	-	843,293	-	1,280,856	-	2,124,149		
Total assets	\$ 949,103	\$ 166,986	\$ 967,479	\$ 23,008	\$ 23,507	\$ 29,278	\$ 600,721	\$ 2,760,082	\$ 843,684	\$ 325,956	\$ 1,326,527	\$ 2,496,167	\$ 5,256,249		
<b>Liabilities and Fund Balances</b>															
<b>Liabilities:</b>															
Accounts payable and accrued liabilities	\$ -	\$ 8,170	\$ 23,222	\$ 1,815	\$ -	\$ -	\$ -	\$ 33,207	\$ -	\$ 194,980	\$ -	\$ 164,980	\$ 228,167		
Deferred revenue	-	116,657	-	-	-	-	-	116,657	-	-	-	-	116,657		
Total liabilities	-	124,827	23,222	1,815	-	-	-	149,864	-	194,980	-	194,980	344,824		
<b>Fund balances:</b>															
Reserved by State statute	459,235	-	27,634	744	-	1,703	-	489,316	-	9,614	15,311	24,925	514,241		
Reserved for debt service	-	-	-	-	-	-	-	-	843,293	-	1,280,856	2,124,149	2,124,149		
Unreserved	489,868	42,159	916,623	20,449	23,507	27,575	600,721	2,120,902	391	121,362	30,360	152,113	2,273,015		
Undesignated	949,103	42,159	844,257	21,193	23,507	29,278	600,721	2,610,218	843,684	130,876	1,326,527	2,301,187	4,911,405		
Total fund balances	\$ 949,103	\$ 166,986	\$ 967,479	\$ 23,008	\$ 23,507	\$ 29,278	\$ 600,721	\$ 2,760,082	\$ 843,684	\$ 325,956	\$ 1,326,527	\$ 2,496,167	\$ 5,256,249		
Total liabilities and fund balances															

# COMBINING AND INDIVIDUAL SCHEDULES – GOVERNMENTAL FUNDS

**General Fund** accounts for all financial resources of the County except those that are required to be accounted for in another fund.

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

**Capital Reserve Fund** - This is the County's Fund to account for money held for future capital 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 accounts for the 911 revenues collected by the telephone industry to fund the 911 emergency 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.

**Revaluation Project Fund** - This fund accounts for expenditures for the octennial revaluation of real property.

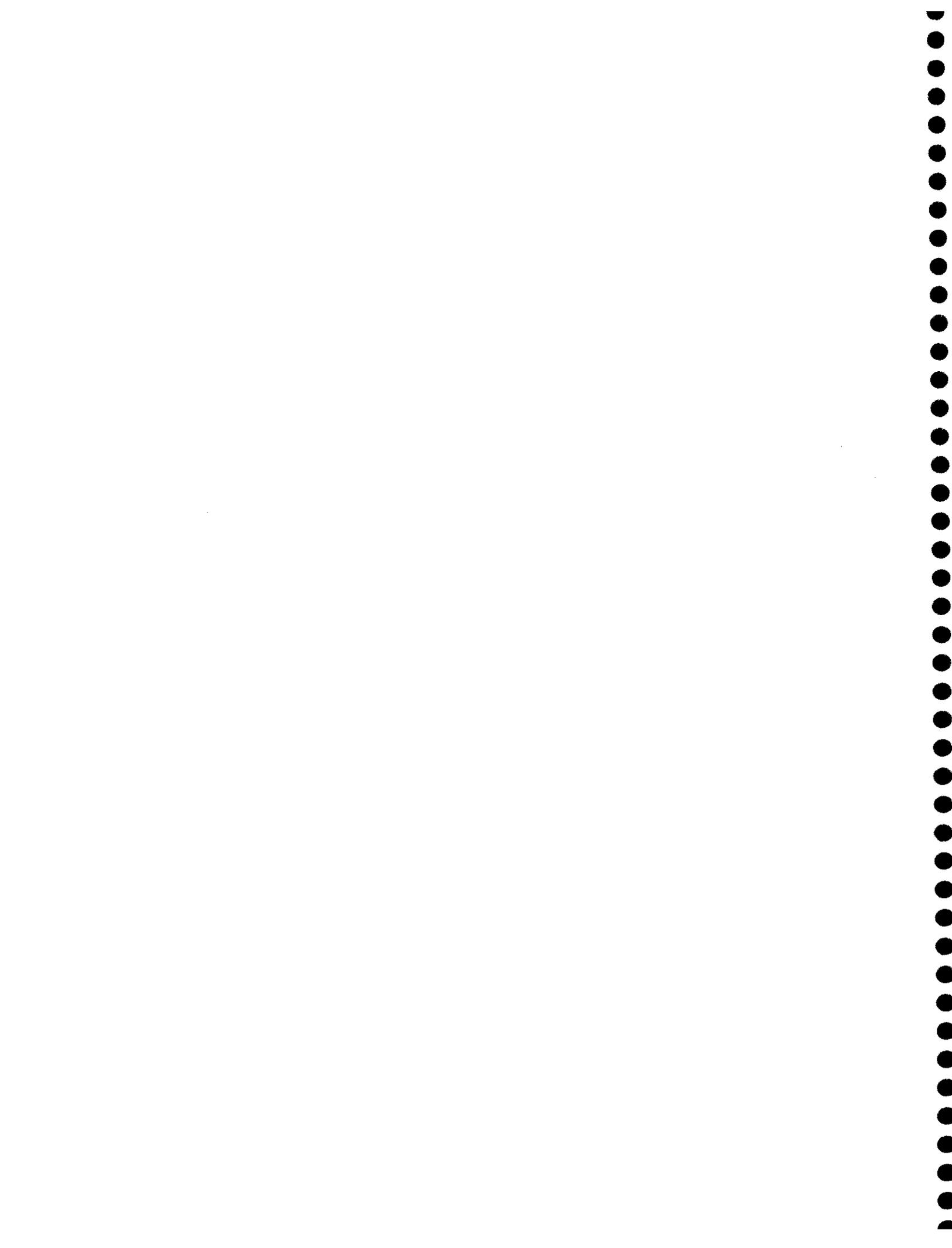
**Capital Projects Funds** are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary and trust funds.

**COPS Capital Project Fund** - This fund accounts for capital projects financed by certificates of participation.

**Airport Projects Fund** - This fund accounts for the construction at the Franklin County Airport.

**School Capital Construction Fund** - This fund accounts for the construction of school buildings within the County.

**Human Services Building Project Fund** - This fund accounts for the roof replacement at the Human Services Building.



Franklin County, North Carolina  
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
 Nonmajor Governmental Funds  
 For the Fiscal Year Ended June 30th, 2007

	Special Revenue Funds						Capital Projects Funds				Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds	
	Capital Reserve Fund	Fire District Fund	Emergency Telephone System Fund	DEA Fund	Golden Leaf Foundation Fund	Community Development Fund	Revaluation Project Fund	Total Nonmajor Special Funds	COPS Capital Projects Fund	Airport Projects Fund			County Building Project Fund
<b>Revenues</b>													
Ad valorem taxes	\$ 1,741,283	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,741,283	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,741,283
Local option sales taxes	2,732,436	-	-	-	-	-	2,732,436	-	-	-	-	-	2,732,436
Other taxes and licenses	-	-	287,125	-	-	-	287,125	-	-	-	-	-	287,125
Restricted intergovernmental	-	-	136,274	47,608	-	168,071	351,953	-	588,986	-	-	588,986	940,939
Investment earnings	29,307	1,864	36,520	-	752	-	87,666	19,223	9,915	1,828	-	56,378	144,044
Total revenues	2,761,743	1,743,147	459,919	47,608	752	188,071	5,200,483	19,223	598,901	1,828	-	643,536	5,845,827
<b>Expenditures</b>													
Current:													
Public safety	-	1,938,022	316,066	46,327	-	-	2,200,415	-	-	-	-	-	2,200,415
Economic and physical development	-	-	-	-	-	180,419	180,419	-	-	-	-	-	180,419
Capital outlay	-	-	-	-	-	-	-	-	702,692	562,827	-	-	1,265,289
Total expenditures	-	1,938,022	316,066	46,327	-	180,419	2,380,834	-	702,692	562,827	-	-	3,648,123
Revenues over (under) expenditures	2,761,743	(94,875)	143,853	1,281	752	(12,348)	2,819,629	19,223	(103,781)	(560,799)	-	(619,925)	2,199,704
<b>Other financing sources (uses)</b>													
Debt issued	-	-	-	-	-	-	-	-	-	1,280,000	-	-	1,280,000
Transfers from other funds	-	40,700	-	-	-	-	96,500	55,800	33,333	-	-	33,333	129,833
Transfers to other funds	(2,620,000)	-	-	-	-	-	(2,620,000)	-	-	-	-	(74,669)	(2,694,669)
Total other financing sources (uses) - net	(2,620,000)	40,700	-	-	-	-	(2,523,500)	55,800	33,333	1,280,000	-	1,238,664	(1,284,836)
Net changes in fund balances	141,743	(54,175)	143,853	1,281	752	(12,348)	296,129	75,023	(70,428)	719,201	-	615,739	914,868
<b>Fund balances</b>													
Beginning of year, July 1	807,360	96,334	800,404	19,912	22,755	41,626	2,314,089	525,698	201,404	607,326	-	1,682,448	3,996,537
End of year, June 30	\$ 949,103	\$ 42,159	\$ 944,257	\$ 21,193	\$ 23,507	\$ 29,278	\$ 2,610,218	\$ 600,721	\$ 130,976	\$ 1,326,527	\$ -	\$ 2,301,187	\$ 4,911,405

**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, 2007  
 (With Comparative Totals For the Year Ended June 30, 2006)

	2007		Variance Positive (Negative)	2006
	Budget	Actual		Actual
<b>Revenues</b>				
Local option sales tax	\$ 2,500,000	\$ 2,732,436	\$ 232,436	\$ 2,379,184
Interest	-	29,307	-	-
Total revenues	<u>2,500,000</u>	<u>2,761,743</u>	<u>232,436</u>	<u>2,379,184</u>
<b>Expenditures</b>				
Education	-	-	-	72,000
<b>Other financing uses</b>				
Transfer to General fund	<u>(2,620,000)</u>	<u>(2,620,000)</u>	-	<u>(2,250,000)</u>
<b>Appropriated fund balance</b>	<u>120,000</u>	<u>-</u>	<u>(120,000)</u>	<u>-</u>
<b>Revenues over other financing uses</b>	<u>\$ -</u>	141,743	<u>\$ 112,436</u>	57,184
<b>Fund balances</b>				
Beginning of year, July 1		<u>807,360</u>		<u>750,176</u>
End of year, June 30		<u>\$ 949,103</u>		<u>\$ 807,360</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, 2007  
 (With Comparative Totals For the Year Ended June 30, 2006)

	2007		Variance Positive (Negative)	2006
	Budget	Actual		Actual
<b>Revenues</b>				
Ad valorem taxes	\$ 1,771,620	\$ 1,741,283	\$ (30,337)	\$ 1,676,228
Interest Income	-	1,864	1,864	4,185
	1,771,620	1,743,147	(28,473)	1,680,413
<b>Expenditures</b>				
Public safety				
Central Fire District	165,000	147,583	17,417	157,000
Epsom Fire District	80,000	70,494	9,506	72,500
Gold Sand Fire District	55,000	50,312	4,688	48,550
Justice Fire District	75,000	75,000	-	69,000
Kittrell Fire District	1,000	1,000	-	1,000
Pilot Fire District	144,383	129,494	14,889	134,375
White Level Fire District	63,000	63,000	-	62,000
Brassfield Fire District	6,000	6,000	-	6,000
Mitchiners Crossroads Fire District	114,750	114,750	-	109,800
Hopkins Fire District	7,570	7,572	(2)	7,370
Franklinton Fire District	187,205	187,205	-	179,870
Youngsville Fire District	646,086	623,286	22,800	582,980
Bunn Fire District	309,626	309,626	-	298,900
Castalia Fire District	1,200	1,200	-	1,200
Centerville Fire District	51,500	51,500	-	50,000
Total expenditures	1,907,320	1,838,022	69,298	1,780,545
<b>Revenues under expenditures</b>	(135,700)	(94,875)	40,825	(100,132)
<b>Other financing sources</b>				
Transfer from General fund	40,700	40,700	-	40,700
<b>Appropriated fund balance</b>	95,000	-	(95,000)	-
<b>Revenues and other sources under expenditures</b>	\$ -	(54,175)	\$ (54,175)	(59,432)
<b>Fund balances</b>				
Beginning of year, July 1		96,334		155,766
End of year, June 30		\$ 42,159		\$ 96,334

**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, 2007**  
(With Comparative Totals For the Year Ended June 30, 2006)

	2007		Variance Positive (Negative)	2006
	Budget	Actual		Actual
<b>Revenues</b>				
Other taxes and licenses				
E911 fees	\$ 280,000	\$ 287,125	\$ 7,125	\$ 294,507
Restricted intergovernmental:				
Wireless communications	85,000	136,274	51,274	145,922
Interest earnings	1,500	36,520	35,020	23,415
Total revenues	366,500	459,919	93,419	463,844
<b>Expenditures</b>				
Public safety - E911				
Operating expenses	92,878	86,183	6,695	150,451
Debt service:				
Interest	-	-	-	1,469
Principal	-	-	-	160,698
Capital outlay	59,250	33,834	25,416	25,787
Total	152,128	120,017	32,111	338,405
Public safety - wireless communications				
Operating expenses	235,218	196,049	39,169	22,463
Total expenditures	387,346	316,066	71,280	360,868
<b>Revenues over (under) expenditures</b>	(20,846)	143,853	164,699	102,976
<b>Appropriated fund balance</b>	20,846	-	(20,846)	-
<b>Revenues and appropriations over expenditures</b>	\$ -	143,853	\$ 143,853	102,976
<b>Fund balances</b>				
Beginning of year, July 1		800,404		697,428
End of year, June 30				
Wireless		246,435		
Wireline		697,822		
		\$ 944,257		\$ 800,404

**Franklin County, North Carolina**  
**DEA Fund**  
 Schedule of Revenues, Expenditures, and  
 Changes in Fund Balances - Budget and Actual  
 For the Year Ended June 30, 2007  
 (With Comparative Totals For the Year Ended June 30, 2006)

	2007		Variance Positive (Negative)	2006
	Budget	Actual		Actual
<b>Revenues</b>				
Restricted intergovernmental	\$ 52,000	\$ 47,608	\$ (4,392)	\$ 16,854
Interest income	-	-	-	85
Total revenues	52,000	47,608	(4,392)	16,939
<b>Expenditures</b>				
Public safety				
Operating expenses	52,000	46,327	5,673	15,874
<b>Revenues over expenditures</b>	\$ -	1,281	\$ 1,281	1,065
<b>Fund balances</b>				
Beginning of year, July 1		19,912		18,847
End of year, June 30		\$ 21,193		\$ 19,912

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, 2007

	Project Author- ization	Actual		Total to Date	Variance Positive (Negative)
		Prior Year	Current Year		
<b>Revenues</b>					
Restricted intergovernmental					
Golden Leaf Foundation	\$ 1,975,000	\$ 809,693	\$ -	\$ 809,693	\$ (1,165,307)
State grants	-	21,251	-	21,251	21,251
Interest earnings	-	1,504	752	2,256	2,256
Total revenues	<u>1,975,000</u>	<u>832,448</u>	<u>752</u>	<u>833,200</u>	<u>(1,141,800)</u>
<b>Expenditures</b>					
Education	<u>1,975,000</u>	<u>809,693</u>	<u>-</u>	<u>809,693</u>	<u>1,165,307</u>
<b>Revenues over expenditures</b>	<u>-</u>	<u>22,755</u>	<u>752</u>	<u>23,507</u>	<u>23,507</u>
<b>Other financing sources</b>					
Transfers from other funds	<u>-</u>	<u>133,946</u>	<u>-</u>	<u>133,946</u>	<u>133,946</u>
<b>Revenues and other financing sources over expenditures</b>	<u>\$ -</u>	<u>\$ 156,701</u>	<u>752</u>	<u>\$ 157,453</u>	<u>\$ 157,453</u>
<b>Fund balance</b>					
Beginning of year, July 1			<u>22,755</u>		
End of year, June 30			<u>\$ 23,507</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, 2007**

	Project Author- ization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
<b>Revenues</b>					
Restricted intergovernmental					
CDBG 03-C-1076	\$ 700,000	\$ 584,816	\$ (4,307)	\$ 580,509	\$ (119,491)
CDBG 05-C-1350	400,000	202,073	169,777	371,850	(28,150)
Miscellaneous	-	-	2,601	2,601	2,601
Total revenues	<u>1,100,000</u>	<u>786,889</u>	<u>168,071</u>	<u>954,960</u>	<u>(145,040)</u>
<b>Expenditures</b>					
CDBG 03-C-1076	700,000	589,149	9,182	598,331	101,669
CDBG 05-C-1350	400,000	200,613	171,237	371,850	28,150
Total expenditures	<u>1,100,000</u>	<u>789,762</u>	<u>180,419</u>	<u>970,181</u>	<u>129,819</u>
<b>Revenues under expenditures</b>	<u>\$ -</u>	<u>\$ (2,873)</u>	<u>(12,348)</u>	<u>\$ (15,221)</u>	<u>\$ (15,221)</u>
<b>Fund balance</b>					
Beginning of year, July 1			<u>41,626</u>		
End of year, June 30			<u>\$ 29,278</u>		

**Franklin County, North Carolina**  
**Revaluation Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**From Inception and for the Year Ended June 30, 2007**

	2007		Variance Positive (Negative)
	Budget	Actual	
<b>Revenues</b>			
Interest income	-	19,223	19,223
<b>Expenditures</b>			
Appraisal services	-	-	-
<b>Revenues over expenditures</b>	-	19,223	19,223
<b>Other financing sources</b>			
Transfer from General Fund	-	55,800	55,800
<b>Revenues and other financing sources over expenditures</b>	<u>\$ -</u>	75,023	<u>\$ 75,023</u>
<b>Fund balance</b>			
Beginning of year, July 1		<u>525,698</u>	
End of year, June 30		<u>\$ 600,721</u>	

**Franklin County, North Carolina**  
**COPS Capital Project Fund**  
 Schedule of Revenues, Expenditures, and  
 Changes in Fund Balances - Budget and Actual  
 From Inception and for the Year Ended June 30, 2007

	Project Author- ization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
<b>Revenues</b>					
Investment earnings	\$ 75,000	\$ 68,895	\$ 44,635	\$ 113,530	\$ 38,530
<b>Other financing uses</b>					
Transfer to General fund	(75,000)	(32,654)	(74,669)	(107,323)	(32,323)
<b>Revenues over (under) uses</b>	<u>\$ -</u>	<u>\$ 36,241</u>	(30,034)	<u>\$ 6,207</u>	<u>\$ 6,207</u>
<b>Fund balance</b>					
Beginning of year, July 1			<u>873,718</u>		
End of year, June 30			<u>\$ 843,684</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, 2007**

	Project Author- ization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
<b>Revenues</b>					
Restricted intergovernmental:					
Federal grant	\$ 270,000	\$ 214,588	\$ 55,412	\$ 270,000	\$ -
State grant	677,536	114,354	533,574	647,928	(29,608)
Interest income	-	10,436	9,915	20,351	20,351
Total revenues	<u>947,536</u>	<u>339,378</u>	<u>598,901</u>	<u>938,279</u>	<u>(9,257)</u>
<b>Expenditures</b>					
Capital outlay:					
Project No. 36244.43.6.1	300,000	244,372	55,628	300,000	-
Project No. 36237.31.5.1	182,829	71,764	111,065	182,829	-
Project No. 36237.31.7.1	166,667	-	166,667	166,667	-
Project No. 36237.31.8.1	166,667	-	166,667	166,667	-
Project No. 36237.31.6.1	166,667	-	166,667	166,667	-
Project No. 36244.43.7.1	44,707	42,590	-	42,590	2,117
County funded projects	71,637	-	35,968	35,968	35,669
Total expenditures	<u>1,099,174</u>	<u>358,726</u>	<u>702,662</u>	<u>1,061,388</u>	<u>37,786</u>
Revenues under expenditures	<u>(151,638)</u>	<u>(19,348)</u>	<u>(103,761)</u>	<u>(123,109)</u>	<u>28,529</u>
Other financing sources					
Transfer from General fund	<u>151,638</u>	<u>46,668</u>	<u>33,333</u>	<u>80,001</u>	<u>(71,637)</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ 27,320</u>	<u>(70,428)</u>	<u>\$ (43,108)</u>	<u>\$ (43,108)</u>
<b>Fund balance</b>					
Beginning of year, July 1			<u>201,404</u>		
End of year, June 30			<u>\$ 130,976</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, 2007**

	Project Author- ization	Prior Year	Actual Current Year	Total to Date	Variance Positive (Negative)
<b>Revenues</b>					
Interest earnings	\$ -	\$ -	\$ 1,828	\$ 1,828	\$ 1,828
<b>Expenditures</b>					
Construction	2,004,825	654,825	562,627	1,217,452	(787,373)
<b>Other financing sources</b>					
Issuance of debt	1,350,000	-	1,280,000	1,280,000	(70,000)
Transfer from General fund	654,825	654,825	-	654,825	-
Total other sources	2,004,825	654,825	1,280,000	1,934,825	(70,000)
<b>Total revenues and other financing sources over expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>719,201</b>	<b>\$ 719,201</b>	<b>\$ 719,201</b>
<b>Fund balance</b>					
Beginning of year, July 1			607,326		
End of year, June 30			<u>\$ 1,326,527</u>		

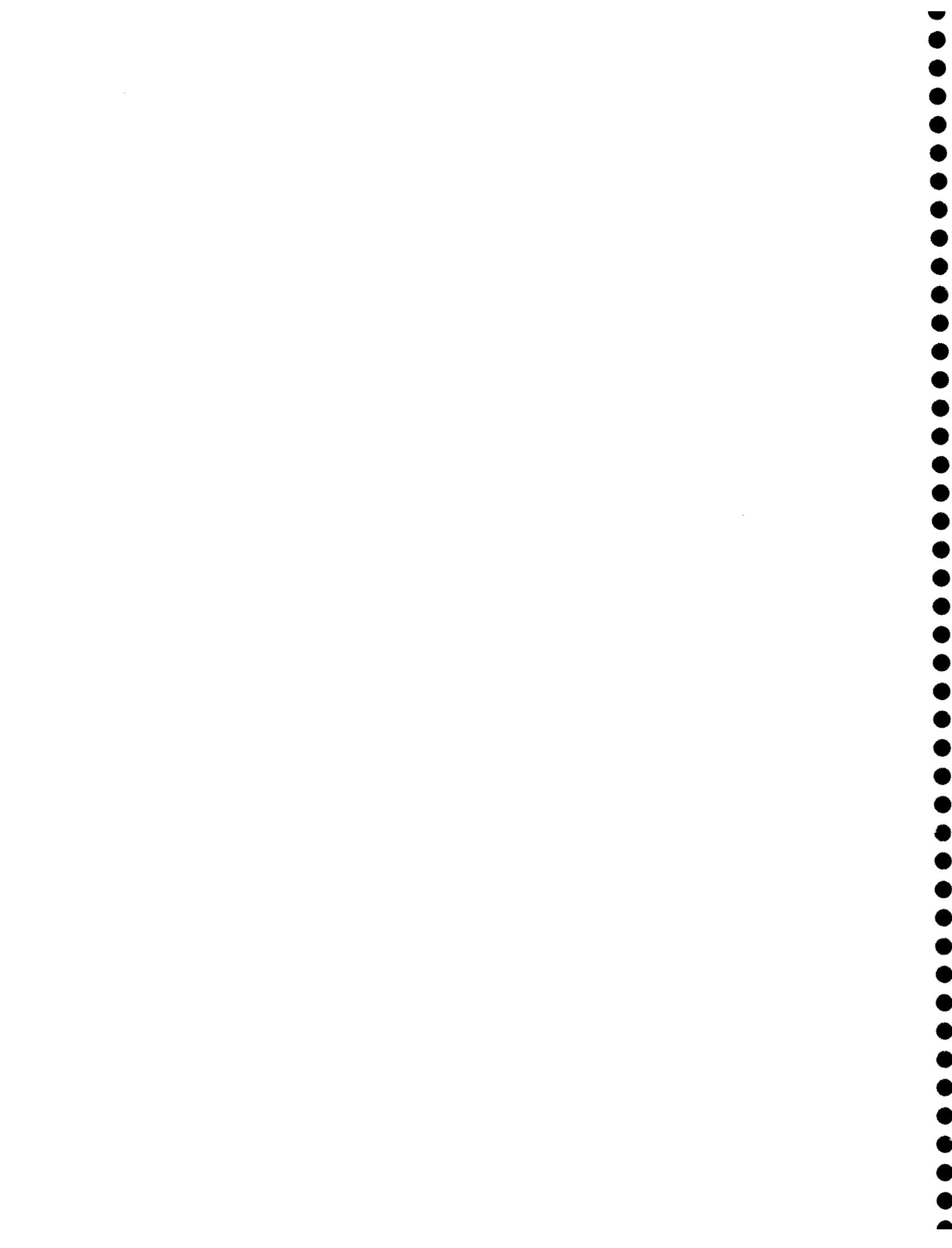
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# ENTERPRISE FUNDS

**Water and Sewer Fund** - This fund accounts for operation of the County's water and sewer operations.

**Water and Sewer Capital Projects Fund** - This fund accounts for construction of water and sewer capital assets within the County

*These two funds are combined in the full accrual exhibits.*



Franklin County, North Carolina  
Water and Sewer Fund  
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)  
For the Year Ended June 30, 2007

	Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
Operating revenues			
Water fees	\$ 3,893,842	\$ 4,078,621	\$ 184,779
Sewer fees	1,191,184	1,271,414	80,230
Other charges for services	572,050	873,402	301,352
	<u>5,657,076</u>	<u>6,223,437</u>	<u>566,361</u>
Nonoperating revenues:			
Interest earnings	-	131,441	131,441
Total revenues	<u>5,657,076</u>	<u>6,354,878</u>	<u>697,802</u>
<b>Other financing source</b>			
Transfers from other fund:			
General Fund	300,000	300,000	-
<b>Expenditures - Water Dept</b>			
Salaries and employee benefits	501,708	508,038	(6,330)
Water purchases	2,650,000	2,456,582	193,418
Other operating expenditures	315,369	300,231	15,138
Capital outlay	116,060	31,875	84,185
Debt service:			
Interest and other charges	438,119	438,119	-
Debt principal	440,000	440,000	-
Total expenditures - Water	<u>4,461,256</u>	<u>4,174,845</u>	<u>286,411</u>
<b>Expenditures - Sewer Dept</b>			
Salaries and employee benefits	294,725	253,495	41,230
Contracted services	116,950	121,388	(4,438)
Other operating expenditures	351,119	381,176	(30,057)
Capital outlay	182,233	65,562	116,671
Debt service:			
Interest and other charges	242,727	242,251	476
Debt principal	546,325	546,324	1
Total expenditures - Sewer	<u>1,734,079</u>	<u>1,610,196</u>	<u>123,883</u>
Total expenditures	<u>6,195,335</u>	<u>5,785,041</u>	<u>410,294</u>
<b>Appropriated fund balance</b>	238,259	-	(238,259)
<b>Revenues, appropriated fund balance, and other financing sources over expenditures</b>	<u>\$ -</u>	<u>\$ 869,837</u>	<u>\$ 869,837</u>
<b>Reconciliation from budgetary basis (modified accrual) to full accrual</b>			
Revenues and other financing sources over expenditures		\$ 869,837	
Debt service payment		986,324	
Depreciation		(969,143)	
Capital outlay		97,437	
Increase in accrued vacation pay		(8,710)	
		<u>975,745</u>	
Water and Sewer Capital Project Fund full accrual		<u>455,362</u>	
Change in net assets		<u>\$ 1,431,107</u>	

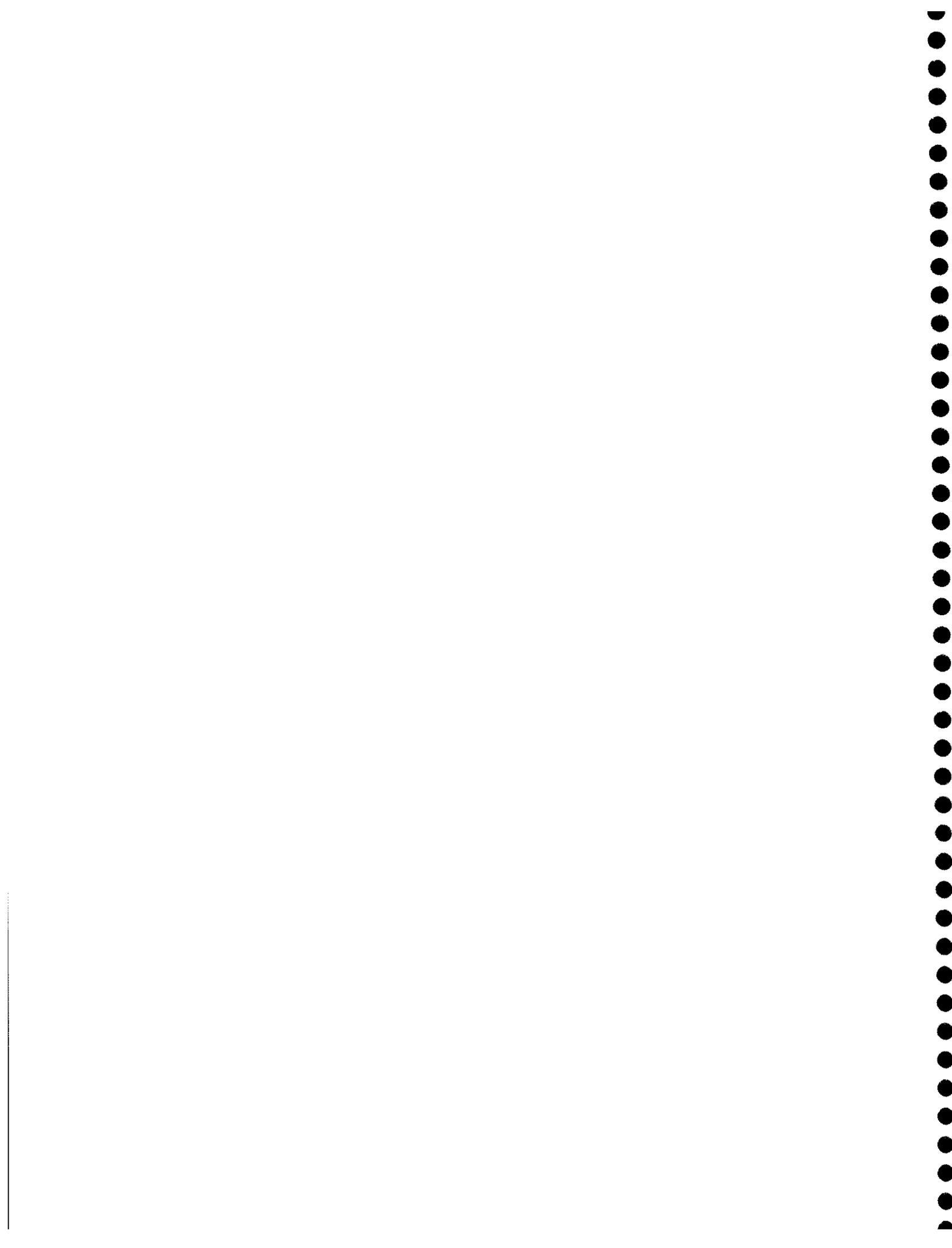
Franklin County, North Carolina  
 Water and Sewer Capital Projects Fund  
 Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)  
 From Inception and for the Year Ended June 30, 2007

	Project Author - ization	Actual		Total to Date	Variance Positive (Negative)
		Prior Year	Current Year		
<b>Revenues</b>					
Restricted intergovernmental:					
Federal grants	\$ 2,250,000	\$ 959,599	\$ -	\$ 959,599	\$ (1,290,401)
State grants	400,000	1,150,000	400,000	1,550,000	1,150,000
Investment earnings	2,000	27,067	56,870	83,937	81,937
Total revenues	<u>2,652,000</u>	<u>2,136,666</u>	<u>456,870</u>	<u>2,593,536</u>	<u>(58,464)</u>
<b>Expenditures</b>					
Construction	<u>14,363,615</u>	<u>7,331,603</u>	<u>244,306</u>	<u>7,575,909</u>	<u>6,787,706</u>
<b>Revenues over (under) expenditures</b>	<u>(11,711,615)</u>	<u>(5,194,937)</u>	<u>212,564</u>	<u>(4,982,373)</u>	<u>6,729,242</u>
<b>Other financing sources (uses)</b>					
Transfer from General fund	419,917	420,197	-	420,197	280
Transfer to General fund	(2,000)	-	-	-	2,000
Transfer from Water and Sewer fund	600,000	600,000	-	600,000	-
Transfer to Water and Sewer Fund	(167,850)	(167,909)	(1,508)	(169,417)	(1,567)
Proceeds from debt	9,762,150	6,500,000	3,155,000	9,655,000	(107,150)
Total other financing sources (uses) - net	<u>10,612,217</u>	<u>7,352,288</u>	<u>3,153,492</u>	<u>10,505,780</u>	<u>(106,437)</u>
<b>Appropriated fund balance</b>	1,099,398	-	-	-	(1,099,398)
<b>Revenues, appropriated fund balance, and other financing sources over expenditures and uses</b>	<u>\$ -</u>	<u>\$ 2,157,351</u>	<u>\$ 3,366,056</u>	<u>\$ 5,523,407</u>	<u>\$ 5,523,407</u>
<b>Reconciliation from budgetary basis (modified accrual) to full accrual</b>					
Revenues and other sources over expenditures and other uses			\$ 3,366,056		
Proceeds from debt			(3,155,000)		
Capital outlay			244,306		
			<u>\$ 455,362</u>		

# INTERNAL SERVICE FUNDS

**Internal Service Funds** are used to account for the financing of goods and services provided by one department or agency to other departments or agencies of the County on a cost reimbursement basis.

**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, 2007  
(With Comparative Totals For the Year Ended June 30, 2006)

	2007		Variance Positive (Negative)	2006
	Budget	Actual		Actual
<b>Revenues</b>				
Contributions from employees	\$ 4,428,030	\$ 4,335,054	\$ (92,976)	\$ 4,170,616
Interest earnings	-	26,990	26,990	22,500
Total revenues	4,428,030	4,362,044	(65,986)	4,193,116
<b>Expenditures</b>				
Health insurance	3,822,930	3,950,885	(127,955)	3,195,344
Property and liability insurance	355,100	304,961	50,139	501,066
Workers' compensation insurance	450,000	322,917	127,083	277,517
Unemployment claims	50,000	41,519	8,481	-
Total expenditures	4,678,030	4,620,282	57,748	3,973,927
<b>Revenues over (under) expenditures</b>	(250,000)	(258,238)	(8,238)	219,189
<b>Appropriated fund balance</b>	250,000	-	(250,000)	-
<b>Revenues and appropriated fund balance over (under) expenditures</b>	\$ -	(258,238)	\$ (258,238)	\$ 219,189
<b>Fund balances</b>				
Beginning of year, July 1		754,834		
End of year, June 30		\$ 496,596		
<b>Reconciliation from financial plan basis (modified accrual) to full accrual:</b>				
Total revenues		\$ 4,362,044		
Total expenditures		4,620,282		
<b>Change in net assets</b>		\$ (258,238)		

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# AGENCY FUNDS

**Agency Funds** are used to account for assets held by the County for individuals and local governments.

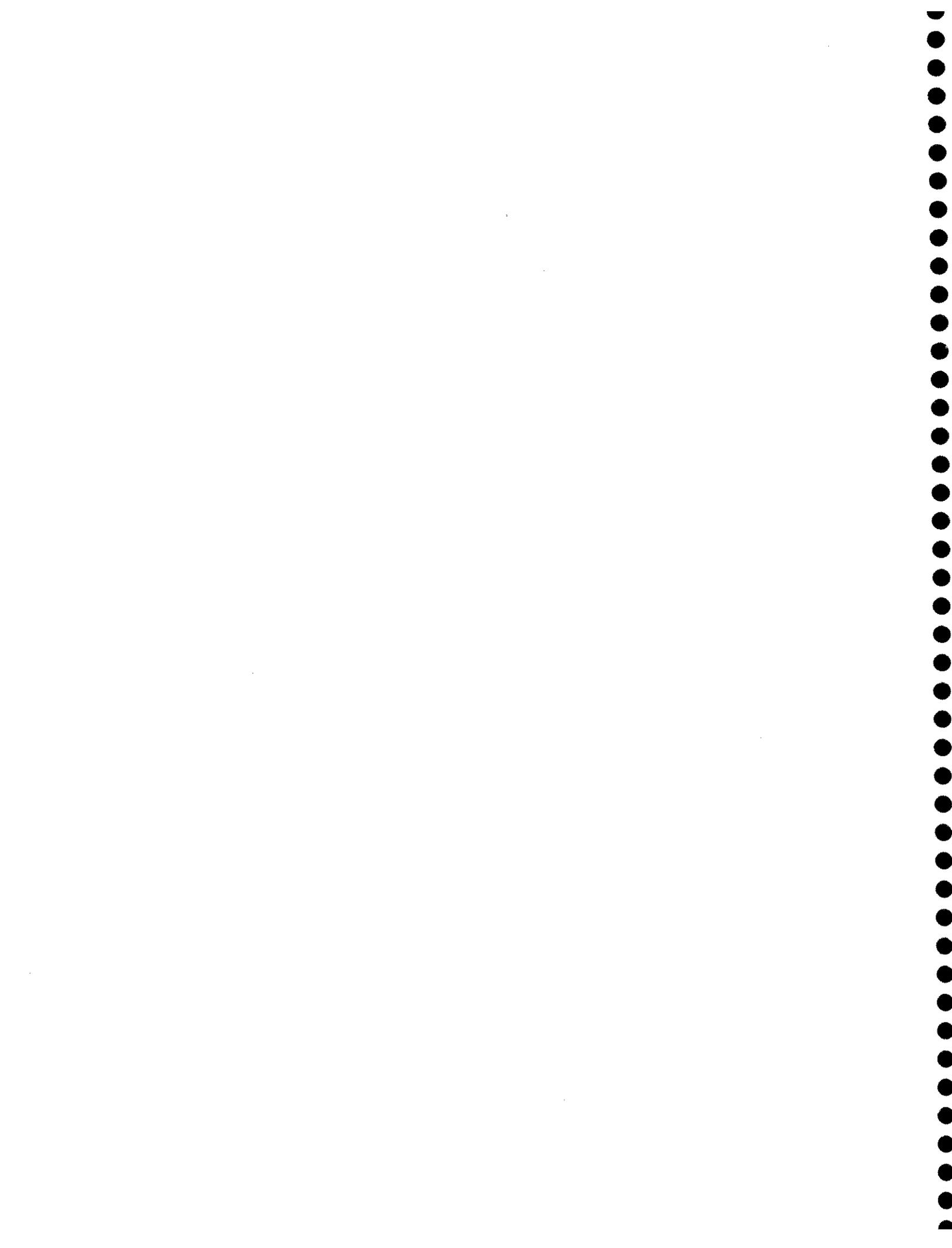
Social Services Fund – This fund accounts for funds held by the County Department of Social Services for the benefit of certain individuals in the County.

Fines and Forfeitures Fund - This fund accounts 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 accounts 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 accounts for interest penalties on vehicle Ad Valorem taxes that are collected by the County on behalf of the State.

Jail Fund - This fund accounts for 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, 2007

	Balance July 1, 2,006	Additions	Deductions	Balance June 30, 2,007
<b>Social Services</b>				
Assets				
Cash and cash equivalents	\$ 28,969	\$ 177,267	\$ 160,371	\$ 45,865
Liabilities				
Miscellaneous liabilities	\$ 28,969	\$ 177,267	\$ 160,371	\$ 45,865
<b>Fines and Forfeitures</b>				
Assets				
Cash and cash equivalents	\$ -	\$ 453,056	\$ 453,056	\$ -
Liabilities				
Intergovernmental payable	\$ -	\$ 453,056	\$ 453,056	\$ -
<b>Motor Vehicle Tax</b>				
Assets				
Cash and cash equivalents	\$ -	\$ 2,129,509	\$ 2,129,509	\$ -
Liabilities				
Miscellaneous liabilities	\$ -	\$ 2,129,509	\$ 2,129,509	\$ -
<b>State Vehicle Interest</b>				
Assets				
Cash and cash equivalents	\$ 2,261	\$ 33,012	\$ 32,482	\$ 2,791
Liabilities				
Intergovernmental payable	\$ 2,261	\$ 33,012	\$ 32,482	\$ 2,791
<b>Jail Fund</b>				
Assets				
Cash and cash equivalents	\$ 5,452	\$ 129,859	\$ 130,573	\$ 4,738
Liabilities				
Miscellaneous liabilities	\$ 5,452	\$ 129,859	\$ 130,573	\$ 4,738
<b>Totals - All Agency Funds</b>				
Assets				
Cash and cash equivalents	\$ 36,682	\$ 2,922,703	\$ 2,905,991	\$ 53,394
Liabilities				
Miscellaneous liabilities	\$ 34,421	\$ 2,436,635	\$ 2,420,453	\$ 50,603
Intergovernmental payable	2,261	486,068	485,538	2,791
Total liabilities	\$ 36,682	\$ 2,922,703	\$ 2,905,991	\$ 53,394

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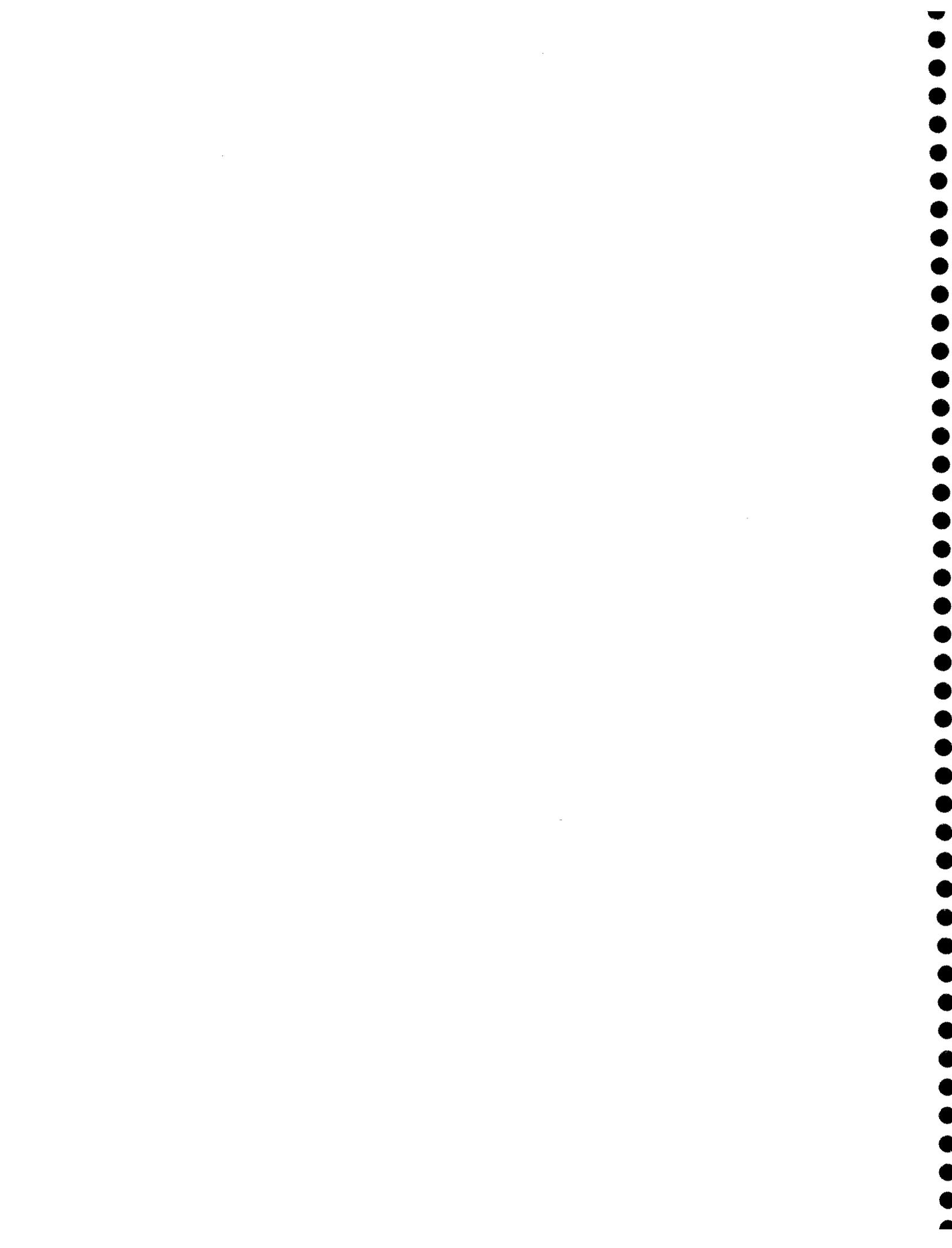
# OTHER SCHEDULES

Schedule of Ad Valorem Taxes Receivable

Analysis of Current Tax Levy - County-Wide Levy

Secondary Market Disclosures

Ten Largest Taxpayers



**Franklin County, North Carolina**  
**General Fund**  
**Schedule of Ad Valorem Taxes Receivable**  
**June 30, 2007**

<u>Fiscal Year</u>	<u>Uncollected Balance June 30,2006</u>	<u>Additions</u>	<u>Collections And Credits</u>	<u>Uncollected Balance June 30,2007</u>
2006-2007	\$ -	\$ 27,868,736	\$ 27,060,824	\$ 807,912
2005-2006	834,702	-	637,394	197,308
2004-2005	212,645	-	81,702	130,943
2003-2004	167,247	-	51,846	115,401
2002-2003	180,590	-	35,108	145,482
2001-2002	103,794	-	19,573	84,221
2000-2001	78,091	-	11,715	66,376
1999-2000	56,985	-	7,533	49,452
1998-1999	52,907	-	5,781	47,126
1997-1998	50,180	-	5,905	44,275
1996-1997	27,491	-	27,491	-
	<u>\$ 1,764,632</u>	<u>\$ 27,868,736</u>	<u>\$ 27,944,872</u>	<u>1,688,496</u>
				Less: allowance for uncollectible accounts: <u>(151,000)</u>
				Ad valorem taxes receivable - net <u>\$ 1,537,496</u>
				<b>Reconciliation with revenues</b>
				Ad valorem taxes - General Fund <u>\$ 28,385,169</u>
				Reconciling items:
				Amounts written off for 1996-1997 levy 15,104
				Interest collected (245,258)
				Discounts and adjustments (210,143)
				Total reconciling items <u>(440,297)</u>
				Total collections and credits <u>\$ 27,944,872</u>

**Franklin County, North Carolina**  
**Analysis of Current Tax Levy**  
**County - wide Levy**  
**For the Year Ended June 30, 2007**

	County - wide			Total Levy	
	Property Valuation	Rate	Amount of Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
<b>Original levy</b>					
Property taxed at current year's rate	\$ 3,025,856,329	0.790000%	\$ 23,904,265	\$ 23,904,265	\$ -
Motor vehicles taxed at current year's rate	259,910,380	0.790000%	2,053,292	-	2,053,292
Motor vehicles taxed at prior year's rate	131,517,342	0.790000%	1,038,987	-	1,038,987
Penalties	-		35,225	35,225	-
Total	<u>3,417,284,051</u>		<u>27,031,769</u>	<u>23,939,490</u>	<u>3,092,279</u>
<b>Discoveries</b>					
Current year taxes	136,481,772	0.790000%	1,078,206	1,031,927	46,279
Prior year taxes	-		24,796	24,796	-
Late listing	-		6,701	6,701	-
Lien costs	-		8,596	8,596	-
Discounts	-		(133,104)	(133,104)	-
Abatements and releases	-		(148,228)	(77,931)	(70,297)
Total	<u>\$ 3,553,765,823</u>		<u>27,868,736</u>	<u>24,800,475</u>	<u>3,068,261</u>
<b>Less, uncollected taxes at June 30, 2007</b>			<u>807,912</u>	<u>384,396</u>	<u>423,516</u>
<b>Current year's taxes collected</b>			<u>\$ 27,060,824</u>	<u>\$ 24,416,079</u>	<u>\$ 2,644,745</u>
<b>Current levy collection percentage</b>			<u>97.10%</u>	<u>98.45%</u>	<u>86.20%</u>

**Franklin County, North Carolina**  
 Analysis of Current Tax Levy  
 County - wide Levy  
 For the Year Ended June 30, 2007

**Secondary Market Disclosures:**

Assessed Valuation:		
Assessment Ratio <sup>1</sup>		100 %
Real Property	\$ 2,902,730,621	
Personal Property	531,693,579	
Public Service Companies <sup>2</sup>	119,341,623	
Total Assessed Valuation	\$ 3,553,765,823	
 Tax Rate per \$100		 0.79
 Levy (includes discoveries, releases and abatements) <sup>3</sup>	 \$ 27,868,736	

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, 2007:

Fire Protection Districts	\$ 1,669,384
---------------------------	--------------

<sup>1</sup> Percentage of appraised value has been established by statute.

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

<sup>3</sup> The levy includes interest and penalties.

Franklin County, North Carolina  
 Ten Largest Taxpayers  
 For the Year Ended June 30, 2007

Taxpayer	Type of Business	Assessed Valuation	Percentage of Total Assessed Valuation
Novo Nordisk	Manufacturing	\$ 97,686,180	2.74%
Progress Energy	Utility	47,418,974	1.33%
Carolina Telephone	Utility	36,299,604	1.02%
Wake Electric Membership Corporation	Utility	25,680,094	0.72%
Flextronics	Manufacturing	16,249,433	0.46%
NDOA LLC	Manufacturing	12,903,674	0.36%
Louisburg HMA	Hospital	12,369,460	0.35%
Harold G. Bagwell	Manufacturing	10,059,457	0.28%
Den- Mark Construction	Construction	9,282,736	0.26%
Sirchie Finger Print Labs	Manufacturing	9,164,141	0.26%
Total		<u>\$ 277,113,753</u>	<u>7.77%</u>

## Statistical Section is composed into five parts:

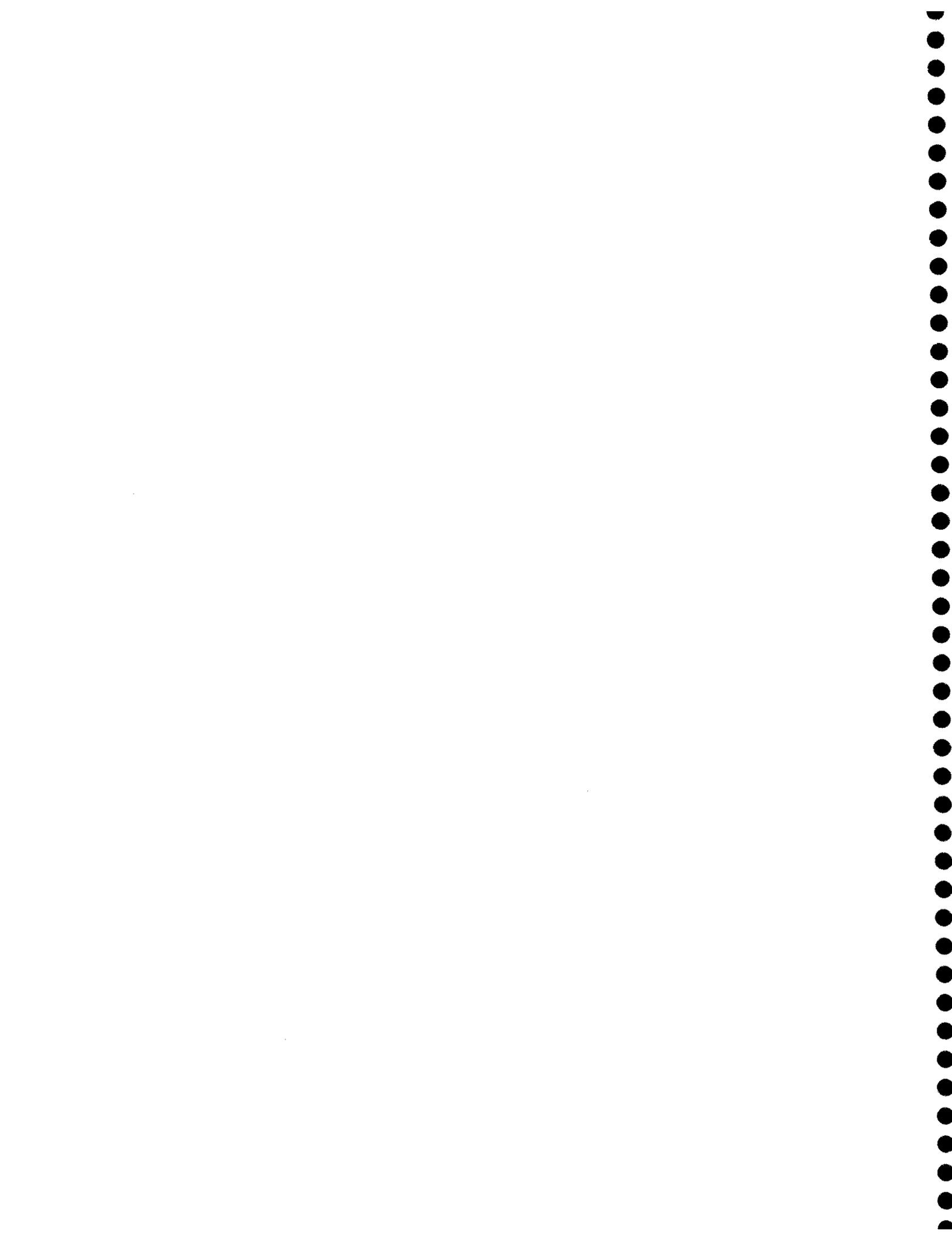
**Financial Trend Data** – provides statistical information on Net Assets by Component, Changes in net Assets, fund balance history, and changes to fund balance.

**Revenue Capacity** - provides statistical information on General Governmental Revenues, assessed value of taxable property, property tax rates, principal tax payers, and property tax levies.

**Debt Capacity** - provides 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.

**Demographics and Economic Impact** - provides 10 years of statistical information on demographics and principal employees.

**Operational Data** - provides 10 years of statistical operational information on the county's employees by function, operating indicators by function, capital assets by function, and other statistical information.



**County of Franklin**  
**Net Assets by Component**  
**(accrual basis of accounting)**

	<b><u>F.Y.E.</u></b> <b><u>2007</u></b>	<b><u>F.Y.E.</u></b> <b><u>2006</u></b>
Governmental activities		
Invested in capital assets, net of related debt	\$6,425,568	\$21,679,627
Restricted	-	-
Unrestricted	22,058,947	891,761
Total governmental activities net assets	<u>\$28,484,515</u>	<u>\$22,571,388</u>
Business-type activities		
Invested in capital assets, net of related debt	8,059,121	9,680,354
Unrestricted	5,742,818	2,690,478
Total business-type activities net assets	<u>\$13,801,939</u>	<u>\$12,370,832</u>
Primary government		
Invested in capital assets, net of related debt	\$14,484,689	\$31,359,981
Restricted	0	0
Unrestricted	27,801,765	3,582,239
Total primary government net assets	<u>\$42,286,454</u>	<u>\$34,942,220</u>

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

County of Franklin NC  
 Changes in Net Assets, Last Two fiscal years

	<u>F.Y.E. 2007</u>	<u>F.Y.E. 2006</u>	<u>F.Y.E. 2005</u>
<b>Expenses</b>			
<b>Governmental Activities</b>			
General government	\$7,154,891	\$3,772,123	\$5,686,247
Public Safety	14,440,777	12,328,799	11,462,533
Economic and physical development	2,627,867	3,107,944	3,212,065
Human services	18,251,014	17,358,323	15,821,501
Cultural and recreation	1,383,297	1,275,730	1,087,237
Education	12,209,081	13,617,183	11,202,659
Interest on long-term debt	1,697,224	1,351,352	1,146,215
<b>Total governmental activities expenses</b>	<u>\$57,764,151</u>	<u>\$52,811,454</u>	<u>\$49,618,457</u>
<b>Business-type activities</b>			
Water and Sewer Department	<u>5,679,134</u>	<u>5,341,717</u>	<u>4,792,247</u>
<b>Total business-type activities expense</b>	<u>5,679,134</u>	<u>5,341,717</u>	<u>4,792,247</u>
<b>Total primary government expenses</b>	<u>\$63,443,285</u>	<u>\$58,153,171</u>	<u>\$54,410,704</u>
<b>Program Revenues</b>			
<b>Governmental activities:</b>			
Charges for services:			
General government	\$690,055	\$765,073	\$853,792
Public Safety	3,669,494	2,005,405	3,056,930
Economic and physical development	2,509,345	1,227,746	1,245,584
Human services	4,369,288	4,902,180	3,603,385
Cultural and recreation	70,066	54,551	48,557
Operating grants and contributions	6,490,849	6,805,749	7,485,903
Capital Grants and Contributions	<u>1,257,057</u>	<u>1,443,355</u>	<u>620,758</u>
<b>Total governmental activities program revenues</b>	<u>19,056,154</u>	<u>17,204,059</u>	<u>16,914,909</u>
<b>Business-type activities:</b>			
Charges for services:			
Water and sewer	6,280,308	5,040,245	4,227,757
Operating grants and contributions	-	-	-
Capital Grants and Contributions	400,000	-	540,400
<b>Total business-type activities program revenues</b>	<u>6,680,308</u>	<u>5,040,245</u>	<u>4,768,157</u>
<b>Total primary government program revenues</b>	<u>\$25,736,462</u>	<u>\$22,244,304</u>	<u>\$21,683,066</u>

continued

	<u>F.Y.E.</u> <u>2007</u>	<u>F.Y.E.</u> <u>2006</u>	<u>F.Y.E.</u> <u>2005</u>
<b>Net (Expense)/Revenue</b>			
Governmental activities	\$38,707,997	\$35,607,395	\$32,703,548
Business-type activities	1,001,174	(301,472)	(24,090)
<b>Total primary government net expense</b>	<b>\$39,709,171</b>	<b>\$35,305,923</b>	<b>\$32,679,458</b>
<b>General Revenues and Other Changes in Net Assets</b>			
Governmental activities			
Taxes:			
Property Taxes	\$30,083,554	\$28,883,215	\$27,545,182
Sales Taxes	11,152,255	10,102,630	9,434,955
Investment Earnings	2,170,710	1,002,338	464,709
Miscellaneous - Unrestricted	1,513,097	1,460,931	683,157
Transfers	(298,492)	(915,272)	(1,341,117)
<b>Total government activities</b>	<b>44,621,124</b>	<b>40,533,842</b>	<b>36,786,886</b>
Business-type activities:			
Investment earnings	131,441	58,743	37,881
Transfers	298,492	915,272	1,341,117
<b>Total business-type activities</b>	<b>429,933</b>	<b>974,015</b>	<b>1,378,998</b>
<b>Total primary government</b>	<b>\$45,051,057</b>	<b>\$41,507,857</b>	<b>\$38,165,884</b>
<b>Change in Net Assets</b>			
Governmental activities	\$5,913,127	\$4,926,447	\$4,083,338
Business-type activities	1,431,107	672,543	1,354,908
<b>Total primary government</b>	<b>\$7,344,234</b>	<b>\$5,598,990</b>	<b>\$5,438,246</b>

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

County of Franklin County NC  
Fund Balances, Governmental Funds,  
Last ten years

	2007 E.Y.E.	2006 E.Y.E.	2005 E.Y.E.	2004 E.Y.E.	2003 E.Y.E.	2002 E.Y.E.	2001 E.Y.E.	2000 E.Y.E.	1999 E.Y.E.	1998 E.Y.E.
General Fund										
Reserved	\$4,106,149	\$3,319,202	\$1,885,697	\$2,340,493	\$2,997,313	\$2,588,169	\$2,143,087	\$1,799,831	\$1,784,489	\$1,914,258
Unreserved - restricted	\$2,760,430	\$3,413,413	2,665,434	1,324,861	1,520,050	2,500,640	1,811,761	2,923,948	1,896,930	1,278,045
Unreserved - Undesignated	11,730,851	12,164,678	12,870,944	10,033,424	8,988,565	7,173,874	7,745,970	7,286,978	7,330,379	6,812,621
Total general fund	\$18,597,430	\$18,897,293	\$17,422,075	\$13,698,778	\$13,505,948	\$12,262,683	\$11,700,828	\$12,010,757	\$11,011,798	\$10,004,924
All other Governmental Funds										
Reserved	2,925,146	1,359,771	1,476,760	1,366,317	1,760,634	1,766,715	742,878	2,216,142	555,745	662,600
Unreserved, reported in:										
Special revenue funds	2,120,902	1,836,870	879,386	3,169,569	2,796,099	2,407,477	2,142,119	1,895,686	2,387,128	3,144,470
Capital projects funds	13,107,522	(543,129)	1,740,520	298,872	529,217	178,569	4,648,142	(137,329)	1,205,956	7,351,298
Total all other governmental funds	\$18,153,570	\$2,653,512	\$4,096,666	\$4,836,758	\$5,085,950	\$4,352,761	\$7,533,139	\$3,974,499	\$4,148,829	\$11,158,368

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

County of Franklin NC  
 Changes in Fund Balance, Governmental Funds,  
 Last Ten Years

	F.Y.E. 2007	F.Y.E. 2006	F.Y.E. 2005	F.Y.E. 2004	F.Y.E. 2003	F.Y.E. 2002	F.Y.E. 2001	F.Y.E. 2000	F.Y.E. 1999	F.Y.E. 1998
<b>Revenues</b>										
Taxes	\$30,126,452	\$28,870,947	\$27,608,437	\$26,414,550	\$25,266,653	\$22,964,733	\$20,097,374	\$18,913,984	\$17,239,195	\$14,997,225
Sales Tax	11,152,255	10,102,630	9,434,955	8,379,344	6,954,074	6,345,460	6,311,134	6,217,906	5,824,348	5,413,717
Other taxes and licenses	289,430	299,512	284,775	273,067	261,224	269,212	250,749	330,081	230,419	218,623
Unrestricted Intergovernmental	348,831	302,293	272,333	309,898	255,169	659,512	1,100,522	1,093,653	1,107,219	1,117,922
Restricted Intergovernmental	7,905,708	8,159,323	7,576,655	7,347,755	8,875,627	11,399,115	10,005,999	12,952,689	5,543,712	7,213,044
Permits and Fees	2,154,766	1,804,380	1,528,965	1,312,113	1,212,207	1,026,251	980,898	1,034,661	1,041,850	805,346
Sales and service	9,431,137	7,547,553	7,528,753	7,163,442	7,069,189	6,200,518	5,233,026	4,617,772	4,826,699	4,294,777
Investment Earnings	2,143,720	979,838	480,463	257,474	357,237	569,923	1,209,803	1,144,743	1,047,117	1,429,252
Other revenues	172,869	603,775	425,026	415,691	246,941	260,530	486,074	114,754	349,061	279,648
<b>Total revenues</b>	<b>63,725,168</b>	<b>58,670,251</b>	<b>55,120,362</b>	<b>51,873,334</b>	<b>50,498,321</b>	<b>49,895,254</b>	<b>45,675,579</b>	<b>46,420,243</b>	<b>37,209,620</b>	<b>35,769,554</b>
<b>Expenditures</b>										
General government	6,887,064	3,808,263	4,411,047	3,936,179	3,425,795	2,661,002	2,892,083	3,486,849	2,878,341	2,682,576
Public Safety	14,136,087	12,517,803	10,909,475	10,932,115	10,042,570	9,827,151	9,101,312	8,226,707	7,490,674	6,424,265
Economic and Physical development	5,128,599	4,896,599	5,598,734	5,295,621	4,297,477	1,790,994	822,495	858,387	764,246	782,433
Human Services	17,937,867	17,415,333	16,292,325	15,305,034	14,631,324	14,454,618	13,973,949	13,168,414	12,146,999	11,546,626
Cultural and recreation	1,286,120	1,198,617	1,015,483	1,126,094	1,015,441	1,724,629	973,244	964,865	839,195	592,805
Education	12,209,081	13,617,183	11,202,659	10,004,326	11,305,139	7,381,815	6,948,736	7,477,175	7,493,681	5,737,593
Capital outlay	20,280,156	392,655	445,671	582,658	349,022	9,890,303	6,620,167	7,039,483	6,658,095	15,841,767
Debt service:										
Principal	2,738,778	2,888,782	2,508,598	2,605,200	2,591,256	2,562,902	2,274,615	2,254,358	1,880,802	1,172,809
Interest and other fees	1,697,224	1,351,352	1,502,858	1,588,798	1,702,372	1,825,453	1,740,010	1,846,467	1,909,923	1,816,950
<b>Total Expenditures</b>	<b>82,300,976</b>	<b>58,086,587</b>	<b>53,686,850</b>	<b>51,376,025</b>	<b>49,360,396</b>	<b>51,318,867</b>	<b>45,346,611</b>	<b>45,322,705</b>	<b>42,061,956</b>	<b>46,597,824</b>
Excess of revenues over (under) expenditures	(18,575,808)	583,664	1,233,512	497,309	1,137,925	(1,623,613)	328,968	1,097,538	(4,852,336)	(10,828,270)
<b>Other Financing Sources (Uses)</b>										
Transfers to other funds	(3,124,502)	(3,953,044)	(5,070,524)	(3,680,370)	(4,372,737)	(4,505,060)	(3,678,783)	(3,160,899)	(3,000,674)	(2,524,853)
Transfers from other funds	2,826,010	3,037,772	3,729,407	2,307,497	3,372,930	3,505,060	2,456,288	3,211,108	3,054,296	2,567,337

County of Franklin NC  
 Changes in Fund Balance, Governmental Funds,  
 Last Ten Years

	F.Y.E. 2007	F.Y.E. 2006	F.Y.E. 2005	F.Y.E. 2004	F.Y.E. 2003	F.Y.E. 2002	F.Y.E. 2001	F.Y.E. 2000	F.Y.E. 1999	F.Y.E. 1998
Sale of capital assets	5,000	-	35,150	177,172	2,397	5,090	142,238	36,682	76,177	64,284
Inc.(Dec) in reserve for inventory	(25,495)	56,965	-	-	-	-	-	-	-	-
Proceeds from long-term debt	34,095,000	304,707	3,150,000	642,000	-	-	4,000,000	-	10,505,000	9,500,000
Proceeds of refunded debt	-	-	5,550,000	-	-	-	-	-	-	-
Payment to refunded debt escrow	-	-	(5,586,950)	-	-	-	-	-	(11,785,128)	-
Total other financing sources (uses)	33,776,013	(553,600)	1,807,083	(553,701)	(937,410)	(994,910)	2,919,743	87,091	(1,150,329)	9,606,768
Net changes in fund balance	15,200,285	30,064	3,040,595	(56,392)	140,515	(2,618,523)	3,248,711	1,184,629	(6,002,665)	(1,221,502)
Debt service as a percentage of noncapital expenditures	7.15%	7.35%	7.51%	8.26%	8.76%	10.59%	10.37%	10.71%	10.71%	9.72%

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	Intergovernmental Revenues	Permit and Fees	Sales and Services	Investment Earnings	Miscellaneous Revenues	Total
1998	14,997,225	5,413,717	218,623	8,330,966	805,346	4,294,777	1,429,252	279,648	\$35,769,554
1999	17,239,195	5,824,348	230,419	6,649,771	1,041,850	4,826,699	1,047,117	349,061	\$37,208,460
2000	18,913,984	6,217,906	330,081	13,686,342	1,034,661	4,617,772	1,144,743	114,754	\$46,060,243
2001	20,097,374	6,311,134	250,749	11,106,521	980,898	5,233,026	1,209,803	486,074	\$45,675,579
2002	22,964,733	6,345,460	269,212	12,058,627	1,026,251	6,200,518	569,923	260,530	\$49,695,254
2003	25,266,653	6,954,074	261,224	9,130,796	1,212,207	7,069,189	357,237	246,941	\$50,498,321
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

Notes: Includes General, Special Revenue, and Capital Projects Fund.  
 In January 2003, The county implemented an additional 1/2 cent sales tax.

**County of Franklin NC  
Assessed Value of Taxable Property  
Last Ten Years**

<b>Fiscal Year Ended June 30</b>	<b>Real Property</b>	<b>Personal Property</b>	<b>Public Service Company Property</b>	<b>Total Assessed Value</b>	<b>County Tax Rate</b>	<b>Revenue Generated</b>
1998	1,206,200,391	261,511,730	58,305,361	\$1,526,017,482	0.9350	14,268,263
1999	1,606,027,317	288,749,950	76,441,048	\$1,971,218,315	0.8200	16,163,990
2000	1,710,691,564	340,301,621	77,012,395	\$2,128,005,580	0.8300	17,662,446
2001	1,670,944,146	402,272,197	80,161,011	\$2,153,377,354	0.8800	18,949,721
2002	1,737,762,751	451,096,588	90,191,159	\$2,279,050,498	0.9450	21,537,027
2003	1,840,115,056	458,722,309	73,785,425	\$2,372,622,790	0.9995	23,714,365
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

Franklin County, North Carolina  
 Property Tax Rates - Direct and All Overlapping Governments  
 (Per \$100 of Assessed Value)  
 Last Ten Years

Fiscal Year Ended June 30	Town of Bunn	Town of Franklinton	Town of Louisburg	Town of Youngsville	Franklin County	Wake Forest	Total
1998	0.8100	0.7500	0.5850	0.7600	0.9350	NA	3.8400
1999	0.7600	0.6000	0.4950	0.7100	0.8200	NA	3.3850
2000	0.7600	0.6200	0.4950	0.6600	0.8300	NA	3.3650
2001	0.7600	0.6400	0.5150	0.6600	0.8800	NA	3.4550
2002	0.7600	0.6800	0.5250	0.6600	0.9450	NA	3.5700
2003	0.7600	0.6800	0.5250	0.6600	0.9995	NA	3.6245
2004	0.6900	0.6800	0.4850	0.5600	0.9995	0.5400	3.4145
2005	0.6900	0.6800	0.4850	0.5600	0.7900	0.5400	3.2050
2006	0.6900	0.6800	0.4850	0.5600	0.7900	0.5400	3.2050
2007	0.6900	0.6800	0.4850	0.5600	0.7900	0.5400	3.2050

Note: All tax rates are expressed in dollars of tax per \$100 of assessed valuation. The tax rate was adjusted in 1999 and 2005 due to revaluation.

The Town of Wake Forest annexed part of Franklin County in 2003.

County of Franklin NC  
 Principal Tax Payers  
 Current Year and Nine Years Ago

Taxpayer	2006		Percentage of		Rank	1997		Percentage of	
	Assessed Valuation	Rank	Total Assessed Valuation	Property Taxes Paid		Assessed Valuation	Rank	Total Assessed Valuation	Property Taxes Paid
NOVO NORDISK	\$97,686,180	1	2.88%	\$771,721	1	\$123,406,505	8.71%	\$1,110,659	
PROGRESS ENERGY	47,418,974	2	1.40%	374,610	3	15,630,912	1.10%	140,678	
CAROLINA TELEPHONE	36,299,604	3	1.07%	286,767	2	27,387,907	1.93%	246,491	
WAKE ELECTRIC	25,680,094	4	0.76%	202,873	4	8,678,646	0.61%	78,108	
FLEXTRONICS INTERNATIONAL	16,249,433	5	0.48%	128,371	-	-	0.00%	0	
NODA LLC	12,903,674	6	0.38%	101,939	6	6,498,441	0.46%	58,486	
FRANKLIN REGIONAL	12,369,460	7	0.36%	97,719	9	4,904,470	0.35%	44,140	
HAROLD G. BAGWELL	10,059,457	8	0.30%	79,470	-	-	0.00%	0	
DEN MARK CONSTRUCTION	9,282,736	9	0.27%	73,334	-	-	0.00%	0	
SIRCHIE FINGER PRINT LAB INC	9,164,141	10	0.27%	72,397	-	-	0.00%	0	
HIEBERT, INC.			0.00%	0	5	6,646,647	0.47%	59,820	
LAWSON, MARDON, WHEATON			0.00%	0	7	5,872,164	0.41%	52,849	
BOSTON GEAR			0.00%	0	8	5,391,409	0.38%	48,523	
ROBERT L. LUDDY			0.00%	0	10	4,638,993	0.33%	41,751	
<b>Totals</b>	<b>\$277,113,753</b>		<b>8.17%</b>	<b>\$2,189,199</b>	<b>Totals</b>	<b>\$209,056,094</b>	<b>14.76%</b>	<b>\$1,881,505</b>	

Source: Franklin County Tax Office

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
1998	14,265,404	13,709,893	96.11%	407,065	14,116,958	98.96%	805,587	5.65%
1999	16,207,615	15,552,313	95.96%	417,370	15,969,683	98.53%	1,043,519	6.44%
2000	18,779,088	17,735,569	95.90%	587,486	18,323,055	97.57%	1,178,265	6.27%
2001	20,099,929	18,921,664	95.10%	633,257	19,554,921	97.29%	1,474,335	7.34%
2002	23,041,108	21,566,773	95.70%	823,596	22,390,369	97.18%	650,739	2.82%
2003	25,294,585	23,725,840	95.70%	834,749	24,560,589	97.10%	733,996	2.90%
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%

County of Franklin NC  
 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	General Obligation Bonds	Installment Financings						
1998	19,250,000	1,409,473	19,470,559	250,000	-	9,500,000	49,880,032	18,290	812,807,600	6.1368%	44,440	1,122		
1999	18,750,000	1,217,175	18,277,118	-	-	10,990,000	49,234,293	18,839	853,180,632	5.7707%	45,288	1,087		
2000	17,775,000	1,015,868	17,199,004	-	-	10,855,000	46,844,872	19,003	861,443,996	5.4379%	45,332	1,033		
2001	16,800,000	4,805,124	16,110,166	-	3,600,000	10,505,000	51,820,290	20,932	995,211,940	5.2070%	47,545	1,090		
2002	15,825,000	4,317,850	15,009,505	-	3,420,000	10,145,000	48,717,355	23,276	1,136,287,768	4.2874%	48,818	998		
2003	14,850,000	3,820,256	13,890,843	-	3,240,000	9,770,000	45,571,099	23,276	1,188,914,804	3.8330%	51,079	892		
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		

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
1998	100,000	537,575	637,575	46,597,824	1.37%
1999	500,000	965,625	1,465,625	42,061,956	3.48%
2000	937,000	935,875	1,872,875	45,322,705	4.13%
2001	925,000	878,275	1,803,275	45,346,611	3.98%
2002	975,000	832,800	1,807,800	51,318,867	3.52%
2003	975,000	784,700	1,759,700	49,360,396	3.57%
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%

Note: Includes General, Special Revenue and Capital Projects.  
 Does not include COP Debt. \$19,014,867 was expended in the school construction fund

Franklin County, North Carolina  
 Computation of Direct and Underlying Debt  
 General Obligation Bonds  
 Fiscal Year ended June 30, 2007

	Net General Obligation Bonded debt	Percent Applicable To County	Amount Applicable To County
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Direct:			
Franklin County	\$32,325,000	100.00%	\$32,325,000
Underlying:			
Town of Louisburg	-	0.00%	-
Town of Bunn	100,000	0.00%	-
Town of Youngsville	-	0.00%	-
Town of Franklinton	<u>1,471,500</u>	<u>0.00%</u>	<u>-</u>
Totals	<u><u>\$33,896,500</u></u>		<u><u>\$32,325,000</u></u>

Note: There is no general obligation debt in any other fund.

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

	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Assessed Value of Taxable Property	3,553,765,823	3,388,554,430	3,103,720,609	2,505,635,618	2,372,622,790	2,279,050,498	2,153,377,354	2,128,005,580	1,971,218,315	1,526,017,482
Debt Limit - 8 Percent of Assessed Value	\$284,301,266	\$271,084,354	\$248,297,649	\$200,450,849	\$189,809,823	\$182,324,040	\$172,270,188	\$170,240,446	\$157,697,465	\$122,081,399
	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Gross debt										
Total bonded debt	32,325,000	13,445,000	14,600,000	13,875,000	14,850,000	15,825,000	16,800,000	17,813,000	18,750,000	19,250,000
Authorized and unissued bonds	8,600,000	28,600,000	28,600,000							
Lease financing agreements	27,762,105	15,343,228	16,840,000	16,690,160	17,711,099	19,327,355	20,915,257	18,214,872	19,494,293	20,880,032
Gross Debt	\$68,687,105	\$57,388,228	\$60,040,000	\$30,565,160	\$32,561,099	\$35,152,355	\$37,715,257	\$36,027,872	\$38,244,293	\$40,130,032
Total net debt applicable to limit	\$68,687,105	\$57,388,228	\$60,040,000	\$30,565,160	\$32,561,099	\$35,152,355	\$37,715,257	\$36,027,872	\$38,244,293	\$40,130,032
Legal Debt Margin	\$215,614,161	\$213,696,126	\$188,257,649	\$169,685,689	\$157,248,724	\$147,171,685	\$134,554,931	\$134,212,574	\$119,453,172	\$81,951,367
Total net debt applicable to the limit as a percentage of debt limit	24.16%	21.17%	24.18%	15.25%	17.15%	19.28%	21.89%	21.16%	24.25%	32.87%

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
1998	406,220	54,876
1999	-	23,043
2000	-	25,145
2001	88,257	38,725
2002	-	54,558
2003	-	55,543
2004	-	66,963
2005	-	61,519
2006	-	61,252
2007	-	42,076

Note: Franklin County completed paving of streets for the North Raleigh Farms and Inglewood subdivisions.

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
1998	45,315	812,807,600	18,290	35.13	NA	6,965	2.30%
1999	46,382	853,180,632	18,839	35.51	NA	7,213	2.60%
2000	47,260	861,443,996	19,003	35.83	NA	7,425	2.20%
2001	48,522	995,211,940	20,932	35.94	NA	7,623	3.80%
2002	48,818	1,136,287,768	23,276	36.06	NA	7,685	6.60%
2003	51,079	1,188,914,804	23,276	36.15	NA	7,943	5.90%
2004	52,855	1,270,792,765	24,043	36.26	NA	7,914	3.80%
2005	54,181	1,314,647,784	24,264	36.36	NA	8,066	4.90%
2006	55,449	1,396,815,759	25,191	36.10	NA	7,865	4.10%
2007	55,886	1,414,126,000	25,890	35.80	NA	8,300	4.80%

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.

County of Franklin NC  
 Principal Employers  
 Current Year and Nine Years Ago

Employer	Fiscal Year Ending 2007			Fiscal Year Ending 1998		
	Employees	Rank	% of Total Employment	Employees	Rank	% of Total Employment
Flextronics	750	1	6.59%	NA	NA	NA
Embarq	480	2	4.22%	NA	NA	NA
Novozymes North America	435	3	3.82%	NA	NA	NA
Franklin Regional	315	4	2.77%	NA	NA	NA
Nomaco	225	5	1.98%	NA	NA	NA
The Hon Company	200	6	1.76%	NA	NA	NA
Food Lion LLC	175	7	1.54%	NA	NA	NA
Captive Aire Systems	150	8	1.32%	NA	NA	NA
Wal-Mart	140	9	1.23%	NA	NA	NA
Louisburg College	138	10	1.21%	NA	NA	NA
Total	3,008		26.43%			

Note: Total jobs available in 2007 was 11,668 and 9,634 in 1998.

Source: Economic Development Department

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

	F.Y.E. 2007	F.Y.E. 2006	F.Y.E. 2005	F.Y.E. 2004	F.Y.E. 2003	F.Y.E. 2002	F.Y.E. 2001	F.Y.E. 2000	F.Y.E. 1999	F.Y.E. 1998
<b>General Government:</b>										
Manager/Administration	3	3	3	3	2	2	n/a	n/a	n/a	n/a
Information Technology	2	1	-	-	-	-	n/a	n/a	n/a	n/a
Elections	3	3	3	3	2	2	n/a	n/a	n/a	n/a
Finance Office	6	5	5	5	5	5	n/a	n/a	n/a	n/a
Tax Assessor	9	9	9	9	9	9	n/a	n/a	n/a	n/a
Tax Collector	5	5	5	5	4	4	n/a	n/a	n/a	n/a
Register of Deeds	5	5	5	5	5	5	n/a	n/a	n/a	n/a
Planning	7	6	6	6	8	8	n/a	n/a	n/a	n/a
Public Buildings-Maintenance	12	12	13	13	13	13	n/a	n/a	n/a	n/a
<b>Public Safety:</b>										
Inspections	9	9	9	9	8	6	n/a	n/a	n/a	n/a
GIS	3	3	3	3	3	3	n/a	n/a	n/a	n/a
Sheriff's Department	61	47	45	44	41	41	n/a	n/a	n/a	n/a
Communications - E911	14	12	12	12	11	10	n/a	n/a	n/a	n/a
Jail Operations	40	38	35	31	35	35	n/a	n/a	n/a	n/a
Emergency Medical Services	46	37	29	30	30	30	n/a	n/a	n/a	n/a
Emergency Management	4	3	3	3	3	3	n/a	n/a	n/a	n/a
Animal Control	5	5	4	4	4	3	n/a	n/a	n/a	n/a
<b>Economic and physical development:</b>										
Solid Waste-Landfill	6	6	6	6	6	6	n/a	n/a	n/a	n/a
Soil and Water Conservation	4	4	4	4	3	3	n/a	n/a	n/a	n/a
Airport Operations	1	1	-	-	-	-	n/a	n/a	n/a	n/a
Cooperative Extension	3	1	2	3	2	2	n/a	n/a	n/a	n/a
Economic Development	3	3	2	2	2	2	n/a	n/a	n/a	n/a
<b>Human Services:</b>										
Health Department	70	73	73	74	76	79	n/a	n/a	n/a	n/a
Social Services	92	89	87	87	108	108	n/a	n/a	n/a	n/a
Aging Department	11	11	9	9	10	10	n/a	n/a	n/a	n/a
Veterans Services	2	2	1	1	1	1	n/a	n/a	n/a	n/a
<b>Cultural and recreation:</b>										
Library	8	8	8	8	8	8	n/a	n/a	n/a	n/a
Recreation	4	5	5	5	5	5	n/a	n/a	n/a	n/a
<b>Water and Sewer Department</b>	<b>18</b>	<b>17</b>	<b>17</b>	<b>16</b>	<b>17</b>	<b>17</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
<b>Total Full-Time Positions</b>	<b>456</b>	<b>423</b>	<b>403</b>	<b>400</b>	<b>421</b>	<b>421</b>				

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

County of Franklin NC  
 Operating Indicators by Function/Program  
 Last Ten Fiscal Years

Function/Program	F.Y.E. 2007	F.Y.E. 2006	F.Y.E. 2005	F.Y.E. 2004	F.Y.E. 2003	F.Y.E. 2002	F.Y.E. 2001	F.Y.E. 2000	F.Y.E. 1999	F.Y.E. 1998	F.Y.E. 1997
<b>General Government:</b>											
Registered voters	0	31,201	30,188	30,119	27,119	26,294	25,842	27,482	25,537	24,149	20,560
New Residential Building Permits	794	743	780	715	754	935	na	na	na	na	na
Land parcels	39,039	38,291	37,247	36,347	36,856	35,153	34,464	29,910	27,990	26,500	25,200
Tax bills mailed	118,875	117,746	111,082	106,082	100,295	95,112	89,391	84,015	80,334	76,110	72,038
Marriage licensed issued	320	331	335	314	291	331	310	338	319	n/a	n/a
<b>Public Safety:</b>											
Physical arrests	360	284	324	350	356	237	na	na	na	na	na
Ave monthly jail inmate count	125	101	112	114	91	107	96	98	116	na	na
E 911 emergency calls received	49,876	43,234	37,234	32,357	34,034	na	na	na	na	na	na
EMS/Rescue calls made	6,231	na									
<b>Economic and physical development:</b>											
Tons of trash handled at landfill	34,059	35,649	38,893	42,813	43,587	38,129	35,462	41,186	40,020	36,589	36,783
Aircraft based at county airport	85	57	n/a								
<b>Human services:</b>											
Number of medical eligibles	8,465	8,493	7,930	7,426	7,361	6,981	6,466	5,980	5,644	5,530	5,410
Number of Food Stamp eligibles	5,888	5,817	5,252	4,782	4,338	4,237	3,360	3,308	3,241	3,339	3,825
Number of hospitals	1	1	1	1	1	1	1	1	1	1	1
Number of patient beds	85	85	na								
<b>Cultural and Recreation</b>											
Number of public libraries	4	4	4	4	4	4	4	4	4	4	4
Number of volumes	107,615	109,133	105,288	105,033	100,820	99,583	91,401	84,510	93,684	90,256	86,891
Number of parks and ball fields	3	3	3	3	2	2	2	1	0	0	0
<b>Water and Sewer:</b>											
Number of customers - water	2,613	2,564	2,183	1,554	1,324	1,015	604	350	125	128	na
Average daily consumption (gals)	2,039,587	1,678,219	1,653,962	1,613,562	1,316,775	1,350,000	1,134,452	852,252	796,258	815,006	na
Miles of water lines	146	137	135	128	120	120	90	52	17	16	na
Miles of sewer lines	32	31	30	29	25	42	24	24	16	16	na

Sources: Board of Elections, Social Services, Water Department, other county departments.  
 Note: Franklin County became the FBO for the airport in April 2006.

County of Franklin NC  
 Capital Asset Statistics by Function/Program  
 Last Ten Fiscal Years

Function/Program	F.Y.E. 2007	F.Y.E. 2006	F.Y.E. 2005	F.Y.E. 2004	F.Y.E. 2003	F.Y.E. 2002	F.Y.E. 2001	F.Y.E. 2000	F.Y.E. 1999	F.Y.E. 1998	F.Y.E. 1997
<b>General Government:</b>											
County office buildings	3	3	3	3	3	3	na	na	na	na	na
Vehicles	2	1	1	1	1	1	na	na	na	na	na
<b>Public Safety:</b>											
Stations	4	4	4	4	4	4	na	na	na	na	na
Vehicles	62	59	57	57	56	56	na	na	na	na	na
<b>Economic and Physical Development:</b>											
Vehicles	2	1	1	1	1	1	na	na	na	na	na
Buildings	1	0	0	0	0	0	na	na	na	na	na
<b>Cultural and Recreation</b>											
Acreage	78	78	78	78	78	78	na	na	na	na	na
Playgrounds	2	2	2	2	2	2	na	na	na	na	na
Baseball fields	3	3	3	3	3	3	na	na	na	na	na
Softball fields	2	2	2	2	2	2	na	na	na	na	na
Football fields	1	1	1	1	1	1	na	na	na	na	na
Parks buildings	1	1	1	1	1	1	na	na	na	na	na
Library buildings	4	4	4	4	4	4	na	na	na	na	na
Vehicles	6	5	5	5	5	5	na	na	na	na	na
<b>Water and Sewer</b>											
Water mains (miles)	146	137	135	128	120	120	90	52	17	16	na
Fire hydrants	115	105	105	105	105	105	na	na	na	na	na
Elevated tanks	3	3	3	3	3	3	na	na	na	na	na
Storage capacity (gallons)	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	300,000	na	na	na	na	na
Sewer mains (miles)	32	31	30	29	25	24	24	16	16	na	na
Treatment capacity (gallons)	3,000,000	3,000,000	3,000,000	1,000,000	1,000,000	1,000,000	na	na	na	na	na

Franklin County, North Carolina  
 Other Statistical Information  
 June 30, 2007

Date of establishment		1779
Form of government	Commissioner/Manager	
Employees:		
Full-time, regular		456
Part-time, regular		51
Franklin County facilities and services		
Sheriff protection		
Number of stations		1
Number of deputies and officers		50
Number of patrol units		5
Inspections		
Residential Building permits issued		811
Cultural and recreational		
Number of libraries		4
Number of volumes		101215
Water and Sewer		
Number of customers		2613
Average daily consumption (in gallons)		2039587
Miles of water mains		146
Miles of sanitary sewers		
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

County of Franklin, 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
1998	1,526,017,482	19,250,000	1.2615%	44,440	433.17
1999	1,971,218,315	18,750,000	0.9512%	45,288	414.02
2000	2,128,005,580	17,813,000	0.8371%	45,332	392.95
2001	2,153,377,354	16,800,000	0.7802%	47,545	353.35
2002	2,279,050,498	15,825,000	0.6944%	48,818	324.16
2003	2,372,672,790	14,850,000	0.6259%	51,079	290.73
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

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

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

Fiscal Year Ended June 30	General Government	Public Safety	Transportation	Economic and Physical Development	Human Services	Cultural & Recreation	Education	Capital Outlay	Debt Service	Total
1998	2,682,576	6,424,265	41,110	741,323	11,546,626	592,805	5,737,593	15,841,767	2,989,759	\$46,597,824
1999	2,878,341	7,490,674	58,519	705,727	12,146,999	839,195	7,493,681	6,658,095	3,790,725	\$42,061,956
2000	3,486,849	8,226,707	53,668	804,719	13,168,414	964,865	7,477,175	7,039,483	4,100,825	\$45,322,705
2001	2,892,083	9,101,312	61,446	761,049	13,973,949	973,244	6,948,736	6,620,167	4,014,625	\$45,346,611
2002	2,661,002	9,027,151	44,812	1,746,182	14,454,618	1,724,629	7,381,815	9,890,303	4,388,355	\$51,318,867
2003	3,425,795	10,042,570	-	4,297,477	14,631,324	1,015,441	11,305,139	349,022	4,293,628	\$49,360,396
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

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.

Franklin County, North Carolina  
 Construction  
 Last Ten Years

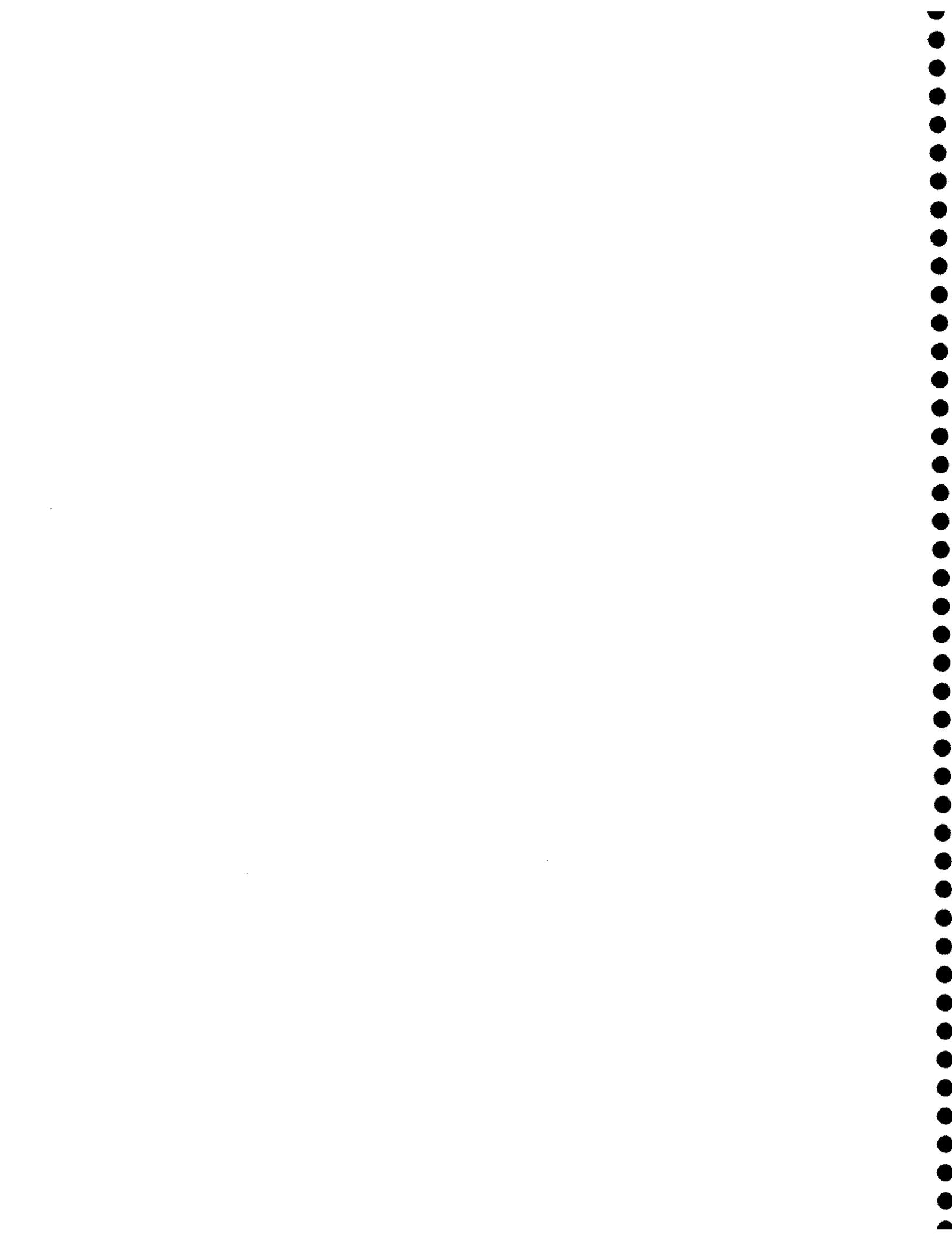
Fiscal Year Ended June 30	Residential		Commerical		OTHER		Total Value
	Number of Permits	Value	Number of Permits	Value	PERMITS	VALUE	
1998	1,048	59,048,250	17	3,469,026	697	7,064,744	\$69,582,020
1999	1,018	68,499,027	10	1,415,458	688	19,086,474	\$89,000,959
2000	968	62,885,797	44	14,881,319	742	6,744,341	\$84,511,457
2001	1,179	50,293,710	63	14,549,655	372	2,129,807	\$66,973,172
2002	936	69,326,133	58	9,058,159	466	5,338,028	\$83,722,320
2003	821	65,037,663	79	7,113,535	616	1,701,946	\$73,853,144
2004	681	67,272,867	42	16,454,470	914	5,566,305	\$89,293,642
2005	780	85,505,266	51	17,400,616	636	6,643,495	\$109,549,377
2006	732	97,858,914	72	23,711,653	891	3,220,437	\$124,791,004
2007	811	113,445,908	65	19,132,011	1,049	6,569,804	\$139,147,723

SOURCE: Franklin County Planning Department

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# COMPLIANCE SECTION



**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**

To the County Manager and  
Members of the County Board  
Franklin County, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregated remaining fund information of Franklin County, North Carolina, as of and for the year ended June 30, 2007, which collectively comprises Franklin County's basic financial statements, and have issued our report thereon dated October 30, 2007. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Franklin County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the County's financial statements that is more than inconsequential will not be prevented or detected by the County's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the County's internal control.

Our consideration of the internal control over financial reporting was for limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether Franklin County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. We noted certain other matters that we reported to management in a separate letter dated October 30, 2007.

We noted a certain matter that we reported to management in a separate letter dated October 30, 2007.

This report is intended solely for the information and use of management, others within the organization, members of County Commissioners, and federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Holden, Moss, Knott, Clark, Copley & Hoyle, PA*  
Certified Public Accountants and Consultants

October 30, 2007  
Henderson, North Carolina

**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**

To the County Manager and  
Members of the County Board  
Franklin County, North Carolina

Compliance

We have audited the compliance of Franklin County, North Carolina, with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that are applicable to each of its major federal programs for the year ended June 30, 2007. 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. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Franklin County's management. Our responsibility is to express an opinion on Franklin County's compliance based on our audit.

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. Our audit does not provide a legal determination on Franklin County's compliance with those requirements.

In our opinion, Franklin County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007.

## Internal Control Over Compliance

The management of Franklin County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Franklin County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 Franklin County's internal control over compliance.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the County's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the County's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, others within the organization, members of County Commissioners, and federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Holden, Moss, Knott, Clark, Copley & Hoyle, PA*  
Certified Public Accountants and Consultants

October 30, 2007  
Henderson, North Carolina

**Report On Compliance With Requirements Applicable To Each Major State Program And Internal Control Over Compliance In Accordance With Applicable Sections of OMB Circular A-133 and the State Single Audit Implementation Act**

To the County Manager and  
Members of the County Board  
Franklin County, North Carolina

Compliance

We have audited the compliance of Franklin County, North Carolina, with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that are applicable to each of its major State program for the year ended June 30, 2007. Franklin County's major State program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major State program is the responsibility of Franklin County's management. Our responsibility is to express an opinion on Franklin County's compliance based on our audit.

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, as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, applicable sections of 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. Our audit does not provide a legal determination on the Franklin County's compliance with those requirements.

In our opinion, Franklin County complied, in all material respects, with the requirements referred to above that are applicable to each of its major State program for the year ended June 30, 2007.

## Internal Control Over Compliance

The management of Franklin County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to State programs. In planning and performing our audit, we considered Franklin County's internal control over compliance with requirements that could have a direct and material effect on a major State program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a State program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies that adversely affects the entity's ability to administer a State program such that there is more than a remote likelihood that noncompliance with a type of a compliance requirement of a State program that is more than inconsequential will not be prevented or detected by the County's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a State program will not be prevented or detected by the County's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, others within the organization, members of County Commissioners, and federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Holden, Moss, Knott, Clark, Copley & Hoyle, PA*  
Certified Public Accountants and Consultants

October 30, 2007  
Henderson, North Carolina

**Franklin County, North Carolina**  
 Schedule of Findings and Questioned Costs  
 For the Fiscal Year Ended June 30, 2007

**Section 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 federal programs:

- Material weakness(es) identified?            \_\_\_yes             X no
- Significant deficiency(s) identified  
that are not considered to be  
material weaknesses                            \_\_\_yes             X none reported

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

Any audit findings disclosed that are  
required to be reported in accordance  
with Section 510(a) of Circular A-133            \_\_\_yes             X no

Identification of major federal programs:

<u>CFDA#</u>	<u>Program Name</u>
10.551	Food Stamp Cluster
10.561	
93.778	Title XIX – Medicaid

Dollar threshold used to distinguish between type A and type B programs: \$1,457,546.

Auditee qualified as low-risk auditee?     X yes            \_\_\_no

**Franklin County, North Carolina**  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2007

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**I. Summary of Auditor's Results (Continued)**

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State Awards

Internal control over major State programs:

- Material weakness(es) identified?      \_\_\_yes      X no
  
- Significant deficiency(s) identified  
that are not considered to be  
material weaknesses      \_\_\_yes      X none reported

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

Any audit findings disclosed that are required  
to be reported in accordance with the State  
Single Audit Implementation Act      \_\_\_yes      X no

The State major programs are: State/County Special Assistance for Adults; and the Medical Assistance Program, which is a State match on a federal program. Therefore, this program has been included in the list of major federal programs above.

**II. Financial Statement Findings**

There were no current year findings.

**III. Federal Award Findings and Questioned Costs**

There were no current year findings.

**IV. State Award Findings and Questioned Costs**

There were no current year findings.

Franklin County, North Carolina  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2007

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**Section II – Financial Statement Findings**

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None reported.

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

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None reported.

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

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None reported.

Franklin County, North Carolina  
Corrective Action Plan  
For the Fiscal Year Ended June 30, 2007

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**Section II – Financial Statement Findings**

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None reported.

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

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None reported.

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

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None reported.

**Franklin County, North Carolina**  
Summary Schedule of Prior Year Audit Findings  
For the Fiscal Year Ended June 30, 2007

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None.

Franklin County, North Carolina  
Schedule of Expenditures of Federal and State Awards  
For the Year Ended June 30, 2007

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures	Local Expenditures
<b>Federal Awards:</b>					
<u>U.S. Dept. of Agriculture</u>					
<u>Food and Nutrition Service</u>					
Passed-through the N.C. Dept. of Health and Human Services:					
Division of Social Services:					
Administration:					
Food Stamp Cluster:					
Food Stamp Program - Noncash	10.551		\$ 6,328,399	\$ -	\$ -
State Administrative Matching Grants for the Food Stamp Program	10.561		452,609	-	452,608
Total Food Stamp Cluster			6,781,008	-	452,608
Passed-through the N.C. Dept. of Health and Human Services:					
Division of Public Health:					
Administration:					
Special Supplemental Nutrition Program for Women, Infants, & Children	10.557		208,740	-	-
Direct Benefit Payments:					
Special Supplemental Nutrition Program for Women, Infants, & Children	10.557		736,114	-	-
AGRI-SFP Food Program Meal	10.559		236		
Passed-through the Kerr-Tar Council of Governments:					
Nutrition Program for the Elderly	10.570		34,451	-	-
Total U.S. Dept. of Agriculture			7,760,549	-	452,608
<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	03-C-0951	116,308	-	-
Community Development Block Grant, Small Cities	14.228	05-C-1350	201,192	-	-
Total U.S. Dept. of Housing and Urban Development			317,500	-	-
<u>U.S. Dept. of Transportation</u>					
<u>Federal Aviation Administration</u>					
Passed-through the N.C. Dept. of Transportation:					
State Block Grant Program	20.106		507,184	-	-
Institute of Museum & Library Services					
Passed-through the N.C. Dept. of Cultural Resources	45.310		4,000	-	-
<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 F Health Promotion	93.043		4,325	276	-
Special Programs for the Aging - Title III B Grants for Supportative Services	93.044		61,536	199,092	-
Special Programs for the Aging - Title III C Nutrition Services	93.045		67,327	44,887	-
Family Caregiver Support	93.052		12,032	767	-
Total Aging Cluster			145,222	245,022	-
<u>Administration for Children and Families</u>					
Passed-through the N.C. Dept. Of Health and Human Services					
Division of Social Services:					
Foster Care and Adoption Cluster:					
Title IV-E Foster Care	93.658		118,048	23,773	94,275
Foster Care - Direct Benefits Payments	93.658		58,273	7,282	28,529
Adoption Assistance - Direct Benefits Payments	93.659		156,495	43,948	43,948
Adoption Assistance - Administration	93.659		9,578	-	9,578
Total Foster Care and Adoption Cluster			342,394	75,003	176,330
Temporary Assistance for Needy Families:					
Administration	93.558		664,112	-	432,253
Direct Benefits Payments	93.558		397,691	-	-
Low-Income Home Energy Assistance Block Grant:					
Administration	93.568		173,075	-	-
Direct Benefits Payments	93.568		210,844	-	-
Childcare Development Fund - Administration	93.596		104,955	-	-
Child Welfare Services	93.645		(5,672)	(3,071)	1,180
Social Services Block Grant	93.667		241,255	40,993	79,948
Independent Living Grant	93.674		6,694	1,673	-

Franklin County, North Carolina  
Schedule of Expenditures of Federal and State Awards  
For the Year Ended June 30, 2007

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through Grantor's Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures	Local Expenditures
Division of Child Development:					
Subsidized Child Care Cluster:					
Child Care and Development Fund - Discretionary	93.575		599,524	-	-
Child Care and Development Fund - Mandatory	93.596		224,554	-	-
Child Care and Development Fund - Match	93.596		356,599	213,827	-
Social Services Block Grant	93.667		4,538	-	-
Temporary Assistance for Needy Families	93.558		219,401	-	-
Smart Start			-	7,441	-
State Appropriations			-	30,373	-
TANF-MOE			-	228,042	-
Total Subsidized Child Care Cluster			1,404,616	479,683	-
<u>Health Care Financing Administration</u>					
Passed-through the N.C. Dept. of Health and Human Services:					
Division of Medical Assistance:					
Medical Assistance Program - Direct Benefits					
Payments	93.778		35,262,405	16,094,875	3,041,788
Division of Social Services:					
Medical Assistance Program - Administration	93.778		784,629	44,316	429,950
Health Choice - Administration	93.767		45,808	3,721	11,561
<u>Centers for Disease Control</u>					
Passed-through the N.C. Dept. of Health and Human Services:					
Division of Public Health:					
Family Planning Services	93.217		38,661	-	-
Immunization Grants	93.268		15,032	-	-
Bioterrorism Grant	93.283		102,555	-	-
<u>Health Resources and Services Administration</u>					
Passed-through the N.C. Dept. of Health and Human Services:					
Division of Public Health:					
Preventive Investigations and Technical Assistance	93.283		4,085	-	-
Temporary Assistance for Needy Families	93.558		5,989	-	-
Statewide Health Promotion Program	93.991		12,751	-	-
Maternal and Child Health Services Block Grant	93.994		151,855	-	-
Total U.S. Dept. of Health and Human Services			40,108,956	17,178,954	3,659,629
<u>U.S. Dept. of Homeland Security</u>					
Direct Program:					
Emergency Food And Shelter	97.024		23,750	-	-
			23,750	-	-
Total federal awards			48,721,939	17,178,954	4,112,237
Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through Grantor's Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures	Local Expenditures
State Awards:					
<u>N.C. Dept. of Cultural Resources</u>					
State Library of North Carolina:					
State Aid to Public Libraries			-	126,544	-
<u>N.C. Dept. of Health and Human Services</u>					
Division of Social Services:					
State/County Special Assistance for Adults:					
Direct Benefits Payments			-	473,597	476,218
State Foster Care - Direct Benefits Program			-	64,015	64,015
Adoption Subsidy - Direct Benefit Payments			-	107,299	34,886
Energy Assistance			-	8,561	-
Smart Start			-	33,432	-
Total Division of Social Service			-	686,904	575,119
Division of Public Health:					
General			-	87,275	-
Minority Health			-	6,000	-
Medical Examiner			-	400	-
Communicable Disease			-	4,342	-
Tuberculosis			-	14,184	-
AIDS			-	500	-
Women's Preventive Health			-	2,542	-
Risk Reduction/Health Promotion			-	8,466	-
TB Medical Services			-	1,034	-

Franklin County, North Carolina  
 Schedule of Expenditures of Federal and State Awards  
 For the Year Ended June 30, 2007

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Grantor's Number</u>	<u>Fed. (Direct &amp; Pass-through) Expenditures</u>	<u>State Expenditures</u>	<u>Local Expenditures</u>
State Awards:					
Division of Aging:					
Passed-through the Ken-Tar Council of Governments					
Senior Center Outreach			-	1,340	-
Senior Center Development			-	30,734	-
Total Division of Aging			-	32,074	-
Total N. C. Department of Health and Human Services			-	718,978	575,119
<u>N.C. Dept. of Administration</u>					
Veteran Services Officer			-	2,000	-
<u>N.C. Dept. of Transportation</u>					
State Airport Grant			-	79,902	-
Elderly and Disabled Transportation Assistance Program			-	63,372	-
Work First			-	7,175	-
Rural General Public Program			-	79,023	-
Total N.C. Dept. of Transportation			-	149,570	-
<u>N.C. Dept. of Environment and natural Resources</u>					
Division of Water Quality (through The Rural Center)			-	400,000	-
<u>N.C. Dept. of Crime Control and Public Safety</u>					
JCPC Grant			-	115,658	-
<u>N.C. Dept. of Public Instruction</u>					
Public School Building Capital Fund			-	500,000	-
Total State awards			-	2,014,750	575,119
Total federal and State awards			\$ 48,721,939	\$ 19,193,704	\$ 4,687,356

Franklin County, North Carolina  
 Schedule of Expenditures of Federal and State Awards  
 For the Year Ended June 30, 2007

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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. Subrecipients

Of the federal and State expenditures presented in the schedule, Franklin County provided State awards to a subrecipients as follows:

	Federal Expenditures	State Expenditures
Public School Building Capital Fund	\$ -	\$ 500,000

3. The following clusters 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,

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