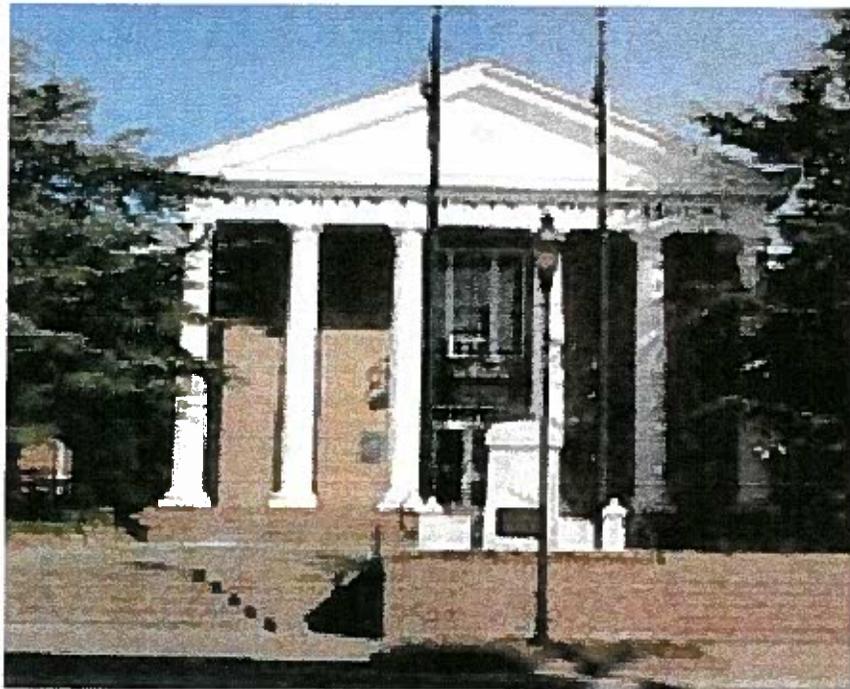


Franklin County North Carolina



Comprehensive Annual Financial Report For the fiscal year ended June 30, 2008

**Prepared by:
Franklin County Finance Department**



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FRANKLIN COUNTY
LETTER OF TRANSMITTAL





COUNTY OF FRANKLIN

113 Market Street ● Louisburg, N.C. 27549
Office (919) 496-5994 ● Fax (919) 496-2683
www.co.franklin.nc.us

December 15th, 2008

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, 2008. 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 Winston, Williams, Creech, Evans and Co., 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 30th 2008 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, 2008, 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 56,470. 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 1st of each year. These requests are used as a starting point for developing the proposed budget. The County Manager presents the proposed budget to the Board of Commissioners by June 1st. The County Board of Commissioners is required to hold public hearings on the proposed budget and must adopt an annual budget by June 30th of each year. The adopted budget is prepared by fund and function (e.g., public safety). Department heads can request transfers between line items and are approved by the County Manager. The manager has the authority to approve transfers between the same functions; however, 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 9th 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 and some are under construction. Spencer's Gate, Welsh Paper, Southern Lithoplate, and Weathers Street projects were completed. Ray's Creek (2.5 mile outfall extension), Wal-Mart, Tarboro Road, Hunter's Place, and NOVO projects are still under construction. These projects total about \$5 million.

Animal Control Facility

The County began the construction of a new Franklin County Animal Control Facility during the 2007. Bids were received and the county financed \$1.28 million for the construction of the facility. Construction was completed in August 2008 and is now fully operational.

County Airport

In 2006-2007 fiscal year, the county constructed 2 Aircraft T-Hangers at a cost of \$734,000. All available space has been rented and a waiting list has already begun. Franklin County Regional Airport in under new Management and they have vowed to make the Airport self supporting. The County is currently looking at allowing a large parachuting company to become a tenant at the airport to help boost fuel sales and exposure.

School Infrastructure 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. The County issued \$1.4 million in General Obligation Bonds in May 2005 for Terrell Lane Middle School, the County issued another 20 million in G.O. Bonds in August 2006, and the remaining \$8.6 million in August 2007. The county also issued \$12.815 million in COPS to complete the new elementary school in June 2007. Renovations for all projects should be complete by the end of F.Y.E. 2009.

In May 2008, the County was successful in passing a GO Bond issue for \$53 million for a new high school to serve the Franklinton/Youngsville area and to provide other various renovations to other existing schools around the county. With the downfall in the economy and the county's unemployment increasing from 4.6 percent to 7 percent in 6 months, the county is currently investigating delaying the projects. With the down turn in the housing industry in NC, school enrollment actually decreased in FY 2008-2009. A decision has not been made at the time of this writing.

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, 24.6 % of employment in the county is in manufacturing, 23.8% in service producing industries, 20.2% in government, 9.9% in construction, and 19.4% in other non-agricultural employment. Agriculture now employs 2.1%. Tobacco, grain and livestock are major agriculture commodities raised in the county. Currently, 58 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.

The N.C. Department of Commerce recently dropped Franklin County's Tier ranking from a Tier 3 status to a Tier 2 status. The law calls for the 40 most distressed counties to become Tier 1 counties, the middle 40 counties to be designated as Tier 2 and the 20 most prosperous counties to become Tier 3 counties. Data used to determine rankings include unemployment rates, median household income, population growth and assess property value per capita. Franklin County took a major economic hit when its top private employer "Flextronics" closed a manufacturing facility earlier this year and was one of only three counties in the state to fall in economic rankings based on state statistics. Flextronics shut down its facility in Youngsville. It employed some 480 people. Flextronics was also the County's 5th largest taxpayer paying \$128,000 in ad valorem taxes.

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

Potential benefits to companies under each tier designation include:

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

The county's largest corporate citizen is Novozymes, Incorporated. Novo Nordisk Biochem, Inc. The company currently has 450 employees. Their current property valuation is \$120.27 million. This provided over \$839,213 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 3.01 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.

Long-Term Financial Planning

Franklin County's population has increased by 35% since 1995. It is estimated that Franklin County currently has 56,470 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. Since 2005, the county has expended approximately \$42.8 million dollars for various school additions and renovations. In May 2007, the school capital improvement plan identified another \$90 million in school construction needs. The County has begun to address part of the estimated \$90 million in needs by successfully passing a \$53 million GO 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 BOARD Of County Commissioners can ask the voters of the county for an additional ½ cent sales tax or a land transfer be imposed to help with revenue needs however the BOC has not decided to initiate this process at 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 30th, 2008, the County utilizes about 2.0 million gallons per day. The county currently has a combined 2,689 water and sewer customers. The average daily treatment of sewer is 700,000 gallons. The county has identified other potential water sources and is actively investigating those avenues. According to the 2003 water study, Franklin County has sufficient water supply until 2015.

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, 2008, 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 \$1,739,204 for fiscal year 2008. At June 30, 2008, the County's deposits had a carrying value of \$14,686,886 and a bank balance of \$22,001,579. 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, 2008 \$855,277 of the bank balance was covered by federal depository insurance and \$21,146,302 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 \$400,000 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 2008, there were 31 retired employees receiving a Medicare supplement and 25 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 require 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 Winston, Williams, Creech, Evans & Company, LLP. has begun conducting the County's annual audit this year. In addition to meeting the requirements set forth in state statutes, the audit was also designed to comply with the requirements of the Single Audit Act of 1996 and related OMB circular A-133 and the State Single Audit Implementation Act. The auditor's report on the 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 30th, 2007. This was the ninth consecutive year that Franklin County has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

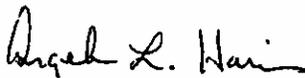
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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

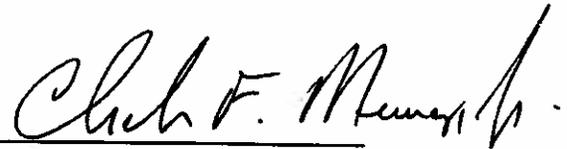
Use of the Report. The Government Finance Officers Association reports a growing awareness that the annual financial report should be management's report to its governing body, constituents, oversight bodies, resource providers, investors and creditors. We agree with this direction, and in keeping with 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.

Respectfully submitted,



Angela L. Harris
County Manager



Charles F. Murray, Jr.
Director of Finance

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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, 2007

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.



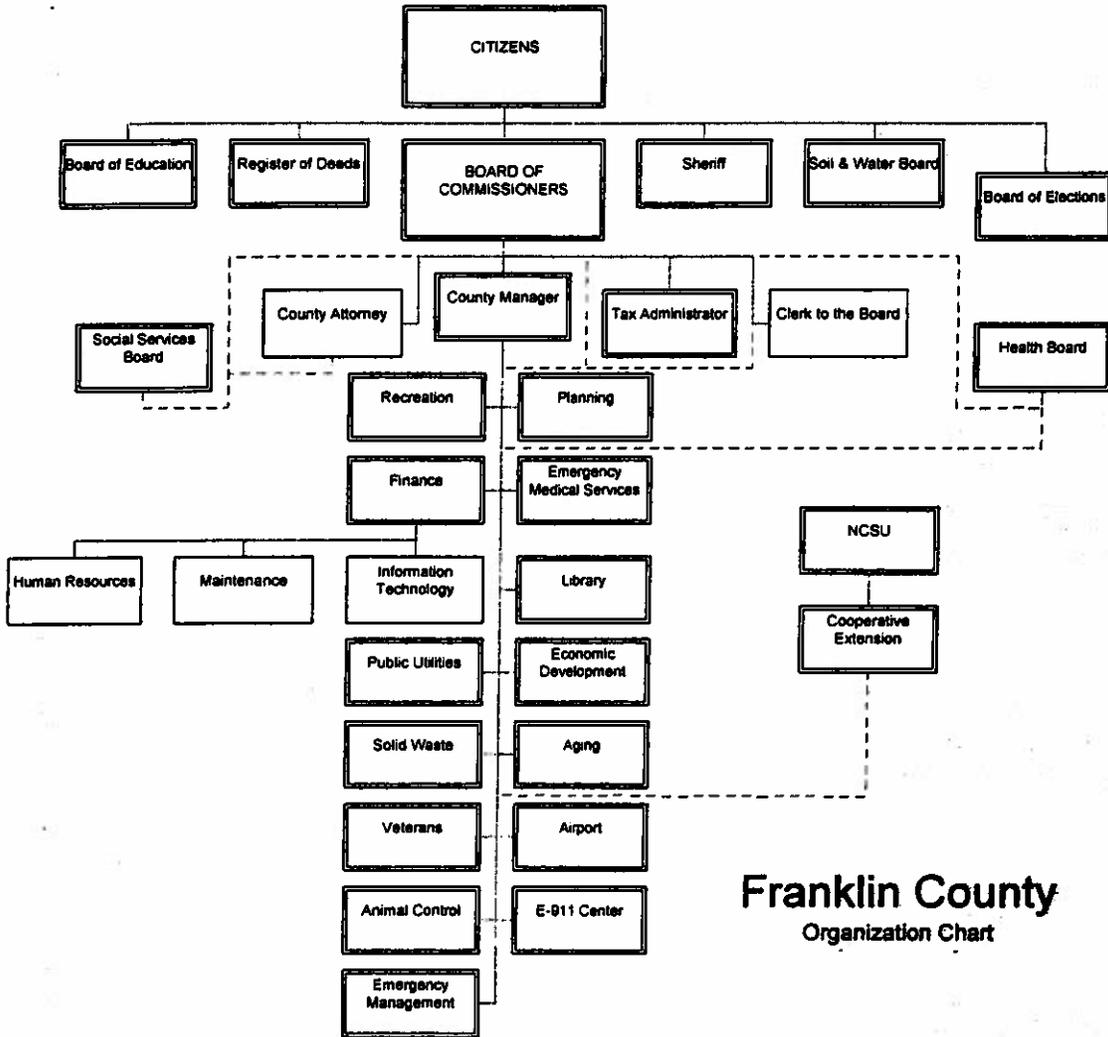
Oliver S. Cox

President

Jeffrey R. Emswiler

Executive Director

Organizational Chart



Franklin County
Organization Chart

FRANKLIN COUNTY, NORTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
LIST OF COUNTY OFFICIALS
JUNE 30, 2008

BOARD OF COUNTY COMMISSIONERS

Robert Lee Swanson, Chairman

Penny McGhee Young, Vice Chairman

Harry L. Foy, Jr.

Donald C. Lancaster

Sidney E. Dunston

Linwood E. Buffaloe

Robert M. Winters

COUNTY OFFICIALS

Angela L. Harris
County Manager

Charles F. Murray, Jr.
Director of Finance

Darnell A. Batton
County Attorney

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FINANCIAL SECTION



Winston, Williams, Creech, Evans & Company, LLP

Certified Public Accountants



The CPA. Never Underestimate The Value.™

James P. Winston II, CPA
Gary L. Williams, CPA
Leonard R. Creech, Jr. CPA
Carleen P. Evans, CPA

Jennifer T. Reese, CPA

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, the aggregate remaining fund information, and the accompanying combining and individual fund financial statements of Franklin County, North Carolina, as of and for the year ended June 30, 2008, which collectively comprise Franklin 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 an opinion 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 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, 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, 2008, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the General Fund, Fire District Fund, Emergency Telephone System, DEA Fund, and Revaluation Fund, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

102 W. Spring Street P.O. Box 1366 Oxford, NC 27565 (919) 693-5196 fax (919) 693-7614

www.wwcecpa.com



In accordance with Government Auditing Standards, we have also issued our report dated November 29, 2008, 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 grants and other matters. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis, the schedules of funding progress, employer contributions and the notes to the required schedules for the Law Enforcement Officers' Special Separation Allowance 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 the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements of Franklin County, North Carolina. The introductory information, combining and individual nonmajor fund financial statements and schedules and the statistical tables, as well as the accompanying schedule of expenditures of federal and State awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, 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. The combining and individual nonmajor fund financial statements and the accompanying schedule of expenditures of federal and State awards have been subjected to the auditing procedures applied in the 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. The introductory information and the statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Winston Williams, Creech, Evans & Company, LLP

Winston, Williams, Creech, Evans & Company, LLP
Certified Public Accountants
November 29, 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS

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80-20-11





County Of Franklin

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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, 2008. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the County's financial statements, which follows this narrative.

Financial Highlights

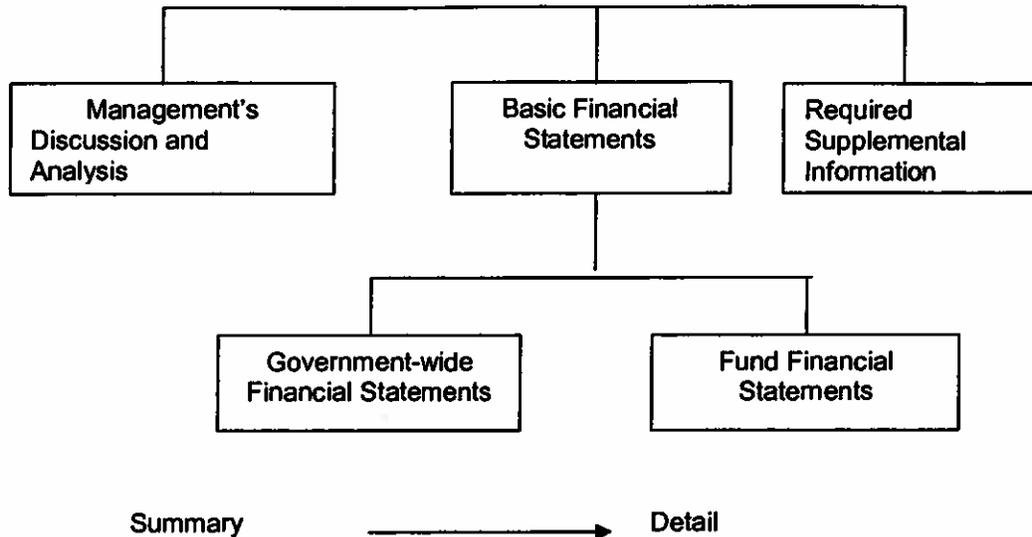
- The County's Liabilities exceeded its net assets by \$7.30 million. In accordance with North Carolina law, liabilities of the County include long-term debt associated with assets belonging to the Franklin County Board of Education. The amount included in liabilities related to school financing is \$58,191,315. 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 \$26,623,763, a 28 percent decrease from the previous fiscal year where the combined fund balances totaled \$36,751,000. The major decrease was in school capital reserve funds earmarked for school construction where bond proceeds were expended on school construction. Approximately 60 percent of this total amount or \$19,441,965 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 \$15,764,593 or 24.6 percent of total general fund expenditures for the fiscal year. Of this amount \$3,154,565 has been designated for subsequent year expenditures.
- The County's total debt increased by \$3,747,644 during the current fiscal year. The County issued the remaining \$8,600,000 in GO Bonds in August 2007 from an earlier \$30,000,000 approved by the voters in November 2004. 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 2007-2008.

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 2008 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 - 49 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 51 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 2007 and FYE 2008.

Figure 2

FRANKLIN COUNTY'S NET ASSETS

| | Governmental Activities | | Business-type Activities | | Total | |
|---|-------------------------|---------------------|--------------------------|----------------------|---------------------|----------------------|
| | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 |
| Current and other assets | \$ 33,420,316 | \$ 43,754,669 | \$ 6,734,197 | \$ 7,377,511 | \$ 40,154,513 | \$ 51,132,180 |
| Capital assets | 29,678,825 | 28,812,408 | 25,497,413 | 25,811,669 | 55,176,238 | 54,624,077 |
| Total assets | 63,099,141 | 72,567,077 | 32,231,610 | 33,189,180 | 95,330,751 | 105,756,257 |
| Long-term liabilities outstanding | 60,935,040 | 61,460,800 | 16,701,462 | 16,801,570 | 77,636,502 | 78,262,370 |
| Other liabilities | 9,463,000 | 4,418,712 | 1,791,838 | 408,285 | 11,254,838 | 4,826,997 |
| Total liabilities | 70,398,040 | 65,879,512 | 18,493,300 | 17,209,855 | 88,891,340 | 83,089,367 |
| Net assets: | | | | | | |
| Invested in capital assets, net of related debt | 22,829,989 | 34,016,990 | 7,639,425 | 10,041,448 | 30,469,414 | 34,058,438 |
| Unrestricted, as restated | (30,128,888) | (17,329,425) | 6,098,885 | 3,760,391 | (24,030,003) | (13,568,934) |
| Total net assets | \$ (7,298,899) | \$ 6,687,565 | \$ 13,738,310 | \$ 13,801,939 | \$ 6,439,411 | \$ 20,489,504 |

As noted earlier, net assets may serve over time as one useful indicator of a government's financial condition. The liabilities of the County exceeded its assets in the Governmental funds by \$7,298,899 and in the Business-type fund the assets exceeded its liabilities by \$13,738,310 of June 30, 2008. Total Net assets are reported in two categories: Invested in capital assets, net of related debt of \$30,469,414 and unrestricted net assets \$(24,030,003).

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 \$30.17 million in unrestricted net assets. Many counties in the State of North Carolina have a deficit in unrestricted net assets. This is due primarily to the portion of the County's outstanding debt incurred for the Franklin County Board of Education (the "school system"). Under North Carolina law, the County is responsible for providing capital funding for the school system. The County has chosen to meet its legal obligation to provide the school system capital funding by using a mixture of County funds and general obligation debt. The assets funded by the County; however, are owned and utilized by the school system. Since the County, as the issuing government, acquires no capital assets, the County has incurred a liability without a corresponding increase in assets. At the end of the fiscal year, approximately \$58.2 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 decreased significantly due to School Construction-In Progress. These projects were completed in the year and title reverted by to the County School System thus the asset of the school being deleted off of the County's assets. 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:

- Good tax collection rate of 96.34.
- Continued low cost of debt due to the County's bond rating.
- Continued land use planning for residential growth.
- Adoption of an Adequate Public Facilities Fee for school facilities.
- Lottery Proceeds for school debt.
- A significant increase in revenue for housing federal inmates.
- Controlled departmental spending.

Figure 3
FRANKLIN COUNTY'S CHANGES IN NET ASSETS

| | Governmental Activities | | Business-type Activities | | FY 2008 | FY 2007 |
|--|----------------------------|-------------------|-----------------------------|------------------|-------------------|-------------------|
| | FY 2008 | FY 2007 | FY 2008 | FY 2007 | | |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 9,050,050 | \$ 11,308,248 | \$ 5,841,469 | \$ 6,280,308 | \$ 14,891,519 | \$ 17,588,556 |
| Operating grants and contributions | 10,347,360 | 6,490,849 | - | - | 10,347,360 | 6,490,849 |
| Capital grants and contributions | 1,279,853 | 1,257,057 | 40,000 | 400,000 | 1,319,853 | 1,657,057 |
| General revenues: | | | | | | |
| Property taxes | 33,151,702 | 30,083,554 | - | - | 33,151,702 | 30,083,554 |
| Other taxes | 11,207,755 | 11,152,255 | - | - | 11,207,755 | 11,152,255 |
| Other | 3,054,409 | 3,683,809 | 265,418 | 131,441 | 3,319,827 | 3,815,250 |
| Total revenues | 68,091,129 | 63,975,772 | 6,146,887 | 6,811,749 | 74,238,016 | 70,787,521 |
| Expenses: | | | | | | |
| General Government | 4,325,531 | 7,154,891 | - | - | 4,325,531 | 7,154,891 |
| Public Safety | 17,700,123 | 14,440,777 | - | - | 17,700,123 | 14,440,777 |
| Economic and Fiscal Development | 5,694,167 | 2,627,867 | - | - | 5,694,167 | 2,627,867 |
| Human Services | 18,321,190 | 18,251,014 | - | - | 18,321,190 | 18,251,014 |
| Cultural and Recreation | 1,728,413 | 1,383,297 | - | - | 1,728,413 | 1,383,297 |
| Education | 32,065,518 | 12,209,081 | - | - | 32,065,518 | 12,209,081 |
| Interest on long-term debt | 2,508,273 | 1,697,224 | - | - | 2,508,273 | 1,697,224 |
| Water and Sewer | - | - | 5,944,894 | 5,679,134 | 5,944,894 | 5,679,134 |
| Total expenses | 82,343,215 | 57,764,151 | 5,944,894 | 5,679,134 | 88,288,109 | 63,443,285 |
| Increase(decrease) in net assets before transfers | (14,252,086) | 6,211,621 | 201,993 | 1,132,615 | (14,050,093) | 7,344,236 |
| Transfers | 365,622 | (298,492) | (365,622) | 298,492 | - | - |
| Increase in net assets | (13,986,464) | 5,913,129 | (63,629) | 1,431,107 | (14,050,093) | 7,344,236 |
| Net assets, July 1 as restated (See footnote X.) | 6,687,565 | 774,436 | 13,801,939 | 12,370,832 | 20,489,504 | 13,145,268 |
| Net assets, June 30 | \$ (7,298,899) | \$ 6,687,565 | \$ 13,738,310 | \$ 13,801,939 | \$ 6,439,411 | \$ 20,489,504 |

Governmental activities: Governmental activities decreased the County's net assets by \$14,029,463 due to the large expenditure on school construction. These expenses are not capitalized as assets as they belong to the County's School system. Key elements are as follows:

- Ad valorem Tax collections increased by \$3,068,148 due to an increase in property valuation and a 3.25 cent increase in the property tax rate. The General fund tax rate is 82.25 cents per \$100.
- Sales Tax revenues were flat in FY 2007-2008 generating roughly the same as FY 2006-2007 8,419,820.
- FY 2007-2008 saw a major change with how the State and County pay Medicaid expenses. The County's Medicaid cost decreased from \$2,994,237 to \$2,686,589. During the next three years, Medicaid cost will become 100% State cost with no county contribution. Counties had to give up something in return. In year one, the County had to replace school ADM funds which totaled \$354,000. In year two and three, the State will benefit by taking the counties article 44 sales tax to help offset the costs of Medicaid. Some counties will see a major savings. Franklin County will see an annual minimum savings of \$500,000.
- Investment earnings decreased by \$429,522. Interest rates on investments have decreased to an average yield of 3.50 percent. The decrease was mainly due to the expenditure of Bond proceeds.

Business-type activities: The net assets in Business-type activities decreased by \$63,629. Water and Sewer collections decreased by \$438,760 in FY 2007-2008. The economy and housing slump had a major impact on new customers. Our customer growth rate dropped from 20% to 5% during the year. Conservation efforts decreased sales during the year as well. The county's customer base increased from 2,564 to 2,689, a 4.9 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 \$11,455,767 while total fund balance reached \$18,246,432. 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 17.8 percent of total General Fund expenditures, while total fund balance represents 28.4 percent.

Also in FY 2007-2008, the county's school construction capital project fund was again identified as a major governmental fund. This fund accounts for school construction activities such as bond proceeds and capital construction expenses. At June 30th, 2008, the school construction had a fund balance of \$3.396 million.

At June 30, 2008, the governmental funds of the County reported a combined fund balance of \$26,623,763. The county's overall fund balance remains strong.

General Fund Budgetary Highlights

During fiscal year 2008, 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 \$854,654 and expenditures by \$1,025,409 or 1.6% of the total budget.

The actual operating revenues for the General Fund were higher than the budgeted amount by \$157,370. Sales Tax revenues were under budget by \$624,110 and Ad valorem taxes exceeded budget by \$424,541. The County's expenditures were \$1,861,573 less than budgeted. Human Services departments under spent their budgets by \$1,031,385 and Public Safety departments under spent their budgets by \$269,387.

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 \$6,098,885. This increase of \$2,338,394 was mainly due a reduction of debt and bond proceeds still unexpended.

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, 2008, totaled \$55,176,238 (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 3 new ambulances at \$215,000
- Purchased 25 new vehicles \$758,723.
- Purchase land in Pilot area for a new recreational facility at a cost of \$264,364.
- Cleaned up the Espom school property at a cost of \$191,407.

Figure 4

Franklin County's Capital Assets (net of depreciation)

| | Governmental Activities | | | Business-type Activities | | Total | | |
|----------------------------|----------------------------|----------------------|---|-----------------------------|----------------------|----------------------|---|----------------------|
| | 2008 | 2007 | # | 2008 | 2007 | 2008 | # | 2007 |
| | \$ | \$ | | \$ | \$ | \$ | | \$ |
| Land | 12,105,462 | 11,770,760 | | 369,456 | 332,206 | 12,474,918 | | 12,102,966 |
| Buildings | 13,468,749 | 14,046,871 | | - | - | 13,468,749 | | 14,046,871 |
| Gas Lines | 251,335 | 259,577 | | | | 251,335 | | 259,577 |
| Water Lines | 148,703 | 152,788 | | 14,618,512 | 14,617,578 | 14,767,215 | | 14,770,366 |
| Sewer Lines | - | - | | 9,829,198 | 10,412,521 | 9,829,198 | | 10,412,521 |
| Automotive equipment | 1,066,674 | 864,907 | | 59,454 | 76,200 | 1,126,128 | | 941,107 |
| Office and other equipment | 1,743,410 | 1,717,505 | | 119,122 | 137,957 | 1,862,532 | | 1,855,462 |
| Construction in progress | 894,492 | - | | 501,671 | 235,207 | 1,396,163 | | 235,207 |
| Total | \$ 29,678,825 | \$ 28,812,408 | | \$ 25,497,413 | \$ 25,811,669 | \$ 55,176,238 | | \$ 54,624,077 |

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, 2008, the County had total bonded school debt outstanding of \$38,800,000, all of which is backed by the full faith and credit of the County. The County has \$38,019,801 in Certificates Of Participation outstanding, \$2,340,000 outstanding in Federal and State revolving loans and \$3,602,169 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 | |
|-------------------------------|----------------------------|----------------------|-----------------------------|----------------------|----------------------|----------------------|
| | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 |
| | \$ | \$ | \$ | \$ | \$ | \$ |
| General obligation bonds | 38,800,000 | 32,325,000 | - | - | 38,800,000 | 32,325,000 |
| Certificates of Participation | 22,447,254 | 23,630,681 | 15,572,547 | 16,407,221 | 38,019,801 | 40,037,902 |
| Installment Purchases | 3,602,169 | 4,131,424 | | | 3,602,169 | 4,131,424 |
| Revolving Loans | - | - | 2,340,000 | 2,520,000 | 2,340,000 | 2,520,000 |
| Other obligations | 1,421,931 | 1,373,695 | 54,559 | 51,735 | 1,476,490 | 1,425,430 |
| Total long-term debt | \$ 66,271,354 | \$ 61,460,800 | \$ 17,967,106 | \$ 18,978,956 | \$ 84,238,460 | \$ 80,439,756 |

In fiscal year 2007-2008, the County's total debt increased by \$3,841,703 as the county issued \$8,600,000 in GO Bonds. The County met all of its obligations in a timely fashion. In May 2008, the

County voters approved a \$53,000,000 school bond. It is anticipated the County will issue a portion of those bonds in May 2009.

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 \$167,058,485. The County has \$53,000,000 bonds authorized but un-issued at June 30, 2008.

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 7.00 percent at June 30, 2008, which is higher when compared to last year's rate at 4.80 percent.
- Inflationary trends in the region compare very favorably to national indicators.
- State Sales Tax revenues are decreasing statewide. The County's local point of sale remains stable. The County's tax base continued to grow at almost 5.3 percent.

All of these factors were considered in preparing the County of Franklin's budget for FYE 2009.

Budget Highlights for the Fiscal Year Ending June 30, 2009

- **Governmental Activities:** The County has approved a \$66.58 million general fund budget for fiscal year 2008-2009. This represents a \$1.5 million or 2.4 percent increase over the previous fiscal year. The property tax rate remained stable at .8225 cents per \$100 dollars of property valuation.
- Budgeted expenditures for education continue to increase. The County budgeted \$19,571,331 for education in fiscal year 2009, an increase of \$1.5 million over the previous year. The County has committed to enhancing public safety with the addition of thirteen new paramedics in the Emergency Medical Services budget and 3 new ambulances. The county also plans to upgrade its Emergency Communication System to effectively dispatch emergency personnel to all parts of the county. The county purchase 20 acres of property in the Pilot area for the construction of a recreation facility and approved a \$1.1 million recreational facility. The budget also included a 3% COLA for each employee.
- **Business – type Activities:** The County increased its water and sewer rates by 5 percent during the FY 2008-2009 budget. The county's water and sewer system appropriated \$997,000 in fund balance to balance current operations. New debt service payments are the reason for the appropriation. With the downturn in the housing market, the county's customer base is not expected to increase as in past years and has been budgeted accordingly.

Requests for Information

This report is designed to provide an overview of the County's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the County of Franklin, Director of Finance, 113 Market Street, Louisburg NC 27549. This report can also be found online at www.franklincountync.us under the Finance tab.



**GOVERNMENT-WIDE
FINANCIAL STATEMENTS**



Franklin County, North Carolina
Statement of Net Assets
June 30, 2008

| | Governmental Activities | Business-type Activity | Total |
|--|----------------------------|---------------------------|---------------------|
| Assets | | | |
| Cash and cash equivalents | \$ 23,440,105 | \$ 2,864,240 | \$ 26,304,345 |
| Receivables (net) | 2,833,674 | 553,737 | 3,387,411 |
| Due from other governments | 3,261,547 | 14,680 | 3,276,227 |
| Inventory | 62,444 | - | 62,444 |
| Restricted cash and cash equivalents | 3,822,546 | 3,301,540 | 7,124,086 |
| Capital assets: | | | |
| Land, improvements, and construction in progress | 11,584,265 | 871,127 | 12,455,392 |
| Other capital assets, net of depreciation | 18,094,560 | 24,626,286 | 42,720,846 |
| Total capital assets | 29,678,825 | 25,497,413 | 55,176,238 |
| Total assets | 63,099,141 | 32,231,610 | 95,330,751 |
| Liabilities | | | |
| Accounts payable and accrued expenses | 3,951,714 | 329,954 | 4,281,668 |
| Unearned revenue | 174,972 | - | 174,972 |
| Customer deposits | - | 196,240 | 196,240 |
| Compensated Absences | 1,165,604 | 54,559 | 1,220,163 |
| Long-term liabilities: | | | |
| Due within one year | 4,170,710 | 1,211,085 | 5,381,795 |
| Due in more than one year | 60,935,040 | 16,701,462 | 77,636,502 |
| Total liabilities | 70,398,040 | 18,493,300 | 88,891,340 |
| Net Assets | | | |
| Invested in capital assets, net of related debt | 22,829,989 | 2,639,425 | 30,469,414 |
| Unrestricted | (30,128,888) | 6,098,885 | (24,030,003) |
| Total net assets | \$ (7,298,899) | \$ 13,738,310 | \$ 6,439,411 |

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, 2008

| Functions/Programs Environmental activities | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Net (Expense) Revenue and Changes in Net Assets | | |
|---|---------------|-------------------------|---------------------------------------|-------------------------------------|---|---------------------------|----------------|
| | | | | | Governmental Activities | Business-type Activity | Total |
| General government | \$ 4,325,511 | \$ 374,128 | \$ - | \$ - | \$ (3,951,403) | \$ - | \$ (3,951,403) |
| Public safety | 17,700,123 | 2,290,945 | 2,012,041 | 188,786 | (13,208,351) | - | (13,208,351) |
| Economic and physical development | 5,694,167 | 2,709,670 | 65,938 | 24,897 | (2,893,662) | - | (2,893,662) |
| Human services | 18,321,190 | 3,644,913 | 8,234,942 | - | (6,441,335) | - | (6,441,335) |
| Cultural and recreation | 1,728,413 | 30,394 | 34,439 | 352,025 | (1,311,555) | - | (1,311,555) |
| Education | 12,065,518 | - | - | 714,145 | (31,351,373) | - | (31,351,373) |
| Interest on long-term debt | 2,508,273 | - | - | - | (2,508,273) | - | (2,508,273) |
| Local governmental activities | 82,343,215 | 9,050,050 | 10,347,360 | 1,279,853 | (61,665,952) | - | (61,665,952) |
| Business-type activity: | | | | | | | |
| Water and Sewer Department | 5,944,894 | 5,841,469 | 40,000 | - | - | 163,425 | 163,425 |
| | \$ 88,288,109 | \$ 14,891,519 | \$ 10,387,360 | \$ 1,279,853 | (61,665,952) | 163,425 | (61,299,377) |
| General revenues: | | | | | | | |
| Taxes: | | | | | | | |
| Property taxes, levied for general purposes | | | | | 33,151,702 | - | 33,151,702 |
| Local option sales tax | | | | | 11,207,755 | - | 11,207,755 |
| Investment earnings, unrestricted | | | | | 1,741,188 | 265,418 | 2,006,606 |
| Miscellaneous, unrestricted | | | | | 1,313,221 | - | 1,313,221 |
| Transfers: | | | | | | | |
| Net transfers to General Fund from Water and Sewer Fund | | | | | 265,622 | (265,622) | - |
| Total general revenues and transfers | | | | | 47,679,288 | (274) | 47,679,284 |
| Change in net assets | | | | | (13,986,464) | (63,629) | (14,050,093) |
| Net assets - July 1, 2007, as restated | | | | | 6,687,565 | 13,801,939 | 20,489,504 |
| Net assets - June 30, 2008 | | | | | \$ (7,298,899) | \$ 13,738,310 | \$ 6,439,411 |

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

FUND FINANCIAL STATEMENTS



Franklin County, North Carolina
Balance Sheet
Governmental Funds
June 30, 2008

| | Major <u>General</u> | Major School Construction <u>Fund</u> | Nonmajor Other Governmental <u>Funds</u> | Total Governmental <u>Funds</u> |
|---|-------------------------|--|---|---------------------------------------|
| Assets | | | | |
| Cash and cash equivalents | \$ 17,732,932 | \$ 2,389,053 | \$ 3,204,726 | \$ 23,326,711 |
| Receivables, net | 2,272,256 | - | 143,998 | 2,416,254 |
| Due from other governments | 2,419,395 | 349,152 | 493,000 | 3,261,547 |
| Inventory | 62,444 | - | - | 62,444 |
| Restricted assets: | | | | |
| Debt service reserve | - | 2,328,747 | 1,493,799 | 3,822,546 |
| Total assets | \$ 22,487,027 | \$ 5,066,952 | \$ 5,335,523 | \$ 32,889,502 |
| Liabilities and Fund Balances | | | | |
| Liabilities: | | | | |
| Accounts payable and accrued liabilities | \$ 2,038,469 | \$ 1,670,741 | \$ 242,322 | \$ 3,951,532 |
| Deferred revenue | 2,202,126 | - | 112,081 | 2,314,207 |
| Total liabilities | 4,240,595 | 1,670,741 | 354,403 | 6,265,739 |
| Fund Balances: | | | | |
| Reserved by State statute | 2,419,395 | 349,152 | 528,261 | 3,296,808 |
| Reserved for inventory | 62,444 | - | - | 62,444 |
| Reserved for | | | | |
| Debt service | - | - | 1,493,799 | 1,493,799 |
| School construction | - | 2,328,747 | - | 2,328,747 |
| Unreserved: | | | | |
| Designated for subsequent year's expenditure | | | | |
| General fund | 3,154,565 | - | - | 3,154,565 |
| Board designated for Soil and Water | 3,732 | - | - | 3,732 |
| Board designated for Cooperative Extension | 54,447 | - | - | 54,447 |
| Board designated for EMS | 393,712 | - | - | 393,712 |
| Board designated for Parks and Recreation | 320,871 | - | - | 320,871 |
| Board designated for Adequate Public Facilities | 302,062 | - | - | 302,062 |
| Board designated for Occupancy Tax | 79,437 | - | - | 79,437 |
| Undesignated | 11,455,767 | - | - | 11,455,767 |
| Unreserved, undesignated, reported in nonmajor: | | | | |
| Special revenue funds | - | - | 2,290,957 | 2,290,957 |
| Capital projects funds | - | 718,312 | 668,103 | 1,386,415 |
| Total fund balances | 18,246,432 | 3,396,211 | 4,981,120 | 26,623,763 |
| Total liabilities and fund balances | \$ 22,487,027 | \$ 5,066,952 | \$ 5,335,523 | |

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. | 29,678,825 |
| 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. | 115,484 |
| Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds: | 2,139,236 |
| Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds: | 417,420 |
| Some liabilities, including bonds payable, are not due and payable in the current year and, therefore, are not reported in the funds | (66,271,357) |
| Cash transferred to agency fund to pay to State of North Carolina for vehicle tax interest | (2,270) |
| Net assets of governmental activities | <u>\$ (7,298,899)</u> |

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

Franklin County, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2008

| | Major | Major | Nonmajor | Total Governmental Funds |
|---|----------------------|--------------------------------|--------------------------------|--------------------------------|
| | General Fund | School Construction Fund | Other Governmental Funds | |
| Revenues | | | | |
| Ad valorem taxes | \$ 30,721,411 | \$ - | \$ 1,958,940 | \$ 32,680,351 |
| Local option sales taxes | 8,418,813 | - | 2,788,942 | 11,207,755 |
| Other taxes and licenses | 2,376 | - | 297,115 | 299,491 |
| Unrestricted intergovernmental | 637,646 | - | - | 637,646 |
| Restricted intergovernmental | 9,045,722 | - | 314,527 | 9,360,249 |
| Permits and fees | 2,268,394 | - | - | 2,268,394 |
| Sales and services | 9,097,445 | - | - | 9,097,445 |
| Investment earnings | 931,021 | 548,854 | 259,329 | 1,739,204 |
| Miscellaneous | 117,675 | - | 3,204 | 120,879 |
| Total revenues | 61,240,503 | 548,854 | 5,622,057 | 67,411,414 |
| Expenditures | | | | |
| Current: | | | | |
| General government | 4,795,841 | - | 151,840 | 4,947,681 |
| Public safety | 14,644,378 | - | 2,345,263 | 16,989,641 |
| Economic and physical development | 5,364,971 | - | 32,449 | 5,397,420 |
| Human services | 18,410,690 | - | - | 18,410,690 |
| Cultural and recreational | 1,625,597 | - | - | 1,625,597 |
| Intergovernmental: | | | | |
| Education | 12,991,750 | - | 70,000 | 13,061,750 |
| Capital outlay | - | 18,994,808 | 907,433 | 19,902,241 |
| Debt service: | | | | |
| Principal | 3,837,682 | - | - | 3,837,682 |
| Interest and other charges | 2,508,273 | - | - | 2,508,273 |
| Total expenditures | 64,179,182 | 18,994,808 | 3,506,985 | 86,680,975 |
| Revenues over (under) expenditures | (2,938,679) | (18,445,954) | 2,115,072 | (19,269,561) |
| Other financing sources (uses) | | | | |
| Transfers to other funds | 1,682,633 | - | (3,243,614) | (3,926,247) |
| Transfers from other funds | 2,993,612 | - | 1,198,257 | 4,191,869 |
| Issuance of debt | - | 8,600,000 | - | 8,600,000 |
| Sale of capital assets | 245,728 | - | - | 245,728 |
| Total other financing sources (uses) - net | 2,556,707 | 8,600,000 | (2,045,357) | 9,111,350 |
| Net changes in fund balances | (381,972) | (9,845,954) | 69,715 | (10,158,211) |
| Fund balances | | | | |
| Beginning of year, July 1 | 18,597,430 | 13,242,165 | 4,911,405 | 36,751,000 |
| Increase in reserve for inventory | 30,974 | - | - | 30,974 |
| End of year, June 30 | \$ 18,246,432 | \$ 3,396,211 | \$ 4,981,120 | \$ 26,623,763 |

Franklin County, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2008

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

| | |
|--|-------------------------------|
| Net changes in funds balances - total governmental funds | \$ (10,158,211) |
| 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. | 13,279,209 |
| 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. | (1,727,078) |
| 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. | (3,027) |
| Increase in Ad Valorem taxes receivable that are not reflected in the funds as they are not a source of current resources. | 471,352 |
| 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. | 3,837,681 |
| Loss on disposal of capital assets, which are not recorded in the governmental funds since they do not involve the use of current assets | (36,317) |
| 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. | (8,600,000) |
| The net loss of internal service activity is reported in the government-wide statements. | (381,112) |
| Assets transferred to local education unit | (10,651,699) |
| 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 | (28,902) |
| Retirement expenses accrued | (19,334) |
| Inventory not expensed on statement of activities | <u>30,974</u> |
| Total changes in net assets of governmental activities | <u>\$ (13,986,464)</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, 2008

| | Original Budget | Final Budget | Actual | Variance With Final Positive (Negative) |
|---|--------------------|--------------------|----------------------|--|
| Revenues | | | | |
| Ad valorem taxes | \$ 29,821,570 | \$ 30,296,870 | \$ 30,721,411 | \$ 424,541 |
| Local option sales tax | 9,042,923 | 9,042,923 | 8,418,813 | (624,110) |
| Other taxes and licenses | 1,500 | 1,500 | 2,376 | 876 |
| Unrestricted intergovernmental | 618,800 | 546,840 | 637,646 | 90,806 |
| Restricted intergovernmental | 8,164,886 | 8,773,531 | 9,045,722 | 272,191 |
| Permits and fees | - | 2,277,764 | 2,268,394 | (9,370) |
| Sales and services | 11,262,719 | 9,109,394 | 9,097,445 | (11,949) |
| Investment earnings | 900,000 | 900,000 | 931,021 | 31,021 |
| Miscellaneous | 416,081 | 134,311 | 117,675 | (16,636) |
| Total revenues | <u>60,228,479</u> | <u>61,083,133</u> | <u>61,240,503</u> | <u>157,370</u> |
| Expenditures | | | | |
| Current: | | | | |
| General government | 4,564,150 | 5,031,248 | 4,795,841 | 235,407 |
| Public safety | 15,465,085 | 14,913,765 | 14,644,378 | 269,387 |
| Economic and physical development | 4,662,247 | 5,449,969 | 5,364,971 | 84,998 |
| Human services | 19,556,429 | 19,442,075 | 18,410,690 | 1,031,385 |
| Cultural and recreational | 1,556,936 | 1,689,606 | 1,625,597 | 64,009 |
| Intergovernmental: | | | | |
| Education | 12,688,157 | 12,991,750 | 12,991,750 | - |
| Debt service: | | | | |
| Principal retirement | 3,808,366 | 3,808,366 | 3,837,682 | (29,316) |
| Interest and other charges | 2,713,976 | 2,713,976 | 2,508,273 | 205,703 |
| Total expenditures | <u>65,015,346</u> | <u>66,040,755</u> | <u>64,179,182</u> | <u>1,861,573</u> |
| Revenues under expenditures | <u>(4,786,867)</u> | <u>(4,957,622)</u> | <u>(2,938,679)</u> | <u>2,018,943</u> |
| Other financing sources (uses) | | | | |
| Transfers to other funds | - | (682,633) | (682,633) | - |
| Transfers from other funds | 2,995,000 | 2,995,000 | 2,993,612 | (1,388) |
| Sale of capital assets | - | 155,000 | 245,728 | 90,728 |
| Appropriated fund balance | 1,791,867 | 2,490,255 | - | (2,490,255) |
| Total other financing sources (uses) - net | <u>4,786,867</u> | <u>4,957,622</u> | <u>2,556,707</u> | <u>(2,400,915)</u> |
| Revenues and other financing sources under expenditures and other financing uses | <u>\$ -</u> | <u>\$ -</u> | <u>(381,972)</u> | <u>\$ (381,972)</u> |
| Fund balance | | | | |
| Beginning of year, July 1 | | | 18,597,430 | |
| Decrease in reserve for inventory | | | <u>30,974</u> | |
| End of year, June 30 | | | <u>\$ 18,246,432</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, 2008

| | <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> |
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 2,864,240 | \$ 115,664 |
| Receivables, net | 553,737 | - |
| Due from other governments | 14,680 | 100 |
| Reserved cash | 3,301,540 | - |
| Total current assets | <u>6,734,197</u> | <u>115,764</u> |
| Noncurrent assets: | | |
| Capital assets: | | |
| Land, improvements, and construction in progress | 871,127 | - |
| Other capital assets, net of depreciation | 24,626,286 | - |
| Total capital assets | <u>25,497,413</u> | <u>-</u> |
| Total noncurrent assets | <u>25,497,413</u> | <u>-</u> |
| Total assets | <u>32,231,610</u> | <u>115,764</u> |
| Liabilities | | |
| Current liabilities: | | |
| Accounts payable | 297,323 | 280 |
| Accrued payroll | 32,631 | - |
| Customer deposits | 196,240 | - |
| Compensated absences | 54,559 | - |
| Revolving loans | 180,000 | - |
| Certificates of participation | 1,031,085 | - |
| Total current liabilities | <u>1,791,838</u> | <u>280</u> |
| Noncurrent liabilities: | | |
| Revolving loans | 2,160,000 | - |
| Certificates of participation | 14,541,462 | - |
| Total liabilities | <u>18,493,300</u> | <u>280</u> |
| Net Assets | | |
| Invested in capital assets, net of related debt | 7,639,425 | - |
| Unrestricted | 6,098,885 | 115,484 |
| Total net assets | <u>\$ 13,738,310</u> | <u>\$ 115,484</u> |

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

Franklin County, North Carolina
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2008

| | <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> |
| Operating revenues | | |
| Charges for water | \$ 4,010,036 | \$ - |
| Charges for sewer | 1,093,469 | - |
| Impact and connection fees | 518,516 | - |
| Charges for services | - | 5,083,709 |
| Miscellaneous | 219,448 | - |
| Total operating revenues | <u>5,841,469</u> | <u>5,083,709</u> |
| Operating expenses | | |
| Internal Service fund expenses | - | 5,466,805 |
| <u>Water Department</u> | | |
| Salaries and employee benefits | 547,926 | - |
| Water purchases | 2,661,033 | - |
| Other operating expenses | 343,073 | - |
| Depreciation | 669,029 | - |
| | <u>4,221,061</u> | <u>-</u> |
| <u>Sewer Department</u> | | |
| Salaries and employee benefits | 292,278 | - |
| Contracted services | 134,006 | - |
| Other operating expenses | 347,585 | - |
| Depreciation | 207,761 | - |
| | <u>981,630</u> | <u>-</u> |
| Total operating expenses | <u>5,202,691</u> | <u>5,466,805</u> |
| Operating income | <u>638,778</u> | <u>(383,096)</u> |
| Nonoperating revenues (expenses) | | |
| Grant | 40,000 | - |
| Interest earnings | 265,418 | 1,984 |
| Interest expense | (742,203) | - |
| Total nonoperating revenue (expenses) - net | <u>(436,785)</u> | <u>1,984</u> |
| Income (loss) before transfers | <u>201,993</u> | <u>(381,112)</u> |
| Capital contributions | <u>-</u> | <u>-</u> |
| Transfers | | |
| Transfer to General fund | (350,719) | - |
| Transfer from General fund | 85,097 | - |
| Total transfers | <u>(265,622)</u> | <u>-</u> |
| Change in net assets | <u>(63,629)</u> | <u>(381,112)</u> |
| Net assets | | |
| Beginning of year, July 1 | <u>13,801,939</u> | <u>496,596</u> |
| End of year, June 30 | <u>\$ 13,738,310</u> | <u>\$ 115,484</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, 2008

| | <u>Major</u> | <u>Major</u> |
|---|-----------------------------|------------------------------|
| | <u>Enterprise Fund</u> | <u>Internal Service Fund</u> |
| | <u>Water and Sewer Fund</u> | <u>Insurance Fund</u> |
| Cash flows from operating activities | | |
| Cash received from customers | \$ 5,890,454 | \$ 5,083,891 |
| Cash paid for goods and services | (3,409,994) | (5,467,578) |
| Cash paid to employees for services | (830,273) | - |
| Customer deposits received | 35,100 | - |
| Net cash provided by operating activities | <u>1,685,287</u> | <u>(383,687)</u> |
| Cash flows from noncapital financing activities | | |
| Transfers out | (350,719) | - |
| Transfers in | 85,097 | - |
| Net cash provided by noncapital financing activities | <u>(265,622)</u> | <u>-</u> |
| Cash flows from capital and related financing activities | | |
| Issuance of debt | - | - |
| Increase in reserved cash | (144,542) | - |
| Acquisition and construction of capital assets | (562,535) | - |
| Principal paid on bonds | (1,014,034) | - |
| Interest paid on bonds | (742,922) | - |
| State grant | 40,000 | - |
| Net cash used by capital and related financing activities | <u>(2,424,033)</u> | <u>-</u> |
| Cash flows from investing activities | | |
| Interest on investments | 265,418 | 1,984 |
| Net increase in cash and cash equivalents | (738,950) | (381,703) |
| Cash and cash equivalents | | |
| Beginning of year, July 1 | <u>3,603,190</u> | <u>497,367</u> |
| End of year, June 30 | <u>\$ 2,864,240</u> | <u>\$ 115,664</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, 2008

| | <u>Major</u> | <u>Major</u> |
|---|-----------------------------|------------------------------|
| | <u>Enterprise Fund</u> | <u>Internal Service Fund</u> |
| | <u>Water and Sewer Fund</u> | <u>Insurance Fund</u> |
| Reconciliation of operating income to net cash provided by operating activities: | | |
| Operating income | \$ 638,778 | \$ (383,096) |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | |
| Depreciation | 876,790 | - |
| Changes in assets and liabilities: | | |
| Decrease in accounts receivable | 48,985 | 182 |
| Increase (decrease) in accounts payable and accrued liabilities | 75,703 | (773) |
| Increase in accrued payroll | 7,107 | - |
| Increase in customer deposits | 35,100 | - |
| Increase in accrued vacation pay | 2,824 | - |
| Total adjustments | <u>1,046,509</u> | <u>(591)</u> |
| Net cash provided by operating activities | <u>\$ 1,685,287</u> | <u>\$ (383,687)</u> |

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

Franklin County, North Carolina
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2008

| | <u>Agency Funds</u> |
|---|-------------------------|
| Assets | |
| Cash and cash equivalents | <u>\$ 69,683</u> |
| Liabilities and Net Assets | |
| Liabilities: | |
| Intergovernmental payable - State of North Carolina | \$ 2,270 |
| Miscellaneous liabilities | <u>67,413</u> |
| | <u>69,683</u> |
| Net Assets | <u>\$ -</u> |

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

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NOTES TO THE FINANCIAL STATEMENTS



**Franklin County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2008**

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 exist 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 transactions 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.

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.

Franklin County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2008

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.

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

Franklin County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2008

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.

The County considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem property taxes are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of January 1, 1993, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, Franklin County is responsible for billing and collecting the property taxes on all registered motor vehicles on behalf of all municipalities and special tax districts in the County. For registered motor vehicles, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, taxes for vehicles registered from March 2007 through February 2008 apply to the fiscal year ended June 30, 2008. Uncollected taxes that were billed during this period are shown as a receivable on these financial statements.

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

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus when program expenses are incurred, there are both restricted and unrestricted net 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.

**Franklin County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2008**

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.

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 to transfer unlimited funds between departments of the same fund. The County Manager is also authorized to transfer up to \$10,000 between funds, but must report this to the Board during the next meeting.

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).

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 market 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.

2. Cash and Cash Equivalents

The County pools moneys from several funds, except for two of the Agency Funds, to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents.

Franklin County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2008

3. Restricted Assets

The unexpended bond proceeds in the School Construction Fund COPS Capital Projects Fund and the Water and Sewer 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, 2007. As allowed by state law, the county has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the county's general fund, ad valorem tax revenues are reported net of such discounts.

5. Allowances for Doubtful Accounts

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

6. Inventories

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.

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:

**Franklin County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2008**

| | |
|-------------------------------|-------|
| Buildings | 15-30 |
| 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 another 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.

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:

**Franklin County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2008**

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.

Unreserved

Designated for Soil and Water - portion of fund balance which has been designated by the Board for soil and water protection.

Designated for Cooperative Extension – portion of fund balance which has been designated by the Board for 4-H activities.

Designated for Emergency Medical Services – portion of fund balance, which has been designated for Emergency Medical Services.

Designated for Recreation – portion of fund balance designated by the Board for recreation.

Designate for Home Recovery - portion of fund balance designated by the Board for home recovery.

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

Designated for Occupancy Tax - portion of fund balance designated by the Board for tourism activities.

Designated for subsequent year's expenditures – portion of total fund balance available for appropriation that has been designated for the adopted 2008-2009 budget ordinances.

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, 2008**

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 County has no formal policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The County complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

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, 2008, the County's deposits had a carrying amount of \$21,810,972 and a bank balance of \$22,001,580. Of the bank balance, \$1,163,948 was covered by federal depository insurance and \$20,837,631 in interest bearing deposits was covered by collateral held under the Pooling Method.

At June 30, 2008, Franklin County had \$3,540 cash on hand.

2. Investments

At June 30, 2008, the County's investment balances were as follows:

| | <u>Fair Value</u> | <u>6-12 months</u> |
|------------------------------|-------------------|--------------------|
| NC Capital Management Trust: | \$ 11,683,602 | \$ 11,683,602 |

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, 2008. 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, 2008**

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 |
| 2006 | 2,978,049 | 439,262 | 3,417,311 |
| 2007 | 3,001,106 | 172,564 | 3,173,670 |
| 2008 | <u>3,122,451</u> | - | <u>3,122,451</u> |
| Total | <u>\$13,987,180</u> | <u>\$ 1,947,549</u> | <u>\$15,934,729</u> |

4. Receivables

Accounts receivable at the individual fund level at June 30, 2008 were as follows:

| | <u>Accounts</u> | <u>Ad Valorem Taxes & Related Accrued Interest</u> | <u>Special Assessments</u> | <u>Due from Other Governments</u> | <u>Total</u> |
|---|-------------------|--|--------------------------------|---|---------------------|
| Governmental Activities: | | | | | |
| General | \$ 797,653 | \$ 2,662,610 | \$ 1,029 | \$ 2,419,394 | \$ 5,880,686 |
| Other Governmental | <u>35,261</u> | <u>108,737</u> | - | <u>842,152</u> | <u>986,150</u> |
| Total receivables | 832,914 | 2,771,347 | 1,029 | 3,261,546 | 6,866,836 |
| Allowance for doubtful accounts | <u>(620,615)</u> | <u>(151,000)</u> | - | - | <u>(771,615)</u> |
| Total – governmental activities | <u>\$ 212,299</u> | <u>\$ 2,620,347</u> | <u>\$ 1,029</u> | <u>\$ 3,261,546</u> | <u>\$ 6,095,221</u> |
| Amounts not scheduled for collection during the subsequent year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,029</u> | - | <u>\$ 1,029</u> |
| Business-type Activities: | | | | | |
| Water and Sewer | \$ 614,244 | \$ - | \$ - | \$ 14,680 | \$ 628,924 |
| Allowance for doubtful accounts | <u>(60,507)</u> | - | - | - | <u>(60,507)</u> |
| Total – business-type activity | <u>\$ 553,737</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 14,680</u> | <u>\$ 568,417</u> |

Franklin County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2008

The due from other governments that is owed for governmental activities consists of the following:

| | |
|------------------------|---------------------|
| Local option sales tax | 1,868,572 |
| Child Care | 185,684 |
| Social Services | 466,153 |
| State Health Grants | 54,969 |
| Sales tax refund | 520,523 |
| Jail Reimbursement | 136,521 |
| Miscellaneous | <u>29,124</u> |
| Total | <u>\$ 3,261,546</u> |

5. Capital Assets

Capital asset activity for the year ended June 30, 2008 was as follows:

| | <u>Beginning Balances</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balances</u> |
|---|-------------------------------|---------------------|-------------------|----------------------------|
| Governmental-type activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 10,460,727 | \$ 264,364 | \$ 35,318 | \$ 10,689,773 |
| Construction in process | <u>-</u> | <u>19,784,018</u> | <u>18,889,526</u> | <u>894,492</u> |
| Total capital assets not being depreciated | <u>10,460,727</u> | <u>20,048,382</u> | <u>18,924,844</u> | <u>11,584,265</u> |
| Capital assets being depreciated: | | | | |
| Buildings | 21,311,372 | - | - | 21,311,372 |
| Waterlines | 163,228 | - | - | 163,228 |
| Gas lines | 411,481 | - | - | 411,481 |
| Land Improvements | 1,615,162 | 191,407 | - | 1,806,569 |
| Equipment | 4,151,691 | 517,527 | - | 4,669,218 |
| Vehicles | <u>4,261,392</u> | <u>758,723</u> | <u>425,103</u> | <u>4,595,012</u> |
| Total capital assets being depreciated | <u>31,914,326</u> | <u>1,467,657</u> | <u>425,103</u> | <u>32,956,880</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | 7,264,501 | 578,122 | - | 7,842,623 |
| Waterlines | 10,440 | 4,085 | - | 14,525 |
| Gas lines | 151,904 | 8,241 | - | 160,146 |
| Land Improvements | 305,129 | 85,751 | - | 390,880 |
| Equipment | 2,431,885 | 493,923 | - | 2,925,808 |
| Vehicles | <u>3,396,485</u> | <u>556,956</u> | <u>425,102</u> | <u>3,528,338</u> |
| Total accumulated depreciation | <u>13,560,344</u> | <u>\$ 1,727,078</u> | <u>\$ 425,102</u> | <u>14,862,320</u> |
| Total capital assets being depreciated, net | <u>18,353,982</u> | | | <u>18,094,560</u> |
| Governmental -type activities capital assets, net | <u>\$ 49,066,139</u> | | | <u>\$ 29,678,825</u> |
| Business-type activities: | | | | |
| Franklin County Water & Sewer Fund | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 332,206 | \$ 37,250 | \$ - | \$ 369,456 |
| Construction in progress | <u>235,207</u> | <u>266,464</u> | <u>-</u> | <u>501,671</u> |
| Total capital assets not being depreciated | <u>567,413</u> | <u>300,714</u> | <u>-</u> | <u>871,127</u> |
| Capital assets being depreciated: | | | | |
| Plant and distribution systems | 31,802,372 | 191,209 | - | 31,993,581 |
| Furniture and maintenance equipment | 570,579 | 45,092 | - | 615,671 |

Franklin County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2008

| | | | | |
|--|----------------------|-------------------|------------------|----------------------|
| Vehicles | <u>330,240</u> | <u>-</u> | <u>1,391</u> | <u>328,849</u> |
| Total capital assets being depreciated | <u>32,703,191</u> | <u>236,301</u> | <u>1,391</u> | <u>32,938,101</u> |
| Less accumulated depreciation for: | | | | |
| Plant and distribution systems | 6,772,273 | 773,784 | - | 7,546,057 |
| Furniture and maintenance equipment | 432,622 | 63,741 | - | 496,363 |
| Vehicles | <u>254,040</u> | <u>39,265</u> | <u>23,910</u> | <u>269,395</u> |
| Total accumulated depreciation | <u>7,458,935</u> | <u>\$ 876,790</u> | <u>\$ 23,910</u> | <u>8,311,815</u> |
| Total capital assets being depreciated, net | <u>25,244,256</u> | | | <u>24,626,286</u> |
| Business-type activities capital assets, net | <u>\$ 25,811,669</u> | | | <u>\$ 25,497,413</u> |

Depreciation Expense

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

| | |
|-----------------------------------|---------------------|
| General Government | \$ 220,633 |
| Public Safety | 894,695 |
| Economic and Physical Development | 305,285 |
| Human Services | 204,599 |
| Cultural and Recreational | <u>101,866</u> |
| Total depreciation expense | <u>\$ 1,727,078</u> |

Construction and Other Commitments

At June 30, 2008, the County was obligated under construction project:

| <u>Project</u> | <u>Spent-to-date</u> | <u>Remaining Commitment</u> |
|------------------------|----------------------|---------------------------------|
| School projects | \$ 29,865,812 | \$ 3,268,109 |
| Animal Control Project | 894,492 | 1,191,835 |

B. Liabilities

1. Payables

Payables at the government-wide level at June 30, 2008 were as follows:

| | <u>Vendors</u> | <u>Salaries and Benefits</u> | <u>Total</u> |
|---------------------------------|---------------------|----------------------------------|---------------------|
| Governmental Activities: | | | |
| General | \$ 1,209,662 | \$ 828,807 | \$ 2,038,469 |
| Capital Projects | 1,670,741 | - | 1,670,741 |
| Other Governmental | <u>242,322</u> | <u>-</u> | <u>242,228</u> |
| Total - governmental activities | <u>\$ 3,122,725</u> | <u>\$ 828,807</u> | <u>\$ 3,951,532</u> |
| Business-type Activity: | | | |
| Water and Sewer Fund | <u>\$ 297,324</u> | <u>\$ 32,631</u> | <u>\$ 329,954</u> |

**Franklin County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2008**

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 4.86% 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, 2008, 2007, and 2006 were \$819,470, \$744,807, and \$546,437, respectively. The contributions made by the County and the plan members equaled the required contributions for each year.

b. Law Enforcement Officers' Special Separation Allowance

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, 2007, the Separation Allowance's membership consisted of:

| | | |
|--|-----------|-----------|
| Retirees receiving benefits | 2 | |
| Terminated plan members entitled to but not yet receiving benefits | - | |
| Active plan members | <u>57</u> | |
| Total | | <u>59</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.

Franklin County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2008

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 \$20,623, 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.

The annual required contribution for the current year was determined as part of the December 31, 2007 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, 2007 was 24 years.

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

| | |
|---|------------------|
| Annual required contribution | \$ 37,340 |
| Interest on net pension obligation | 17,185 |
| Adjustment to annual required contribution | <u>(14,563)</u> |
| Annual pension cost | 39,959 |
| Contribution made | <u>(20,625)</u> |
| Increase in net pension obligation | 19,334 |
| Net pension obligation at beginning of year | <u>236,993</u> |
| Net pension obligation at end of year | <u>\$256,327</u> |

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> |
|----------------------------------|-------------------------------------|---|----------------------------------|
| 2006 | \$ 47,054 | 71.17% | \$ 226,274 |
| 2007 | 37,943 | 71.75% | 236,993 |
| 2008 | 39,959 | 51.62% | 256,327 |

**Franklin County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2008**

c. Funded Status and Funding Progress

As of December 31, 2007, the most recent actuarial valuation date, the plan was 0 percent funded. The actuarial liability for benefits was \$256,327, and the actuarial value of assets was 0, resulting in an unfunded actuarial accrued liability (UALL) of \$256,327. The covered payroll (annual payroll of active employees covered by the plan) was \$2,089,098 and the ratio of the UALL to the covered payroll was 0 percent.

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

c. Supplemental Retirement Income Plan for Law Enforcement Officers

Plan Description – The County contributes to the Supplemental Retirement Income Plan (Plan), a defined contributions pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the County. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

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, 2008 were \$110,004, which consisted of \$85,197 from the County and \$24,807 from the law enforcement officers.

d. Registers of Deeds' Supplemental Pension Fund

Plan Description. Franklin County also contributes to the Registers of Deeds' Supplemental Pension Fund (Fund), a noncontributory, defined contribution plan administered by the North Carolina Department of State Treasurer. The Fund provides supplemental pension benefits to any eligible county register of deeds 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 (1.5%) 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, 2008, the County's required and actual contributions were \$5,431.

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, 2008, the County made payments for postretirement health benefit premiums of \$189,504. The County obtains Medicare supplement coverage through private insurers.

**Franklin County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2008**

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 may 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. 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, 2008, the County made contributions to the State for death benefits of \$21,902. 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:

| | <u>Deferred Revenue</u> | <u>Unearned Revenue</u> |
|--------------------------------|-----------------------------|-----------------------------|
| Prepaid taxes not yet earned | | |
| General Fund | \$ - | \$ 106,915 |
| Special Revenue Fund | - | 3,344 |
| Taxes receivable, net | | |
| General Fund | 2,049,053 | - |
| Special Revenue Fund | 108,737 | - |
| Special assessments receivable | | |
| General Fund | 1,029 | - |
| Home Owners Fund | | |
| General Fund | <u>-</u> | <u>2,234</u> |
| Total | <u>\$ 2,158,819</u> | <u>\$ 112,493</u> |

4. Risk Management

The County is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County participates in 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

Franklin County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2008

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 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 \$400,000 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 worker compensation losses in excess of \$1,000,000.

The County is self-insured for workers' compensation with Compensation Claims Solutions as its administrator. The County has a \$400,000 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 plane.

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, 2008, the County was obligated under an operating lease for office space as follows:

Beginning January 1, 1999 through December 31, 2008 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, 2008 was \$38,438.

At June 30, 2008, 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, 2008 with options to extend for an additional year. Options were exercised on all of the leases at June 30, 2008. Rent expense for the year ended June 30, 2008 was \$7,370.

At June 30, 2008, the County was obligated under various operating leases for office equipment as follows:

Various agreements expiring from July 2008 to April 2010. Total lease expense for the year ended June 30, 2008 was \$110,589.

**Franklin County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2008**

Future lease payments total:

| <u>For Year Ending June 30,</u> | |
|-------------------------------------|-------------------|
| 2009 | \$ 92,719 |
| 2010 | 45,619 |
| 2011 | <u>19,219</u> |
| Total | <u>\$ 157,557</u> |

At June 30, 2008, 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 \$44.18 per ton (annual increase based on increase in CPI)

At June 30, 2008, 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 \$3.10 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 3.52 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 \$4.50 per thousand dollars. The obligation ends March 8, 2022.

6. Contingent Liabilities

At June 30, 2008, 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 contact 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.

\$ 53,859

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

**Franklin County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2008**

and interest payments are appropriated when due.

\$ 2,133,333

On April 7, 2008, 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.

\$ 189,977

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 2008. Interest is 3.85%. Principal and interest payments are appropriated when due.

\$ 1,225,000

Total installment purchase debt

\$ 3,602,169

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, 2008 is comprised of the following:

Serviced by the County's General Fund:

General Obligation Bonds

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

\$ 1,100,000

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

4,875,000

\$9,500,000 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%.

5,225,000

\$20,000,000 2006 School Bonds, issued 8/1/07, with interest semiannually on August 1 and February 1 and principal on August 1 of \$1,000,000 through 2026, interest payable at 4.0-5.0%

19,000,000

\$8,600,000 2008 School Bonds, issued 8/14/2007, with interest semiannually on August 1 and February 1 and principal on February 1 of \$200,000 through 2028, interest at 4.125-6.125%

8,600,000

\$ 38,800,000

**Franklin County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2008**

Certificates of Participation:

| | |
|--|----------------------|
| \$10,505,000 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%. | \$ 4,252,255 |
| \$9,630,000 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>4,100,000</u> |
| | <u>\$ 22,447,255</u> |

Serviced by the County's Water and Sewer Fund:

Revolving Loans

| | |
|---|---------------------|
| \$1,500,000 2000 Federal Revolving Loan, issued 2/19/00 with interest due semiannually on November 1 and May 1 and principal of \$75,000 due May 1 through 2021, interest at 2.6%. | \$ 975,000 |
| \$2,100,000 2000 State Revolving Loan, issued 2/169/00 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>1,365,000</u> |
| | <u>\$ 2,340,000</u> |

Certificates of Participation:

| | |
|--|----------------------|
| \$2,040,000 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%. | \$ 590,000 |
| \$8,995,000 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%. | 7,095,000 |
| \$3,155,000 2008 Franklin County Water and Sewer Certificates of Participation, issued June, 2008, with interest and principal annually on September 1 through 2027, interest at 4% to 5%. | 3,155,000 |
| \$6,500,000 2004 Franklin County Water and Sewer Certificates of Participation, issued 5/15/03, with interest semiannually on December 1 and January 1 and principal due on June 1 through 2018, interest at 3.17% to 4.5%. | <u>4,732,547</u> |
| | <u>\$ 15,572,547</u> |

**Franklin County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2008**

On June 30, 2008, Franklin County had a legal debt margin of \$165,058,485.

Debt Related to Capital Assets

Of the total Governmental Activities debt above, \$6,846,836 relates to assets still held by the County.

8 Changes in Long-Term Debt

The following is a summary of changes in general long-term debt for the year ended June 30, 2008:

Governmental Activities:

| | <u>Balance</u> <u>July 1, 2007</u> | <u>Additions</u> | <u>Retirements</u> | <u>Balance</u> <u>June 30, 2008</u> | <u>Current</u> <u>Portion</u> |
|-------------------------------|---------------------------------------|-----------------------------|----------------------------|--|----------------------------------|
| General obligation bonds | \$ 32,325,000 | \$ 8,600,000 | \$ 2,125,000 | \$ 38,800,000 | \$ 2,320,000 |
| Certificates of participation | 23,630,681 | - | 1,183,427 | 22,447,254 | 1,075,280 |
| Installment purchases | 4,131,424 | - | 529,255 | 3,602,169 | 519,103 |
| Compensated absences | 1,136,702 | 1,165,604 | 1,136,702 | 1,165,604 | 1,165,604 |
| Net pension obligation | <u>236,993</u> | <u>256,327</u> | <u>236,993</u> | <u>256,327</u> | <u>256,327</u> |
| Total | <u>\$ 61,460,800</u> | <u>\$ 10,021,931</u> | <u>\$ 5,211,377</u> | <u>\$ 66,271,354</u> | <u>\$ 5,336,314</u> |

Business-type Activities:

By purpose:

| | | | | | |
|-------------------------------|-----------------------------|-------------------------|----------------------------|-----------------------------|----------------------------|
| Revolving loans | \$ 2,520,000 | \$ - | \$ 180,000 | \$ 2,340,000 | \$ 180,000 |
| Certificates of participation | 16,407,221 | - | 834,674 | 15,572,547 | 1,031,085 |
| Compensated absences | <u>51,735</u> | <u>54,559</u> | <u>51,735</u> | <u>54,559</u> | <u>54,559</u> |
| Total | <u>\$ 18,978,956</u> | <u>\$ 54,559</u> | <u>\$ 1,066,409</u> | <u>\$ 17,967,106</u> | <u>\$ 1,265,644</u> |

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

9. Maturities of Long-term Obligations

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

**Franklin County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2008**

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> |
| 2009 | \$ 2,320,000 | \$ 1,617,992 | \$ 1,944,838 | \$ 1,032,792 |
| 2010 | 2,315,000 | 1,517,842 | 2,002,934 | 945,158 |
| 2011 | 2,310,000 | 1,419,143 | 2,062,797 | 853,895 |
| 2012 | 2,305,000 | 1,321,892 | 2,124,521 | 758,769 |
| 2013 | 2,295,000 | 1,229,818 | 2,188,207 | 659,312 |
| 2014-2018 | 12,480,000 | 4,632,740 | 5,083,957 | 2,205,268 |
| 2019-2023 | 8,325,000 | 2,295,275 | 3,525,000 | 1,319,375 |
| 2024-2027 | 6,450,000 | 647,438 | 3,515,000 | 438,625 |
| | <u>\$ 38,800,000</u> | <u>\$ 14,682,140</u> | <u>\$ 22,447,254</u> | <u>\$ 8,213,194</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> |
| 2009 | \$ 519,767 | \$ 156,363 | \$ 4,784,605 | \$ 2,807,147 |
| 2010 | 522,903 | 133,662 | 4,840,837 | 2,596,662 |
| 2011 | 526,166 | 110,835 | 4,898,963 | 2,383,873 |
| 2012 | 441,667 | 87,877 | 4,871,188 | 2,168,538 |
| 2013 | 441,666 | 68,312 | 4,924,873 | 1,957,442 |
| 2014-2018 | 1,150,000 | 87,552 | 18,713,957 | 6,925,560 |
| 2019-2023 | - | - | 11,850,000 | 3,614,650 |
| 2024-2027 | - | - | 9,965,000 | 1,086,063 |
| | <u>\$ 3,602,169</u> | <u>\$ 644,601</u> | <u>\$ 64,849,423</u> | <u>\$ 23,539,935</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> |
| 2009 | \$ 180,000 | \$ 60,840 | \$ 1,031,085 | \$ 685,436 |
| 2010 | 180,000 | 56,160 | 1,066,088 | 644,058 |
| 2011 | 180,000 | 51,480 | 1,102,191 | 600,118 |
| 2012 | 180,000 | 46,800 | 928,577 | 554,341 |
| 2013 | 180,000 | 42,120 | 960,725 | 515,914 |
| 2014-2018 | 900,000 | 140,400 | 5,298,881 | 1,979,427 |
| 2019-2023 | 540,000 | 28,080 | 3,240,000 | 964,000 |
| 2024-2028 | - | - | 1,945,000 | 185,375 |
| | <u>\$ 2,340,000</u> | <u>\$ 425,880</u> | <u>\$ 15,572,547</u> | <u>\$ 6,128,669</u> |

| <u>Year Ending June 30,</u> | <u>Total Debt Due</u> | |
|-----------------------------|-----------------------|---------------------|
| | <u>Principal</u> | <u>Interest</u> |
| 2009 | \$ 1,211,085 | \$ 746,276 |
| 2010 | 1,246,088 | 700,218 |
| 2011 | 1,282,191 | 651,598 |
| 2012 | 1,108,577 | 601,141 |
| 2013 | 1,140,725 | 558,034 |
| 2014-2018 | 6,198,881 | 2,119,827 |
| 2019-2023 | 3,780,000 | 992,080 |
| 2024-2028 | 1,945,000 | 185,375 |
| | <u>\$ 17,912,547</u> | <u>\$ 6,554,549</u> |

**Franklin County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2008**

C. Interfund Activity

Transfers to/from other funds:

| | |
|---|-----------|
| From the General Fund to the Water and Sewer Fund to supplement other funding sources | \$ 85,097 |
| From the General Fund to the Fire District Fund to supplement other funding sources | 40,700 |
| From the General Fund to the Capital Reserve Fund to supplement other funding sources | 354,000 |
| From the General fund to the Airport Capital Project Fund to supplement other funding sources | 33,333 |
| From the General fund to the Community Development Fund to supplement other funding sources | 45,000 |
| From the General Fund to the Revaluation Project Fund to accumulate reserves for the sexennial revaluation of real property | 124,503 |
| From the Capital Reserve Fund to the General Fund for the payment of debt service | 2,620,000 |
| From the COPS Capital Project Fund to the General Fund for the payment of debt service | 22,893 |
| From the Water and Sewer Fund to the General Fund for debt service | 350,000 |
| From the Water and Sewer Capital Project Fund to the Water and Sewer Fund for debt service | 719 |

Joint Ventures

The Area Mental Health District was established to provide mental health services for five counties: Franklin, Warren, Granville, Vance, and Nash. Each county has one board member on the Area Mental Health Board, but none individually has authority to designate management. The County contributed \$155,757 to the Area Mental Health during the fiscal year ended June 30, 2008. 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, 2008. The County has an ongoing financial responsibility to the District because of statutory requirements to provide funding. Complete financial statements for the Area Mental Health can be obtained from their administrative offices at 107 Industrial Drive, Louisburg, N.C. 27549.

The Kerr Area Rural Transportation Authority (K.A.R.T.S.) is an association of five County governments, including Franklin County. K.A.R.T.S. is a joint venture of the participating counties for the purpose of providing a safe, adequate and convenient transportation system for the jurisdictional area creating the authority and its immediate environs. The counties served by K.A.R.T.S. in addition to Franklin County are Granville,

**Franklin County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2008**

Vance, Warren and Person. 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 \$20,482 to K.A.R.T.S. during the fiscal year ended June 30, 2008. 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, 2008. 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 ended June 30, 2008. 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, 2008. 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.

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 \$22,354 to the Council during the fiscal year ended June 30, 2008.

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, 2008, 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.

**Franklin County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2008**

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 | \$ 349,945 | \$ - |
| Medicaid | 38,977,922 | 30,472,129 |
| Food Stamp Program | 6,987,347 | - |
| Energy Assistance | 133,633 | - |
| Adoption Assistance | 164,803 | - |
| State/County Special Assistance for Adults | - | 520,938 |
| Title IV – E Foster Care | 93,540 | 15,688 |
| Special Supplemental Nutrition program for Women, Infants, and Children | <u>911,538</u> | <u>-</u> |
| | <u>\$ 47,618,728</u> | <u>\$ 31,008,755</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

The County passed a \$53,000,000 bond issue in November, 2007 for school construction. It is anticipated that the County will issue \$34,000,000 in bonds during the 2008-2009 fiscal year.

The County received a \$500,000 grant to build a new recreational park in the Pilot area. The County plans to issue debt for matching funds during the 2008-2009 fiscal year.

The County has requested proposals for the improvements in radio communications. The bids are estimated to be about \$3.0 million. Related debt will be issued during December 2008.

X. Restatement of Net Assets

Prior year's Net Assets included construction in process of school buildings. Beginning of year net assets in Exhibit 2 has been reduced by \$20,251,430, since the County does not retain ownership of these properties once they are completed.

Required Supplemental Financial Data

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

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

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

Notes to 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 |
|---|--|--|--------------------------------|-------------------------|----------------------------|---|
| 12/31/1996 | \$ - | \$ 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% |
| 12/31/2007 | - | 299,326 | 299,326 | 0.00% | 2,089,098 | 14.33% |

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

| <u>Year ended June 30</u> | <u>Annual Required Contribution</u> | <u>Percentage Contributed</u> |
|-------------------------------|---|-----------------------------------|
| 1998 | | 0.00% |
| 1999 | 19,798 | 0.00% |
| 2000 | 22,435 | 0.00% |
| 2001 | 26,186 | 0.00% |
| 2002 | 29,610 | 0.00% |
| 2003 | 33,028 | 0.00% |
| 2004 | 33,028 | 0.00% |
| 2005 | 34,445 | 0.00% |
| 2006 | 38,852 | 0.00% |
| 2007 | 26,546 | 0.00% |
| 2008 | 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 | 12/31/2007 |
| Actuarial cost method | Projected unit credit |
| Amortization method | Level percent of pay closed |
| Remaining amortization period | 23 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 |



MAJOR GOVERNMENTAL FUNDS

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

School Construction Fund - This capital projects fund accounts for the construction of school buildings within the County. **Currently, a major fund.**



Franklin County, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2008
(With Comparative Totals For the Year Ended June 30, 2007)

| | 2008 | | Variance Positive (Negative) | 2007 |
|--|----------------------|-------------------|------------------------------------|-------------------|
| | Budget | Actual | | Actual |
| Revenues: | | | | |
| Ad valorem taxes: | | | | |
| Taxes | 29,821,870 | \$ 30,406,451 | | \$ 27,956,492 |
| Penalties and interest | 475,000 | 314,960 | | 428,677 |
| Total | \$ 30,296,870 | 30,721,411 | \$ 424,541 | 28,385,169 |
| Local option sales taxes: | | | | |
| Article 39 one percent | | 2,234,054 | | 3,047,081 |
| Article 40 one-half of one percent | | 2,334,450 | | 2,131,563 |
| Article 42 one-half of one percent | | 2,324,343 | | 1,212,606 |
| Article 44 | | 1,525,966 | | 2,028,569 |
| Total | 9,042,923 | 8,418,813 | (624,110) | 8,419,819 |
| Other taxes and licenses: | | | | |
| Privilege licenses | 1,500 | 2,376 | 876 | 2,305 |
| Unrestricted intergovernmental: | | | | |
| Gasoline tax refund | - | 107 | | 563 |
| State DWI fees | 5,500 | 6,522 | | 6,715 |
| Beer and wine tax | 128,000 | 216,664 | | 208,104 |
| White goods tax | 21,300 | 19,586 | | 16,653 |
| Occupancy tax | 60,000 | 58,468 | | 60,229 |
| Franchise Fees | 100,000 | 145,033 | | - |
| Tire disposal fees | 45,000 | 46,352 | | 56,567 |
| Hold Harmless | 187,040 | 144,914 | | - |
| Total | 546,840 | 637,646 | 90,806 | 348,831 |
| Restricted intergovernmental: | | | | |
| Federal and State grants | 7,912,386 | 8,184,074 | | 6,315,862 |
| Lottery Proceeds | 364,145 | 364,145 | | 500,000 |
| Court facility fees | 135,000 | 135,039 | | 136,824 |
| ABC bottles taxes | 12,000 | 12,464 | | 12,083 |
| School ADM Funds | 350,000 | 350,000 | | - |
| Total | 8,773,531 | 9,045,722 | 272,191 | 6,964,769 |
| Permits and fees: | | | | |
| Building permits | 214,200 | 97,470 | | 312,020 |
| Inspection fees | 1,288,564 | 1,132,199 | | 1,055,782 |
| Register of Deeds fees | 775,000 | 686,700 | | 786,964 |
| Adequate Facilities Fees | - | 291,388 | | - |
| Recreation Reserve Fees | - | 60,637 | | - |
| Total | 2,277,764 | 2,268,394 | (9,370) | 2,154,766 |
| Sales and services: | | | | |
| Rents, concessions, and fees | 50,000 | 53,490 | | 60,261 |
| Health fees | 3,466,000 | 3,034,167 | | 3,409,863 |
| Social services | 335,931 | 496,561 | | 304,747 |
| Aging services | 84,000 | 114,186 | | 654,678 |
| Airport | 658,200 | 621,559 | | 509,995 |
| Sheriff and jail fees | 1,340,450 | 1,614,082 | | 1,041,306 |
| Library fees and donations | 24,800 | 34,439 | | 39,094 |
| Solid waste fees | 2,016,123 | 2,091,138 | | 2,042,355 |
| Ambulance and rescue squad fees | 1,029,165 | 926,238 | | 1,123,562 |
| Recreation | 44,000 | 30,394 | | 30,972 |
| Other | 60,725 | 81,191 | | 214,304 |
| Total | 9,109,394 | 9,097,445 | (11,949) | 9,431,137 |
| Investment earnings | 900,000 | 931,021 | 31,021 | 1,214,619 |
| Miscellaneous: | | | | |
| Donations and private grants | 50,511 | 38,403 | | - |
| Insurance proceeds | 10,000 | 10,865 | | 30,987 |
| Special assessments | - | - | | 42,076 |
| Other | 73,800 | 68,407 | | 99,806 |
| Total | 134,311 | 117,675 | (16,636) | 172,869 |
| Total revenues | 61,083,133 | 61,240,503 | 157,370 | 57,094,284 |

Franklin County, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2008
(With Comparative Totals for the Year Ended June 30, 2007)

| | 2008 | | Variance Positive (Negative) | 2007 |
|---|-------------------|------------------|------------------------------------|------------------|
| | Budget | Actual | | Actual |
| Expenditures: | | | | |
| General government: | | | | |
| Governing body: | | | | |
| Salaries and employee benefits | | \$ 187,153 | | \$ 160,933 |
| Other operating expenditures | | 86,711 | | 90,347 |
| Insurance other than property | | 2,242 | | 2,135 |
| Total | \$ 280,258 | 276,106 | \$ 4,152 | 253,415 |
| Administration: | | | | |
| Salaries and employee benefits | | 212,517 | | 186,592 |
| Other operating expenditures | | 64,823 | | 40,155 |
| Legal and professional | | 117,168 | | 60,449 |
| Total | 387,750 | 394,508 | (6,758) | 287,196 |
| Elections: | | | | |
| Salaries and employee benefits | | 177,128 | | 166,952 |
| Other operating expenditures | | 97,758 | | 88,107 |
| Total | 287,084 | 274,886 | 12,198 | 255,059 |
| Finance: | | | | |
| Salaries and employee benefits | | 318,051 | | 285,882 |
| Other operating expenditures | | 58,703 | | 72,590 |
| Capital outlay | | - | | - |
| Total | 389,234 | 376,754 | 12,480 | 358,472 |
| Taxes: | | | | |
| Salaries and employee benefits | | 707,910 | | 659,774 |
| Other operating expenditures | | 474,262 | | 259,390 |
| Capital outlay | | - | | 174,069 |
| Total | 1,248,274 | 1,182,172 | 66,102 | 1,093,233 |
| Register of Deeds: | | | | |
| Salaries and employee benefits | | 289,229 | | 268,834 |
| Other operating expenditures | | 95,132 | | 87,491 |
| Debt service | | 7,735 | | - |
| Capital outlay | | - | | 7,012 |
| Total | 414,756 | 392,096 | 22,660 | 363,337 |
| Public buildings: | | | | |
| Salaries and employee benefits | | 479,279 | | 417,347 |
| Other operating expenditures | | 312,426 | | 306,227 |
| Land and building purchases | | - | | 2,505,958 |
| Capital outlay | | 266,793 | | 263,517 |
| Total | 1,084,052 | 1,058,498 | 25,554 | 3,493,049 |
| Court facilities: | | | | |
| Operating expenditures | 75,880 | 73,144 | 2,736 | 49,251 |
| Information technology services: | | | | |
| Salaries and employee benefits | | 112,936 | | 80,448 |
| Other operating expenditures | | 26,665 | | 29,090 |
| Total | 162,218 | 139,601 | 22,617 | 109,538 |
| GIS Mapping: | | | | |
| Salaries and employee benefits | | 145,219 | | 143,587 |
| Other operating expenditures | | 31,381 | | 64,252 |
| Capital outlay | | - | | - |
| Total | 193,990 | 176,600 | 17,390 | 207,839 |
| Other general government | 507,752 | 451,476 | 56,276 | 416,675 |
| Total general government | 5,031,248 | 4,795,841 | 235,407 | 6,887,064 |

Franklin County, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2008
(With Comparative Totals for the Year Ended June 30, 2007+ A133)

| | 2008 | | Variance Positive (Negative) | 2007 |
|--------------------------------------|---------------------|-------------------|------------------------------------|-------------------|
| | Budget | Actual | | Actual |
| Public safety: | | | | |
| Sheriff and communications: | | | | |
| Salaries and employee benefits | | \$ 2,960,672 | | \$ 2,657,942 |
| Other operating expenditures | | 2,988,806 | | 752,946 |
| Capital outlay | | - | | 295,113 |
| Total | \$ 6,107,204 | 5,949,478 | \$ 157,726 | 3,706,001 |
| Jail: | | | | |
| Salaries and employee benefits | | 1,701,564 | | 1,487,876 |
| Other operating expenditures | | 936,924 | | 767,128 |
| Capital outlay | | - | | 15,771 |
| Total | 2,652,800 | 2,638,488 | 14,312 | 2,270,775 |
| Jail nutrition: | | | | |
| Salaries and employee benefits | | 232,816 | | 203,017 |
| Other operating expenditures | | 481,230 | | 379,341 |
| Capital outlay | | - | | - |
| Total | 728,059 | 714,046 | 14,013 | 582,358 |
| Medical examiner: | | | | |
| Contracted services | 25,000 | 26,375 | (1,375) | 23,950 |
| Emergency management: | | | | |
| Salaries and employee benefits | | 234,323 | | 237,187 |
| Other operating expenditures | | 140,010 | | 54,480 |
| Capital outlay | | - | | - |
| Total | 358,511 | 374,333 | (15,822) | 291,667 |
| Fire: | | | | |
| Forest fire control service | 93,620 | 91,832 | 1,788 | 87,498 |
| Code enforcement: | | | | |
| Salaries and employee benefits | | 518,865 | | 494,038 |
| Other operating expenditures | | 90,389 | | 66,780 |
| Capital outlay | | - | | - |
| Total | 646,764 | 609,254 | 37,510 | 560,818 |
| Emergency communications: | | | | |
| Salaries and employee benefits | | - | | 575,020 |
| Other operating expenditures | | - | | 168,232 |
| Total | | | | 743,252 |
| Rescue units: | | | | |
| Salaries and employee benefits | | 2,422,594 | | 2,014,849 |
| Rescue units | | 754,958 | | 725,137 |
| Other operating expenditures | | 588,384 | | 388,367 |
| Capital outlay | | - | | 91,251 |
| Total | 3,802,445 | 3,765,936 | 36,509 | 3,219,604 |
| Animal control: | | | | |
| Salaries and employee benefits | | 235,407 | | 215,769 |
| Other operating expenditures | | 79,528 | | 105,535 |
| Capital outlay | | - | | 18,653 |
| Total | 312,368 | 314,935 | (2,567) | 339,957 |
| Community-based alternatives: | | | | |
| Salaries and employee benefits | | 124,091 | | 72,510 |
| Other operating expenditures | | 35,610 | | 37,282 |
| Total | 186,994 | 159,701 | 27,293 | 109,792 |
| Other public safety | | | | |
| Total public safety | 14,913,765 | 14,644,378 | 269,387 | 11,935,672 |

Franklin County, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2008
(With Comparative Totals for the Year Ended June 30, 2007)

| | 2008 | | Variance Positive (Negative) | 2007 |
|--|-------------------|------------------|------------------------------------|------------------|
| | Budget | Actual | | Actual |
| Economic and physical development: | | | | |
| Agricultural extension: | | | | |
| Salaries and employee benefits | | \$ 5,962 | | \$ 10,078 |
| Other operating expenditures | | 314,352 | | 299,940 |
| Capital outlay | | - | | 7,949 |
| Total | \$ 349,356 | 320,314 | \$ 29,042 | 317,967 |
| Soil and water conservation: | | | | |
| Salaries and employee benefits | | 191,270 | | 194,170 |
| Other operating expenditures | | 19,870 | | 21,748 |
| Total | 243,872 | 211,140 | 32,732 | 215,918 |
| Industrial development: | | | | |
| Salaries and employee benefits | | 221,520 | | 204,669 |
| Other operating expenditures | | 139,813 | | 97,883 |
| Capital outlay | | - | | 40,376 |
| Total | 373,106 | 361,333 | 11,773 | 342,928 |
| Planning: | | | | |
| Salaries and employee benefits | | 426,731 | | 356,547 |
| Other operating expenditures | | 157,432 | | 135,617 |
| Total | 585,427 | 584,163 | 1,264 | 492,164 |
| Airport: | | | | |
| Operating expenditures | | 128,169 | | 119,468 |
| Other operating expenditures | | 570,156 | | 164,237 |
| Contracted services | | - | | - |
| Fuel purchases | | - | | 274,248 |
| Capital outlay | | - | | 14,109 |
| Total | 709,670 | 698,325 | 11,345 | 572,062 |
| Landfill: | | | | |
| Salaries and employee benefits | | 748,331 | | 722,631 |
| Waste disposal contract | | - | | 1,443,359 |
| Other operating expenditures | | 2,441,365 | | 719,204 |
| Capital outlay | | - | | 121,947 |
| Total | 3,188,538 | 3,189,696 | (1,158) | 3,007,141 |
| Other economic development | | | | |
| Total economic & physical development | 5,449,969 | 5,364,971 | 84,998 | 4,948,180 |
| Human services: | | | | |
| Health: | | | | |
| Administration: | | | | |
| Salaries and employee benefits | | 811,354 | | 731,121 |
| Contractual services | | - | | 32,940 |
| Other operating expenditures | | 123,711 | | 75,362 |
| Capital outlay | | - | | - |
| Total | 977,780 | 935,065 | 42,715 | 839,423 |
| Health clinic: | | | | |
| Salaries and employee benefits | | 1,555,220 | | 1,545,935 |
| Contractual services | | - | | 374,727 |
| Other operating expenditures | | 826,914 | | 316,813 |
| Capital outlay | | - | | 19,542 |
| Total | 2,505,230 | 2,382,134 | 123,096 | 2,257,017 |

Franklin County, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2008
(With Comparative Totals for the Year Ended June 30, 2007+ A34)

| | 2008 | | Variance Positive (Negative) | 2007 |
|------------------------------------|---------------------|-------------------|------------------------------------|-------------------|
| | Budget | Actual | | Actual |
| Home health: | | | | |
| Salaries and employee benefits | | \$ 840,214 | | \$ 883,911 |
| Contractual services | | - | | 155,034 |
| Other operating expenditures | | 435,876 | | 374,063 |
| Total | \$ 1,487,728 | 1,276,090 | \$ 211,638 | 1,413,008 |
| Dental health: | | | | |
| Salaries and employee benefits | | 200,885 | | 173,946 |
| Other operating expenditures | | 298,024 | | 319,486 |
| Total | 528,321 | 498,909 | 29,412 | 493,432 |
| Total health | 5,499,059 | 5,092,198 | 406,861 | 5,002,880 |
| Social services: | | | | |
| Administration: | | | | |
| Salaries and employee benefits | | 4,392,948 | | 3,976,054 |
| Other operating expenditures | | 633,291 | | 711,828 |
| Professional services | | - | | 100,562 |
| Capital outlay | | - | | 84,512 |
| Total | 5,067,749 | 5,026,239 | 41,510 | 4,872,956 |
| Medicaid program: | | | | |
| Assistance payments | 3,008,040 | 2,868,516 | 139,524 | 3,177,047 |
| Special assistance program: | | | | |
| Assistance payments | 484,482 | 523,041 | (38,559) | 474,115 |
| Work First: | | | | |
| Assistance payments | 25,198 | 26,260 | (1,062) | 49,382 |
| Foster care: | | | | |
| Assistance payments | 303,500 | 304,597 | (1,097) | 537,748 |
| Crisis intervention: | | | | |
| Assistance payments | 184,799 | 184,799 | - | 191,428 |
| General assistance program: | | | | |
| Assistance payments | 20,000 | 19,984 | 16 | 19,867 |
| Day Care program: | | | | |
| Assistance payments | 2,688,285 | 2,302,225 | 386,060 | 1,931,234 |
| Other assistance: | | | | |
| Assistance payments | 695,388 | 592,574 | 102,814 | 285,380 |
| Chore services: | | | | |
| Other operating expenditures | - | - | - | 26,207 |
| Total social services | 12,477,441 | 11,848,235 | 629,206 | 11,565,364 |
| Aging program: | | | | |
| Salaries and employee benefits | | 718,800 | | 511,748 |
| Contracted services | | - | | 262,841 |
| Other operating expenditures | | 491,057 | | 341,185 |
| Total | 1,203,647 | 1,209,857 | (6,210) | 1,115,774 |

Franklin County, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2008
(With Comparative Totals for the Year Ended June 30, 2007)

| | 2008 | | | 2007 |
|---|-------------|-------------|------------------------------------|-------------|
| | Budget | Actual | Variance Positive (Negative) | Actual |
| Mental health administration: | | | | |
| Contracted services | \$ 155,757 | \$ 155,757 | \$ - | \$ 155,757 |
| Veterans service office: | | | | |
| Salaries and employee benefits | | 93,040 | | 83,533 |
| Other operating expenditures | | 11,603 | | 14,559 |
| Total | 106,171 | 104,643 | 1,528 | 98,092 |
| Other human services | | | | |
| Total human services | 19,442,075 | 18,410,690 | 1,031,384 | 17,937,867 |
| Cultural and recreational: | | | | |
| Arts and Recreation: | | | | |
| Salaries and employee benefits | | 237,909 | | 223,653 |
| Other operating expenditures | | 650,080 | | 309,533 |
| Capital outlay | | - | | - |
| Total | 950,072 | 887,989 | 62,083 | 533,186 |
| Libraries: | | | | |
| Salaries and employee benefits | | 515,531 | | 511,744 |
| Other operating expenditures | | 222,077 | | 114,719 |
| Books, magazines & telecommunications | | - | | 104,669 |
| Capital outlay | | - | | 21,802 |
| Total | 739,534 | 737,608 | 1,926 | 752,934 |
| Other cultural and recreational | | | | |
| Total culture and recreation | 1,689,606 | 1,625,597 | 64,009 | 1,286,120 |
| Education: | | | | |
| Public schools - current | | 11,200,520 | | 10,601,444 |
| Public schools - capital outlay | | 1,202,637 | | 1,202,637 |
| Public schools (lottery) - capital outlay | | 303,593 | | - |
| Community colleges - current | | 270,000 | | 135,000 |
| Community colleges - capital outlay | | 15,000 | | 270,000 |
| Total education | 12,991,750 | 12,991,750 | - | 12,209,081 |
| Debt service: | | | | |
| Principal retirement | | 3,837,682 | | 2,738,778 |
| Interest and fees | | 2,508,273 | | 1,697,224 |
| Total debt service | 6,522,342 | 6,345,955 | 176,387 | 4,436,002 |
| Total expenditures | 66,040,755 | 64,179,182 | 1,861,573 | 59,639,986 |
| Revenues over (under) expenditures | (4,957,622) | (2,938,679) | 2,018,943 | (2,545,702) |

Franklin County, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2008
(With Comparative Totals For the Year Ended June 30, 2007)

| | 2008 | | Variance Favorable (Unfavorable) | 2007 |
|--|------------------|----------------------|--|----------------------|
| | Budget | Actual | | Actual |
| Other financing sources (uses) | | | | |
| Transfers to other funds: | | | | |
| Fire District Fund | \$ (40,700) | \$ (40,700) | \$ - | \$ (40,700) |
| Human Services Buildings Fund | - | - | - | - |
| Purchase of Assets for Water and Sewer Fund | - | - | - | - |
| Water and Sewer Fund | (85,097) | (85,097) | - | (300,000) |
| Water and Sewer Capital Projects Fund | - | - | - | - |
| Capital Reserve Fund | (354,000) | (354,000) | - | - |
| Revaluation Fund | (124,503) | (124,503) | - | (55,800) |
| Community Development Fund | (45,000) | (45,000) | - | - |
| Airport Fund | (33,333) | (33,333) | - | (33,333) |
| Total transfers out | <u>(682,633)</u> | <u>(682,633)</u> | <u>-</u> | <u>(429,833)</u> |
| Transfers from other funds: | | | | |
| Capital Reserve Fund | 2,620,000 | 2,620,000 | - | 2,620,000 |
| Water and Sewer Fund | 350,000 | 350,000 | - | - |
| Water and Sewer Capital Projects Fund | - | 719 | 719 | 1,508 |
| COPS Capital Project Fund | 25,000 | 22,893 | (2,107) | 74,669 |
| Total transfers in | <u>2,995,000</u> | <u>2,993,612</u> | <u>(1,388)</u> | <u>2,696,177</u> |
| Issuance of debt | - | - | - | - |
| Sale of capital assets | 155,000 | 245,728 | 90,728 | 5,000 |
| Total other financing sources (uses) - net | <u>2,467,367</u> | <u>2,556,707</u> | <u>89,340</u> | <u>2,271,344</u> |
| Revenues and other financing sources over (under) expenditures and other financing uses | (2,490,255) | (381,972) | 2,108,283 | (274,358) |
| Appropriated fund balance | <u>2,490,255</u> | <u>-</u> | <u>(2,490,255)</u> | <u>-</u> |
| Revenues, other financing sources and appropriated fund balance over (under) expenditures and other uses | <u>\$ -</u> | <u>(381,972)</u> | <u>\$ (381,972)</u> | <u>(274,358)</u> |
| Fund balances | | | | |
| Beginning of year, July 1 | | 18,597,430 | | <u>18,897,283</u> |
| Increase (decrease) in reserve for inventory | | <u>30,974</u> | | (25,495) |
| End of year, June 30 | | <u>\$ 18,246,432</u> | | <u>\$ 18,597,430</u> |

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, 2008

| | Project Author- ization | Actual | | Total to Date | Variance Positive (Negative) |
|---|-------------------------------|----------------------|---------------------|---------------------|------------------------------------|
| | | Prior Year | Current Year | | |
| Revenues | | | | | |
| Restricted intergovernmental | \$ 192,983 | \$ - | \$ - | \$ - | \$ (192,983) |
| Interest earnings | 562,312 | 785,057 | 548,854 | 1,333,911 | 771,599 |
| Total revenues | 755,295 | 785,057 | 548,854 | 1,333,911 | 578,616 |
| Expenditures | | | | | |
| Bond issuance costs | - | 479 | - | 479 | (479) |
| Construction | 43,980,833 | 21,151,565 | 18,994,808 | 40,146,373 | 3,834,460 |
| Total revenues | 43,980,833 | 21,152,044 | 18,994,808 | 40,146,852 | 3,833,981 |
| Other financing sources | | | | | |
| Sales tax refund | 587,688 | 479 | - | 479 | (587,209) |
| Issuance of debt | 42,637,850 | 32,815,000 | 8,600,000 | 41,415,000 | (1,222,850) |
| Total other sources | 43,225,538 | 32,815,479 | 8,600,000 | 41,415,479 | (1,810,059) |
| Revenues and other financing sources over (under) expenditures | \$ - | \$ 12,448,492 | (9,845,954) | \$ 2,603,017 | \$ 2,603,017 |
| Fund balance | | | | | |
| Beginning of year, July 1 | | | 13,242,165 | | |
| End of year, June 30 | | | \$ 3,396,211 | | |

Nonmajor Governmental Funds

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 Fund - This fund accounts for expenditures for the sexennial 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.

County Building Project Fund - This fund accounts for renovation of the Human Services Building.

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

Franklin County, North Carolina
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2008

| Special Revenue Funds | | | | | | | | | | Capital Projects Funds | | | | | |
|--|----------------------|--------------------|---------------------------------|-----------|-----------------------------|----------------------------|---------------------|--------------------------------------|----------------------------|------------------------|------------------------------|-------------------------|---------------------------------------|-----------------------------------|--|
| Assets | Capital Reserve Fund | Fire District Fund | Emergency Telephone System Fund | DEA Fund | Golden Leaf Foundation Fund | Community Development Fund | Rehabilitation Fund | Total Nonmajor Special Revenue Funds | CORP Capital Projects Fund | Airport Projects Fund | County Building Project Fund | Recreation Project Fund | Total Nonmajor Capital Projects Funds | Total Nonmajor Governmental Funds | |
| Cash and cash equivalents | \$ 944,580 | \$ 80,432 | \$ 1,132,495 | \$ 41,194 | \$ 33,507 | \$ 72,363 | \$ - | \$ 2,304,371 | \$ 333 | \$ 232,191 | \$ - | \$ 667,631 | \$ 906,155 | \$ 3,204,726 | |
| Accounts receivable, net | - | 108,737 | 35,261 | - | - | - | - | 143,998 | - | - | - | - | - | 143,998 | |
| Taxes receivable, net | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Due from other governments | - | - | 3,369 | 7,000 | - | - | - | 481,432 | - | - | 11,568 | - | 11,568 | 493,000 | |
| Restricted assets: | 471,063 | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Cash reserved for debt service | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Total assets | \$ 1,435,643 | \$ 189,169 | \$ 1,171,125 | \$ 48,194 | \$ 33,507 | \$ 72,363 | \$ - | \$ 2,920,001 | \$ 859,112 | \$ 232,191 | \$ 646,255 | \$ 667,631 | \$ 2,405,532 | \$ 4,093,799 | |
| Liabilities and Fund Balances | | | | | | | | | | | | | | | |
| Liabilities: | | | | | | | | | | | | | | | |
| Accounts payable and accrued liabilities | \$ - | \$ 3,083 | \$ 96 | \$ 757 | \$ - | \$ 6,334 | \$ - | \$ 10,270 | \$ - | \$ - | \$ 150,230 | \$ 75,822 | \$ 232,042 | \$ 342,232 | |
| Deferred revenue | - | 112,081 | - | - | - | 6,334 | - | 112,081 | - | - | 158,230 | 75,822 | 232,052 | 354,403 | |
| Total liabilities | - | 115,164 | 96 | 757 | - | 6,334 | - | 122,331 | - | - | 158,230 | 75,822 | 232,052 | 354,403 | |
| Fund balances: | | | | | | | | | | | | | | | |
| Reserved by State statute | 471,063 | - | 38,630 | 7,000 | - | - | - | 516,693 | 859,112 | - | 11,568 | - | 11,568 | 538,261 | |
| Reserved for debt service | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Underspent | 964,580 | 74,005 | 1,132,399 | 40,437 | 23,507 | 66,029 | - | 2,299,657 | 333 | 232,191 | 136,230 | 591,809 | 668,103 | 2,959,060 | |
| Total liabilities and fund balances | \$ 1,435,643 | \$ 189,169 | \$ 1,171,125 | \$ 48,194 | \$ 33,507 | \$ 72,363 | \$ - | \$ 2,920,001 | \$ 859,445 | \$ 232,191 | \$ 646,255 | \$ 667,631 | \$ 2,405,532 | \$ 4,093,799 | |

Franklin County, North Carolina
 Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds
 June 30, 2008

| | 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 | Recreation Fund | Nonmajor Special Revenue Funds | COPS Capital Projects Fund | Airport Projects Fund | County Building Project Fund | Recreation Project Fund | |
| Revenues | | | | | | | | | | | | | |
| Ad valorem taxes | \$ - | \$ 1,938,940 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Local option sales taxes | 2,788,942 | - | - | - | - | - | 1,938,940 | - | - | - | - | - | 1,938,940 |
| Other taxes and licenses | - | - | 297,115 | - | - | - | 2,788,942 | - | - | - | - | - | 2,788,942 |
| Restricted intergovernmental | - | - | 100,844 | - | - | - | 297,115 | - | - | - | - | - | 297,115 |
| Investment earnings | - | - | 35,946 | - | - | - | 309,677 | - | - | - | - | - | 309,677 |
| Miscellaneous | - | - | - | 1,945 | - | - | 68,287 | 38,654 | 4,850 | - | - | - | 314,537 |
| Total revenues | 2,812,540 | 1,944,789 | 433,905 | 190,731 | - | - | 5,426,165 | 78,054 | 80,833 | 57,900 | 18,435 | 195,892 | 5,622,057 |
| Expenditures | | | | | | | | | | | | | |
| Current: | | | | | | | | | | | | | |
| General Government | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Public safety | - | 1,973,643 | 207,133 | 164,487 | - | - | 2,345,263 | - | - | - | 151,840 | - | 151,840 |
| Economic and physical development | - | - | - | - | - | - | 32,449 | - | - | - | - | - | 32,449 |
| Education | 70,000 | - | - | - | - | - | 70,000 | - | - | - | - | - | 70,000 |
| Capital outlay | - | - | - | - | - | - | - | - | 12,941 | 894,492 | - | - | 907,433 |
| Total expenditures | 70,000 | 1,973,643 | 207,133 | 164,487 | - | - | 2,447,712 | - | 12,941 | 894,492 | - | - | 3,007,635 |
| Revenues over (under) expenditures | 2,742,540 | (8,854) | 226,772 | 26,244 | - | - | 2,978,453 | 38,654 | 67,892 | (836,592) | (113,415) | (865,181) | 2,614,422 |
| Other financing sources (uses) | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Debt issued | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Transfers from other funds | 354,000 | 40,700 | - | - | - | - | 439,700 | - | 33,333 | - | - | - | 758,557 |
| Transfers to other funds | (12,630,000) | - | - | - | - | - | (12,220,721) | (22,892) | - | - | - | - | (12,283,613) |
| Total other financing sources (uses) - net | (12,266,000) | 40,700 | - | - | - | - | 439,700 | (22,892) | 33,333 | - | - | - | 758,557 |
| Net changes in fund balances | 476,540 | 31,846 | 226,772 | 26,244 | - | - | (2,761,971) | (22,892) | 33,333 | (836,502) | 728,724 | 735,664 | (2,045,357) |
| Fund balances | | | | | | | | | | | | | |
| Beginning of year, July 1 | 949,103 | 42,159 | 944,337 | 21,193 | 23,507 | 29,278 | 2,610,218 | 843,684 | 136,976 | 1,376,537 | - | - | 2,301,187 |
| End of year, June 30 | \$ 1,425,643 | \$ 74,005 | \$ 1,171,029 | \$ 47,437 | \$ 23,507 | \$ 66,029 | \$ 2,807,650 | \$ 859,445 | \$ 233,191 | \$ 499,035 | \$ 591,809 | \$ 2,178,470 | \$ 4,981,120 |

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, 2008
(With Comparative Totals For the Year Ended June 30, 2007)

| | 2008 | | Variance Positive (Negative) | 2007 |
|---|--------------------|---------------------|------------------------------------|-------------------|
| | Budget | Actual | | Actual |
| Revenues | | | | |
| Restricted intergovernmental | \$ 2,690,000 | \$ 2,788,942 | \$ 98,942 | \$ 2,732,436 |
| Interest earnings | - | 23,598 | 23,598 | 29,307 |
| Total revenues | <u>2,690,000</u> | <u>2,812,540</u> | <u>122,540</u> | <u>2,761,743</u> |
| Expenditures | | | | |
| Education | 70,000 | 70,000 | - | - |
| Other financing sources (uses) | | | | |
| Transfer from General Fund | - | 354,000 | 354,000 | - |
| Transfer to General Fund | (2,620,000) | (2,620,000) | - | (2,620,000) |
| Total other financing sources (uses) - net | <u>(2,620,000)</u> | <u>(2,266,000)</u> | <u>354,000</u> | |
| Revenues and other financing sources under expenditures and uses | <u>\$ -</u> | <u>476,540</u> | <u>\$ 476,540</u> | <u>\$ 141,743</u> |
| Fund balance | | | | |
| Beginning of year, July 1 | | 949,103 | | 807,360 |
| End of year, June 30 | | <u>\$ 1,425,643</u> | | <u>\$ 949,103</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, 2008
(With Comparative Totals For the Year Ended June 30, 2007)

| | 2008 | | Variance Positive (Negative) | 2007 |
|--|------------------|------------------|------------------------------------|------------------|
| | Budget | Actual | | Actual |
| Revenues | | | | |
| Ad valorem taxes | \$ 1,944,312 | \$ 1,958,940 | \$ 14,628 | \$ 1,741,283 |
| Interest Income | - | 5,849 | 5,849 | 1,864 |
| | <u>1,944,312</u> | <u>1,964,789</u> | <u>20,477</u> | <u>1,743,147</u> |
| Expenditures | | | | |
| Public safety | | | | |
| Central Fire District | 165,000 | 165,000 | - | 147,583 |
| Epsom Fire District | 85,000 | 74,844 | 10,156 | 70,494 |
| Gold Sand Fire District | 43,000 | 43,000 | - | 50,312 |
| Justice Fire District | 82,000 | 82,000 | - | 75,000 |
| Kittrell Fire District | 1,000 | 1,000 | - | 1,000 |
| Pilot Fire District | 144,383 | 144,383 | - | 129,494 |
| White Level Fire District | 66,500 | 66,500 | - | 63,000 |
| Brassfield Fire District | 6,000 | 5,768 | 232 | 6,000 |
| Mitchiners Crossroads Fire District | 115,200 | 115,200 | - | 114,750 |
| Hopkins Fire District | 8,570 | 8,570 | - | 7,572 |
| Franklinton Fire District | 198,310 | 198,310 | - | 187,205 |
| Youngsville Fire District | 695,068 | 695,068 | - | 623,286 |
| Bunn Fire District | 318,781 | 318,781 | - | 309,626 |
| Castalia Fire District | 1,200 | 1,200 | - | 1,200 |
| Centerville Fire District | 55,000 | 54,019 | 981 | 51,500 |
| Total expenditures | <u>1,985,012</u> | <u>1,973,643</u> | <u>11,369</u> | <u>1,838,022</u> |
| Revenues under expenditures | <u>(40,700)</u> | <u>(8,854)</u> | <u>31,846</u> | <u>(94,875)</u> |
| Other financing sources | | | | |
| Transfer from General fund | <u>40,700</u> | <u>40,700</u> | <u>-</u> | <u>40,700</u> |
| Appropriated fund balance | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Revenues and other sources under expenditures | <u>\$ -</u> | <u>31,846</u> | <u>\$ 31,846</u> | <u>(54,175)</u> |
| Fund balances | | | | |
| Beginning of year, July 1 | | <u>42,159</u> | | <u>96,334</u> |
| End of year, June 30 | | <u>\$ 74,005</u> | | <u>\$ 42,159</u> |

Franklin County, North Carolina
Emergency Telephone System Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2008
(With Comparative Totals For the Year Ended June 30, 2007)

| | 2008 | | Variance Positive (Negative) | 2007 |
|---|-----------------|---------------------|------------------------------------|-------------------|
| | Budget | Actual | | Actual |
| Revenues | | | | |
| Other taxes and licenses | | | | |
| E911 fees | \$ 280,000 | \$ 297,115 | \$ 17,115 | \$ 287,125 |
| Restricted intergovernmental: | | | | |
| Wireless communications | 85,000 | 100,844 | 15,844 | 136,274 |
| Interest earnings | 1,500 | 35,946 | 34,446 | 36,520 |
| Total revenues | <u>366,500</u> | <u>433,905</u> | <u>67,405</u> | <u>459,919</u> |
| Expenditures | | | | |
| Public safety - E911 | | | | |
| Operating expenses | 92,878 | 94,639 | (1,761) | 86,183 |
| Capital outlay | 59,250 | 24,926 | 34,324 | 33,834 |
| Total | <u>152,128</u> | <u>119,565</u> | <u>32,563</u> | <u>120,017</u> |
| Public safety - wireless communications | | | | |
| Operating expenses | 235,218 | 87,568 | 147,650 | 196,049 |
| Total expenditures | <u>387,346</u> | <u>207,133</u> | <u>180,213</u> | <u>316,066</u> |
| Revenues over (under) expenditures | <u>(20,846)</u> | <u>226,772</u> | <u>247,618</u> | <u>143,853</u> |
| Appropriated fund balance | <u>20,846</u> | <u>-</u> | <u>(20,846)</u> | <u>-</u> |
| Revenues and appropriated fund balance over expenditures | <u>\$ -</u> | <u>226,772</u> | <u>\$ 226,772</u> | <u>143,853</u> |
| Fund balances | | | | |
| Beginning of year, July 1 | | 944,257 | | 800,404 |
| End of year, June 30 | | <u>\$ 1,171,029</u> | | <u>\$ 944,257</u> |

Franklin County, North Carolina
DEA Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2008
(With Comparative Totals For the Year Ended June 30, 2007)

| | 2008 | | Variance Positive (Negative) | 2007 |
|-----------------------------------|----------------|------------------|------------------------------------|------------------|
| | Budget | Actual | | Actual |
| Revenues | | | | |
| Restricted intergovernmental | \$ 190,000 | \$ 188,786 | \$ (1,214) | \$ 47,608 |
| Interest income | - | 1,945 | 1,945 | - |
| Total revenues | <u>190,000</u> | <u>190,731</u> | <u>731</u> | <u>47,608</u> |
| Expenditures | | | | |
| Public safety | | | | |
| Operating expenses | <u>190,000</u> | <u>164,487</u> | <u>25,513</u> | <u>46,327</u> |
| Revenues over expenditures | <u>\$ -</u> | 26,244 | <u>\$ - 26,244</u> | 1,281 |
| Fund balances | | | | |
| Beginning of year, July 1 | | <u>21,193</u> | | <u>19,912</u> |
| End of year, June 30 | | <u>\$ 47,437</u> | | <u>\$ 21,193</u> |

Franklin County, North Carolina
Golden Leaf Foundation Project
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and for the Year Ended June 30, 2008

| | Project Author- ization | Actual | | Total to Date | Variance Positive (Negative) |
|---|-------------------------------|-------------------|------------------|-------------------|------------------------------------|
| | | Prior Year | Current Year | | |
| Revenues | | | | | |
| 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 | - | 2,256 | - | 2,256 | 2,256 |
| Total revenues | <u>1,975,000</u> | <u>833,200</u> | <u>-</u> | <u>833,200</u> | <u>(1,141,800)</u> |
| Expenditures | | | | | |
| Education | <u>1,975,000</u> | <u>809,693</u> | <u>-</u> | <u>809,693</u> | <u>1,165,307</u> |
| Revenues over expenditures | <u>-</u> | <u>23,507</u> | <u>-</u> | <u>23,507</u> | <u>23,507</u> |
| Other financing sources | | | | | |
| Transfers from other funds | <u>-</u> | <u>133,946</u> | <u>-</u> | <u>133,946</u> | <u>133,946</u> |
| Revenues and other financing sources over expenditures | <u>\$ -</u> | <u>\$ 157,453</u> | <u>-</u> | <u>\$ 157,453</u> | <u>\$ 157,453</u> |
| Fund balance | | | | | |
| Beginning of year, July 1 | | | <u>23,507</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, 2008

| | Project Author- ization | Prior Years | Actual Current Year | Total to Date | Variance Positive (Negative) |
|---|-------------------------------|----------------|---------------------------|------------------|------------------------------------|
| Revenues | | | | | |
| Restricted intergovernmental | | | | | |
| CDBG Agreement 06-C-1616 | \$ 700,000 | \$ - | \$ 20,047 | \$ 20,047 | \$ (679,953) |
| Clean Water Trust Fund 2007-810 | 45,000 | - | - | - | (45,000) |
| Interest | - | - | 949 | 949 | 949 |
| Repayment of land sale - CDBG | - | - | 3,204 | 3,204 | 3,204 |
| Louisburg contribution | 5,000 | - | - | - | (5,000) |
| Total revenues | <u>750,000</u> | <u>-</u> | <u>24,200</u> | <u>24,200</u> | <u>(725,800)</u> |
| Expenditures | | | | | |
| Scattered Site | 750,000 | - | 28,449 | 28,449 | 721,551 |
| Clean Water Project | 50,000 | - | 4,000 | 4,000 | 46,000 |
| Total expenditures | <u>800,000</u> | <u>-</u> | <u>32,449</u> | <u>32,449</u> | <u>767,551</u> |
| Revenues under expenditures | <u>(50,000)</u> | <u>-</u> | <u>(8,249)</u> | <u>(8,249)</u> | <u>41,751</u> |
| Other financing sources | | | | | |
| Transfer from General fund | 50,000 | - | 45,000 | 45,000 | (5,000) |
| Revenues and other financing sources over expenditures | <u>\$ -</u> | <u>\$ -</u> | <u>36,751</u> | <u>\$ 36,751</u> | <u>\$ 36,751</u> |
| Fund balance | | | | | |
| Beginning of year, July 1 | | | <u>29,278</u> | | |
| End of year, June 30 | | | <u>\$ 66,029</u> | | |

Franklin County, North Carolina
Revaluation Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2008

| | 2008 | | Variance Positive (Negative) |
|---|-------------|-------------|------------------------------------|
| | Budget | Actual | |
| Other financing sources (uses) | | | |
| Transfer to Capital Project Fund | (600,721) | (600,721) | - |
| Appropriated Fund Balance | 600,721 | - | (600,721) |
| Other financing sources (uses) - net | <u>\$ -</u> | (600,721) | <u>\$ (600,721)</u> |
| Fund balance | | | |
| Beginning of year, July 1 | | 600,721 | |
| End of year, June 30 | | <u>\$ -</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, 2008

| | Project Author- ization | Prior Years | Actual Current Year | Total to Date | Variance Positive (Negative) |
|-----------------------------|-------------------------------|-------------------|---------------------------|-------------------|------------------------------------|
| Revenues | | | | | |
| Investment earnings | \$ 75,000 | \$ 113,500 | \$ 38,654 | \$ 152,154 | \$ 77,154 |
| Other financing uses | | | | | |
| Transfer to General fund | (75,000) | - | (22,893) | (22,893) | 52,107 |
| Revenues over uses | <u>\$ -</u> | <u>\$ 113,500</u> | 15,761 | <u>\$ 129,261</u> | <u>\$ 129,261</u> |
| Fund balance | | | | | |
| Beginning of year, July 1 | | | <u>843,684</u> | | |
| End of year, June 30 | | | <u>\$ 859,445</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, 2008

| | Project Author- ization | Actual | | Total to Date | Variance Positive (Negative) |
|---|-------------------------------|--------------------|-------------------|------------------|------------------------------------|
| | | Prior Years | Current Year | | |
| Revenues | | | | | |
| Restricted intergovernmental: | | | | | |
| Interest income | \$ - | \$ 10,436 | \$ 4,850 | \$ 15,286 | \$ 15,286 |
| Project No. 36244.43.7.1 State | 40,236 | 29,788 | - | 29,788 | (10,448) |
| Project No. 36237.31.7.1 Federal | 150,000 | 74,027 | 75,973 | 150,000 | - |
| Other projects - net | | 25,858 | | 25,858 | 25,858 |
| Total revenues | <u>190,236</u> | <u>140,109</u> | <u>80,823</u> | <u>220,932</u> | <u>30,696</u> |
| Expenditures | | | | | |
| Capital outlay: | | | | | |
| Project No. 36244.43.7.1 State | 44,707 | 33,217 | - | 33,217 | 11,490 |
| Project No. 36237.31.7.1 Federal | 166,667 | 166,667 | (11,023) | 155,644 | 11,023 |
| Administrative costs | - | - | 23,964 | 23,964 | (23,964) |
| Total expenditures | <u>211,374</u> | <u>199,884</u> | <u>12,941</u> | <u>212,825</u> | <u>(1,451)</u> |
| Revenues under expenditures | <u>(21,138)</u> | <u>(59,775)</u> | <u>67,882</u> | <u>8,107</u> | <u>29,245</u> |
| Other financing sources | | | | | |
| Transfer from General fund | <u>21,138</u> | <u>16,667</u> | <u>33,333</u> | <u>50,000</u> | <u>28,862</u> |
| Revenues and other financing sources over (under) expenditures | <u>\$ -</u> | <u>\$ (43,108)</u> | <u>101,215</u> | <u>\$ 58,107</u> | <u>\$ 58,107</u> |
| Fund balance | | | | | |
| Beginning of year, July 1 | | | <u>130,976</u> | | |
| End of year, June 30 | | | <u>\$ 232,191</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, 2008

| | Project Author- ization | Actual | | Total to Date | Variance Positive (Negative) |
|---|-------------------------------|-------------------|------------------|---------------------|------------------------------------|
| | | Prior Year | Current Year | | |
| Revenues | | | | | |
| Interest earnings | \$ - | \$ 1,828 | \$ 57,990 | \$ 59,818 | \$ 59,818 |
| Expenditures | | | | | |
| Construction | 1,350,000 | 1,217,452 | 894,492 | 2,111,944 | 761,944 |
| Other financing sources | | | | | |
| 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 | 1,350,000 | 1,934,825 | - | 1,934,825 | 584,825 |
| Total revenues and other financing sources over (under) expenditures | \$ - | \$ 719,201 | (836,502) | \$ (117,301) | \$ (117,301) |
| Fund balance | | | | | |
| Beginning of year, July 1 | | | 1,326,527 | | |
| End of year, June 30 | | | \$ 490,025 | | |

Franklin County, North Carolina
Revaluation Project Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and for the Year Ended June 30, 2008

| | Project Author- ization | Prior Year | Actual Current Year | Total to Date | Variance Positive (Negative) |
|---|-------------------------------|---------------|---------------------------|-------------------|------------------------------------|
| Revenues | | | | | |
| Interest earnings | \$ - | \$ - | \$ 18,425 | \$ 18,425 | \$ 18,425 |
| Expenditures | | | | | |
| Appraisal | 708,000 | - | 151,840 | 151,840 | (556,160) |
| Other financing sources | | | | | |
| Transfer from General fund | 108,000 | - | 124,503 | 124,503 | 16,503 |
| Transfer from Special Revenue Fund | 600,000 | - | 600,721 | 600,721 | 721 |
| Total other sources | 708,000 | - | 725,224 | 725,224 | 17,224 |
| Total revenues and other financing sources over expenditures | \$ - | \$ - | 591,809 | \$ 591,809 | \$ 591,809 |
| Fund balance | | | | | |
| Beginning of year, July 1 | | | - | | |
| End of year, June 30 | | | \$ 591,809 | | |

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, 2008

| | Budget | Actual | Variance Positive (Negative) |
|---|------------------|---------------------|------------------------------------|
| Revenues | | | |
| Operating revenues | | | |
| Water fees | \$ 4,343,258 | \$ 4,009,957 | \$ (333,301) |
| Sewer fees | 1,333,333 | 1,093,469 | (239,864) |
| Other charges for services | 847,400 | 738,042 | (109,358) |
| | <u>6,523,991</u> | <u>5,841,468</u> | <u>(682,523)</u> |
| Nonoperating revenues: | | | |
| Interest earnings | - | 78,442 | 78,442 |
| Total revenues | <u>6,523,991</u> | <u>5,919,910</u> | <u>(604,081)</u> |
| Other financing source (use) | | | |
| Operating grant | - | 40,000 | 40,000 |
| Transfers from General fund | (350,000) | (350,000) | - |
| Total other financing sources (use) - net | <u>(350,000)</u> | <u>(310,000)</u> | <u>40,000</u> |
| Expenditures - Water Dept | | | |
| Salaries and employee benefits | 574,856 | 545,102 | 29,754 |
| Water purchases | 2,875,000 | 343,073 | 2,531,927 |
| Other operating expenditures | 299,575 | 2,663,857 | (2,364,282) |
| Capital outlay | 105,800 | | 105,800 |
| Debt service: | | | |
| Interest and other charges | 425,280 | 422,779 | 2,501 |
| Debt principal | 450,000 | 450,000 | - |
| Total expenditures - Water | <u>4,730,511</u> | <u>4,424,811</u> | <u>305,700</u> |
| Expenditures - Sewer Dept | | | |
| Salaries and employee benefits | 311,840 | 253,493 | 58,347 |
| Contracted services | 141,850 | 121,388 | 20,462 |
| Other operating expenditures | 398,925 | 476,161 | (77,236) |
| Debt service: | | | |
| Interest and other charges | 317,207 | 242,250 | 74,957 |
| Debt principal | 564,675 | 564,751 | (76) |
| Total expenditures - Sewer | <u>1,734,497</u> | <u>1,658,043</u> | <u>76,454</u> |
| Total expenditures | <u>6,465,008</u> | <u>6,082,854</u> | <u>382,154</u> |
| Appropriated fund balance | <u>291,017</u> | - | <u>(291,017)</u> |
| Revenues, appropriated fund balance, and other financing sources over expenditures | <u>\$ -</u> | <u>\$ (472,944)</u> | <u>\$ (472,944)</u> |
| Reconciliation from budgetary basis (modified accrual) to full accrual | | | |
| Revenues and other financing sources over expenditures | | \$ (472,944) | |
| Debt service payment | | 1,014,751 | |
| Depreciation | | (876,790) | |
| Capital outlay | | - | |
| Increase in accrued vacation pay | | - | |
| Water and Sewer Fund full accrual | | <u>(334,983)</u> | |
| Water and Sewer Capital Project Fund full accrual | | <u>271,354</u> | |
| Change in net assets | | <u>\$ (63,629)</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, 2008

| | Project Author - ization | Actual | | Total to Date | Variance Positive (Negative) |
|--|--------------------------------|---------------------|-------------------|---------------------|------------------------------------|
| | | Prior Year | Current Year | | |
| Revenues | | | | | |
| Restricted intergovernmental: | | | | | |
| Federal grants | \$ 2,250,000 | \$ 959,599 | \$ - | \$ 959,599 | \$ (1,290,401) |
| State grants | 400,000 | 1,150,000 | - | 1,150,000 | 750,000 |
| Investment earnings | 2,000 | 27,067 | 186,976 | 214,043 | 212,043 |
| Total revenues | <u>2,652,000</u> | <u>2,136,666</u> | <u>186,976</u> | <u>2,323,642</u> | <u>(328,358)</u> |
| Expenditures | | | | | |
| Construction | <u>14,363,615</u> | <u>7,331,603</u> | <u>175,674</u> | <u>7,507,277</u> | <u>6,856,338</u> |
| Revenues over (under) expenditures | <u>(11,711,615)</u> | <u>(5,194,937)</u> | <u>11,302</u> | <u>(5,183,635)</u> | <u>6,527,980</u> |
| Other financing sources (uses) | | | | | |
| Transfer from General fund | 419,917 | 420,197 | 85,097 | 505,294 | 85,377 |
| Transfer to General fund | (2,000) | - | (719) | (719) | 1,281 |
| Transfer from Water and Sewer fund | 600,000 | 600,000 | - | 600,000 | - |
| Transfer to Water and Sewer Fund | (167,850) | (167,909) | - | (167,909) | (59) |
| Proceeds from debt | 9,762,150 | 6,500,000 | - | 6,500,000 | (3,262,150) |
| Total other financing sources (uses) - net | <u>10,612,217</u> | <u>7,352,288</u> | <u>84,378</u> | <u>7,436,666</u> | <u>(3,175,551)</u> |
| Appropriated fund balance | 1,099,398 | - | - | - | (1,099,398) |
| Revenues, appropriated fund balance, and other financing sources over expenditures and uses | <u>\$ -</u> | <u>\$ 2,157,351</u> | <u>\$ 95,680</u> | <u>\$ 2,253,031</u> | <u>\$ 2,253,031</u> |
| Reconciliation from budgetary basis (modified accrual) to full accrual | | | | | |
| Revenues and other sources over expenditures and other uses | | | \$ 95,680 | | |
| Capital outlay | | | <u>175,674</u> | | |
| | | | <u>\$ 271,354</u> | | |



INTERNAL SERVICE FUNDS

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

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



Franklin County, North Carolina
Insurance Fund
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
For the Year Ended June 30, 2008
(With Comparative Totals For the Year Ended June 30, 2007)

| | 2008 | | Variance Positive (Negative) | 2007 |
|---|--------------|--------------|------------------------------------|--------------|
| | Budget | Actual | | Actual |
| Revenues | | | | |
| Contributions from employees | \$ 5,068,168 | \$ 5,083,709 | \$ 15,541 | \$ 4,335,054 |
| Interest earnings | - | 1,984 | 1,984 | 26,990 |
| Total revenues | 5,068,168 | 5,085,693 | 17,525 | 4,362,044 |
| Expenditures | | | | |
| Health insurance | 4,569,645 | 4,656,338 | (86,693) | 3,950,885 |
| Property and liability insurance | 372,000 | 313,628 | 58,372 | 304,961 |
| Workers' compensation insurance | 500,000 | 454,746 | 45,254 | 322,917 |
| Unemployment claims | 80,000 | 42,093 | 37,907 | 41,519 |
| Total expenditures | 5,521,645 | 5,466,805 | 54,840 | 4,620,282 |
| Revenues over (under) expenditures | (453,477) | (381,112) | 72,365 | (258,238) |
| Appropriated fund balance | 456,177 | - | (456,177) | - |
| Revenues and appropriated fund balance over (under) expenditures | \$ 2,700 | (381,112) | \$ (383,812) | \$ (258,238) |
| Fund balances | | | | |
| Beginning of year, July 1 | | 496,596 | | |
| End of year, June 30 | | \$ 115,484 | | |
| Reconciliation from financial plan basis (modified accrual) to full accrual: | | | | |
| Total revenues | | \$ 5,085,693 | | |
| Total expenditures | | 5,466,805 | | |
| Change in net assets | | \$ (381,112) | | |



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, 2008

| | Balance July 1, 2007 | Additions | Deductions | Balance June 30, 2008 |
|----------------------------------|----------------------------|--------------|--------------|-----------------------------|
| Social Services | | | | |
| Assets | | | | |
| Cash and cash equivalents | \$ 45,865 | \$ 219,043 | \$ 206,066 | \$ 58,842 |
| Liabilities | | | | |
| Miscellaneous liabilities | \$ 45,865 | \$ 219,043 | \$ 206,066 | \$ 58,842 |
| Fines and Forfeitures | | | | |
| Assets | | | | |
| Cash and cash equivalents | \$ - | \$ 408,342 | \$ 408,342 | \$ - |
| Liabilities | | | | |
| Intergovernmental payable | \$ - | \$ 408,342 | \$ 408,342 | \$ - |
| Motor Vehicle Tax | | | | |
| Assets | | | | |
| Cash and cash equivalents | \$ - | \$ 2,182,316 | \$ 2,182,316 | \$ - |
| Liabilities | | | | |
| Miscellaneous liabilities | \$ - | \$ 2,182,316 | \$ 2,182,316 | \$ - |
| State Vehicle Interest | | | | |
| Assets | | | | |
| Cash and cash equivalents | \$ 2,791 | \$ 31,866 | \$ 32,387 | \$ 2,270 |
| Liabilities | | | | |
| Intergovernmental payable | \$ 2,791 | \$ 31,866 | \$ 32,387 | \$ 2,270 |
| Jail Fund | | | | |
| Assets | | | | |
| Cash and cash equivalents | \$ 4,738 | \$ 163,217 | \$ 159,384 | \$ 8,571 |
| Liabilities | | | | |
| Miscellaneous liabilities | \$ 4,738 | \$ 163,217 | \$ 159,384 | \$ 8,571 |
| Totals - All Agency Funds | | | | |
| Assets | | | | |
| Cash and cash equivalents | \$ 53,394 | \$ 3,004,784 | \$ 2,988,495 | \$ 69,683 |
| Liabilities | | | | |
| Miscellaneous liabilities | \$ 50,603 | \$ 2,564,576 | \$ 2,547,766 | \$ 67,413 |
| Intergovernmental payable | 2,791 | 440,208 | 440,729 | 2,270 |
| Total liabilities | \$ 53,394 | \$ 3,004,784 | \$ 2,988,495 | \$ 69,683 |





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, 2008

| <u>Fiscal Year</u> | Uncollected Balance June 30, 2007 | Additions | Collections And Credits | Uncollected Balance June 30, 2008 |
|--------------------|---|----------------------|----------------------------|---|
| 2007-2008 | \$ - | \$ 30,961,515 | \$ 29,829,374 | \$ 1,132,141 |
| 2006-2007 | 807,912 | - | 537,732 | 270,180 |
| 2005-2006 | 197,308 | - | 44,207 | 153,101 |
| 2004-2005 | 130,943 | - | 19,204 | 111,739 |
| 2003-2004 | 115,401 | - | 13,360 | 102,041 |
| 2002-2003 | 145,482 | - | 8,685 | 136,797 |
| 2001-2002 | 84,221 | - | 5,284 | 78,937 |
| 2000-2001 | 66,376 | - | 4,038 | 62,338 |
| 1999-2000 | 49,452 | - | 2,804 | 46,648 |
| 1998-1999 | 47,126 | - | 1,813 | 45,313 |
| 1997-1998 | 44,275 | - | 44,275 | - |
| | <u>\$ 1,688,496</u> | <u>\$ 30,961,515</u> | <u>\$ 30,510,776</u> | <u>2,139,235</u> |
| | | | | Less: allowance for uncollectible accounts: |
| | | | | <u>(151,000)</u> |
| | | | | Ad valorem taxes receivable - net |
| | | | | <u>\$ 1,988,235</u> |
| | | | | Reconciliation with revenues |
| | | | | Ad valorem taxes - General Fund |
| | | | | <u>\$ 30,721,411</u> |
| | | | | Reconciling items: |
| | | | | Amounts written off for 1997-1998 levy |
| | | | | 42,821 |
| | | | | Interest collected |
| | | | | (145,565) |
| | | | | Discounts and adjustments |
| | | | | <u>(107,891)</u> |
| | | | | Total reconciling items |
| | | | | <u>(210,635)</u> |
| | | | | Total collections and credits |
| | | | | <u>\$ 30,510,776</u> |

Franklin County, North Carolina
 Analysis of Current Tax Levy
 County - wide Levy
 For the Year Ended June 30, 2008

| | County - wide | | | Total Levy | |
|---|-------------------------|-----------|----------------------|--|---------------------------------|
| | Property Valuation | Rate | Amount of Levy | Property excluding Registered Motor Vehicles | Registered Motor Vehicles |
| Original levy | | | | | |
| Property taxed at current year's rate | \$ 3,238,972,036 | 0.822500% | \$ 26,640,545 | \$ 26,640,545 | \$ - |
| Motor vehicles taxed at current year's rate | 260,343,708 | 0.822500% | 2,141,327 | - | 2,141,327 |
| Motor vehicles taxed at prior year's rate | 147,259,331 | 0.822500% | 1,211,208 | - | 1,211,208 |
| Penalties | - | | 53,948 | 53,948 | - |
| Total | <u>3,646,575,075</u> | | <u>30,047,028</u> | <u>26,694,493</u> | <u>3,352,535</u> |
| Discoveries | | | | | |
| Current year taxes | 138,680,608 | 0.822500% | 1,140,648 | 1,094,599 | 46,049 |
| Prior year taxes | - | | 31,345 | 31,345 | - |
| Late listing | - | | 15,462 | 15,462 | - |
| Lien costs | - | | 8,451 | 8,451 | - |
| Discounts | - | | (167,634) | (167,634) | - |
| Abatements and releases | - | | (113,785) | (42,320) | (71,465) |
| Total | <u>\$ 3,785,255,683</u> | | <u>30,961,515</u> | <u>27,634,396</u> | <u>3,327,119</u> |
| Less, uncollected taxes at June 30, 2008 | | | <u>1,132,141</u> | <u>575,940</u> | <u>556,201</u> |
| Current year's taxes collected | | | <u>\$ 29,829,374</u> | <u>\$ 27,058,456</u> | <u>\$ 2,770,918</u> |
| Current levy collection percentage | | | <u>96.34%</u> | <u>97.92%</u> | <u>83.28%</u> |

Franklin County, North Carolina
Analysis of Current Tax Levy
County - wide Levy
For the Year Ended June 30, 2008

Secondary Market Disclosures:

| | |
|---|--------------------|
| Assessed Valuation: | |
| Assessment Ratio ¹ | 100 % |
| Real Property | \$ 3,108,771,833 |
| Personal Property | 552,804,865 |
| Public Service Companies ² | <u>123,678,985</u> |
| Total Assessed Valuation | \$ 3,785,255,683 |
| | |
| Tax Rate per \$100 | 0.8225 |
| | |
| Levy (includes discoveries, releases and abatements) ³ | \$ 30,961,515 |

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, 2008:

| | |
|---------------------------|--------------|
| Fire Protection Districts | \$ 1,982,133 |
|---------------------------|--------------|

¹ Percentage of appraised value has been established by statute.

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

³ The levy includes interest and penalties.

Franklin County, North Carolina
Ten Largest Taxpayers
For the Year Ended June 30, 2008

| <u>Taxpayer</u> | <u>Type of Business</u> | <u>Assessed Valuation</u> | <u>Percentage of Total Assessed Valuation</u> |
|--------------------------------------|-------------------------|-------------------------------|---|
| Novo Nordisk | Manufacturing | \$ 102,031,987 | 2.70% |
| Progress Energy | Utility | 49,500,850 | 1.31% |
| Carolina Telephone | Utility | 35,352,977 | 0.93% |
| Wake Electric Membership Corporation | Utility | 27,163,797 | 0.72% |
| Den- Mark Construction | Construction | 16,980,025 | 0.45% |
| Louisburg HIMA | Hospital | 13,016,918 | 0.34% |
| Olde Liberty Club, Inc | Manufacturing | 12,330,867 | 0.33% |
| Harold G. Bagwell | Manufacturing | 10,059,457 | 0.27% |
| Flextronics | Manufacturing | 9,246,274 | 0.24% |
| Sirchie Finger Print Labs | Manufacturing | 9,155,905 | 0.24% |
| Total | | \$ 284,839,057 | 7.52% |



STATISTICAL SECTION



Franklin County, North Carolina
Net Assets by Component
(accrual basis of accounting)

| | F.Y.E. <u>2008</u> | F.Y.E. <u>2007</u> |
|--|-------------------------------------|-------------------------------------|
| Governmental activities | | |
| Invested in capital assets, net of related debt | \$22,829,989 | \$24,016,990 |
| Restricted | - | - |
| Unrestricted | <u>(30,128,888)</u> | <u>(17,329,425)</u> |
| Total governmental activities net assets | <u>(7,298,899)</u> | <u>6,687,565</u> |
| Business-type activities | | |
| Invested in capital assets, net of related debt | 7,639,425 | 10,041,448 |
| Unrestricted | <u>6,098,885</u> | <u>3,760,491</u> |
| Total business-type activities net assets | <u>13,738,310</u> | <u>13,801,939</u> |
| Primary government | | |
| Invested in capital assets, net of related debt | 30,469,414 | 34,058,438 |
| Restricted | - | - |
| Unrestricted | <u>(24,030,003)</u> | <u>(13,568,934)</u> |
| Total primary government net assets | <u><u>\$6,439,411</u></u> | <u><u>\$20,489,504</u></u> |

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

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

Franklin County, North Carolina
Changes in Net Assets, Last Three fiscal years

| | <u>F.Y.E.</u> <u>2008</u> | <u>F.Y.E.</u> <u>2007</u> | <u>F.Y.E.</u> <u>2006</u> | <u>F.Y.E.</u> <u>2005</u> |
|--|------------------------------|------------------------------|------------------------------|------------------------------|
| Expenses | | | | |
| Governmental Activities | | | | |
| General government | \$4,325,531 | \$7,154,891 | \$3,772,123 | \$5,686,247 |
| Public Safety | 17,743,122 | 14,440,777 | 12,328,799 | 11,462,533 |
| Economic and physical development | 5,694,167 | 2,627,867 | 3,107,944 | 3,212,065 |
| Human services | 18,321,190 | 18,251,014 | 17,358,323 | 15,821,501 |
| Cultural and recreation | 1,728,413 | 1,383,297 | 1,275,730 | 1,087,237 |
| Education | 32,065,518 | 12,209,081 | 13,617,183 | 11,202,659 |
| Interest on long-term debt | 2,508,273 | 1,697,224 | 1,351,352 | 1,146,215 |
| Total governmental activities expenses | <u>\$82,386,214</u> | <u>\$57,764,151</u> | <u>\$52,811,454</u> | <u>\$49,618,457</u> |
| Business-type activities | | | | |
| Water and Sewer Department | 5,944,894 | 5,679,134 | 5,341,717 | 4,792,247 |
| Total business-type activities expense | <u>5,944,894</u> | <u>5,679,134</u> | <u>5,341,717</u> | <u>4,792,247</u> |
| Total primary government expenses | <u>\$88,331,108</u> | <u>\$63,443,285</u> | <u>\$58,153,171</u> | <u>\$54,410,704</u> |
| Program Revenues | | | | |
| Governmental activities: | | | | |
| Charges for services: | | | | |
| General government | \$374,128 | \$690,055 | \$765,073 | \$853,792 |
| Public Safety | 2,290,945 | 3,669,494 | 2,005,405 | 3,056,930 |
| Economic and physical development | 2,709,670 | 2,509,345 | 1,227,746 | 1,245,584 |
| Human services | 3,644,913 | 4,369,288 | 4,902,180 | 3,603,385 |
| Cultural and recreation | 30,394 | 70,066 | 54,551 | 48,557 |
| Operating grants and contributions | 10,347,360 | 6,490,849 | 6,805,749 | 7,485,903 |
| Capital Grants and Contributions | 1,279,853 | 1,257,057 | 1,443,355 | 620,758 |
| Total governmental activities program revenues | <u>20,677,263</u> | <u>19,056,154</u> | <u>17,204,059</u> | <u>16,914,909</u> |
| Business-type activities: | | | | |
| Charges for services: | | | | |
| Water and sewer | 5,841,469 | 6,280,308 | 5,040,245 | 4,227,757 |
| Operating grants and contributions | - | - | - | - |
| Capital Grants and Contributions | 40,000 | 400,000 | - | 540,400 |
| Total business-type activities program revenues | <u>5,881,469</u> | <u>6,680,308</u> | <u>5,040,245</u> | <u>4,768,157</u> |
| Total primary government program revenues | <u>\$26,558,732</u> | <u>\$25,736,462</u> | <u>\$22,244,304</u> | <u>\$21,683,066</u> |

continued

| | <u>F.Y.E.</u> <u>2008</u> | <u>F.Y.E.</u> <u>2007</u> | <u>F.Y.E.</u> <u>2006</u> | <u>F.Y.E.</u> <u>2005</u> |
|---|------------------------------|------------------------------|------------------------------|------------------------------|
| Net (Expense)/Revenue | | | | |
| Governmental activities | \$61,708,951 | \$38,707,997 | \$35,607,395 | \$32,703,548 |
| Business-type activities | (63,425) | 1,001,174 | (301,472) | (24,090) |
| Total primary government net expense | \$61,645,526 | \$39,709,171 | \$35,305,923 | \$32,679,458 |
| | | | | |
| General Revenues and Other Changes in Net Assets | | | | |
| Governmental activities | | | | |
| Taxes: | | | | |
| Property Taxes | \$33,151,702 | \$30,083,554 | \$28,883,215 | \$27,545,182 |
| Sales Taxes | 11,207,755 | 11,152,255 | 10,102,630 | 9,434,955 |
| Investment Earnings | 1,741,188 | 2,170,710 | 1,002,338 | 464,709 |
| Miscellaneous - Unrestricted | 1,313,221 | 1,513,097 | 1,460,931 | 683,157 |
| Transfers | 265,622 | (298,492) | (915,272) | (1,341,117) |
| Total government activities | 47,679,488 | 44,621,124 | 40,533,842 | 36,786,886 |
| Business-type activities: | | | | |
| Investment earnings | 265,418 | 131,441 | 58,743 | 37,881 |
| Transfers | (265,622) | 298,492 | 915,272 | 1,341,117 |
| Total business-type activities | (204) | 429,933 | 974,015 | 1,378,998 |
| Total primary government | \$47,679,284 | \$45,051,057 | \$41,507,857 | \$38,165,884 |
| | | | | |
| Change in Net Assets | | | | |
| Governmental activities | (\$14,029,463) | \$5,913,127 | \$4,926,447 | \$4,083,338 |
| Business-type activities | (63,629) | 1,431,107 | 672,543 | 1,354,908 |
| Total primary government | (\$14,093,092) | \$7,344,234 | \$5,598,990 | \$5,438,246 |

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

Franklin County, North Carolina
Fund Balances, Governmental Funds,
Last ten years

| General Fund | 2008 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. |
|------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Reserved | \$2,481,839 | \$4,106,149 | \$3,319,202 | \$1,885,697 | \$2,340,493 | \$2,997,313 | \$2,588,169 | \$2,143,097 | \$1,799,831 | \$1,784,489 |
| Unreserved - restricted | \$4,308,826 | \$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 |
| Unreserved - Undesignated | 11,455,767 | 11,230,851 | 12,164,678 | 12,870,944 | 10,033,424 | 8,988,385 | 7,173,874 | 7,745,970 | 7,286,978 | 7,330,379 |
| Total general fund | \$18,246,432 | \$18,097,293 | \$18,897,293 | \$17,422,075 | \$13,698,778 | \$13,505,948 | \$12,262,683 | \$11,700,828 | \$12,010,757 | \$11,011,798 |
| All other Governmental Funds | | | | | | | | | | |
| Reserved | 4,099,959 | 2,925,146 | 1,359,771 | 1,476,760 | 1,368,317 | 1,764,634 | 1,766,715 | 742,878 | 2,216,142 | 555,745 |
| Unreserved, reported in: | | | | | | | | | | |
| Special revenue funds | 2,290,957 | 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 |
| Capital projects funds | 1,386,415 | 13,107,522 | (543,129) | 1,740,520 | 298,873 | 529,217 | 178,569 | 4,648,142 | (137,329) | 1,205,936 |
| Total all other governmental funds | \$8,777,331 | \$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 |

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

Franklin County, North Carolina
 Changes in Fund Balance - Governmental Funds
 Last Ten Years

| | F.Y.E. 2008 | 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 |
|--|--------------------|--------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|
| Revenues | | | | | | | | | | |
| Taxes | \$32,680,351 | \$30,126,452 | \$28,870,947 | \$27,608,433 | \$26,414,550 | \$24,266,653 | \$22,964,733 | \$20,097,374 | \$18,913,984 | \$17,239,195 |
| Sales Tax | 11,207,755 | 11,152,255 | 10,102,400 | 9,634,955 | 8,379,344 | 6,954,074 | 6,345,460 | 6,311,134 | 6,217,906 | 5,824,348 |
| Other taxes and licenses | 399,491 | 389,430 | 299,512 | 284,775 | 273,067 | 261,224 | 269,212 | 250,749 | 330,081 | 230,419 |
| Unrestricted intergovernmental | 637,646 | 348,831 | 302,393 | 272,333 | 309,898 | 255,169 | 659,512 | 1,106,522 | 1,092,653 | 1,107,219 |
| Permits and Fees | 9,360,249 | 7,905,708 | 8,159,323 | 7,576,655 | 7,347,753 | 8,875,627 | 11,399,115 | 10,005,999 | 12,592,689 | 5,543,712 |
| Rentals and Income | 2,268,394 | 2,154,766 | 1,804,180 | 1,528,965 | 1,312,113 | 1,212,207 | 1,026,351 | 980,898 | 1,034,661 | 1,041,850 |
| Sales and service | 9,097,445 | 9,431,137 | 7,547,353 | 5,328,753 | 7,165,442 | 7,069,189 | 6,200,518 | 5,233,026 | 4,617,772 | 4,826,699 |
| Investment Earnings | 1,739,204 | 2,143,720 | 939,838 | 480,463 | 237,474 | 353,237 | 569,923 | 1,209,803 | 1,144,743 | 1,047,117 |
| Other revenues | 120,879 | 172,869 | 603,775 | 425,026 | 415,691 | 246,941 | 260,530 | 486,074 | 114,754 | 349,061 |
| Total revenues | 67,411,414 | 63,725,168 | 58,670,251 | 55,120,362 | 51,873,334 | 30,498,321 | 49,695,154 | 45,675,579 | 46,420,243 | 37,209,620 |
| Expenditures | | | | | | | | | | |
| General government | 4,947,681 | 6,887,064 | 3,808,263 | 4,411,047 | 3,936,179 | 3,425,795 | 2,641,002 | 2,892,083 | 3,486,849 | 2,878,341 |
| Public Safety | 16,989,641 | 14,136,087 | 12,517,803 | 10,909,475 | 10,932,115 | 10,042,570 | 9,027,151 | 9,101,312 | 8,226,707 | 7,490,674 |
| Economic and Physical Development | 5,397,420 | 5,128,599 | 4,896,599 | 5,598,734 | 5,293,621 | 4,297,477 | 1,790,994 | 822,495 | 858,387 | 764,246 |
| Human Services | 18,410,690 | 17,937,867 | 17,413,333 | 16,292,325 | 15,305,034 | 14,631,324 | 14,454,618 | 13,973,949 | 13,168,414 | 12,146,999 |
| Cultural and recreation | 1,625,597 | 1,286,120 | 1,198,617 | 1,015,483 | 1,126,094 | 1,015,441 | 1,754,639 | 973,244 | 964,865 | 839,195 |
| Education | 13,061,750 | 12,209,081 | 13,617,183 | 11,202,659 | 10,004,326 | 11,303,139 | 7,381,815 | 6,948,736 | 7,473,175 | 7,493,681 |
| Capital outlay | 19,902,241 | 20,280,156 | 392,655 | 443,671 | 582,658 | 349,022 | 9,890,303 | 6,626,167 | 7,039,483 | 6,658,095 |
| Debt service | 3,837,482 | 2,738,778 | 2,888,782 | 2,508,598 | 2,605,200 | 2,591,356 | 2,562,902 | 2,274,615 | 2,254,358 | 1,886,802 |
| Principal | 2,508,273 | 1,697,224 | 1,351,352 | 1,502,858 | 1,588,798 | 1,702,372 | 1,825,453 | 1,740,810 | 1,846,467 | 1,909,923 |
| Interest and other fees | 80,680,975 | 82,300,976 | 58,086,587 | 53,886,850 | 51,376,025 | 49,360,396 | 51,318,867 | 45,346,611 | 45,322,705 | 42,061,956 |
| Total Expenditures | 119,269,561 | 118,575,808 | 583,664 | 1,233,512 | 497,309 | 1,177,925 | 11,623,613 | 328,968 | 1,097,538 | (4,852,336) |
| Excess of revenues over under expenditures | | | | | | | | | | |
| Other Financing Sources (Uses) | | | | | | | | | | |
| Transfers to other funds | (3,926,247) | (3,124,502) | (3,953,044) | (5,070,524) | (3,680,370) | (4,372,337) | (4,505,060) | (3,678,783) | (3,160,899) | (3,000,624) |
| Transfers from other funds | 4,191,869 | 2,826,010 | 3,032,772 | 3,739,407 | 2,307,497 | 3,372,930 | 3,505,060 | 2,456,288 | 3,211,108 | 3,054,296 |
| Sale of capital assets | 245,728 | 5,000 | - | 35,150 | 177,172 | 2,397 | 5,090 | 142,238 | 36,822 | 76,177 |
| Debt in reserve for inventory | 0 | 125,493 | 56,965 | - | - | - | - | - | - | - |
| Proceeds from long-term debt | 8,600,000 | 34,095,000 | 304,707 | 3,150,000 | 642,000 | - | - | 4,000,000 | - | 10,505,000 |
| Proceeds of refunded debt | - | - | - | 3,350,000 | - | - | - | - | - | - |
| Payment of refunded debt | - | - | - | (13,586,950) | - | - | - | - | - | - |
| Payment of refunded debt - error | - | - | - | - | - | - | - | - | - | - |
| Total other financing sources (uses) | 9,111,350 | 33,776,013 | (553,600) | 1,807,083 | 1,533,701 | 1,993,410 | (994,910) | 2,919,743 | 83,091 | (1,150,329) |
| Net changes in fund balance | 110,158,211 | 15,200,205 | 30,064 | 3,046,595 | 140,515 | (2,818,521) | 3,248,711 | 1,184,629 | 16,002,663 | 10,71% |
| Debt service as a percentage of noncapital expenditures | 9.30% | 7.15% | 7.35% | 7.31% | 8.26% | 8.76% | 10.59% | 10.37% | 10.71% | 10.71% |

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

| Fiscal Year Ended June 30 | Assessed Value | Net General Obligation Bonded Debt | Ratio of Net General Obligation Bonded Debt to Assessed Value | Population | Net General Obligation Bonded Debt Per Capita |
|----------------------------------|-----------------------|---|--|-------------------|--|
| 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 |
| 2008 | 3,785,255,683 | 38,800,000 | 1.0250% | 56,470 | 687.09 |

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

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 |
|--|------------------|------------------------------|-----------------------------------|--|--|
| 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% |
| 2008 | 2,125,000 | 1,508,880 | 3,633,880 | 86,680,975 | 4.19% |

Note: Includes General, Special Revenue and Capital Projects.
Does not include COP Debt. expended in the school construction fund

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

| | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 | 2001 | 2000 | 1999 | 1998 |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Assessed Value of Taxable Property | 3,785,255,683 | 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 | \$302,820,455 | \$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 | \$122,081,599 |
| Gross debt | | | | | | | | | | | |
| Total bonded debt | 38,800,000 | 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 | 53,000,000 | 8,600,000 | 28,600,000 | 28,600,000 | - | - | - | - | - | - | - |
| Lease financing agreements | 43,961,970 | 27,762,105 | 15,343,228 | 16,840,000 | 16,680,160 | 17,711,099 | 19,327,355 | 20,915,257 | 18,214,872 | 19,494,293 | 20,880,032 |
| Gross Debt | \$135,761,970 | \$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 | \$135,761,970 | \$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 | \$167,058,485 | \$215,614,161 | \$213,696,126 | \$188,257,649 | \$169,885,689 | \$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 | 44.83% | 24.16% | 21.17% | 24.18% | 15.25% | 17.15% | 19.28% | 21.89% | 21.16% | 24.25% | 32.87% |

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 |
|----------------------------------|---------------------|----------------------------|--------------------------|----------------------------|------------------------|--------------------|--------------|
| 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 | 3.9545 |
| 2005 | 0.6900 | 0.6800 | 0.4850 | 0.5600 | 0.7900 | 0.5400 | 3.7450 |
| 2006 | 0.6900 | 0.6800 | 0.4850 | 0.5600 | 0.7900 | 0.5400 | 3.7450 |
| 2007 | 0.6900 | 0.6800 | 0.4850 | 0.5600 | 0.7900 | 0.5400 | 3.7450 |
| 2008 | 0.6900 | 0.6800 | 0.4850 | 0.5400 | 0.8225 | 0.5500 | 3.7675 |

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.

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

| Fiscal Year Ended June 30 | Real Property | Personal Property | Public Service Company Property | Total Assessed Value | County Tax Rate | Revenue Generated |
|--|--------------------------|------------------------------|--|-------------------------------------|--------------------------------|------------------------------|
| 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 |
| 2008 | 3,086,546,778 | 552,724,295 | 123,678,987 | \$3,762,950,060 | 0.8225 | 30,950,264 |

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 |
|---------------------------|-------------------|-------------------|---------------------|----------------------------|-----------------------|--|------------------------------|---------------------------------------|
| 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% |
| 2008 | 32,650,011 | 30,961,515 | 96.34% | 681,402 | 30,510,776 | 93.45% | 2,139,235 | 6.55% |

**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 |
|----------------------------------|-------------------------|------------------|---------------------------------|-----------------------------------|------------------------|---------------------------|----------------------------|-------------------------------|--------------|
| 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 |
| 2008 | 32,680,351 | 11,207,755 | 299,491 | 9,997,895 | 2,268,394 | 9,097,445 | 1,739,204 | 120,879 | \$67,411,414 |

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

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

| Fiscal Year | Governmental Activities | | | | Business-type Activities | | | | Total Primary Government | 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 | Per Capita Income | Personal Income | | | | | |
| 1999 | 18,750,000 | 1,217,175 | 18,277,118 | - | - | 10,990,000 | 18,839 | 853,180,632 | 5.7707% | 45,288 | 1,087 | | |
| 2000 | 17,775,000 | 1,015,868 | 17,199,004 | - | - | 10,855,000 | 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 | 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 | 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 | 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 | 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 | 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 | 25,191 | 1,396,815,759 | 3.2388% | 55,449 | 816 | | |
| 2007 | 32,325,000 | 4,131,424 | 23,630,681 | - | 2,320,000 | 16,407,221 | 25,890 | 1,414,126,000 | 5.5875% | 55,886 | 1,414 | | |
| 2008 | 38,800,000 | 3,602,169 | 22,447,254 | - | 2,340,000 | 15,572,547 | 26,419 | 1,464,955,000 | 5.6495% | 56,470 | 1,466 | | |

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

| Fiscal Year Ended June 30 | General Government | Public Safety | Trans- portation | Economic and Physical Development | Human Services | Cultural & Recreation | Education | Capital Outlay | Debt Service | Total |
|------------------------------------|-----------------------|------------------|---------------------|---|-------------------|--------------------------|------------|-------------------|-----------------|--------------|
| | | | | | | | | | | |
| 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 |
| 2008 | 4,947,681 | 16,989,641 | - | 5,397,420 | 18,410,690 | 1,625,597 | 13,061,750 | 19,902,241 | 6,345,955 | \$86,680,975 |

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
Computation of Direct and Underlying Debt
General Obligation Bonds
Fiscal Year ended June 30, 2008

| | Net General Obligation Bonded debt | Percent Applicable To County | Amount Applicable To County |
|---------------------|---|---|--|
| Direct: | | | |
| Franklin County | \$38,800,000 | 100.00% | \$38,800,000 |
| Underlying: | | | |
| Town of Louisburg | - | 0.00% | - |
| Town of Bunn | 75,000 | 0.00% | - |
| Town of Youngsville | - | 0.00% | - |
| Town of Franklinton | <u>1,350,000</u> | 0.00% | <u>-</u> |
| Totals | <u><u>\$40,225,000</u></u> | | <u><u>\$38,800,000</u></u> |

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

**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 |
|--|-------------------|----------------------------|----------------------------------|-----------------------|--|------------------------------|------------------------------|
| 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% |
| 2008 | 56,470 | 1,464,955,000 | 26,419 | 35.80 | NA | 8,296 | 7.00% |

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.

**Franklin County, North Carolina
Principal Employers
Current Year and Nine Years Ago**

| <u>Employer</u> | <u>Fiscal Year Ending 2008</u> | | | <u>Fiscal Year Ending 1998</u> | | |
|-------------------------|--------------------------------|-------------|------------------------------|--------------------------------|-------------|------------------------------|
| | <u>Employees</u> | <u>Rank</u> | <u>% of Total Employment</u> | <u>Employees</u> | <u>Rank</u> | <u>% of Total Employment</u> |
| Novozymes North America | 435 | 1 | 3.82% | NA | NA | NA |
| Embarq | 371 | 2 | 3.26% | NA | NA | NA |
| Franklin Regional | 315 | 3 | 2.77% | NA | NA | NA |
| K-Flex | 225 | 4 | 1.98% | NA | NA | NA |
| Food Lion LLC | 205 | 5 | 1.80% | NA | NA | NA |
| Hon Company | 200 | 6 | 1.76% | NA | NA | NA |
| Alcan Packaging | 182 | 7 | 1.60% | NA | NA | NA |
| Wal-Mart | 140 | 8 | 1.23% | NA | NA | NA |
| Captive-Aire Systems | 130 | 9 | 1.14% | NA | NA | NA |
| Southern Lithoplate | 130 | 10 | 1.14% | NA | NA | NA |
| Total | 2,333 | | 20.50% | | | |

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

Source: Economic Development Department

Franklin County, North Carolina
 Full-time Equivalent County Government Employees by Function/Program
 Last Ten Years

| | F.Y.E. 2008 | 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. 2000 | F.Y.E. 1999 | F.Y.E. 1998 |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| General Government: | | | | | | | | | | |
| Manager-Administration | 4 | 3 | 3 | 3 | 3 | 2 | 2 | n/a | n/a | n/a |
| Information Technology | 2 | 2 | 1 | - | - | - | - | n/a | n/a | n/a |
| Elections | 3 | 3 | 3 | 3 | 3 | 2 | 2 | n/a | n/a | n/a |
| Finance Office | 5 | 6 | 5 | 5 | 5 | 5 | 5 | n/a | n/a | n/a |
| Tax Assessor | 9 | 9 | 9 | 9 | 9 | 9 | 9 | n/a | n/a | n/a |
| Tax Collector | 5 | 5 | 5 | 5 | 5 | 4 | 4 | n/a | n/a | n/a |
| Register of Deeds | 5 | 5 | 5 | 5 | 5 | 5 | 5 | n/a | n/a | n/a |
| Planning | 7 | 7 | 6 | 6 | 6 | 8 | 8 | n/a | n/a | n/a |
| Public Buildings-Maintenance | 12 | 12 | 12 | 13 | 13 | 13 | 13 | n/a | n/a | n/a |
| Public Safety: | | | | | | | | | | |
| Inspections | 9 | 9 | 9 | 9 | 9 | 8 | 6 | n/a | n/a | n/a |
| GIS | 3 | 3 | 3 | 3 | 3 | 3 | 3 | n/a | n/a | n/a |
| Sheriff's Department | 63 | 61 | 47 | 45 | 44 | 41 | 41 | n/a | n/a | n/a |
| Communications - E911 | 17 | 14 | 12 | 12 | 12 | 11 | 10 | n/a | n/a | n/a |
| Jail Operations | 41 | 40 | 38 | 35 | 31 | 35 | 35 | n/a | n/a | n/a |
| Emergency Medical Services | 59 | 46 | 37 | 29 | 30 | 30 | 30 | n/a | n/a | n/a |
| Emergency Management | 4 | 4 | 3 | 3 | 3 | 3 | 3 | n/a | n/a | n/a |
| Animal Control | 5 | 5 | 5 | 4 | 4 | 4 | 3 | n/a | n/a | n/a |
| Economic and physical development: | | | | | | | | | | |
| Solid Waste-Landfill | 6 | 6 | 6 | 6 | 6 | 6 | 6 | n/a | n/a | n/a |
| Soil and Water Conservation | 4 | 4 | 4 | 4 | 4 | 3 | 3 | n/a | n/a | n/a |
| Airport Operations | 3 | 1 | 1 | - | - | - | - | n/a | n/a | n/a |
| Cooperative Extension | 3 | 3 | 1 | 2 | 3 | 2 | 2 | n/a | n/a | n/a |
| Economic Development | 3 | 3 | 3 | 2 | 2 | 2 | 2 | n/a | n/a | n/a |
| Human Services: | | | | | | | | | | |
| Health Department | 71 | 70 | 73 | 73 | 74 | 76 | 79 | n/a | n/a | n/a |
| Social Services | 93 | 92 | 89 | 87 | 87 | 108 | 108 | n/a | n/a | n/a |
| Aging Department | 11 | 11 | 11 | 9 | 9 | 10 | 10 | n/a | n/a | n/a |
| Veterans Services | 2 | 2 | 2 | 1 | 1 | 1 | 1 | n/a | n/a | n/a |
| Cultural and recreation: | | | | | | | | | | |
| Library | 8 | 8 | 8 | 8 | 8 | 8 | 8 | n/a | n/a | n/a |
| Recreation | 3 | 4 | 5 | 5 | 5 | 5 | 5 | n/a | n/a | n/a |
| Water and Sewer Department | 18 | 18 | 17 | 17 | 16 | 17 | 17 | n/a | n/a | n/a |
| Total Full-Time Positions | 478 | 456 | 423 | 403 | 400 | 421 | 421 | | | |

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

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

| Fiscal Year Ended June 30 | Residential | | Commercial | | OTHER | | Total Value |
|------------------------------------|----------------------|-------------------|----------------------|-------------------|--------------|------------------|----------------------|
| | Number of Permits | Value | Number of Permits | Value | PERMITS | VALUE | |
| 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 |
| 2008 | 638 | 68,670,110 | 93 | 37,916,101 | 1,676 | 4,587,324 | \$111,173,535 |

SOURCE: Franklin County Planning Department

Franklin County, North Carolina
 Principal Tax Payers
 Current Year and Nine Years Ago

| Taxpayer | 2008 Rank | 2008 Assessed Valuation | Percentage of Total Assessed Valuation | Property Taxes Paid | Rank | 1998 Assessed Valuation | Percentage of Total Assessed Valuation | Property Taxes Paid |
|-------------------------------|--------------|-------------------------------|--|------------------------|------|-------------------------------|--|------------------------|
| NOVO NORDISK | 1 | \$102,031,987 | 3.01% | \$839,213 | 1 | \$120,274,374 | 6.10% | \$986,250 |
| PROGRESS ENERGY | 2 | 49,500,850 | 1.46% | \$407,144 | 3 | 19,870,936 | 1.01% | \$162,942 |
| CAROLINA TELEPHONE | 3 | 35,352,977 | 1.04% | \$290,778 | 2 | 35,251,406 | 1.79% | \$289,062 |
| WAKE ELECTRIC | 4 | 27,163,797 | 0.80% | \$223,422 | 4 | 13,527,551 | 0.69% | \$110,926 |
| DEN MARK CONSTRUCTION | 5 | 16,980,025 | 0.50% | \$139,661 | - | - | 0.00% | \$0 |
| FRANKLIN REGIONAL | 6 | 13,016,918 | 0.38% | \$107,064 | 7 | 7,788,341 | 0.40% | \$63,864 |
| OLDE LIBERTY CLUB | 7 | 12,330,867 | 0.36% | \$101,421 | 8 | 6,488,914 | 0.33% | \$53,209 |
| HAROLD G. BAGWELL | 8 | 10,059,457 | 0.30% | \$82,739 | - | - | 0.00% | \$0 |
| FLEXTRONICS | 9 | 9,246,274 | 0.27% | \$76,051 | - | - | 0.00% | \$0 |
| SIRCHIE FINGER PRINT LAB INC. | 10 | 9,155,905 | 0.27% | \$75,307 | - | - | 0.00% | \$0 |
| HIEBERT, INC. | | | | | | | | |
| NOMACO | | | 0.00% | 0 | 5 | 8,591,304 | 0.44% | \$70,449 |
| BOSTON GEAR | | | 0.00% | 0 | 6 | 7,834,317 | 0.40% | \$64,241 |
| L.H.DICKENS | | | 0.00% | 0 | 9 | 6,154,558 | 0.31% | \$50,467 |
| | | | 0.00% | 0 | 10 | 5,676,523 | 0.29% | \$46,547 |
| Totals | | \$284,839,057 | 8.40% | \$2,342,801 | | \$231,458,224 | 11.74% | \$1,897,957 |

Source: Franklin County Tax Office

**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 |
|--|--|---|
| 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 |
| 2008 | - | 1,860 |

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

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

Function/Program

| | F.Y.E. 2008 | 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 |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| General Government: | | | | | | | | | | | |
| Registered voters | 34,478 | 31,500 | 31,201 | 30,188 | 30,119 | 27,119 | 26,294 | 25,842 | 27,482 | 25,537 | 24,149 |
| New Residential Building Permits | 507 | 794 | 743 | 780 | 715 | 754 | 935 | na | na | na | na |
| Land parcels | 39,451 | 39,039 | 38,291 | 37,247 | 36,347 | 36,856 | 35,153 | 34,464 | 29,910 | 27,990 | 26,500 |
| Tax bills mailed | 120,800 | 118,875 | 117,746 | 111,082 | 106,082 | 100,295 | 95,112 | 89,391 | 84,015 | 80,334 | 76,110 |
| Marriage licensed issued | 344 | 320 | 331 | 335 | 314 | 291 | 331 | 310 | 338 | 319 | na |
| Public Safety: | | | | | | | | | | | |
| Physical arrests | 360 | 360 | 284 | 324 | 350 | 356 | 237 | na | na | na | na |
| Ave monthly jail inmate count | 125 | 125 | 101 | 112 | 114 | 91 | 107 | 96 | 98 | 116 | na |
| E 911 emergency calls received | 60,741 | 49,876 | 43,234 | 37,234 | 32,357 | 34,034 | na | na | na | na | na |
| EMS/Rescue calls made | 6,283 | 6,231 | na |
| Economic and physical development: | | | | | | | | | | | |
| Tons of trash handled at landfill | 34,323 | 34,059 | 35,649 | 38,893 | 42,813 | 43,587 | 38,129 | 35,462 | 41,186 | 40,020 | 36,589 |
| Aircraft based at county airport | 79 | 85 | 57 | na |
| Human services: | | | | | | | | | | | |
| Number of Medicaid eligibles | 8,928 | 8,465 | 8,493 | 7,930 | 7,426 | 7,361 | 6,981 | 6,466 | 5,980 | 5,644 | 5,330 |
| Number of Food Stamp eligibles | 6,202 | 5,888 | 5,817 | 5,252 | 4,782 | 4,338 | 4,237 | 3,360 | 3,308 | 3,241 | 3,339 |
| Number of hospitals | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Number of patient beds | 85 | 85 | 85 | na |
| Cultural and Recreation | | | | | | | | | | | |
| Number of public libraries | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Number of volumes | 107,615 | 107,615 | 109,133 | 105,288 | 105,033 | 100,820 | 99,583 | 91,401 | 84,510 | 93,684 | 90,256 |
| Number of parks and ball fields | 3 | 3 | 3 | 3 | 3 | 2 | 2 | 2 | 1 | 0 | 0 |
| Water and Sewer: | | | | | | | | | | | |
| Number of customers - water | 2,689 | 2,613 | 2,564 | 2,183 | 1,554 | 1,324 | 1,015 | 604 | 350 | 125 | 128 |
| Average daily consumption (gals) | 2,689,000 | 2,039,587 | 1,678,219 | 1,653,962 | 1,613,562 | 1,316,775 | 1,350,000 | 1,134,352 | 852,252 | 796,258 | 815,006 |
| Miles of water lines | 153 | 146 | 137 | 135 | 128 | 120 | 120 | 90 | 52 | 17 | 16 |
| Miles of sewer lines | 37 | 32 | 31 | 30 | 29 | 25 | 42 | 24 | 24 | 16 | 16 |

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

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

| Function/Program | F.Y.E. 2008 | 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 |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| General Government: | | | | | | | | | | | |
| County office buildings | 3 | 3 | 3 | 3 | 3 | 3 | 3 | na | na | na | na |
| Vehicles | 2 | 2 | 1 | 1 | 1 | 1 | 1 | na | na | na | na |
| Public Safety: | | | | | | | | | | | |
| Stations | 5 | 4 | 4 | 4 | 4 | 4 | 4 | na | na | na | na |
| Vehicles | 70 | 62 | 59 | 57 | 57 | 56 | 56 | na | na | na | na |
| Economic and Physical Development: | | | | | | | | | | | |
| Vehicles | 2 | 2 | 1 | 1 | 1 | 1 | 1 | na | na | na | na |
| Buildings | 1 | 1 | 0 | 0 | 0 | 0 | 0 | na | na | na | na |
| Cultural and Recreation | | | | | | | | | | | |
| Acreege | 78 | 78 | 78 | 78 | 78 | 78 | 78 | na | na | na | na |
| Playgrounds | 3 | 2 | 2 | 2 | 2 | 2 | 2 | na | na | na | na |
| Baseball fields | 3 | 3 | 3 | 3 | 3 | 3 | 3 | na | na | na | na |
| Softball fields | 2 | 2 | 2 | 2 | 2 | 2 | 2 | na | na | na | na |
| Football fields | 1 | 1 | 1 | 1 | 1 | 1 | 1 | na | na | na | na |
| Parks buildings | 1 | 1 | 1 | 1 | 1 | 1 | 1 | na | na | na | na |
| Library buildings | 4 | 4 | 4 | 4 | 4 | 4 | 4 | na | na | na | na |
| Vehicles | 6 | 6 | 5 | 5 | 5 | 5 | 5 | na | na | na | na |
| Water and Sewer | | | | | | | | | | | |
| Water mains (miles) | 152 | 146 | 137 | 135 | 128 | 120 | 120 | 90 | 52 | 17 | 16 |
| Fire hydrants | 150 | 115 | 105 | 105 | 105 | 105 | 105 | na | na | na | na |
| Elevated tanks | 3 | 3 | 3 | 3 | 3 | 3 | 3 | na | na | na | na |
| Storage capacity (gallons) | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 300,000 | na | na | na | na |
| Sewer mains (miles) | 37 | 32 | 31 | 30 | 29 | 25 | 24 | 24 | 16 | 16 | na |
| Treatment capacity (gallons) | 3,000,000 | 3,000,000 | 3,000,000 | 3,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | na | na | na | na |

Franklin County, North Carolina
Other Statistical Information
June 30,2008

Date of establishment 1779
Form of government Commissioner/Manager

Employees:

Full-time, regular 490
Part-time, regular 85

Franklin County facilities and services

Sheriff protection
Number of stations 2
Number of deputies and officers 60
Number of patrol units 6

Inspections

Residential Building permits issued 507

Cultural and recreational

Number of libraries 4
Number of volumes 102,500

Water and Sewer

Number of customers 2,689
Average daily consumption (in gallons) 587
Miles of water mains 152
Miles of sanitary sewers 37

Facilities and services not included in the primary government

Hospitals

Number of hospitals 1
Number of patient beds 85

Facilities and services not included in the reporting entity

Education

Number of school systems 2
Number of community colleges 1
Number of junior colleges 1

Recreation

Golf Courses 3
Swimming Pools - All Private 5



COMPLIANCE SECTION



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Certified Public Accountants



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Jennifer T. Reese, CPA

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 Board of County Commissioners
Franklin County, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Franklin County, North Carolina as of and for the year ended June 30, 2008, which collectively comprises Franklin County's basic financial statements, and have issued our report thereon dated November 29, 2008. 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 as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Franklin County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Franklin County's internal control over financial reporting.

A control deficiency exists when designed 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 Franklin County's ability to initiate, authorize, rec-

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ord, 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 Franklin County's financial statements that is more than inconsequential will not be prevented or detected by Franklin County's internal control.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be 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 a 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 other matters involving the internal control over financial reporting, which we have reported to management of Franklin County in a separate letter dated November 29, 2008.

This report is intended solely for the information and use of the audit committee, management, others within the organization, members of the Board of County Commissioners, and federal and the 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.

Winston Williams Creech Evans & Company, LLP

Winston, Williams, Creech, Evans & Company, LLP
Certified Public Accountants
November 29, 2008

Winston, Williams, Creech, Evans & Company, LLP

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

To the Board of County Commissioners
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, 2008. 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, North Carolina'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.

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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, 2008.

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 a compliance requirement of a State program that is more than inconsequential will not be prevented or detected by Franklin 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 Franklin County's internal control.

Our consideration of the 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 the audit committee, management, others within the organization, members of the Board 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.

Winston Williams Creech Evans & Company, LLP

Winston, Williams, Creech, Evans & Company, LLP
Certified Public Accountants
November 29, 2008

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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 Board of County Commissioners
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 programs for the year ended June 30, 2008. Franklin County's major State programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major State 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 applicable sections of OMB Circular A-133, as described in the Audit Manual for Governmental Auditor's 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

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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 Franklin County's compliance with those requirements.

In our opinion, Franklin County, North Carolina complied, in all material respects, with the requirements referred to above that are applicable to each of its major State programs for the year ended June 30, 2008.

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 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 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 Franklin 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 Franklin County's internal control.

Our consideration of the 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 the audit committee, management, others within the organization, members of the Board 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.

Winston Williams, Creech, Evans & Company, LLP

Winston, Williams, Creech, Evans & Company, LLP
Certified Public Accountants
November 29, 2008

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Franklin County, North Carolina
 Schedule of Findings and Questioned Costs
 For the Fiscal Year Ended June 30, 2008

1. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? Yes No

Significant Deficiency(s) identified that are not considered to be material weaknesses Yes None reported

Noncompliance material to financial statements noted Yes No

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified? Yes No

Significant Deficiency(s) identified that are not considered to be material weaknesses Yes None reported

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

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

Identification of major federal programs:

| <u>CFDA Numbers</u> | <u>Name of Federal Program or Cluster</u> |
|---------------------|---|
| 93.778 | Medical Assistance |
| 93.575 | Subsidized Child Care Cluster |
| 93.596 | |
| 93.667 | |
| 93.558 | |
| 10.551 | Food Stamp Cluster |
| 10.561 | |

Dollar threshold used to distinguish between Type A and Type B Programs: \$ 1,580,597

Auditee qualified as low-risk auditee? Yes No

State Awards

Internal Control Over Major Programs:

Material weakness(es) identified? Yes No

Significant Deficiency(s) identified that are not considered to be material weaknesses Yes No

Type of auditors' report issued on compliance for major state program: Unqualified

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

Franklin County, North Carolina
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2008

Identification of major state Programs:

Program Name

Medical Assistance
Food Stamp Cluster
Subsidized Child Care Cluster
Youngsville Industrial Park Project
ADM
Public School Building Capital Fund

Franklin County, North Carolina
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2008

II. Financial Statement Findings

None reported.

III. Federal Awards Findings and Questioned Costs

None reported.

IV. State Award Findings and Questioned Costs

None reported.

**Franklin County, North Carolina
Corrective Action Plan
For the Fiscal Year Ended June 30, 2008**

II. Financial Statement Findings

None reported.

III Federal Awards Findings and Questioned Costs

None reported.

IV State Award Findings and Questioned Costs

None reported.

Franklin County, North Carolina
Schedule of Prior Year Audit Findings
For the Fiscal Year Ended June 30, 2008

None.

Franklin County, North Carolina
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June 30, 2008

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Franklin County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2008

| Grantor/Pass-through Grantor/Program Title | Federal CFDA Number | State/ Pass-through Grantor's Number | Federal (Direct & Pass-through) Expenditures | State Expenditures | Local Expenditures |
|--|---------------------------|---|--|-----------------------|-----------------------|
| Federal Awards: | | | | | |
| U.S. Dept. of Agriculture | | | | | |
| Food and Nutrition Service | | | | | |
| 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 | | \$ 6,987,347 | \$ - | \$ - |
| State Administrative Matching Grants for the Food Stamp Program | 10.561 | | 500,528 | - | 500,528 |
| Total Food Stamp Cluster | | | 7,487,875 | - | 500,528 |
| 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 | | 214,326 | - | - |
| Direct Benefits Payments: | | | | | |
| Special Supplemental Nutrition Program for Women, Infants, & Children | 10.557 | | 911,538 | - | - |
| Passed-through the Kerr-Tar Council of Governments: | | | | | |
| Nutrition Program for the Elderly | 10.570 | | 35,371 | - | - |
| Total U.S. Dept. of Agriculture | | | 8,649,110 | - | 500,528 |
| U.S. Dept. of Housing and Urban Development | | | | | |
| Passed-through the N.C. Dept. of Commerce: | | | | | |
| Community Development Block Grant, Small Cities | 14.228 | 06-C-1616 | 28,449 | - | - |
| U.S. Dept. of Transportation | | | | | |
| Federal Aviation Administration | | | | | |
| Passed-through the N.C. Dept. of Transportation: | | | | | |
| State Block Grant Program | 20.106 | | 75,973 | - | - |
| U.S. Dept. of Health and Human Services | | | | | |
| Administration on Aging | | | | | |
| Division of Social Services | | | | | |
| Passed-through the Kerr-Tar Council of Governments: | | | | | |
| Aging Cluster: | | | | | |
| Special Programs for the Aging - Title III F Health Promotion | 93.043 | | 4,303 | 275 | - |
| Special Programs for the Aging - Title III B Grants for Supportive Services | 93.044 | | 53,374 | 200,196 | - |
| Special Programs for the Aging - Title III C Nutrition Services | 93.045 | | 77,740 | 43,818 | - |
| Family Caregiver Support | 93.052 | | 6,580 | 420 | - |
| Total Aging Cluster | | | 141,997 | 244,709 | - |
| Administration for Children and Families | | | | | |
| 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 | | 163,889 | 23,368 | 140,521 |
| Foster Care - Direct Benefits Payments | 93.658 | | 93,540 | 15,688 | 38,127 |
| Adoption Assistance - Direct Benefits Payments | 93.659 | | 164,803 | 46,507 | 46,507 |
| Adoption Assistance - Administration | 93.659 | | 927 | - | 926 |
| Total Foster Care and Adoption Cluster | | | 423,159 | 85,563 | 226,081 |
| Temporary Assistance for Needy Families: | | | | | |
| Administration | 93.558 | | 676,985 | - | 453,833 |
| Direct Benefits Payments | 93.558 | | 349,945 | - | - |
| Low-Income Home Energy Assistance Block Grant: | | | | | |
| Administration | 93.568 | | 201,430 | - | - |
| Direct Benefits Payments | 93.568 | | 133,633 | - | - |
| Promoting Safe and Stable Families | 93.556 | | 6,150 | - | - |
| Child Welfare Services | 93.645 | | 16,746 | 4,352 | 1,230 |
| Social Services Block Grant | 93.667 | | 210,669 | 56,327 | 72,302 |
| Independent Living Grant | 93.674 | | 11,906 | 2,977 | - |
| Subsidized Child Care Cluster (note 4): | | | | | |
| Division of Social Services: | | | | | |
| Child Care Development - Administration | | | | | |
| Child Care Development - Administration | 93.596 | | 97,523 | - | - |
| Division of Child Development: | | | | | |
| Child Care and Development Fund - Discretionary | 93.575 | | 617,676 | - | - |
| Child Care and Development Fund - Mandatory | 93.596 | | 263,745 | - | - |
| Child Care and Development Fund - Match | 93.596 | | 437,439 | 235,003 | - |
| Total Child Care Fund Cluster | | | 1,416,383 | 235,003 | - |
| Social Services Block Grant | 93.667 | | 9,114 | - | - |
| Temporary Assistance for Needy Families | 93.558 | | 241,561 | - | - |
| Smart Start | | | - | 33,006 | - |
| State Appropriations | | | - | 55,896 | - |
| Money at Four State Funding | | | - | 50,000 | - |
| TANF-MOE | | | - | 325,170 | - |
| Total Subsidized Child Care Cluster | | | 1,667,058 | 699,075 | - |

Franklin County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2008

| Grantor/Pass-through Grantor/Program Title | Federal CFDA Number | Pass-through Grantor's Number | Fed. (Direct & Pass-through) Expenditures | State Expenditures | Local Expenditures |
|--|---------------------------|-------------------------------------|---|-----------------------|-----------------------|
| Health Care Financing Administration | | | | | |
| Passed-through the N.C. Dept. of Health and Human Services | | | | | |
| Division of Medical Assistance: | | | | | |
| Medical Assistance Program - Direct Benefits | | | | | |
| Payments | 93 778 | | 38,877,922 | 20,472,129 | 2,612,885 |
| Division of Social Services: | | | | | |
| Medical Assistance Program - Administration | 93 778 | | 834,090 | 34,499 | 797,777 |
| Health Choice - Administration | 93 767 | | 48,720 | 2,463 | 13,819 |
| Centers for Disease Control | | | | | |
| Passed-through the N.C. Dept. of Health and Human Services | | | | | |
| Division of Public Health: | | | | | |
| Family Planning Services | 93 217 | | 37,296 | - | - |
| Immunization Grants | 93 268 | | 15,032 | - | - |
| Health Resources and Services Administration | | | | | |
| Passed-through the N.C. Dept. of Health and Human Services | | | | | |
| Division of Public Health: | | | | | |
| Preventive Investigations and Technical Assistance | 93 283 | | 78,747 | - | - |
| Temporary Assistance for Needy Families | 93 558 | | 5,989 | - | - |
| Statewide Health Promotion Program | 93 991 | | 14,334 | - | - |
| Maternal and Child Health Services Block Grant | 93 994 | | 148,270 | - | - |
| Total U.S. Dept. of Health and Human Services | | | <u>43,900,078</u> | <u>21,837,097</u> | <u>4,177,927</u> |
| U.S. Dept. of Homeland Security | | | | | |
| Passed-through the N.C. Dept. of Crimes Control and Public Safety | | | | | |
| Division of Emergency Management | | | | | |
| Hazard Mitigation | 97 039 | | 6,540 | - | - |
| Emergency Management Performance | 97 042 | | 20,745 | - | - |
| Performance Emergency Management | 97 042 | | 5,686 | - | - |
| Total U.S. Dept. of Homeland Security | | | <u>32,971</u> | <u>-</u> | <u>-</u> |
| Total federal awards | | | <u>52,686,581</u> | <u>21,837,097</u> | <u>4,678,455</u> |
| State Awards: | | | | | |
| N.C. Dept. of Cultural Resources | | | | | |
| State Library of North Carolina | | | | | |
| State Aid to Public Libraries | | | - | 126,216 | - |
| N.C. Dept. of Health and Human Services | | | | | |
| Division of Social Services: | | | | | |
| State/County Special Assistance for Adults: | | | | | |
| Direct Benefits Payments | | | - | 520,938 | 520,938 |
| State Foster Care - Direct Benefits Program | | | - | 82,583 | 82,583 |
| Adoption Subsidy - Direct Benefit Payments | | | - | 120,567 | 38,868 |
| Smart Start | | | - | 31,926 | - |
| Total Division of Social Service | | | - | <u>756,014</u> | <u>642,389</u> |
| Division of Public Health: | | | | | |
| General | | | - | 39,775 | - |
| Public Health Nurse Training | | | - | 800 | - |
| Communicable Disease | | | - | 4,342 | - |
| Tuberculosis | | | - | 14,184 | - |
| AIDS | | | - | 500 | - |
| Women's Preventive Health | | | - | 2,542 | - |
| Risk Reduction/Health Promotion | | | - | 6,883 | - |
| TB Medical Services | | | - | 1,034 | - |
| Healthy Carolinas Partnership Support | | | - | 12,048 | - |
| Total Division of Public Health | | | - | <u>82,108</u> | - |
| Division of Aging: | | | | | |
| Passed-through the Kerr-Tar Council of Governments | | | | | |
| Senior Center Outreach | | | - | 1,354 | - |
| Senior Center Development | | | - | 32,808 | - |
| Total Division of Aging | | | - | <u>34,162</u> | - |
| Total N. C. Department of Health and Human Services | | | - | <u>872,284</u> | <u>642,389</u> |
| N.C. Dept. of Administration | | | | | |
| Veteran Services Officer | | | | | |
| | | | - | 2,000 | - |
| N.C. Dept. of Transportation | | | | | |
| Youngsville Industrial Park Project | | | - | 330,000 | - |
| Elderly and Disabled Transportation Assistance Program | | | - | 78,437 | - |
| Work First | | | - | 14,396 | - |
| Rural General Public Program | | | - | 73,731 | - |
| Total N.C. Dept. of Transportation | | | - | <u>496,564</u> | - |

Franklin County, North Carolina
 Schedule of Expenditures of Federal and State Awards
 For the Year Ended June 30, 2008

| Grantor/Pass-through Grantor/Program Title | Federal CFDA Number | Pass-through Grantor's Number | Fed. (Direct & Pass-through) Expenditures | State Expenditures | Local Expenditures |
|--|---------------------------|-------------------------------------|---|-----------------------|-----------------------|
| N.C. Dept. of Environment and Natural Resources Division of Water Quality (through The Rural Center) | | | - | 40,000 | - |
| N.C. Dept. of Crime Control and Public Safety JCPC Grant | | | - | 91,010 | - |
| N.C. Dept. of Public Instruction ADM Public School Building Capital Fund | | | - | 350,000 | - |
| Total N.C. Dept. of Public Instruction | | | - | 364,145 | - |
| Total State awards | | | - | 714,145 | - |
| Total federal and State awards | | | - | 2,342,219 | 642,389 |
| | | | \$ 52,686,581 | \$ 24,179,316 | \$ 5,320,844 |

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 | \$ - | \$ 364,145 |

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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