

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Franklin County,
North Carolina
For the Fiscal Year Ended
June 30, 2012



Prepared by the
Franklin County Finance Department

Finance Director
Charles F. Murray, Jr.

County of Franklin
113 Market Street
Louisburg, NC 27549

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INTRODUCTORY SECTION



COUNTY OF FRANKLIN

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December 12, 2012

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, 2012. 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 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 2012 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, 2012, 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 60,619. 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 requests for funding by April 1st of each year. These requests are used as a starting point for developing the proposed budget. The County Manager presents the proposed budget to the Board of Commissioners by June 1st. The County Board of Commissioners is required to hold public hearings on the proposed budget and must adopt an annual budget by June 30th of each year. The adopted budget is prepared by fund and function (e.g., public safety). Department heads can request transfers between line items and are approved by the County Manager. The manager has the authority to approve transfers between the same functions; however, she must inform the Board of Commissioners if she transfers monies outside of function appropriations. Budget to actual comparisons are provided in this report for each individual governmental fund that has an annual budget adopted. A project ordinance is used to establish a budget for a project that extends over more than one fiscal year. Project budgets with actual comparisons for each governmental fund have been adopted and are also included in this report.

MAJOR INITIATIVES/CHANGES

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

Sewer and Water Line Expansions

Ray's Creek (2.5 mile outfall extension) is near 98% completion. The project is estimated at \$1.9 million and the county expended \$28,400 during fiscal year 2011-2012. The county completed Tarboro Road expansion, Hill Road expansion, and Hwy #1 expansion during the fiscal year. The County expended \$242,040 on these projects in FYE 2012. Two new projects began during the fiscal year, Cedar Creek Force Main and the HUB site expansion. The County also expended \$307,222 during the fiscal year for these two projects. The HUB site is a commercial area located adjacent to the North Triangle Regional Airport.

School Construction

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. The County awarded the new high school construction contract in June 2009 for approximately \$26 million. The county issued \$14 million in August 2009 and \$3.6 million in December 2009. The County issued another \$26 million in November 2010 for the remainder of the high school and other projects identified. The County spent \$2,764,304 on school projects during the fiscal year. The new high school opened its doors to students in August 2011. Cost of the new high school will be near \$32.1 million. All projects will be complete in 2013.

E911 Infrastructure Improvement Project

The County borrowed \$2.7 million in December 2008 for this project. The project is being completed to help enhance the county's paging capability to volunteer fire and rescue departments in responding to fire and rescue calls, increase EMS and Sheriff Communication and other public safety agencies in the county. After further consultation with the County's engineer, the county decided to enhance coverage further for a total cost of \$10.7 million. The county borrowed an additional \$6.6 million during the fiscal year to complete the project. This enhancement should provide pager service coverage 95 percent of the time in 95 percent of each fire district. The county has expended \$8.8 million to date on this project.

Triangle North Franklin Business Park

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

ECONOMIC CONDITION AND OUTLOOK

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

In 2012, The N.C. Department of Commerce increased Franklin County's Tier ranking from a Tier 2 status to a Tier 3 status recognizing the County as one of the 20 most prosperous counties in NC. The law calls for the 40 most distressed counties to become Tier 1 counties, the middle 40 counties

to be designated as Tier 2 and the 20 most prosperous counties to become Tier 3 counties. Data used to determine rankings include unemployment rates, median household income, population growth and assess property value per capita.

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

Potential benefits to companies under each tier designation include:

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

The county's largest corporate citizen is Novozymes North America, Incorporated. The company currently has 460 employees. Their current property valuation is \$136.2 million. This provided over \$1.12 million to the county in property tax revenue. They are also the county's largest water customer averaging 650,000 gallons per day at a cost of \$1,435,536 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 3.30 percent of the county's tax base. Over reliance on a few large taxpayers can often be viewed as a financial weakness and could hinder efforts to upgrade the county's bond rating.

Progress Energy's taxable valuation is \$51.2 million, Caroline Telephone's value is \$30.8 million, Wake Electric's value is \$29.3 million and Amcor Pharmaceutical Packaging USA, Inc. rounds out the top five taxpayers for the county at \$12.8 million.

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

LONG-TERM FINANCIAL PLANNING

Franklin County's population has increased by 42% since 1995. It is estimated that Franklin County currently has 61,651 residents. The bulk of the growth had been in the southwestern part of the county near the Franklin Park Industrial Center, which is located adjacent to US Highway 1A north of the Town of Youngsville but has become more widespread recently. Development and population growth means increased demand for housing, other facilities and additional county provided services. With the county's population continuing to rise, careful planning must occur to ensure that adequate real estate remains available for potential industrial and commercial prospects, adequate water and sewer facilities are present, as well as looking for additional funding streams to provide dollars needed for additional county services that will be requested with residential growth. In August 2009,

The State of North Carolina changed the formula for lottery distribution to help with school operational needs and school construction needs. This change in formula resulted in a decrease for Franklin County of nearly \$600,000. The county had pledged the lottery proceeds to help service the \$53 million school bond issued authorized by the voters. The County does have a process in which to gain additional revenue however. The Board of County Commissioners can ask the voters of the county to approve an additional ½ cent sales tax or a land transfer tax to be imposed to help with revenue needs such as school construction projects however the BOC has not decided to initiate this process at the date of this report.

The county currently purchases an average of 1.8 million gallons per day from the City of Henderson and 85,000 gallons per day from the Town of Louisburg. The county issued 12.4 million in a COP Bond issue in March 1999 to install main water and distribution lines from the Franklin/Vance County line into the heart of Franklin County. The construction phase was completed in June 2000. As of June 30th, 2012, the County utilizes about 2.0 million gallons per day of water and averages daily treatment of waste water of about 350,000 gallons per day. The water and sewer budget is roughly \$7 million.

SINGLE AUDIT

As a recipient of federal, state and county assistance, the County also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management and the Finance Department staff of the County. As a part of the County's single audit, described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal and state financial assistance programs, as well as to determine that the County has complied with applicable laws and regulations. The results of the County's single audit for the fiscal year ended June 30, 2012, 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 \$853,869 for fiscal year 2009, \$532,000 in 2010, \$194,516 in 2011 and only \$143,458 this year. At June 30, 2012, the County's deposits had a carrying value of \$18,021,306 and a bank balance of \$18,560,850. 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, 2012, \$428,965 of the bank balance was covered by federal depository insurance and \$18,021,306 was covered by collateral held under the Pooling Method.

Risk Management – The County participates in two insurance pools developed by the North Carolina Association of County Commissioners. The pool provides coverage for general liability and worker's compensation. The limits of coverage include the following: jail and public safety officers' liability \$2,000,000, vehicle liability \$2,000,000 and property damage \$145.3 million. The county is self insured for health and dental benefits for its employees and the plan is administered by Blue

Cross/Blue Shield. The county expends roughly \$6.09 million annually for these three insurance coverages.

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 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 also chooses to fund the Law Enforcement 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 70 active members. No retirees are receiving benefits under this requirement.

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 510 participants. 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 annual contribution 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. Sworn law enforcement officers 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 2012, there were 44 retired employees receiving a Medicare supplement and 28 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. The county currently has 510 eligible plan participants with 72 of these receiving a benefit.

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. conducted the County's annual audit for the fourth year. In addition to meeting the requirements set

forth in state statutes, the audit was also designed to comply with the requirements of the Single Audit Act of 1996 and related OMB circular A-133 and the State Single Audit Implementation Act. The auditor's report on the 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, 2011. This was the thirteenth 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.

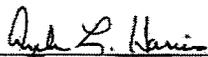
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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.franklincountync.us.

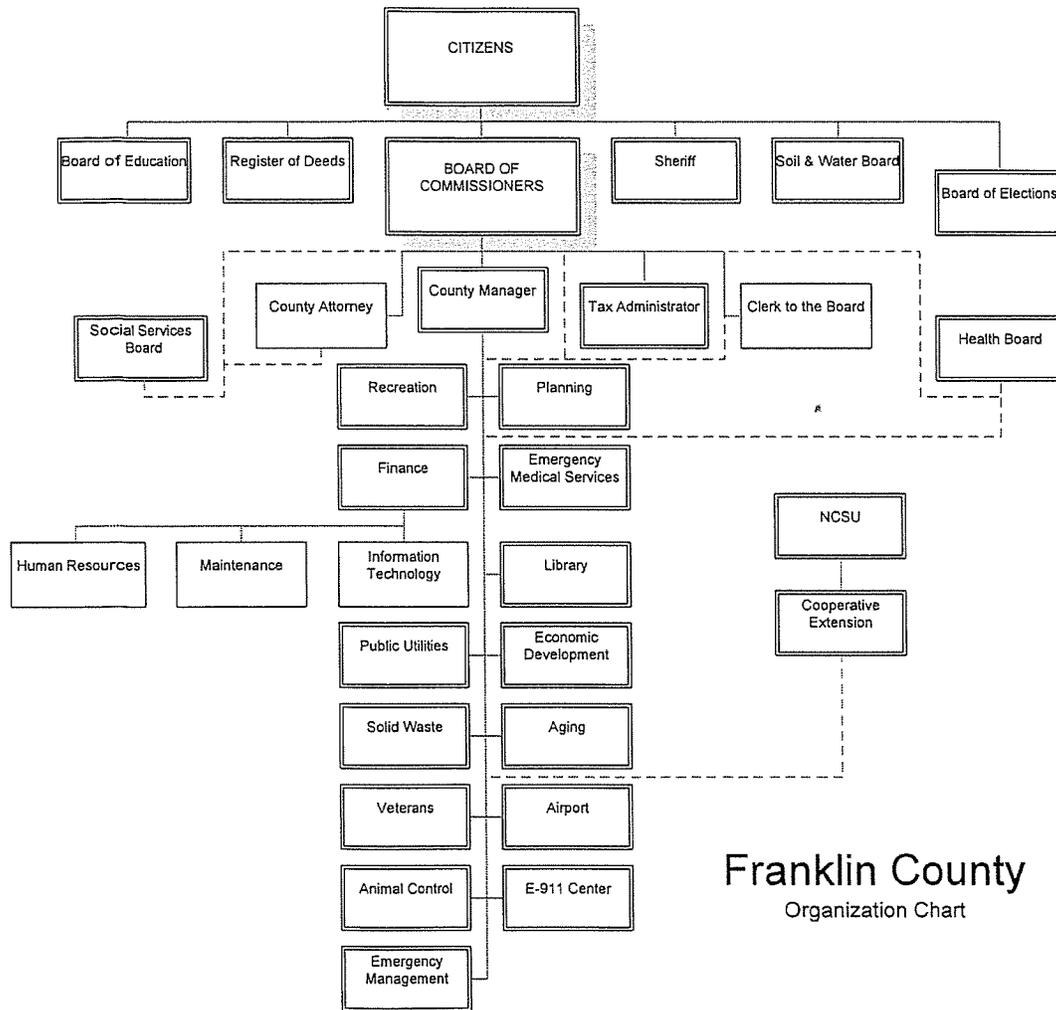
Respectfully submitted,



Angela L. Harris
County Manager



Charles F. Murray, Jr.
Director of Finance



Franklin County
Organization Chart

**FRANKLIN COUNTY, NORTH CAROLINA
LIST OF PRINCIPAL OFFICIALS
JUNE 30, 2012**

**Board of County
Commissioners**

E. Shane Mitchell, Chairperson
Robert L. Swanson, Vice Chairperson
David T. Bunn
Sidney E. Dunston
Harry L. Foy, Jr.
Cedric K. Jones
Donald C. Lancaster

County Officials

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

County Manager
Finance Director
County Attorney

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, 2011

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.



Linda C. Danton

President

Jeffrey R. Emer

Executive Director

FINANCIAL SECTION

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

Certified Public Accountants



America Counts on CPAs

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

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

Independent Auditor's Report

To the Board of County Commissioners
Franklin County, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Franklin County, North Carolina, as of and for the year ended June 30, 2012, 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 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 opinion.

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Franklin County, as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2012, 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. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. 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.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of Franklin County, North Carolina statements as a whole. The introductory information, combining and individual nonmajor fund financial statements, budgetary schedules, other 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 not a required part of the financial statements. The combining and individual nonmajor fund financial statements, budgetary schedules, other schedules and the accompanying schedule of expenditures of federal and State awards are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied by us in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole. The introductory information and the statistical tables have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion or provide any assurance on them.

Winston, Williams, Creech, Evans & Company, LLP

Winston, Williams, Creech, Evans & Company, LLP
Certified Public Accountants
December 12, 2012



County Of Franklin

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Louisburg, North Carolina 27549
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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, 2012. 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

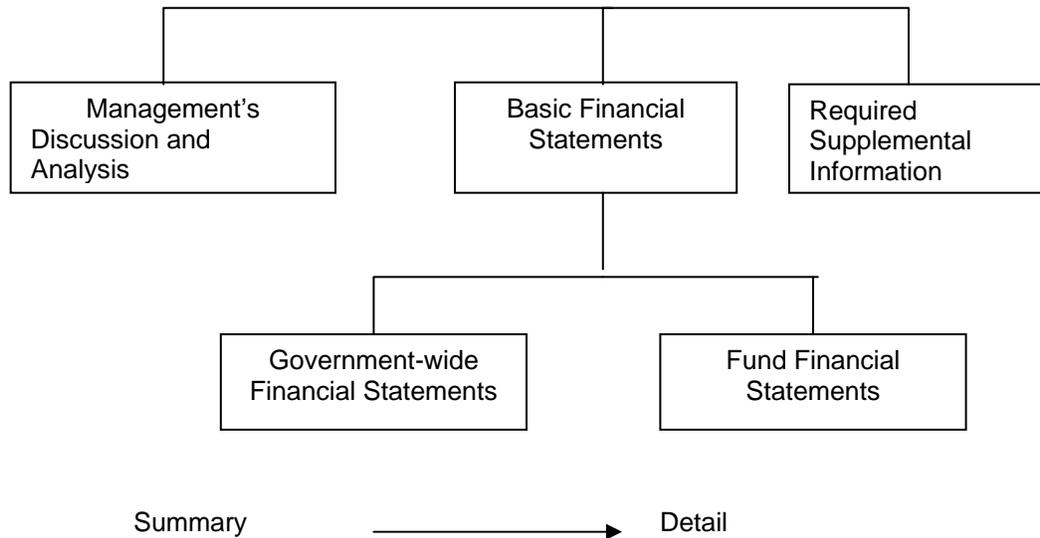
- The County's Liabilities exceeded its assets by \$16.1 million. In accordance with North Carolina law, liabilities of the County include long-term debt associated with assets belonging to the Franklin County Board of Education. The amount included in liabilities related to school financing is \$84.6 million. These assets are not reflected in the County's financial statements but the full amount of the long-term debt associated with schools is reflected in the County's financial statements. Some similar County financial reports may reflect a net deficit in net assets due to this law.
- As of the close of the current fiscal year, the County's general and major governmental fund reported combined ending fund balances of \$28 million, a decrease of \$2 million from the previous fiscal year where the combined fund balances totaled \$29.9 million. The major decrease was in the County's Major School Construction fund where expenses exceeded revenues by \$2.7 million. Approximately 47.0 percent of this total amount or \$13.2 million is available for spending at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$13.2 million or 19.3 percent of total general fund expenditures for the fiscal year. Of this amount \$3.07 million has been designated for subsequent year expenditures.
- The County's total debt increased by \$1.36 million during the current fiscal year. The County issued 8.6 million for an E911 enhancement project. All debt payments were paid timely.
- The County's current bond rating with Moody's Investor Services is an (Aa2), Standard & Poor's rating for the County is AA-, and Fitch has rated the County as AA.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to The County's basic financial statements. The County's basic financial statements consist of three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. The basic financial statements present two different views of the County through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report also contains other supplemental information that should enhance the reader's understanding of the financial condition of the County.

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

The first two statements in the basic financial statements are the Government-wide Financial Statements. They provide both short and long-term information about the County's financial status.

The next statements are Fund Financial Statements. These statements focus on the activities of the individual parts of the County's government. These statements provide more detail than the government-wide statements. There are four parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; 3) the proprietary fund statements; and 4) the agency fund statements.

The next section of the basic financial statements is the notes. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, supplemental information is provided to show details about the County's non-major governmental funds and internal service funds, all of which are added together in one column on the basic financial statements. Budgetary information required by the General Statutes also can be found in this part of the statements.

Following the notes is the required supplemental information. This section contains funding information about the County's pension plans.

Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the County's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the County's financial status as a whole.

The two government-wide statements report the County's net 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 gauge the County's financial condition.

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units. The governmental activities include most of the County's basic services such as general administration, taxation and records, community planning, community maintenance, human services, education, and public safety. Property and other taxes and state and federal grant funds finance most of these activities. The business-type activities are those that the County charges customers to provide the service. Franklin County's only business-type activity reported during fiscal year 2012 is for water and sewer service. The final category is component units. Although legally separate from the County, the Franklin County Industrial Facility and Pollution Control Financing Authority is the County's only reportable component unit. The County exercises control over its Board by appointing all five of its members. The Authority had no financial transactions or account balances; therefore, it is not presented in the government-wide combined financial statements.

The government-wide financial statements are on Exhibits 1 and 2 of this report.

Fund Financial Statements

The fund financial statements provide a more detailed look at the County's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the County's budget ordinance. All of the funds of the County can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the County's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called modified accrual accounting which provides a current financial resources focus. In modified accrual accounting, revenues are recognized when they become available and expenditures are reported when the obligations were incurred. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the County's programs. The relationship between government activities (reported in the Statement of Net 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 41-68 of this report.

Required Supplemental Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the County’s progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 69 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 2011 and FYE 2012.

Figure 2
FRANKLIN COUNTY’S NET ASSETS

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 35,158,510	\$ 38,905,124	\$ 4,446,727	\$ 4,553,758	\$ 39,605,237	\$ 43,458,882
Capital assets	38,255,010	31,957,034	26,710,009	26,880,614	64,965,019	58,837,648
Total assets	<u>73,413,520</u>	<u>70,862,158</u>	<u>31,156,736</u>	<u>31,434,372</u>	<u>104,570,256</u>	<u>102,296,530</u>
Long-term liabilities outstanding	100,172,467	98,813,623	14,650,800	15,844,962	114,823,267	114,658,585
Other liabilities	5,206,162	6,888,418	657,448	605,277	5,863,610	7,493,695
Total liabilities	<u>105,378,629</u>	<u>105,702,041</u>	<u>15,308,248</u>	<u>16,450,239</u>	<u>120,686,877</u>	<u>122,152,280</u>
Net assets:						
Invested in capital assets, net of related debt	26,677,972	25,866,534	12,421,870	11,252,930	39,099,842	37,119,464
Restricted	3,912,076	3,279,670	-	-	3,912,076	3,279,670
Unrestricted	(62,555,157)	(63,986,087)	3,426,618	3,731,203	(59,128,539)	(60,254,884)
Total net assets	<u>\$ (31,965,109)</u>	<u>\$ (34,839,883)</u>	<u>\$ 15,848,488</u>	<u>\$ 14,984,133</u>	<u>\$ (16,116,621)</u>	<u>\$ (19,855,750)</u>

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 \$31,965,109. The Business-type Fund the assets exceeded its liabilities by \$15,848,488 at June 30, 2012. Net assets are reported in three categories: Invested in capital assets, net of related debt was \$26,677,972; restricted was \$3,912,076 and unrestricted net assets \$(62,555,157).

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 (\$59,128,539) 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 \$84.6 million of the outstanding debt on the County's financial statements was related to assets included in the school system's financial statements. However, since the majority of this school system related debt is general obligation debt, it is collateralized by the full faith, credit, and taxing power of the County. Accordingly, the County is authorized and required by State law to levy ad valorem taxes, without limit as to rate or amount, as may be necessary to pay the debt service on its general obligation bonds. Principal and interest requirements will be provided by an appropriation in the year in which they become due.

In the current year, total net assets increased by \$3.764 million as the County paid principal payments on its debt. Also the county noted the following positive operational initiatives and results:

- Great tax collection rate of 97.59 percent during a tough economy.
- Continued low cost of debt due to the County's bond rating
- Conservative revenue projections - \$2.2 million over budget
- Lottery proceeds reserved for school debt - \$700,000.
- Revenue for housing federal inmates - \$1,723,000.
- Controlled departmental spending and conservative budgeting - \$1,780,243.

Figure 3
FRANKLIN COUNTY'S CHANGES IN NET ASSETS

	Governmental Activities		Business-type Activities		Total	
	FY 2012	FY 2011	FY 2012	FY 2011	FY 2012	FY 2011
Revenues:						
Program revenues:						
Charges for services	\$ 12,563,177	\$ 11,838,718	\$ 7,340,277	\$ 6,306,080	\$ 19,903,454	\$ 18,144,798
Operating grants and contributions	10,818,184	11,617,566	-	228,185	10,818,184	11,845,751
Capital grants and contributions	278,754	2,261,375	87,562	-	366,316	2,261,375
General revenues:						
Property taxes	37,807,234	37,416,033	-	-	37,807,234	37,416,033
Other taxes	8,286,210	7,317,661	-	-	8,286,210	7,317,661
Other	164,895	251,870	360	8,101	165,255	259,971
Total revenues	<u>69,918,454</u>	<u>70,703,223</u>	<u>7,428,199</u>	<u>6,542,366</u>	<u>77,346,653</u>	<u>77,245,589</u>
Expenses:						
General Government	4,508,753	4,481,582	-	-	4,508,753	4,481,582
Public Safety	19,033,872	20,782,813	-	-	19,033,872	20,782,813
Economic and Fiscal Development	5,666,603	5,859,582	-	-	5,666,603	5,859,582
Human Services	17,260,614	17,258,277	-	-	17,260,614	17,258,277
Cultral and Recreation	1,364,329	1,271,427	-	-	1,364,329	1,271,427
Education	16,132,388	35,878,008	-	-	16,132,388	35,878,008
Interest on long-term debt	3,492,294	3,406,691	-	-	3,492,294	3,406,691
Water and Sewer	-	-	6,123,230	6,035,793	6,123,230	6,035,793
Total expenses	<u>67,458,853</u>	<u>88,938,380</u>	<u>6,123,230</u>	<u>6,035,793</u>	<u>73,582,083</u>	<u>94,974,173</u>
Increase (Decrease) in net assets before transfers	2,459,601	(18,235,157)	1,304,969	506,573	3,764,570	(17,728,584)
Transfers	440,615	(235,283)	(440,615)	235,283	-	-
Increase in net assets	<u>2,900,216</u>	<u>(18,470,440)</u>	<u>864,354</u>	<u>741,856</u>	<u>3,764,570</u>	<u>(17,728,584)</u>
Net assets, July ,1 as restated (See footnote X)	<u>(34,865,325)</u>	<u>(16,394,885)</u>	<u>14,984,134</u>	<u>14,242,278</u>	<u>(19,881,191)</u>	<u>(2,152,607)</u>
Net assets, June 30	<u>\$ (31,965,109)</u>	<u>\$ (34,865,325)</u>	<u>\$ 15,848,488</u>	<u>\$ 14,984,134</u>	<u>\$ (16,116,621)</u>	<u>\$ (19,881,191)</u>

Governmental activities: Governmental activities increased the County's net assets by \$2,900,216. Key elements are as follows:

- Ad valorem Tax collections increased by \$792,153.
- Sales Tax revenues were up \$912,067 or a 14.1% increase.
- County's fees and charges were up \$747,204 or a 6.3% increase.
- Public Safety expenditures were down by \$1,902,457 due to a change in administration.

Business-type activities: The net assets in Business-type activities increased by \$864,355. Water and Sewer collections increased by \$1,034,197 an increase of 16.4%, mainly due to increase consumption in commercial usage. The county's water customers increased by 158 customers during the fiscal year. The county currently has 3,189 water customers. This represents a 5.2 percent increase in customer base. The county's water consumption increased by 157,000 gallons per day to a new high of 2,058,000 gallons per day.

Financial Analysis of the County's Funds

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

Governmental Funds: The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the County's financing requirements. Specifically, unassigned fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the County. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$13,201,066 while total fund balance reached \$21,965,763. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 19.30 percent of total General Fund expenditures, while total fund balance represents 32.1 percent.

Also in FY 2011-2012, the county's school construction capital project fund is no longer being identified as a major governmental fund as was reported in FY 2010-2011. This fund accounts for school construction activities such as bond proceeds and capital construction expenses. At June 30th, 2012, the school construction had a fund balance of \$2,475,000.

At June 30, 2012, the other governmental funds of the County reported a combined fund balance of \$6,030,197. The county's overall fund balance remains strong.

General Fund Budgetary Highlights

During fiscal year 2012, 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 \$1,610,404 and expenditures by \$3,490,223. The amount for expenditures is higher than normal due to the county refunded some of its debt commitments.

The actual operating revenues for the General Fund were higher than the budgeted amount by \$2,166,605. Sales Tax revenues were under budget by \$255,565; fees and charges were up by \$714,596; and Ad valorem taxes exceeded the anticipated budget by \$736,212. The County's expenditures were \$3,490,223 less than budgeted. Human Services departments under spent their budgets by \$675,782, General Govt. activities were under budget by 278,452 and Public Safety departments were under budget by \$530,034 and Economic & Physical Development came in under by \$136,256.

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 \$3,392,544, a decrease of \$317,820. This decrease was mainly due to an increase in water purchase rates from its suppliers. Total revenues increased by \$1,034,197 while expenditures decreased by \$126,454. The Town of Franklinton and the county were in a dispute over a 1979 water contract. The county received a favorable ruling and has now received all monies owed to it and the court rules the contract invalid.

Capital Asset and Debt Administration

Capital assets: The County's investment in capital assets for its governmental and business-type activities as of June 30, 2012, totaled \$64,965,019 (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:

- \$364,709 in water and sewer expansions
- \$38,905 Airport Improvements
- \$6,769,786 in E911 Public Safety Improvements
- Purchased various capital assets in the amount \$350,771

Figure 4

Franklin County's Capital Assets (net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land	\$ 12,917,405	\$ 11,883,321	\$ 369,456	\$ 369,456	\$ 13,286,861	\$ 12,252,777
Buildings	12,929,733	13,553,365	-	-	12,929,733	13,553,365
Gas Lines	218,371	226,612			218,371	226,612
Water Lines	132,363	136,448	14,601,914	14,640,505	14,734,277	14,776,953
Sewer Lines	-	-	9,645,231	9,905,215	9,645,231	9,905,215
Automotive equipment	767,441	1,103,901	28,927	43,902	796,368	1,147,803
Office and other equipment	1,656,420	1,903,907	125,328	91,813	1,781,748	1,995,720
Construction in progress	9,633,277	3,149,480	1,939,153	1,829,723	11,572,430	4,979,203
Total	<u>\$ 38,255,010</u>	<u>\$ 31,957,034</u>	<u>\$ 26,710,009</u>	<u>\$ 26,880,614</u>	<u>\$ 64,965,019</u>	<u>\$ 58,837,648</u>

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, 2012, the County's Governmental Funds had total bonded school debt outstanding of \$64,945,000, all of which is backed by the full faith and credit of the County: \$11,260,000 in Certificates of Participation outstanding, and \$16,596,705 in installment purchases. In the Business type fund, the County had \$1,620,000 in outstanding in Federal and State revolving loans, \$5,549,606 in COPs and \$7,118,533 in installment loans outstanding at June 30th, 2012. 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	
	2012	2011	2012	2011	2012	2011
General obligation bonds	\$ 64,945,000	\$ 68,915,000	\$ -	\$ -	\$ 64,945,000	\$ 68,915,000
Certificates of Participation	11,260,000	11,965,000	5,549,606	6,158,184	16,809,606	18,123,184
Installment Purchases	16,596,705	12,555,833	7,118,533	7,669,500	23,715,238	20,225,333
Revolving Loans	-	-	1,620,000	1,800,000	1,620,000	1,800,000
Other obligations	7,370,762	5,377,790	362,661	217,278	7,733,423	5,595,068
Total long-term debt	<u>\$ 100,172,467</u>	<u>\$ 98,813,623</u>	<u>\$ 14,650,800</u>	<u>\$ 15,844,962</u>	<u>\$ 114,823,267</u>	<u>\$ 114,658,585</u>

In fiscal year 2011-12, the County's total debt increased only \$112,682 even though the County issued \$6.8 million in new debt for its E911 Enhancement Project. The County met all of its obligations in a timely fashion. In May 2008, the County voters approved a \$53,000,000 school bond. The County has \$11.4 million that can be issued in the next seven years if needed. At this time, all projects are anticipated to be complete by January 2013 with no additional debt transaction required.

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

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

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

The State of North Carolina limits the amount of debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for the County is \$225,714,471. The County has \$11,400,000 bonds authorized but un-issued at December 2012.

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

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for Franklin County was 10.1 percent at June 30, 2011 which is higher when compared to last year's rate at 9.9 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 continues to grow even during these hard times. The county under goes the Revaluation Process in FYE 2013.

All of these factors were considered in preparing the County of Franklin's budget for FYE 2012.

Budget Highlights for the Fiscal Year Ending June 30, 2013

- **Governmental Activities:** The County has approved a \$70.8 million General Fund budget for FYE 2013 compared to a \$66.6 million general fund budget for fiscal year 2012-2012. This represents a \$4.1 million or 6.2 percent increase over the previous fiscal year. The property tax rate remained the same at .8725 cents per \$100 dollars of property valuation. Currently, Franklin County has the second highest property tax rate in the state. The county underwent revaluation in FYE 2013 and the tax rate remained the same. The tax base increased about 2%.
- The county reduced a net of two positions during the budget for a small savings. Public Safety expenditures were increased by \$1.686 million or 10.3% increase. County employees received a 3% increase, the first time in four years. The County has appropriated \$1,088,354 for capital expenditures.
- **Business – type Activities:** The County water and sewer rates remained the same as the previous year. The budget increased a modest 107,000 due to water purchase increases. The county started in the water and sewer business in October 1996.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS**

Franklin County, North Carolina
Statement of Net Assets
June 30, 2012

	Governmental Activities	Business-type Activity	Total
Assets			
Cash and cash equivalents	\$ 24,159,944	\$ 3,013,172	\$ 27,173,116
Taxes receivable (net)	2,017,947	-	2,017,947
Accounts receivable (net)	1,014,138	1,372,733	2,386,871
Due from other governments	3,614,030	26,748	3,640,778
Accrued interest receivable	420,670	-	420,670
Inventory	27,220	-	27,220
Security deposit	421,700	-	421,700
Deferred charges	75,100	-	75,100
Restricted cash and cash equivalents	3,441,835	-	3,441,835
Internal balances	(34,074)	34,074	-
Capital assets:			
Land, improvements, and construction in progress	20,502,302	2,308,610	22,810,912
Other capital assets, net of depreciation	17,752,708	24,401,399	42,154,107
Total capital assets	<u>38,255,010</u>	<u>26,710,009</u>	<u>64,965,019</u>
 Total assets	 <u>73,413,520</u>	 <u>31,156,736</u>	 <u>104,570,256</u>
Liabilities			
Accounts payable and accrued expenses	2,919,555	349,657	3,269,212
Unearned revenue	418,218	-	418,218
Customer deposits	-	265,990	265,990
Accrued interest payable	1,127,271	41,801	1,169,072
Premium on bonds	741,118	-	741,118
Long-term liabilities:			
Due within one year	8,403,098	1,362,816	9,765,914
Due in more than one year	91,769,369	13,287,984	105,057,353
Total long-term liabilities	<u>100,172,467</u>	<u>14,650,800</u>	<u>114,823,267</u>
 Total liabilities	 <u>105,378,629</u>	 <u>15,308,248</u>	 <u>120,686,877</u>
Net Assets			
Invested in capital assets, net of related debt	26,677,972	12,421,870	39,099,842
Restricted for:			
State Statute for Stabilization	3,073,786	-	3,073,786
Register of Deeds	48,636	-	48,636
Public Safety	80,922	-	80,922
General Government	91,425	-	91,425
Cultural and Recreational	283,079	-	283,079
Economic Development	334,228	-	334,228
Unrestricted	(62,555,157)	3,426,618	(59,128,539)
 Total net assets	 <u>\$ (31,965,109)</u>	 <u>\$ 15,848,488</u>	 <u>\$ (16,116,621)</u>

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

Franklin County, North Carolina
Statement of Activities
For the Year Ended June 30, 2012

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activity	Total
Governmental activities:							
General government	\$ 4,508,753	\$ 541,585	\$ 500,563	\$ -	\$ (3,466,605)	\$ -	\$ (3,466,605)
Public safety	19,033,872	4,948,255	741,402	-	(13,344,215)	-	(13,344,215)
Economic and physical development	5,666,603	3,311,918	331,793	158,372	(1,864,520)	-	(1,864,520)
Human services	17,260,614	3,684,215	8,363,425	-	(5,212,974)	-	(5,212,974)
Cultural and recreation	1,364,329	77,204	181,001	120,382	(985,742)	-	(985,742)
Education	16,132,388	-	700,000	-	(15,432,388)	-	(15,432,388)
Interest on long-term debt	3,492,294	-	-	-	(3,492,294)	-	(3,492,294)
Total governmental activities	<u>67,458,853</u>	<u>12,563,177</u>	<u>10,818,184</u>	<u>278,754</u>	<u>(43,798,738)</u>	<u>-</u>	<u>(43,798,738)</u>
Business-type activity:							
Water and Sewer Department	6,123,230	7,340,277	-	87,562	-	1,304,609	1,304,609
	<u>\$ 73,582,083</u>	<u>\$ 19,903,454</u>	<u>\$ 10,818,184</u>	<u>\$ 366,316</u>	<u>(43,798,738)</u>	<u>1,304,609</u>	<u>(42,494,129)</u>
General revenues:							
Taxes:							
Property taxes, levied for general purposes					37,807,234	-	37,807,234
Local option sales tax					7,358,931	-	7,358,931
Other taxes and licenses					927,279	-	927,279
Investment earnings, unrestricted					144,169	360	144,529
Miscellaneous, unrestricted					20,726	-	20,726
Transfers					440,615	(440,615)	-
Total general revenues and transfers					<u>46,698,954</u>	<u>(440,255)</u>	<u>46,258,699</u>
Change in net assets					2,900,216	864,354	3,764,570
Net assets - July 1					(34,865,325)	14,984,134	(19,881,191)
Net assets - June 30					<u>\$ (31,965,109)</u>	<u>\$ 15,848,488</u>	<u>\$ (16,116,621)</u>

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

**FUND
FINANCIAL STATEMENTS**

Franklin County, North Carolina
Balance Sheet
Governmental Funds
June 30, 2012

	<u>Major</u>	<u>Nonmajor</u>	
	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets			
Cash and cash equivalents	\$ 19,525,790	\$ 3,451,241	\$ 22,977,031
Taxes receivable, net	1,887,376	130,571	2,017,947
Accounts receivables, net	989,786	24,352	1,014,138
Due from other governments	3,240,790	373,240	3,614,030
Inventory	27,220	-	27,220
Restricted assets:			
Restricted cash	643,461	2,613,254	3,256,715
Total assets	<u>\$ 26,314,423</u>	<u>\$ 6,592,658</u>	<u>\$ 32,907,081</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable and accrued liabilities	\$ 2,043,066	\$ 431,890	\$ 2,474,956
Deferred revenue	2,305,594	130,571	2,436,165
Total liabilities	<u>4,348,660</u>	<u>562,461</u>	<u>4,911,121</u>
Fund Balances:			
Nonspendable:			
Inventories	27,220	-	27,220
Restricted:			
Stabilization by State Statute	4,230,576	397,592	4,628,168
Register of Deeds	48,636	-	48,636
Fire Protection	-	43,900	43,900
Capital Reserve	594,825	-	594,825
Public Safety	-	259,929	259,929
Economic Development	-	254,089	254,089
Committed:			
Debt Service	-	2,613,254	2,613,254
Revaluation	-	635,521	635,521
Assigned:			
Subsequent year's expenditures			
General Fund	3,073,786	-	3,073,786
Public Safety	80,922	-	80,922
Cultural and Recreational	283,079	-	283,079
General Government	91,425	-	91,425
Economic Development	334,228	-	334,228
School Capital Outlay	-	-	-
Unassigned:			
General Fund	13,201,066	-	13,201,066
Capital Projects Funds	-	1,825,912	1,825,912
Total fund balances	<u>21,965,763</u>	<u>6,030,197</u>	<u>27,995,960</u>
Total liabilities and fund balances	<u>\$ 26,314,423</u>	<u>\$ 6,592,658</u>	

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

**Franklin County, North Carolina
Balance Sheet
Governmental Funds
June 30, 2012**

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

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.	38,255,010
Internal service fund is used by management to charge insurance costs to individual funds; the assets and liabilities of the internal service fund is included in governmental activities in the statement of net assets.	1,311,060
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:	2,093,047
Accrued interest on Ad Valorem receivable and investments is not available to pay for current-period expenditures and therefore are not	420,670
Some liabilities, including bonds payable, are not due and payable in the current year and, therefore, are not reported in the funds	<u>(102,040,856)</u>
Net assets of governmental activities	<u><u>\$ (31,965,109)</u></u>

Franklin County, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2012

	<u>Major</u>	<u>Nonmajor</u>	
	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues			
Ad valorem taxes	\$ 35,957,537	\$ 2,371,518	\$ 38,329,055
Local option sales taxes	7,358,931	-	7,358,931
Other taxes	713,876	292,224	1,006,100
Restricted intergovernmental	10,325,995	290,504	10,616,499
Fees, sales and charges	12,607,499	-	12,607,499
Investment earnings	139,914	3,544	143,458
Miscellaneous	358,755	-	358,755
Total revenues	<u>67,462,507</u>	<u>2,957,790</u>	<u>70,420,297</u>
Expenditures			
Current:			
General government	4,015,838	91,644	4,107,482
Public safety	15,066,957	3,304,160	18,371,117
Economic and physical development	5,368,404	119,431	5,487,835
Human services	16,549,400	-	16,549,400
Cultural and recreational	1,179,430	-	1,179,430
Intergovernmental:			
Education	13,368,084	-	13,368,084
Capital outlay	-	9,572,995	9,572,995
Debt service:			
Principal	9,272,608	-	9,272,608
Interest and other charges	3,516,979	-	3,516,979
Total expenditures	<u>68,337,700</u>	<u>13,088,230</u>	<u>81,425,930</u>
Revenues over (under) expenditures	<u>(875,193)</u>	<u>(10,130,440)</u>	<u>(11,005,633)</u>
Other financing sources (uses)			
Transfers to other funds	(1,141,136)	(791,483)	(1,932,619)
Transfers from other funds	440,615	1,932,619	2,373,234
Issuance of debt	2,038,480	6,600,000	8,638,480
Total other financing sources (uses) - net	<u>1,337,959</u>	<u>7,741,136</u>	<u>9,079,095</u>
Net changes in fund balances	462,766	(2,389,304)	(1,926,538)
Fund balances			
Beginning of year, July 1	21,492,922	8,419,501	29,912,423
Increase in reserve for inventory	10,075	-	10,075
End of year, June 30	<u>\$ 21,965,763</u>	<u>\$ 6,030,197</u>	<u>\$ 27,995,960</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, 2012

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

Net changes in fund balances - total governmental funds	\$ (1,926,538)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period	6,297,976
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	(479,937)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	634,128
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(2,013,633)
Inventory not expensed on statement of activities	10,075
Internal service funds are used by management to charge the costs of health insurance to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities	<u>378,145</u>
Total changes in net assets of governmental activities (Exhibit 2)	<u><u>\$ 2,900,216</u></u>

Franklin County, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual - General Fund
For the Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Positive (Negative)</u>
Revenues				
Ad valorem taxes	\$ 35,081,458	\$ 35,221,325	\$ 35,957,537	\$ 736,212
Local option sales tax	4,681,620	4,681,620	4,937,185	255,565
Other taxes	481,400	708,400	713,876	5,476
Restricted intergovernmental	8,964,483	9,777,025	10,325,995	548,970
Sales and services	11,512,903	11,892,903	12,607,499	714,596
Investment earnings	300,000	300,000	139,597	(160,403)
Miscellaneous	241,571	292,566	358,755	66,189
Total revenues	<u>61,263,435</u>	<u>62,873,839</u>	<u>65,040,444</u>	<u>2,166,605</u>
Expenditures				
Current:				
General government	4,634,551	4,294,290	4,015,838	278,452
Public safety	15,161,779	15,596,991	15,066,957	530,034
Economic and physical development	4,947,137	5,504,660	5,368,404	136,256
Human services	16,448,545	17,225,182	16,549,400	675,782
Cultural and recreational	1,174,385	1,210,812	1,179,430	31,382
Intergovernmental:				
Education	13,375,500	13,375,500	13,368,084	7,416
Debt service:				
Principal retirement	5,134,503	9,272,608	9,272,608	-
Interest and other charges	5,751,320	3,637,900	3,516,979	120,921
Total expenditures	<u>66,627,720</u>	<u>70,117,943</u>	<u>68,337,700</u>	<u>1,780,243</u>
Revenues under expenditures	<u>(5,364,285)</u>	<u>(7,244,104)</u>	<u>(3,297,256)</u>	<u>3,946,848</u>
Other financing sources (uses)				
Transfers to other funds	-	(1,141,136)	(1,141,136)	-
Transfers from other funds	2,640,615	2,640,615	2,640,615	-
Debt proceeds	-	2,024,685	2,038,480	13,795
Appropriated fund balance	2,723,670	3,719,940	-	(3,719,940)
Total other financing sources (uses) - net	<u>5,364,285</u>	<u>7,244,104</u>	<u>3,537,959</u>	<u>(3,706,145)</u>
Revenues and other financing sources under expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	240,703	<u>\$ 240,703</u>
Fund balance				
Beginning of year, July 1			21,120,160	
Decrease in reserve for inventory			<u>10,075</u>	
End of year, June 30			<u>\$ 21,370,938</u>	
A legally budgeted Capital Reserve Fund is consolidated into the General Fund for reporting purposes:				
Sales tax revenue			2,421,746	
Investment earnings			317	
Transfer-out to General Fund			<u>(2,200,000)</u>	
Fund Balance, Beginning			<u>372,762</u>	
Fund Balance, Ending (Exhibit 4)			<u>\$ 21,965,763</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, 2012

	<u>Major Enterprise Fund Water and Sewer Fund</u>	<u>Major Internal Service Fund Insurance Fund</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 3,013,172	\$ 1,368,033
Receivables, net	1,372,733	-
Due from other governments	26,748	-
Security deposit	-	421,700
Reserved cash	-	-
Total current assets	<u>4,412,653</u>	<u>1,789,733</u>
Noncurrent assets:		
Capital assets:		
Land, improvements, and construction in progress	2,308,610	-
Other capital assets, net of depreciation	24,401,399	-
Total capital assets	<u>26,710,009</u>	<u>-</u>
Total noncurrent assets	<u>26,710,009</u>	<u>-</u>
Total assets	<u>\$ 31,122,662</u>	<u>\$ 1,789,733</u>
Liabilities		
Current liabilities:		
Accounts payable	\$ 304,452	\$ 444,599
Accrued payroll	45,205	-
Accrued interest expense	41,801	-
Customer deposits	265,990	-
Compensated absences	14,420	-
Revolving loans	180,000	-
Certificates of participation	625,725	-
Installment debt	542,671	-
Total current liabilities	<u>2,020,264</u>	<u>444,599</u>
Noncurrent liabilities:		
Compensated absences	43,259	-
Revolving loans	1,440,000	-
Certificates of participation	4,923,881	-
Installment debt	6,575,862	-
Other postemployment benefits	304,982	-
Total noncurrent liabilities	<u>13,287,984</u>	<u>444,599</u>
Total liabilities	<u>15,308,248</u>	<u>444,599</u>
Net Assets		
Invested in capital assets, net of related debt	12,421,870	-
Unrestricted	3,392,544	1,345,134
Total net assets	<u>15,814,414</u>	<u>\$ 1,345,134</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	<u>34,074</u>	
Net assets of business-type activities	<u>\$ 15,848,488</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, 2012

	<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	\$ 5,353,346	\$ -
Charges for sewer	1,480,924	-
Other operating revenues	506,007	-
Charges for services	-	6,475,316
Miscellaneous income	-	2,121
Total operating revenues	<u>7,340,277</u>	<u>6,477,437</u>
Operating expenses		
Internal Service fund expenses	-	6,086,057
Water Department		
Salaries and employee benefits	621,128	-
Water purchases	2,691,772	-
Other operating expenses	512,594	-
Depreciation	618,240	-
Total water department	<u>4,443,734</u>	<u>-</u>
Sewer Department		
Salaries and employee benefits	392,028	-
Other operating expenses	446,886	-
Depreciation	257,208	-
Total sewer department	<u>1,096,122</u>	<u>-</u>
Total operating expenses	<u>5,539,856</u>	<u>6,086,057</u>
Operating income	<u>1,800,421</u>	<u>391,380</u>
Nonoperating revenues (expenses)		
Interest earnings	360	-
Interest expense	(596,609)	-
Total nonoperating revenue (expenses) - net	<u>(596,249)</u>	<u>-</u>
Income (loss) before transfers	<u>1,204,172</u>	<u>391,380</u>
Capital contributions	<u>87,562</u>	<u>-</u>
Transfers		
Transfer to General fund	(440,615)	-
Change in net assets	<u>851,119</u>	<u>391,380</u>
Net assets		
Beginning of year, July 1	<u>14,963,295</u>	<u>953,754</u>
End of year, June 30	<u>15,814,414</u>	<u>\$ 1,345,134</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	<u>13,235</u>	
Change in net assets of business-type activities	<u>\$ 864,354</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, 2012

	<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	\$ 6,405,379	\$ 6,477,437
Cash paid for goods and services	(3,624,981)	(6,097,058)
Cash paid to employees for services	(857,694)	-
Customer deposits received	15,820	-
Net cash provided by operating activities	<u>1,938,524</u>	<u>380,379</u>
Cash flows from noncapital financing activities		
Transfers in	<u>(440,615)</u>	<u>-</u>
Cash flows from capital and related financing activities		
Acquisition and construction of capital assets	(704,843)	-
Principal paid on bonds	(2,691,065)	-
Interest paid	(596,609)	-
Debt issued	1,351,520	-
Capital contributions	87,562	-
Net cash used by capital and related financing activities	<u>(2,553,435)</u>	<u>-</u>
Cash flows from investing activities		
Interest on investments	<u>360</u>	<u>-</u>
Net increase in cash and cash equivalents	(1,055,166)	380,379
Cash and cash equivalents		
Beginning of year, July 1	<u>4,068,338</u>	<u>987,654</u>
End of year, June 30	<u>\$ 3,013,172</u>	<u>\$ 1,368,033</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, 2012**

	<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	\$ 1,800,421	\$ 391,380
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	875,448	-
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(934,898)	-
(Increase) decrease in security deposit	-	(213,454)
Increase (decrease) in accounts payable and accrued liabilities	22,888	202,453
Increase (decrease) in accrued interest expense	3,383	
Decrease in accrued vacation pay	42,284	-
Increase in customer deposits	15,820	-
Increase in accrued payroll	10,079	-
Increase in other postemployment benefits	103,099	-
Total adjustments	<u>138,103</u>	<u>(11,001)</u>
Net cash provided by operating activities	<u>\$ 1,938,524</u>	<u>\$ 380,379</u>

**Franklin County, North Carolina
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2012**

	Agency Funds
Assets	
Cash and cash equivalents	\$ 66,394
Liabilities and Net Assets	
Liabilities:	
Intergovernmental payable - State of North Carolina	\$ 2,676
Miscellaneous liabilities	63,718
	66,394
Net Assets	\$ -

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

**NOTES TO THE BASIC FINANCIAL
STATEMENTS**

**FRANKLIN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

I. Summary of Significant Accounting Policies

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

A. Reporting Entity

The County, which is governed by a seven-member board of commissioners, is one of the 100 counties established in North Carolina under North Carolina General Statute 153A-10. As required by generally accepted accounting principles, these financial statements present the County.

Franklin County Industrial Facility and Pollution Control Financing Authority exists to issue and service revenue bond debt of private businesses for economic development purposes. The Authority is governed by a seven-member board of commissioners, all of who are appointed by the county commissioners. The County can remove any commissioner of the Authority with or without cause. The Authority has no financial transactions or account balances; therefore, it is not presented in the combined financial statements. The Authority does not issue separate financial statements.

B. Basis of Presentation, Basis of Accounting

Basis of Presentation, Measurement Focus – Basis of Accounting

Government-wide Statements: The statement of net 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. These statements distinguish between the *governmental* and *business-type activities* of the County. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type 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. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the County's funds, including its fiduciary funds. Separate statements for each fund category – *governmental, proprietary, and fiduciary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. Franklin County has one enterprise fund and one internal service fund, both of which are major funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies result from non-exchange transactions. Other non-operating items such as investment earnings are ancillary activities.

**FRANKLIN COUNTY, NORTH CAROLINA
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The County reports the following major governmental funds:

General Fund – This is the County’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The Capital Reserve Fund is a legally budgeted fund under North Carolina General Statutes; however, for statement presentation in accordance with GASB Statement No. 54 it is consolidated in the General Fund.

The County reports the following major enterprise fund:

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

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

Measurement Focus, Basis of Accounting

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

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County enterprise funds are charges to customers for sales and services. The County also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water and sewer system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Governmental Fund Financial Statements – Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The County considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem property taxes are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of January 1, 1993, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, Franklin County is responsible for billing and collecting the property taxes on all registered motor vehicles on behalf of all municipalities and special tax districts in the County. For registered motor vehicles, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, taxes for vehicles registered from March 2011 through February 2012 apply to the fiscal year ended June 30, 2012. 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.

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

**FRANKLIN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
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C. Budgetary Data

The County's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, five of the special revenue funds (Capital Reserve Fund, Fire District Fund, DEA Fund, COPS Fund, and the Emergency Telephone System Fund), the Revaluation Project 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 all of the capital projects funds but the Revaluation Project Fund, two of the special revenue funds, (the Community Development Fund and the Golden Leaf Foundation Fund), and the Water and Sewer Capital Project.

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

D. Assets, Liabilities, and Fund Equity

1. Deposits and Investments

All deposits of the County are made in board-designated official depositories and are secured as required by G.S. 159-31. The County may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the County may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

State law [G.S. 159-30(c)] authorizes the County to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances and the North Carolina Capital Management Trust (NCCMT).

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

2. Cash and Cash Equivalents

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

3. Restricted Assets

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

**FRANKLIN COUNTY, NORTH CAROLINA
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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, 2011. As allowed by state law, the county has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the County's general fund, ad valorem tax revenues are reported net of such discounts.

5. Allowances for Doubtful Accounts

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

6. Inventories

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

7. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. Minimum capitalization costs are as follows: \$50,000 for buildings and building improvements; and \$5,000 for equipment, vehicles, and furniture. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

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

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

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8. Long-term Obligations

In the government-wide financial statements and in the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, 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 other financing source.

9. Compensated Absences

The vacation policies of the County provide for the accumulation for up to thirty days earned vacation leave with such leave being fully vested when earned. For the County's government-wide and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned.

The sick leave policies of the County provide for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since none of the entities have any obligation for accumulated sick leave until it is actually taken, no accruals for sick leave have been made.

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 a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or b) imposed by law through State statute.

Fund Balances

In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

The governmental fund types classify fund balances as follows:

Nonspendable Fund Balance-This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Inventories-portion of fund balance that is not an available resource because it represents the year-end balance of ending inventories, which are not spendable resources.

Restricted Fund Balance-This classification includes revenue sources that are restricted to specific purposes externally imposed by creditors or imposed by law.

Restricted for Stabilization by State Statute-portion of fund balance that is restricted by State Statute [G.S. 159-8(a)].

Restricted for Register of Deeds-portion of fund balance that is restricted by revenue source to pay for the computer equipment and imaging technology for the Register of Deeds office.

**FRANKLIN COUNTY, NORTH CAROLINA
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Restricted for Fire Protection-portion of fund balance that is restricted by revenue source for fire protection expenditures.

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

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

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

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

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

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

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

Assigned for Subsequent year's expenditures-portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body approves the appropriation; however the budget ordinance authorizes the manager to modify the appropriations by resource or appropriation within funds up to \$100,000.

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

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

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

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

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

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

The County has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: bond proceeds, federal funds, State funds, local non-city funds, and county funds. For purposes of fund balance classification expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance and lastly

**FRANKLIN COUNTY, NORTH CAROLINA
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unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it's in the best interest of the County.

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

E. Reconciliation of Government-Wide and Fund Financial Statements

1. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets

The governmental fund balance sheet includes reconciliation between fund balance-total governmental funds and net assets – governmental activities as reported in the government-wide statement of net assets. The net adjustment of \$ (59,961,069) consists of several elements as follows:

Description	Amount
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds (total capital assets on government-wide statement in governmental activities column)	\$ 58,487,315
Less Accumulated Depreciation	<u>(20,232,305)</u>
Net capital assets	<u>38,255,010</u>
 Deferred charges related to bonds issued-included on government-wide statement of net assets but are not current financial resources	 75,100
 Accrued interest receivable less the amount claimed as unearned revenue in the government-wide statements as these funds are not available and therefore deferred in the fund statements	 420,670
 Internal service fund is used by management to charge insurance costs to individual funds; the assets and liabilities of the internal service fund is included in governmental activities in the statement of net assets	 1,345,134
 Internal payable representing charges in excess of cost to business-type activities – current year	 (34,074)
 Liabilities for revenue deferred but earned and therefore recorded in the fund statements but not the government-wide	 2,017,947
 Liabilities for premiums related to bonds issued-included on government-wide state of net assets but not the fund statements	 (741,118)

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

Bonds, leases, and installment financing	(92,801,705)
Compensated absences	(1,320,878)
Other postemployment benefits	(5,565,292)
Net pension obligation	(484,592)
Accrued interest payable	<u>(1,127,271)</u>
Total adjustment	<u>\$ (59,961,069)</u>

2. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balance and the government-wide statement of activities

The government fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between net changes in fund balances-total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. There are several elements of that total adjustment of \$ 4,826,754 as follows:

<u>Description</u>	<u>Amount</u>
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 7,927,899
Depreciation expense, the allocation of those assets over their useful lives, that is recorded on the statement of activities but not in the fund statements	(1,629,923)
New debt issued during the year is recorded as a source of funds on the fund statements; it has no effect on the statement of activities – it affects only the government-wide statement of net assets	(8,638,480)
Principal payments on debt owed are recorded as a use of funds on the fund statements but again affect only the statement of net assets in the government-wide statements	9,272,608
Inventory not expensed on the statement of activities	10,075
Internal service funds are used by management to charge the costs of health insurance to individual funds. The net revenue of certain activities of internal service fund is reported with governmental activities	
Change in net assets of the internal service funds	391,380
Less: Profit from charges to business-type activities	<u>(13,235)</u>
Net adjustment	<u>378,145</u>

**FRANKLIN COUNTY, NORTH CAROLINA
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Expenses reported in the statement of activities that do not require the use of current resources to pay are not recorded as expenditures in the fund statements	
Difference in interest expense between fund statements (modified accrual) and government-wide statements (full accrual)	(16,488)
Amortization of bond issuance costs not recorded on fund statements	(4,173)
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	(147,984)
Net pension obligation is accrued in the government-wide statements but not in the fund statements because they do not use current resources	(75,329)
Other postemployment benefits are accrued in the government-wide statements but not in the fund statements because they do not use current resources	(1,769,659)
Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements	
Reversal of deferred tax revenue recorded at 7-1-11	(2,446,488)
Recording of tax receipts deferred in the fund statements as of 6-30-12	2,017,947
Increase in accrued taxes receivable for year ended 6-30-12	(93,280)
Amortization of bond premium	41,173
Increase in accrued interest receivable for year ended 6-30-12	711
Total adjustment	<u>\$ 4,826,754</u>

II. Detail Notes on All Funds

A. Assets

1. Deposits

All of the County's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the County's agents in these unit's names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the County, these deposits are considered to be held by their agents in the entities' name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the County or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The County has no formal policy regarding custodial credit risk for deposits.

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

At June 30, 2012, the County's deposits had a carrying amount of \$18,021,306 and a bank balance of \$18,560,850. Of the bank balance, \$428,965 was covered by federal depository insurance and \$18,131,885 in interest bearing deposits was covered by collateral held under the Pooling Method.

At June 30, 2012, Franklin County had \$3,510 cash on hand.

2. Investments

As June 30, 2012, the County's investment balances were as follows:

	<u>Fair Value</u>	<u>6-12 months</u>
NC Capital Management Trust:	\$ 12,656,529	\$ 12,656,529

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, 2012. The County's policy on investments is that only investments allowed by North Carolina General Statutes are allowed.

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

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

<u>Year Levied</u>	<u>Tax</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 3,126,272	\$ 1,023,854	\$ 4,150,126
2010	3,293,268	782,191	4,075,459
2011	3,389,890	500,009	3,389,899
2012	<u>3,380,101</u>	<u>-</u>	<u>3,380,101</u>
Total	<u>\$13,189,531</u>	<u>\$ 2,306,054</u>	<u>\$ 14,995,585</u>

4. Receivables

Receivables at the government-wide level at June 30, 2012 were as follows:

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	<u>Accounts</u>	Ad Valorem Taxes & Related <u>Accrued Interest</u>	<u>Due from Other Governments</u>	<u>Total</u>
Governmental Activities:				
General	\$ 1,265,693	\$ 2,038,376	\$ 3,240,790	\$ 6,544,859
Other Governmental	<u>24,352</u>	<u>130,571</u>	<u>373,240</u>	<u>528,163</u>
Total receivables	1,290,045	2,168,947	3,614,030	7,073,022
Allowance for doubtful accounts	<u>(275,907)</u>	<u>(151,000)</u>	<u>-</u>	<u>(426,907)</u>
Total – governmental activities	<u>\$ 1,014,138</u>	<u>\$ 2,017,947</u>	<u>\$ 3,614,030</u>	<u>\$ 6,646,115</u>
Business-type Activities:				
Water and Sewer	\$ 1,474,114	\$ -	\$ 26,748	\$ 1,500,862
Allowance for doubtful accounts	<u>(101,381)</u>	<u>-</u>	<u>-</u>	<u>(101,381)</u>
Total – business-type activity	<u>\$ 1,372,733</u>	<u>\$ -</u>	<u>\$ 26,748</u>	<u>\$ 1,399,481</u>

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

Local option sales tax	\$ 1,285,527
Child Care	195,019
Social Services	423,056
Health Department	518,084
Aging Grant funding	106,014
Sales tax refund	560,310
Medicaid Hold Harmless	231,374
Miscellaneous	<u>321,394</u>
Total	<u>\$ 3,640,778</u>

5. Capital Assets

Capital asset activity for the year ended June 30, 2012 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	\$ 10,694,773	\$ 174,252	\$ -	\$ 10,869,025
Construction in process	<u>3,149,480</u>	<u>7,477,944</u>	<u>994,147</u>	<u>9,633,277</u>
Total capital assets not being depreciated	<u>13,844,253</u>	<u>7,652,196</u>	<u>994,147</u>	<u>20,502,302</u>
Capital assets being depreciated:				
Buildings	23,255,262	12,175	-	23,267,437
Waterlines	163,228	-	-	163,228
Gas lines	411,481	-	-	411,481
Land Improvements	1,853,675	994,147	-	2,847,822
Equipment	6,062,243	178,022	-	6,240,265
Vehicles	<u>5,019,268</u>	<u>85,506</u>	<u>49,994</u>	<u>5,054,780</u>
Total capital assets being depreciated	<u>36,765,157</u>	<u>1,269,850</u>	<u>49,994</u>	<u>37,985,013</u>

**FRANKLIN COUNTY, NORTH CAROLINA
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	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Less accumulated depreciation for:				
Buildings	9,701,897	635,807	-	10,337,704
Waterlines	26,780	4,085	-	30,865
Gas lines	184,869	8,241	-	193,110
Land Improvements	665,127	134,315	-	799,442
Equipment	4,158,336	425,509	-	4,583,845
Vehicles	<u>3,915,367</u>	<u>421,966</u>	<u>49,994</u>	<u>4,287,339</u>
Total accumulated depreciation	<u>18,652,376</u>	<u>\$ 1,629,923</u>	<u>\$ 49,994</u>	<u>20,232,305</u>
Total capital assets being depreciated, net	<u>18,112,781</u>			<u>17,752,708</u>
Governmental –type activities capital assets, net	<u>\$ 31,957,034</u>			<u>\$ 38,255,010</u>
 Business-type activities:				
Franklin County Water & Sewer Fund				
Capital assets not being depreciated:				
Land	\$ 369,456	\$ -	\$ -	\$ 369,456
Construction in progress	<u>1,829,723</u>	<u>577,662</u>	<u>468,232</u>	<u>1,939,153</u>
Total capital assets not being depreciated	<u>2,199,179</u>	<u>577,662</u>	<u>468,232</u>	<u>2,308,609</u>
Capital assets being depreciated:				
Plant and distribution systems	34,474,020	518,295	-	34,992,315
Furniture and maintenance equipment	727,948	77,117	-	805,065
Vehicles	<u>332,086</u>	<u>24,997</u>	-	<u>357,083</u>
Total capital assets being depreciated	<u>35,534,054</u>	<u>620,409</u>	-	<u>36,154,463</u>
Less accumulated depreciation for:				
Plant and distribution systems	9,928,300	816,870	-	10,745,170
Furniture and maintenance equipment	636,135	43,602	-	679,737
Vehicles	<u>288,184</u>	<u>39,972</u>	-	<u>328,156</u>
Total accumulated depreciation	<u>10,852,619</u>	<u>\$ 900,444</u>	-	<u>11,753,063</u>
Total capital assets being depreciated, net	<u>24,681,435</u>			<u>24,401,400</u>
Business-type activities capital assets, net	<u>\$ 26,880,614</u>			<u>\$ 26,710,009</u>

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

General Government	\$ 221,650
Public Safety	829,143
Economic and Physical Development	262,583
Human Services	160,408
Cultural and Recreational	<u>156,139</u>
Total depreciation expense	<u>\$ 1,629,923</u>

Construction and Other Commitments

At June 30, 2012, the County was obligated under a construction project:

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

**FRANKLIN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

B. Liabilities

1. Payables

Payables at the government-wide level at June 30, 2012 were as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Total</u>
Governmental Activities:			
General	\$ 1,292,134	\$ 1,195,531	\$ 2,487,665
Other Governmental	<u>431,890</u>	<u>-</u>	<u>431,890</u>
Total - governmental activities	<u>\$ 1,724,024</u>	<u>\$ 1,195,531</u>	<u>\$ 2,919,555</u>
Business-type Activity:			
Water and Sewer Fund	<u>\$ 304,452</u>	<u>\$ 45,205</u>	<u>\$ 349,657</u>

2. Pension Plan and Other Postemployment Obligations

a. Local Governmental Employee's Retirement System

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

Funding Policy – Plan members are required to contribute six percent of their annual covered salary. The County is required to contribute at an actuarially determined rate. For the County, the current rate for employees not engaged in law enforcement and for law enforcement officers is 4.93% 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, 2012, 2011, and 2010 were \$1,169,638, \$1,142,049, and \$829,584, respectively. The contributions made by the County and the plan members equaled the required contributions for each year.

b. Law Enforcement Officers' Special Separation Allowance

1. Plan Description

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

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2011, the Separation Allowance's membership consisted of:

**FRANKLIN COUNTY, NORTH CAROLINA
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Retirees receiving benefits	-
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>70</u>
Total	<u>70</u>

2. Summary of Significant Accounting Policies

Basis of Accounting – The County has chosen to fund the Separation Allowance on a pay as you go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting.

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

3. Contributions

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

The annual required contribution for the current year was determined as part of the December 31, 2011 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumption included (a) 5.00% investment rate of return (net of administrative expenses) and (b) projected salary increases of 4.5% – 7.85% per year. Both (a) and (b) included an inflation component of 3.00%. The assumptions did not include postretirement benefit increases. The actuarial value of assets was determined using the market value of investments. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2011 was 19 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	\$ 79,281
Interest on net pension obligation	20,463
Adjustment to annual required contribution	<u>(24,415)</u>
Annual pension cost	75,329
Contribution made	<u>-</u>
Increase in net pension obligation	75,329
Net pension obligation at beginning of year	<u>409,263</u>
Net pension obligation at end of year	<u>\$ 484,592</u>

Three Year Trend Information

For Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
<u>June 30</u>	<u>Cost (APC)</u>	<u>Contributed</u>	<u>Obligation</u>
2010	\$ 54,139	0.00%	\$ 336,796
2011	72,467	0.00%	409,263
2012	\$ 75,329	0.00%	\$ 484,592

**FRANKLIN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

4. Funded Status and Funding Progress

As of December 31, 2011, the most recent actuarial valuation date, the plan was 0 percent funded. The actuarial liability for benefits was \$539,070, and the actuarial value of assets was 0, resulting in an unfunded actuarial accrued liability (UALL) of \$539,070. The covered payroll (annual payroll of active employees covered by the plan) was \$2,630,655 and the ratio of the UALL to the covered payroll was 20.49%.

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

c. Supplemental Retirement Income Plan for Law Enforcement Officers

Plan Description – The County contributes to the Supplemental Retirement Income Plan (Plan), a defined contributions pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the County. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State’s CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy – Article 12E of G.S. Chapter 143 requires the County to contribute each month an amount equal to five percent of each officer’s salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2012 were \$152,666, which consisted of \$121,082 from the County and \$31,584 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. The Registers of Deeds’ Supplemental Pension Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State’s CAFR includes financial statements and required supplementary information for the Registers of Deeds’ Supplemental Pension Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy – On a monthly basis, the County remits to the Department of State Treasurer an amount equal to one and one-half percent (1.5%) of the monthly receipts collected pursuant to Article 3 of G.S. 161. Immediately following January 1 of each year, the Department of State Treasurer divides ninety-three percent (93%) of the amount in the Fund at the end of the preceding calendar year into equal shares to be disbursed as monthly benefits. The remaining seven percent (7%) of the Fund’s assets may be used by the State Treasurer in administering the Fund. For the fiscal year ended June 30, 2012, the County’s required and actual contributions were \$4,061.

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

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

Membership of the HCB Plan consisted of the following at December 31, 2010, the date of the latest actuarial valuation:

	<u>General Employees</u>	<u>Law Enforcement Employees</u>
Retirees and dependents receiving benefits	62	-
Terminated plan members entitled to but not yet receiving benefits	-	-
Active plans members	<u>448</u>	<u>69</u>
Total	<u>510</u>	<u>69</u>

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

The current ARC rate is 12.17% of annual covered payroll. For the current year, the County contributed \$255,744 or 1.47% of covered payroll. The County is self-insured for healthcare coverage. The County's required contributions, under a Board resolution, for employees not engaged in law enforcement and for law enforcement officers represented 10.34% and 1.83% of covered payroll, respectively. There were no contributions made by employees, except for dependent coverage in the amount of \$69,179. The County's obligation to contribute to HCB Plan as established may be amended by the Board of Commissioners.

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

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

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

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Annual required contribution	\$ 2,121,356
Interest on net OPEB obligation	159,901
Adjustment to annual required contribution	<u>152,755</u>
Annual OPEB cost (expense)	2,128,502
Contributions made	<u>255,744</u>
Increase in net OPEB obligation	1,872,758
Net OPEB obligation, beginning of year	<u>3,997,515</u>
Net OPEB obligation, end of year	<u>\$ 5,870,273</u>

The Count's annual OPEB cost, the percentage of annual OPEB cost contributed to the HCB Plan, and the net OPEB obligation for 2012 were as follows:

<u>For the Year Ended June 30,</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Contribution</u>
2012	\$ 2,128,502	12.01%	\$ 5,870,273
2011	\$ 1,492,950	13.24%	\$ 3,997,515
2010	\$ 1,434,333	13.25%	2,702,212

Funded Status and Funding Progress. As of December 31, 2010, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL) was \$18,433,153. The covered payroll (annual payroll of active employees covered by the plan) was \$17,432,740 and the ratio of the UAAL to the covered payroll was 105.7 percent.

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

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

In the December 31, 2010 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.00 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date. The rate included a 3.00 percent inflation assumption. The medical cost trend rate varied between 10.50 and 5.00 percent. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five year period. The UAAL is being amortized as a level percentage of projected unit credit on a level percent of pay, open basis. The remaining amortization period at December 31, 2010 was thirty years.

**FRANKLIN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
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f. Other Employment Benefits

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

For the fiscal year ended June 30, 2012, the County made contributions to the State for death benefits of \$17,710. The County's required contributions for employees not engaged in law enforcement and for law enforcement officers represented 0.10% and 0.14% of covered payroll, respectively.

3. Deferred/Unearned Revenues

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

	<u>Deferred Revenue</u>	<u>Unearned Revenue</u>
Prepaid taxes not yet earned		
General Fund	\$ 281,543	\$ 281,543
Taxes receivable, net		
General Fund	1,887,376	-
Special Revenue Fund	130,571	-
Home Owners Fund	<u>136,675</u>	<u>136,675</u>
Total	<u>\$ 2,436,165</u>	<u>\$ 418,218</u>

4. Risk Management

The County is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County participates in one self-funded risk-financing pools administered by the North Carolina Association of County Commissioners. Through these pools, the County obtains property coverage equal to replacement cost values of owned property subject to a limit of \$125.5 million for any one occurrence, general, auto, professional, and employment practices liability coverage of \$2 million per occurrence, auto physical damage coverage for owned autos at actual cash value, crime coverage of \$250,000 per occurrence. The pools are audited annually by certified public accountants, and the audited financial statements are available to the County upon request. Two of the pools are reinsured through a multi-state public entity captive for single occurrence losses in excess of \$500,000 up to a \$2 million limit for liability coverage, \$600,000 of aggregate annual losses in excess of \$50,000 per occurrence for property, auto physical damage, and crime coverage. For health and dental insurance, the County is reinsured through the Pool for individual losses in excess of \$60,000 and aggregate annual losses in excess of 120% of expected claims. The pool is reinsured through commercial carrier for individual losses in excess of \$1,000,000.

In 1998, the County's group medical coverage went from fully insured to self-insured which is administered by an outside provider. The County also provides self-insured dental to its employees and dependents. There is no limit for in-network services and a \$1,000,000 lifetime limit for out-of-network

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services for each covered employee/dependent's medical costs. The cost of providing medical coverage to participating employees and dependents is charged to benefiting funds as premiums. These premiums are an estimate of expected average claims per individual.

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

In accordance with G.S. 159-29, the County's employees that have access to \$100 or more at any given time of the County's funds are performance bonded through a commercial surety bond. The Finance Officer and tax collector are each individually bonded for \$250,000 each. The remaining employees that have access to funds are bonded under a blanket bond for \$250,000.

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

5. Commitments

At June 30, 2012, the County was obligated under an operating lease for office space as follows:

Beginning January 1, 2010 through December 31, 2016 at the rate of \$3.59 per square foot plus taxes and insurance/month for certain office space for aging services. Rent expense for the year ended June 30, 2012 was \$38,438.

Various other properties in Franklin County with a total rental expense for the year ended June 30, 2012 of \$108,840.

At June 30, 2012, the County leased vehicles and equipment with total rental expense of \$59,295.

At June 30, 2012, the County was obligated under operating leases for land as follows:

Nine parcels of land were rented for trash dumping and recycling centers ranging from \$360 to \$1,800 per year. All leases expired June 30, 2012 with options to extend for an additional year. Options were exercised on all of the leases at June 30, 2012. Rent expense for the year ended June 30, 2012 was \$10,130.

At June 30, 2012, the County was obligated under various operating leases for office equipment as follows:

Total lease expense for the year ended June 30, 2012 was \$111,016.

Total operating lease expense for the year ended June 30, 2012, was \$327,718.

Future lease payments total for the years ending June 30:

	<u>Total</u>
2013	\$ 232,159
2014	154,114
2015	95,896
2016	<u>46,745</u>
Total	<u>\$ 528,914</u>

**FRANKLIN COUNTY, NORTH CAROLINA
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At June 30, 2012, the County was obligated under a commitment as follows:

The County has made and entered into an agreement in November, 2007, with Waste Industries, Inc. to transport certain solid waste from the transfer station to a permitted landfill. This agreement goes into effect for a minimum period of 60 months whereby mutual consent between the two parties extend the term of this agreement for an additional year. Compensation is paid monthly at the following rates:

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

At June 30, 2012, the County was obligated to purchase water from two local municipalities as follows:

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

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

5. Contingent Liabilities

At June 30, 2012, the County was a defendant to various lawsuits. In the opinion of the County's management and the County attorney, the ultimate effect of these legal matters will not have a material adverse effect on the County's financial position.

6. Long-Term Obligations

a. Installment Purchases

Serviced by the County's General Fund:

In December 2011, the County entered an installment contact with Bank of America to refinance old debt in the amount of \$2,038,480. A principal payment of \$290,883 plus interest at 1.81% is due each year in monthly installments until 2018. Principal and interest payments are appropriated when due. \$ 1,893,038

On April 30, 2001, the County entered into an installment purchase contract with Branch Banking and Trust in the amount of \$4,000,000 to finance school construction. A principal amount of \$133,333 plus interest at 4.81% is due October 30, 2001, and semiannually after that until a final payment due April 30, 2016. Principal and interest payments are appropriated when due. 1,066,667

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

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

**FRANKLIN COUNTY, NORTH CAROLINA
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On June 22, 2010, the County entered into an installment obligation to refinance old debt and issue new debt in the amount of \$12,179,000. A principal payment of \$1,789,000 to \$474,000, plus interest between 3.31% and 3.970% is due June and December of each year until 2025. Principal and interest are appropriated when due. 6,512,000

In September 2004, the County entered into an installment contract to finance the construction of a solid waste transfer station and office renovation at the Human Services Building. The obligation is due in ten separate annual payments beginning September 2010. Interest is 3.85%. Principal and interest payments are appropriated when due. 525,000

Total installment obligation debt \$ 16,596,705

Serviced by the County's Water and Sewer Fund:

\$ 1,974,000 On December 12, 2008, the County entered into an installment obligation to expand the County's Sewer Infrastructure. A principal amount of \$197,400 plus interest at 3.58% is due each year in monthly installments. Principal and interest are appropriated each year until 2019. \$ -

\$ 7,215,000 On June 22, 2010, the County entered into an installment obligation to refinance old debt and issue new debt. A principal amount of \$320,000 to \$600,000 plus interest between 3.31% and 3.970% is due June and December of each year until 2025. 5,860,000

\$ 1,299,520 In December 2011, the County entered into an installment agreement to refinance old debt and issue new debt. A principal amount of \$185,974 plus interest at 1.81% is due at year in monthly installments. Principal and interest are appropriated each year until 2018. 1,206,533

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

Total installment obligations \$ 7,118,533

b. General Obligation Indebtedness

All general obligation bonds serviced by the County's General Fund are collateralized by the full faith, credit, and taxing power of the County. Franklin County Water and Sewer Fund issues certificates of participation. These certificates do not constitute a legal or equitable pledge, charge, lien or encumbrance upon any of the County's property or revenue.

The County's long-term indebtedness at June 30, 2012 is comprised of the following:

Serviced by the County's General Fund:

\$1,400,000 2005 School Bonds, issued 6/1/05, with interest and principal annually on April 1 of \$100,000 plus interest through 2019, interest payable at 3.0-3.8%. \$ 700,000

**FRANKLIN COUNTY, NORTH CAROLINA
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<p>\$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%.</p>	2,725,000
<p>\$20,000,000 2006 School Bonds, issued 8/1/07, with interest semiannually on August 1 and February 1 and principal on August 1 of \$1,000,000 through 2026, interest payable at 4.0-5.0%</p>	15,000,000
<p>\$8,600,000 2007 School Bonds, issued 8/14/2007, with interest semiannually on August 1 and February 1 and principal on February 1 of \$200,000 through 2028, interest at 4.125-6.125%</p>	7,800,000
<p>\$14,000,000 2009 School Bonds, issued 9/10/2009, with interest semiannually on March 1 and September 1 and principal on March 1 of \$500,000- \$900,000 through 2029, interest at 3.0-4.0%</p>	13,000,000
<p>\$3,600,000 2010A Qualified School Construction Bonds, issued 1/5/2010, with interest and principal due annually on December 15; principal of \$240,000 through 2024, interest at 2.17%</p>	3,120,000
<p>\$24,000,000 2010B School Bonds, issued 11/9/2010, with interest semiannually on April 1 and October 1 and principal due on April 1 through 2030, interest payable at 2.0%-4.0%</p>	<u>22,600,000</u>
<p>Total General Obligation Indebtedness</p>	<u>\$ 64,945,000</u>
Certificates of Participation:	
<p>\$14,095,000 2007 Franklin County Animal Control and School Certificates of Participation with interest due semiannually on September 1 through 2028, interest at 4% to 5%</p>	<u>\$ 11,260,000</u>
Serviced by the County's Water and Sewer Fund:	
Revolving Loans:	
<p>\$1,500,000 2000 Federal Revolving Loan, issued 2/19/00 with interest due semiannually on November 1 and May 1 and principal of \$75,000 due May 1 through 2021, interest at 2.6%.</p>	\$ 675,000
<p>\$2,100,000 2000 State Revolving Loan, issued 2/19/00 with interest due semiannually on November 1 and May 1 and principal of \$105,000 due May 1 through 2021, interest at 2.6%.</p>	<u>945,000</u>
<p>Total Revolving Loans</p>	<u>\$ 1,620,000</u>
Certificates of Participation:	
<p>\$3,155,000 2008 Franklin County Water and Sewer Certificates of Participation, issued June, 2008, with interest and principal annually on September 1 through 2027, interest at 4% to 5%.</p>	\$ 2,515,000

**FRANKLIN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

\$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%. 3,034,607

Total Certificates of Participation \$ 5,549,607

On June 30, 2012, Franklin County had a legal debt margin of \$225,714,471.

Debt Related to Capital Assets

Of the total Governmental Activities debt above, \$11,577,038 relates to assets still held by the County. Restricted cash related to this debt amounts to \$2,505,725.

8. Changes in Long-Term Debt

The following is a summary of changes in general long-term debt for the year ended June 30, 2012:

Governmental Activities:

	Balance <u>July 1, 2011</u>	<u>Additions</u>	<u>Retirements</u>	Balance <u>June 30, 2012</u>	Current <u>Portion</u>
General obligation bonds	\$ 68,915,000	\$ -	\$ 3,970,000	\$ 64,945,000	\$ 3,960,000
Certificates of participation	11,965,000	-	705,000	11,260,000	700,000
Installment purchases	12,555,833	8,638,480	4,597,608	16,596,705	3,412,878
Compensated absences	1,172,894	1,320,878	1,172,894	1,320,878	330,220
Net pension obligation	409,263	75,329	-	484,592	-
Other postemployment benefits	3,795,633	1,769,659	-	5,565,292	-
Total	<u>\$ 98,813,623</u>	<u>\$ 11,804,346</u>	<u>\$10,445,502</u>	<u>\$100,172,467</u>	<u>\$ 8,403,098</u>

Business-type Activities:

	Balance <u>July 1, 2011</u>	<u>Additions</u>	<u>Retirements</u>	Balance <u>June 30, 2012</u>	Current <u>Portion</u>
By purpose:					
Revolving loans	\$ 1,800,000	\$ -	\$ 180,000	\$ 1,620,000	\$ 180,000
Certificates of participation	6,158,184	-	608,578	5,549,606	625,725
Installment purchases	7,669,500	1,351,520	1,902,487	7,118,533	542,671
Compensated absences	15,395	57,679	15,395	57,679	14,420
Other postemployment benefits	201,883	103,099	-	304,982	-
Total	<u>\$ 15,844,962</u>	<u>\$ 1,512,298</u>	<u>\$ 2,706,460</u>	<u>\$ 14,650,800</u>	<u>\$ 1,362,816</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 FISCAL YEAR ENDED JUNE 30, 2012**

Governmental Activities:

<u>Year Ending June 30,</u>	<u>General Obligation Bonds</u>		<u>Installment Purchases</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 3,960,000	\$ 2,387,603	\$ 3,412,878	\$ 486,689
2014	3,950,000	2,251,095	3,472,878	360,465
2015	4,290,000	2,123,037	1,882,878	245,000
2016	4,385,000	1,979,204	1,704,878	187,396
2017	4,270,000	1,820,688	1,434,212	140,026
2018-2022	19,670,000	6,722,961	4,688,981	244,529
2023-2027	18,845,000	3,057,592	-	-
2028-2029	<u>5,575,000</u>	<u>364,531</u>	-	-
	<u>\$ 64,945,000</u>	<u>\$ 20,706,711</u>	<u>\$ 16,596,705</u>	<u>\$ 1,664,105</u>

<u>Year Ending June 30,</u>	<u>Certificates of Participation</u>		<u>Total Debt Due</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 700,000	\$ 516,471	\$ 8,072,878	\$ 3,390,762
2014	705,000	487,143	8,127,878	3,098,703
2015	705,000	457,533	6,877,878	2,825,570
2016	705,000	427,746	6,794,878	2,594,346
2017	705,000	397,608	6,409,212	2,358,322
2018-2022	3,520,000	1,493,225	27,878,981	8,460,715
2023-2027	3,520,000	614,500	22,365,000	3,672,092
2028	<u>700,000</u>	<u>17,500</u>	<u>6,275,000</u>	<u>382,031</u>
	<u>\$ 11,260,000</u>	<u>\$ 4,411,726</u>	<u>\$ 92,801,705</u>	<u>\$ 26,782,541</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>
2013	\$ 180,000	\$ 42,120	\$ 625,725	\$ 226,043
2014	180,000	37,440	644,610	197,478
2015	180,000	32,760	663,262	172,106
2016	180,000	28,080	682,378	146,230
2017	180,000	23,400	702,715	119,054
2018-2022	720,000	46,800	1,300,917	339,254
2023-2027	-	-	775,000	135,625
2028	-	-	<u>155,000</u>	<u>3,875</u>
	<u>\$ 1,620,000</u>	<u>\$ 210,600</u>	<u>\$ 5,549,607</u>	<u>\$ 1,339,665</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>
2013	\$ 542,671	\$ 253,801	\$ 1,348,396	\$ 521,964
2014	550,977	236,636	1,375,587	471,554
2015	585,289	219,149	1,428,551	424,015
2016	584,646	200,412	1,447,024	374,722
2017	601,646	181,186	1,484,361	323,640
2018-2022	2,614,304	614,621	4,635,221	1,000,675
2023-2027	1,639,000	132,002	2,414,000	267,627
2028	-	-	<u>155,000</u>	<u>3,875</u>
	<u>\$ 7,118,533</u>	<u>\$ 1,837,807</u>	<u>\$ 14,288,140</u>	<u>\$ 3,388,072</u>

**FRANKLIN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

C. Interfund Activity

Transfers to/from other funds at June 30, 2012, consists of the following:

From the General Fund to the Fire District Fund for mutual aid funding	\$ 40,700
From the General Fund to the Airport Capital Project Fund to supplement other funding sources	16,666
From the General Fund to the Revaluation Project Fund to accumulate reserves for the revaluation of real property	120,000
From the General Fund to the County Building Project Fund to supplement other funding sources	963,770
From the Water and Sewer Fund to the General Fund to repay borrowed funds	440,615
From the Capital Reserve Fund to the General Fund for the payment of debt service	2,200,000
From the Emergency Telephone System Fund to the County Building Projects Fund for transfer of money for project	<u>791,483</u>
Total transfers to/from other funds	<u>\$ 4,573,234</u>

III. Fund Balance

Franklin County has a revenue spending policy that provides policy for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: bond proceeds, federal funds, State funds, local non-County funds, County funds. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance and lastly unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it is in the best interest of the County.

The following schedule provides management and citizens with information on the portion of the General Fund balance that is available for appropriation:

Total fund balance-General Fund	\$ 21,965,763
Less:	
Inventories	27,220
Stabilization by State Statute	4,415,696
Appropriated fund balance in 2013 budget	3,073,786
Register of Deeds	48,636
Capital Reserve	594,825
Public Safety	80,922
Cultural and Recreational	283,079
General Government	91,425
Economic Development	334,228
Working Capital/Fund Balance Policy	10,616,978
Remaining Fund Balance	\$ 2,398,968

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

**FRANKLIN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

IV. Joint Ventures

The Area Mental Health District was established to provide mental health services for five counties: Franklin, Warren, Granville, Vance, and Nash. Each county has one board member on the Area Mental Health Board, but none individually has authority to designate management. The County contributed \$129,120 to the Area Mental Health during the fiscal year ended June 30, 2012. 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, 2012. 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, Vance, and Warren. Federal, State and local grants and users' fees provide general support of K.A.R.T.S. Each county appoints two members of the Authority management body and this governing body determines the budget and financing requirements of the Authority. The County has an ongoing financial responsibility for the joint venture because K.A.R.T.S. continued existence depends on the participant governments' continued findings. The County contributed \$34,299 to K.A.R.T.S. during the fiscal year ended June 30, 2012. 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, 2012. 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 \$300,000 and \$15,500 to the community college for operating and capital purposes, respectively, during the fiscal year ended June 30, 2012. 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, 2012. Complete financial statements for the community college may be obtained from the community college's administrative offices at P.O. Box 917, Henderson, N.C. 27536.

V. Jointly Governed Organization

The Kerr-Tar Council of Government is a voluntary association of five county governments, including Franklin County, established to coordinate federal and State projects of a planning nature in the five-county area in Central North Carolina. Each county appoints one member to the Council's governing body and this governing body selects the management and determines the budget and financing requirements of the Council. The County contributed \$23,106 to the Council during the fiscal year ended June 30, 2012.

**FRANKLIN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

State law (Chapter 105, Articles 40 and 42, of the North Carolina General Statutes) requires the County to use a portion of the proceeds of its supplemental and additional supplemental sales taxes, or local option sales taxes, for public school capital outlays or to retire public school indebtedness. During the fiscal year ended June 30, 2012, the County reported these local option sales taxes within its Capital Reserve Fund. The County expended the restricted portion of these taxes for public school capital outlays and retirement of public school debt.

VI. Benefit Payments Issued by the State

The amounts listed below were paid directly to individual recipients by the State from federal and State moneys. County personnel are involved with certain functions, primarily eligibility determinations that cause benefit payments to be issued by the State. These amounts disclose this additional aid to County recipients that do not appear in the basic financial statements because they are not revenues and expenditures of the County.

	<u>Federal</u>	<u>State</u>
Temporary Assistance to Needy Families	\$ 335,489	\$ -
Women, Infants and Children	982,225	-
Medicaid	42,142,635	24,484,255
Energy Assistance	36	-
Adoption Assistance	296,609	81,321
State/County Special Assistance for Adults	-	535,564
Chafee Foster Care Independence	500	-
Foster Care	160,508	51,954
Adoption Subsidy	-	246,548
SFHF Maximization	-	30,399
Foster Care At Risk Maximization	-	4,481
State Foster Home	-	47,875
	<u>\$ 43,918,002</u>	<u>\$ 25,482,397</u>

VII. Summary Disclosure of Significant Commitments and Contingencies

Federal and State Assisted Programs

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

VIII. Significant Effects of Subsequent Events

The County purchased some land for the airport on July 2, 2012 for \$780,375. Of this amount, financing was obtained from the seller for \$335,930.

REQUIRED SUPPLEMENTAL FINANCIAL DATA

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

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

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

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Projected Unit Credit	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
12/31/2006	\$ -	\$ 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%
12/31/2008	-	332,424	332,424	0.00%	2,394,423	13.88%
12/31/2009	-	484,211	484,211	0.00%	2,521,006	19.21%
12/31/2010	-	520,500	520,500	0.00%	2,665,138	19.53%
12/31/2011	\$ -	\$ 539,070	\$ 539,070	0.00%	\$ 2,630,655	20.49%

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

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

Notes to the Required Schedules:

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

Valuation date	12/31/2011
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	19 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	5.00%
Projected salary increases	4.25-7.85%
Includes inflation at	3.00%
Cost-of-living adjustments	N/A

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

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

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

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

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	12/31/2010
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay, open
Remaining amortization period	30 years
Asset valuation method	Market value of assets
Actuarial assumptions:	
Investment rate of return	4.00%
Medical cost trend	
Pre-Medicare trend rate	10.50% - 5.00%
Post-Medicare trend rate	8.50%-5.00%
Year of Ultimate trend rate	2018
Includes inflation at	3.00%

COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES

MAJOR GOVERNMENTAL FUNDS

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

Franklin County, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2012
(With Comparative Totals for the Year Ended June 30, 2011)

	2012		Variance Positive (Negative)	2011
	Budget	Actual		Actual
Revenues:				
Ad valorem taxes:				
Current year taxes	\$ 34,508,325	\$ 34,970,031	\$ 461,706	\$ 34,231,510
Delinquent taxes	940,000	1,030,198	90,198	1,103,096
Tax discounts and refunds	(227,000)	(42,692)	184,308	(29,701)
Total	<u>35,221,325</u>	<u>35,957,537</u>	<u>736,212</u>	<u>35,304,905</u>
Sales tax revenue	4,681,620	4,937,185	255,565	4,243,708
Other Tax Revenues				
Tax penalties and interest	300,000	402,797	102,797	402,350
Tax levies, foreclosures, etc.	175,000	64,515	(110,485)	22,665
Beer and wine taxes	215,000	228,948	13,948	221,690
Privilege licenses	2,400	2,725	325	2,996
Vehicle rental tax	1,500	1,702	202	1,864
ABC Rehab tax	14,500	13,189	(1,311)	13,094
Total	<u>708,400</u>	<u>713,876</u>	<u>5,476</u>	<u>664,659</u>
Restricted intergovernmental:				
Federal and State grants	9,077,025	9,625,995	548,970	10,424,160
Lottery proceeds	700,000	700,000	-	1,490,000
Total	<u>9,777,025</u>	<u>10,325,995</u>	<u>548,970</u>	<u>11,914,160</u>
Fees, sales and charges:				
Occupancy tax	70,000	49,120	(20,880)	47,608
White goods	21,000	19,054	(1,946)	17,584
Franchise fees	146,000	177,472	31,472	171,624
Court facility fees	105,000	78,987	(26,013)	86,244
Building permits	30,000	40,889	10,889	34,030
Inspection fees	434,500	468,879	34,379	404,606
Planning fees	-	5,907	5,907	5,361
Register of Deeds fees	375,000	406,080	31,080	379,948
Adequate facilities fees	-	-	-	71,565
Recreation reserve fees	-	16,456	16,456	10,130
Rents and concessions	36,000	37,562	1,562	37,060
Health fees	3,480,550	3,218,581	(261,969)	3,555,340
Social services fees	315,925	337,768	21,843	361,766
Aging services	65,500	66,119	619	70,863
Airport	903,000	878,302	(24,698)	757,389
Sheriff and jail fees	1,572,415	1,723,145	150,730	1,616,106
Library fees and donations	33,000	36,286	3,286	34,214
Solid waste fees	2,430,100	2,433,616	3,516	2,341,845
Ambulance and rescue squad fees	1,784,913	2,506,905	721,992	1,771,617
Recreation	25,000	24,462	(538)	19,325
Other	65,000	81,909	16,909	68,999
Total	<u>11,892,903</u>	<u>12,607,499</u>	<u>714,596</u>	<u>11,863,224</u>

Franklin County, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2012
(With Comparative Totals for the Year Ended June 30, 2011)

	2012		Variance Positive (Negative)	2011
	Budget	Actual		Actual
Investment earnings	300,000	139,597	(160,403)	194,516
Miscellaneous:				
Donations and private grants	134,595	138,829	4,234	115,858
Other miscellaneous	157,971	219,926	61,955	198,190
Total	292,566	358,755	66,189	314,048
Total revenues	62,873,839	65,040,444	2,166,605	64,499,220
Expenditures:				
General government:				
Governing body:				
Salaries and employee benefits		208,846		207,197
Other operating expenditures		55,384		60,018
Insurance other than property		2,575		2,575
Capital outlay		-		60
Total	281,487	266,805	14,682	269,850
County Manager:				
Salaries and employee benefits		204,569		198,567
Other operating expenditures		30,077		29,887
Capital outlay		-		1,401
Total	264,838	234,646	30,192	229,855
Finance:				
Salaries and employee benefits		307,300		308,798
Other operating expenditures		44,246		42,781
		1,111		130
Total	356,301	352,657	3,644	351,709
Human Resources:				
Salaries and employee benefits		114,708		99,090
Other operating expenditures		27,792		26,018
Capital outlay		-		2,638
Total	142,543	142,500	43	127,746
Board of Elections:				
Salaries and employee benefits		161,413		195,880
Other operating expenditures		138,601		91,267
Capital outlay		3,636		-
Total	281,412	303,650	(22,238)	287,147
Register of Deeds:				
Salaries and employee benefits		217,861		265,600
Other operating expenditures		97,964		84,843
Capital outlay		-		-
Total	322,572	315,825	6,747	350,443

Franklin County, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2012
(With Comparative Totals for the Year Ended June 30, 2011)

	2012		Variance Positive (Negative)	2011
	Budget	Actual		Actual
Tax Assessor:				
Salaries and employee benefits		434,466		396,692
Other operating expenditures		137,534		161,324
Capital outlay		1,629		4,475
Total	616,005	573,629	42,376	562,491
Tax Collector:				
Salaries and employee benefits		325,540		315,435
Other operating expenditures		161,495		151,496
Capital outlay		-		1,614
Total	602,858	487,035	115,823	468,545
Maintenance:				
Salaries and employee benefits		512,347		510,022
Other operating expenditures		324,740		321,625
Capital outlay		12,270		54,202
Total	845,621	849,357	(3,736)	885,849
Central Services:				
Other operating expenditures	123,606	131,771	(8,165)	128,992
Court:				
Operating expenditures		76,549		75,262
Capital outlay		2,861		-
Total	83,582	79,410	4,172	75,262
Capital improvement:				
Capital outlay	65,000	35,139	29,861	24,942
Information technology services:				
Salaries and employee benefits		171,027		157,902
Other operating expenditures		30,341		34,423
Capital outlay		2,161		9,607
Total	208,265	203,529	4,736	201,932
Legal and professional:				
Legal and professional	100,200	39,885	60,315	20,154
Total general government	4,294,290	4,015,838	278,452	3,984,917
Public safety:				
Planning:				
Salaries and employee benefits		324,515		318,226
Other operating expenditures		77,205		871,881
Total	424,012	401,720	22,292	1,190,107
Inspections:				
Salaries and employee benefits		419,122		510,452
Other operating expenditures		54,187		55,827
Total	506,025	473,309	32,716	566,279

Franklin County, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2012
(With Comparative Totals for the Year Ended June 30, 2011)

	2012		Variance Positive (Negative)	2011
	Budget	Actual		Actual
GIS Mapper Service:				
Salaries and employee benefits		158,221		145,873
Other operating expenditures		36,847		29,290
Capital outlay		1,000		2,966
Total	206,959	196,068	10,891	178,129
Central Services:				
Other operating expenditures	156,640	139,684	16,956	104,475
Sheriff:				
Salaries and employee benefits		3,845,677		4,051,176
Other operating expenditures		1,286,741		1,399,324
Capital outlay		86,719		379,708
Total	5,306,945	5,219,137	87,808	5,830,208
Communications:				
Salaries and employee benefits		808,528		845,901
Other operating expenditures		136,110		95,814
Capital outlay		21,003		4,883
Total	994,931	965,641	29,290	946,598
Jail:				
Salaries and employee benefits		1,606,324		1,750,873
Other operating expenditures		1,062,743		1,643,680
Capital outlay		6,535		48,465
Total	2,745,950	2,675,602	70,348	3,443,018
Jail-meal operations:				
Other operating expenditures		394,011		390,020
Capital outlay		8,435		-
Total	405,110	402,446	2,664	390,020
Fire protection:				
Forest fire control service	85,598	83,615	1,983	85,357
Rescue and ambulance services:				
Salaries and employee benefits		2,981,844		3,110,241
Other operating expenditures		538,529		566,532
Capital outlay		104,370		207,757
Total	3,843,245	3,624,743	218,502	3,884,530
Emergency management services:				
Salaries and employee benefits		203,637		196,905
Other operating expenditures		30,155		39,960
Capital outlay		11,205		2,976
Total	255,515	244,997	10,518	239,841
Rescue squad contributions:				
Rescue units	290,000	263,222	26,778	395,059

Franklin County, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2012
(With Comparative Totals for the Year Ended June 30, 2011)

	2012		Variance Positive (Negative)	2011
	Budget	Actual		Actual
Animal control:				
Salaries and employee benefits		262,483		261,606
Other operating expenditures		114,290		111,139
Total	376,061	376,773	(712)	372,745
Total public safety	15,596,991	15,066,957	530,034	17,626,366
Economic and physical development:				
Economic development:				
Salaries and employee benefits		240,591		241,365
Other operating expenditures		86,526		112,248
Company incentives		354,273		151,365
Total	684,595	682,158	2,437	504,978
Total				
Central services:				
Other operating expenditures	82,640	58,420	24,220	48,597
Cooperative extension services:				
Salaries and employee benefits		5,526		4,583
Other operating expenditures		246,198		232,669
Capital outlay		990		1,421
Total	290,205	252,714	37,491	238,673
Soil and water conservation:				
Salaries and employee benefits		230,970		212,224
Other operating expenditures		22,359		21,647
Total	261,381	253,329	8,052	233,871
Solid waste:				
Salaries and employee benefits		706,983		697,820
Waste disposal contract		1,455,693		1,328,148
Other operating expenditures		891,973		908,673
Capital outlay		32,241		140,537
Total	3,130,879	3,086,890	43,989	3,075,178
Airport operations:				
Salaries and employee benefits		168,308		169,904
Other operating expenditures		336,094		172,781
Fuel purchases		528,723		424,064
Capital outlay		1,768		1,909
Total	1,054,960	1,034,893	20,067	768,658
Total economic & physical development	5,504,660	5,368,404	136,256	4,869,955

Franklin County, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2012
(With Comparative Totals for the Year Ended June 30, 2011)

	2012		Variance Positive (Negative)	2011
	Budget	Actual		Actual
Human services:				
Central services:				
Other operating expenditures	295,554	256,466	39,088	287,266
Health:				
Administration:				
Salaries and employee benefits		582,112		684,404
Other operating expenditures		99,462		98,723
Total	677,182	681,574	(4,392)	783,127
Clinical health:				
Salaries and employee benefits		1,869,942		1,795,789
Contractual services		22,428		9,428
Other operating expenditures		1,015,445		1,006,987
Capital outlay		11,536		64,382
Total	3,020,732	2,919,351	101,381	2,876,586
Dental health:				
Salaries and employee benefits		95,490		368,470
Other operating expenditures		308,830		133,858
Capital outlay		-		4,498
Total	472,692	404,320	68,372	506,826
Home health:				
Salaries and employee benefits		503,570		474,576
Other operating expenditures		421,272		505,776
Capital outlay		-		48,466
Total	992,137	924,842	67,295	1,028,818
Veterans services:				
Salaries and employee benefits		59,281		68,545
Other operating expenditures		14,407		11,259
Capital outlay		2,373		562
Total	77,772	76,061	1,711	80,366
Social services:				
Administration:				
Salaries and employee benefits		4,679,911		4,640,248
Other operating expenditures		500,355		558,524
Professional services		117,270		116,914
Capital outlay		5,792		23,986
Total	5,420,493	5,303,328	117,165	5,339,672
Social services programs:				
Medicaid	189,000	238,118	(49,118)	204,033
Special assistance	531,000	534,739	(3,739)	570,421
Work first	-	-	-	1,380
Foster care	494,750	486,541	8,209	480,463
Crisis intervention	546,962	523,242	23,720	308,133
General assistance	20,000	19,721	279	14,362
Day care	2,273,596	2,094,273	179,323	2,397,298
Other assistance	575,485	460,181	115,304	470,055
Total	4,630,793	4,356,815	273,978	4,446,145

Franklin County, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2012
(With Comparative Totals for the Year Ended June 30, 2011)

	2012		Variance Positive (Negative)	2011
	Budget	Actual		Actual
DSS Child support:				
Salaries and employee benefits		491,952		449,018
Other operating expenditures		172,304		160,910
Capital outlay		1,440		16,600
Total	658,113	665,696	(7,583)	626,528
Aging:				
Salaries and employee benefits		487,405		616,903
Other operating expenditures		473,042		419,010
Capital outlay		500		250
Total	979,714	960,947	18,767	1,036,163
Total human services	17,225,182	16,549,400	675,782	17,011,497
Cultural and leisure:				
Salaries and employee benefits		175,645		179,546
Other operating expenditures		203,047		188,956
Capital outlay		13,255		12,095
Total	417,849	391,947	25,902	380,597
Central Services:				
Other operating expenditures	13,440	13,440	-	14,000
Library:				
Salaries and employee benefits		544,323		520,383
Other operating expenditures		96,625		105,265
Books, magazines & telecommunications		94,746		108,860
Capital outlay		38,349		27,004
Total	779,523	774,043	5,480	761,512
Total culture and recreation	1,210,812	1,179,430	31,382	1,156,109
Education:				
Education allocations:				
Public schools - current		12,000,000		11,749,053
Public schools - capital outlay		925,000		1,175,780
Community colleges - current		300,000		300,000
Community colleges - capital outlay		143,084		15,500
Total education	13,375,500	13,368,084	7,416	13,240,333
Debt service:				
Principal retirement		9,272,608		5,995,766
Interest and fees		3,516,979		3,299,248
Total debt service	12,910,508	12,789,587	120,921	9,295,014
Total expenditures	70,117,943	68,337,700	1,780,243	67,184,191
Revenues over (under) expenditures	(7,244,104)	(3,297,256)	3,946,848	(2,684,971)

Franklin County, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2012
(With Comparative Totals for the Year Ended June 30, 2011)

	2012		Variance Positive (Negative)	2011
	Budget	Actual		Actual
Other financing sources (uses)				
Transfers to other funds:				
Fire District Fund	(40,700)	(40,700)	-	(40,700)
County Building Project Fund	(963,770)	(963,770)	-	-
Water and Sewer Fund	-	-	-	(235,283)
Revaluation Fund	(120,000)	(120,000)	-	(150,000)
County Building Fund	-	-	-	-
Airport Fund	(16,666)	(16,666)	-	(16,666)
Total transfers out	<u>(1,141,136)</u>	<u>(1,141,136)</u>	-	<u>(442,649)</u>
Transfers from other funds:				
Capital Reserve Fund	2,200,000	2,200,000	-	2,297,772
Water and Sewer Fund	440,615	440,615	-	-
COPS Capital Project Fund	-	-	-	838,132
Total transfers in	<u>2,640,615</u>	<u>2,640,615</u>	-	<u>3,135,904</u>
Refunding bond proceeds	<u>2,024,685</u>	<u>2,038,480</u>	<u>13,795</u>	-
Total other financing sources (uses) - net	<u>3,524,164</u>	<u>3,537,959</u>	<u>13,795</u>	<u>2,693,255</u>
Revenues and other financing sources over (under) expenditures and other financing uses	(3,719,940)	240,703	3,960,643	8,284
Appropriated fund balance	<u>3,719,940</u>	-	<u>(3,719,940)</u>	-
Revenues, other financing sources and appropriated fund balance over (under) expenditures and other uses	<u>\$ -</u>	240,703	<u>\$ 240,703</u>	8,284
Fund balances				
Beginning of year, July 1		21,120,160		21,115,135
Increase (decrease) in reserve for inventory		<u>10,075</u>		<u>(3,259)</u>
End of year, June 30		<u>\$ 21,370,938</u>		<u>\$ 21,120,160</u>

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, 2012
(With Comparative Totals for the Year Ended June 30, 2011)

	2012		Variance Positive (Negative)	2011
	Budget	Actual		Actual
Revenues				
Sales tax revenue	\$ 2,200,000	\$ 2,421,746	\$ 221,746	\$ 2,203,156
Interest earnings	-	317	317	851
Total revenues	<u>2,200,000</u>	<u>2,422,063</u>	<u>222,063</u>	<u>2,204,007</u>
Expenditures				
Education	-	-	-	-
Other financing sources (uses)				
Transfer from General Fund	-	-	-	-
Transfer to General Fund	(2,200,000)	(2,200,000)	-	(2,297,772)
Appropriated fund balance	-	-	-	-
Total other financing sources (uses) - net	<u>(2,200,000)</u>	<u>(2,200,000)</u>	<u>-</u>	<u>(2,297,772)</u>
Revenues and other financing sources under expenditures and uses	<u>\$ -</u>	<u>222,063</u>	<u>\$ 222,063</u>	<u>(93,765)</u>
Fund balance				
Beginning of year, July 1		<u>372,762</u>		<u>466,527</u>
End of year, June 30		<u>\$ 594,825</u>		<u>\$ 372,762</u>

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

- **Fire District Fund:** This fund accounts for tax revenues collected by the County on behalf of the various fire districts within the County.
- **Emergency Telephone System Fund:** This fund is used to account for the 911 revenues collected by the telephone industry to fund the emergency 911 system.
- **DEA Fund:** This fund accounts for money received for drug control purposes.
- **Golden Leaf Foundation Fund:** This fund accounts for money received from the Golden Leaf Foundation.
- **Community Development Fund:** This fund accounts for Community Development Block Grant funds.

Capital Project Funds

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

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

Franklin County, North Carolina
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2012

	Special Revenue Funds					Capital Projects Funds						
	Fire District Fund	Emergency Telephone System Fund	DEA Fund	Golden Leaf Foundation Fund	Community Development Fund	Total Nonmajor Special Revenue Funds	Airport Projects Fund	County Building Project Fund	Revaluation Project Fund	School Construction Fund	Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets												
Cash and cash equivalents	\$ 60,550	\$ 232,773	\$ 27,156	\$ 33,507	\$ 56,943	\$ 410,929	\$ 163,639	\$ -	\$ 636,080	\$ 2,240,593	\$ 3,040,312	\$ 3,451,241
Accounts receivable, net	-	24,352	-	-	-	24,352	-	-	-	-	-	24,352
Taxes receivable, net	130,571	-	-	-	-	130,571	-	-	-	-	-	130,571
Due from other governments	-	7,231	1,052	-	-	8,283	157	338,518	604	25,678	364,957	373,240
Restricted assets:												
Restricted cash	-	-	-	-	-	-	-	2,320,605	-	292,649	2,613,254	2,613,254
Total assets	\$ 191,121	\$ 264,356	\$ 28,208	\$ 33,507	\$ 56,943	\$ 574,135	\$ 163,796	\$ 2,659,123	\$ 636,684	\$ 2,558,920	\$ 6,018,523	\$ 6,592,658
Liabilities and Fund Balances												
Liabilities:												
Accounts payable and accrued liabilities	\$ 16,650	\$ -	\$ -	\$ -	\$ -	\$ 16,650	\$ -	\$ 330,823	\$ 559	\$ 83,858	\$ 415,240	\$ 431,890
Deferred revenue	130,571	-	-	-	-	130,571	-	-	-	-	-	130,571
Total liabilities	147,221	-	-	-	-	147,221	-	330,823	559	83,858	415,240	562,461
Fund balances:												
Restricted:												
Stabilization by State Statute	-	31,583	1,052	-	-	32,635	157	338,518	604	25,678	364,957	397,592
Fire Protection	43,900	-	-	-	-	43,900	-	-	-	-	-	43,900
Public Safety	-	232,773	27,156	-	-	259,929	-	-	-	-	-	259,929
Economic Development	-	-	-	33,507	56,943	90,450	163,639	-	-	-	163,639	254,089
Committed:												
Debt Service	-	-	-	-	-	-	-	2,320,605	-	292,649	2,613,254	2,613,254
Revaluation	-	-	-	-	-	-	-	-	635,521	-	635,521	635,521
Unassigned:												
Total fund balances	43,900	264,356	28,208	33,507	56,943	426,914	163,796	(330,823)	-	2,156,735	1,825,912	1,825,912
Total liabilities and fund balances	\$ 191,121	\$ 264,356	\$ 28,208	\$ 33,507	\$ 56,943	\$ 574,135	\$ 163,796	\$ 2,659,123	\$ 636,684	\$ 2,558,920	\$ 6,018,523	\$ 6,592,658

Franklin County, North Carolina
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2012

	Special Revenue Funds					Capital Projects Funds						
	Fire District Fund	Emergency Telephone System Fund	DEA Fund	Golden Leaf Foundation Fund	Community Development Fund	Total Nonmajor Special Revenue Funds	Airport Projects Fund	County Building Project Fund	Revaluation Project Fund	School Construction Fund	Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues												
Ad valorem taxes	\$ 2,371,518	\$ -	\$ -	\$ -	\$ -	\$ 2,371,518	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,371,518
Local option sales taxes	-	-	-	-	-	-	-	-	-	-	-	-
Other taxes and licenses	-	292,224	-	-	-	292,224	-	-	-	-	-	292,224
Restricted intergovernmental	-	-	11,750	129,431	-	141,181	28,941	120,382	-	-	149,323	290,504
Investment earnings	-	71	-	-	-	71	-	3,473	-	-	3,473	3,544
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-
Total revenues	<u>2,371,518</u>	<u>292,295</u>	<u>11,750</u>	<u>129,431</u>	<u>-</u>	<u>2,804,994</u>	<u>28,941</u>	<u>123,855</u>	<u>-</u>	<u>-</u>	<u>152,796</u>	<u>2,957,790</u>
Expenditures												
Current:												
General Government	-	-	-	-	-	-	-	-	91,644	-	91,644	91,644
Public safety	2,434,952	851,915	17,293	-	-	3,304,160	-	-	-	-	-	3,304,160
Economic and physical development	-	-	-	119,431	-	119,431	-	-	-	-	-	119,431
Education	-	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	38,905	6,769,786	-	2,764,304	9,572,995	9,572,995
Total expenditures	<u>2,434,952</u>	<u>851,915</u>	<u>17,293</u>	<u>119,431</u>	<u>-</u>	<u>3,423,591</u>	<u>38,905</u>	<u>6,769,786</u>	<u>91,644</u>	<u>2,764,304</u>	<u>9,664,639</u>	<u>13,088,230</u>
Revenues over (under) expenditures	<u>(63,434)</u>	<u>(559,620)</u>	<u>(5,543)</u>	<u>10,000</u>	<u>-</u>	<u>(618,597)</u>	<u>(9,964)</u>	<u>(6,645,931)</u>	<u>(91,644)</u>	<u>(2,764,304)</u>	<u>(9,511,843)</u>	<u>(10,130,440)</u>
Other financing sources (uses)												
Debt issued	-	-	-	-	-	-	-	6,600,000	-	-	6,600,000	6,600,000
Transfers from other funds	40,700	-	-	-	-	40,700	16,666	1,755,253	120,000	-	1,891,919	1,932,619
Transfers to other funds	-	(791,483)	-	-	-	(791,483)	-	-	-	-	-	(791,483)
Total other financing sources (uses) - net	<u>40,700</u>	<u>(791,483)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(750,783)</u>	<u>16,666</u>	<u>8,355,253</u>	<u>120,000</u>	<u>-</u>	<u>8,491,919</u>	<u>7,741,136</u>
Net changes in fund balances	<u>(22,734)</u>	<u>(1,351,103)</u>	<u>(5,543)</u>	<u>10,000</u>	<u>-</u>	<u>(1,369,380)</u>	<u>6,702</u>	<u>1,709,322</u>	<u>28,356</u>	<u>(2,764,304)</u>	<u>(1,019,924)</u>	<u>(2,389,304)</u>
Fund balances												
Beginning of year, July 1	66,634	1,615,459	33,751	23,507	56,943	1,796,294	157,094	618,978	607,769	5,239,366	6,623,207	8,419,501
End of year, June 30	<u>\$ 43,900</u>	<u>\$ 264,356</u>	<u>\$ 28,208</u>	<u>\$ 33,507</u>	<u>\$ 56,943</u>	<u>\$ 426,914</u>	<u>\$ 163,796</u>	<u>\$ 2,328,300</u>	<u>\$ 636,125</u>	<u>\$ 2,475,062</u>	<u>\$ 5,603,283</u>	<u>\$ 6,030,197</u>

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, 2012
(With Comparative Totals for the Year Ended June 30, 2011)

	2012		Variance Positive (Negative)	2011
	Budget	Actual		Actual
Revenues				
Ad valorem taxes	\$ 2,465,890	\$ 2,371,518	\$ (94,372)	\$ 2,231,997
Interest Income	-	-	-	352
	<u>2,465,890</u>	<u>2,371,518</u>	<u>(94,372)</u>	<u>2,232,349</u>
Expenditures				
Public safety				
Central Fire District	224,440	212,909	11,531	184,000
Epsom Fire District	88,500	79,559	8,941	78,494
Gold Sand Fire District	57,500	54,443	3,057	52,806
Justice Fire District	88,500	80,641	7,859	80,439
Kittrell Fire District	1,000	1,000	-	1,000
Pilot Fire District	166,725	163,910	2,815	166,103
White Level Fire District	73,500	73,500	-	70,000
Brassfield Fire District	6,000	6,000	-	6,000
Mitchiners Crossroads Fire District	131,100	131,100	-	123,000
Hopkins Fire District	10,100	9,685	415	8,735
Franklinton Fire District	217,702	217,702	-	212,704
Youngsville Fire District	949,098	914,698	34,400	929,008
Bunn Fire District	432,225	432,225	-	357,055
Castalia Fire District	1,200	1,200	-	1,200
Centerville Fire District	59,000	56,380	2,620	56,499
Total expenditures	<u>2,506,590</u>	<u>2,434,952</u>	<u>71,638</u>	<u>2,327,043</u>
Revenues under expenditures	<u>(40,700)</u>	<u>(63,434)</u>	<u>(22,734)</u>	<u>(94,694)</u>
Other financing sources				
Transfer from General fund	40,700	40,700	-	40,700
Revenues and other sources under expenditures	<u>\$ -</u>	<u>(22,734)</u>	<u>\$ (22,734)</u>	<u>(53,994)</u>
Fund balances				
Beginning of year, July 1		<u>66,634</u>		<u>120,628</u>
End of year, June 30		<u>\$ 43,900</u>		<u>\$ 66,634</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, 2012
(With Comparative Totals for the Year Ended June 30, 2011)

	2012		Variance Positive (Negative)	2011
	Budget	Actual		Actual
Revenues				
Other taxes and licenses				
E911 fees	\$ 323,224	\$ 292,224	\$ (31,000)	\$ 450,013
Interest earnings	-	71	71	1,775
Total revenues	<u>323,224</u>	<u>292,295</u>	<u>(30,929)</u>	<u>451,788</u>
Expenditures				
Public safety - E911				
Operating expenses	250,665	187,751	62,914	275,191
Capital outlay	664,164	664,164	-	30,771
Total expenditures	<u>914,829</u>	<u>851,915</u>	<u>62,914</u>	<u>305,962</u>
Revenues over (under) expenditures	<u>(591,605)</u>	<u>(559,620)</u>	<u>31,985</u>	<u>145,826</u>
Other financing sources (uses)				
Transfer to other funds				
County Building Projects Fund	(1,025,240)	(791,483)	233,757	
Appropriated fund balance	1,616,845	-	(1,616,845)	-
Total	<u>591,605</u>	<u>(791,483)</u>	<u>(1,383,088)</u>	
Revenues and appropriated fund balance and other sources over expenditures and other uses	<u>\$ -</u>	<u>(1,351,103)</u>	<u>\$ (1,351,103)</u>	<u>145,826</u>
Fund balances				
Beginning of year, July 1		<u>1,615,459</u>		<u>1,469,633</u>
End of year, June 30		<u>\$ 264,356</u>		<u>\$ 1,615,459</u>

Explanation for transfers

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

Emergency Telephone System Unspent Balance

Amounts reported above are different from the PSAP Revenue-Expenditure Report because:

Net Change in Fund Balance, reported on Budget to Actual	\$ (1,351,103)
Less: Transfers from General Fund to adjust fund balance to the proper beginning balance	791,483
Less: Interest income above not shown on the PSAP Revenue-Expenditure Report	<u>(71)</u>
Net Change per PSAP Revenue-Expenditure Report	(559,691)
Beginning Balance, PSAP Revenue-Expenditure Report	823,976
Ending Balance, PSAP Revenue-Expenditure Report	<u>\$ 264,285</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, 2012
(With Comparative Totals for the Year Ended June 30, 2011)

	2012		Variance Positive (Negative)	2011
	Budget	Actual		Actual
Revenues				
Restricted intergovernmental	\$ 25,000	\$ 11,750	\$ (13,250)	\$ 23,864
Interest income	-	-	-	2
Total revenues	<u>25,000</u>	<u>11,750</u>	<u>(13,250)</u>	<u>23,866</u>
Expenditures				
Public safety				
Operating expenses	<u>25,000</u>	<u>17,293</u>	<u>7,707</u>	<u>11,554</u>
Revenues over expenditures	<u>-</u>	<u>(5,543)</u>	<u>(5,543)</u>	<u>12,312</u>
Appropriated fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and appropriated fund balance over expenditures	<u>\$ -</u>	<u>(5,543)</u>	<u>\$ (5,543)</u>	<u>12,312</u>
Fund balances				
Beginning of year, July 1		<u>33,751</u>		<u>21,439</u>
End of year, June 30		<u>\$ 28,208</u>		<u>\$ 33,751</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, 2012

	Project Author- ization	Prior Year	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues					
Restricted intergovernmental					
Golden Leaf Foundation	\$ 750,000	\$ 621,225	\$ 119,431	\$ 740,656	\$ (9,344)
Contributions	10,000	7,500	10,000	17,500	7,500
Total revenues	<u>760,000</u>	<u>628,725</u>	<u>129,431</u>	<u>758,156</u>	<u>(1,844)</u>
Expenditures					
Education	760,000	638,068	119,431	757,499	2,501
Revenues over expenditures	<u>-</u>	<u>(9,343)</u>	<u>10,000</u>	<u>657</u>	<u>657</u>
Other financing sources					
Transfers from other funds	-	-	-	-	-
Revenues and other financing sources over expenditures	<u>\$ -</u>	<u>\$ (9,343)</u>	<u>10,000</u>	<u>\$ 657</u>	<u>\$ 657</u>
Fund balance					
Beginning of year, July 1			<u>23,507</u>		
End of year, June 30			<u>\$ 33,507</u>		

Franklin County, North Carolina
Community Development Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and for the Year Ended June 30, 2012

	Project Author- ization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
Revenues					
Restricted intergovernmental					
CDBG Agreement 08-C-1820	\$ 435,000	\$ 434,254	\$ -	\$ 434,254	\$ (746)
Clean Water Trust Fund 2008-810	45,000	45,000	-	45,000	-
Interest	-	64	-	64	64
Louisburg contribution	5,000	5,000	-	5,000	-
Total revenues	<u>485,000</u>	<u>484,318</u>	<u>-</u>	<u>484,318</u>	<u>(682)</u>
Expenditures					
Scattered Site 08-C-1820	435,000	434,255	-	434,255	745
Clean Water Trust Project	50,000	50,000	-	50,000	-
Total expenditures	<u>485,000</u>	<u>484,255</u>	<u>-</u>	<u>484,255</u>	<u>745</u>
Revenues under expenditures	<u>-</u>	<u>63</u>	<u>-</u>	<u>63</u>	<u>63</u>
Other financing sources					
Transfer from General fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other financing sources over expenditures	<u>\$ -</u>	<u>\$ 63</u>	<u>-</u>	<u>\$ 63</u>	<u>\$ 63</u>
Fund balance					
Beginning of year, July 1			<u>56,943</u>		
End of year, June 30			<u>\$ 56,943</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, 2012

	Project Author- ization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
Revenues					
Restricted intergovernmental:					
Project No. 36237.31.9.1 Federal	\$ 482,750	\$ 450,000	\$ 28,941	\$ 478,941	\$ (3,809)
Interest income	-	246	-	246	246
Total revenues	<u>482,750</u>	<u>450,246</u>	<u>28,941</u>	<u>479,187</u>	<u>(3,563)</u>
Expenditures					
Capital outlay:					
Project No. 36237.31.9.1 Federal	536,389	500,000	36,389	536,389	-
Project No. 36237.31.12.1	4,850	4,850	-	4,850	-
County Funded Projects	<u>29,693</u>	<u>-</u>	<u>2,516</u>	<u>2,516</u>	<u>27,177</u>
Total expenditures	<u>570,932</u>	<u>504,850</u>	<u>38,905</u>	<u>543,755</u>	<u>27,177</u>
Revenues under expenditures	<u>(88,182)</u>	<u>(54,604)</u>	<u>(9,964)</u>	<u>(64,568)</u>	<u>23,614</u>
Other financing sources					
Transfer from General fund	83,332	66,666	16,666	83,332	-
Appropriated fund balance	<u>4,850</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,850)</u>
Total	<u>88,182</u>	<u>66,666</u>	<u>16,666</u>	<u>83,332</u>	<u>(4,850)</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ 12,062</u>	6,702	<u>\$ 18,764</u>	<u>\$ 18,764</u>
Fund balance					
Beginning of year, July 1			<u>157,094</u>		
End of year, June 30			<u>\$ 163,796</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, 2012

	Project Author- ization	Actual		Total to Date	Variance Positive (Negative)
		Prior Year	Current Year		
Revenues					
Intergovernmental revenues	\$ 500,000	\$ 393,104	\$ 120,382	\$ 513,486	\$ 13,486
Interest earnings	-	7,523	3,473	10,996	10,996
Total revenues	500,000	400,627	123,855	524,482	24,482
Expenditures					
Construction					
Pilot Lions Park	1,000,000	1,012,607	(18,460)	994,147	5,853
E911 Facility	10,518,525	2,057,527	6,787,980	8,845,507	1,673,018
Owens Park Project	963,770	-	266	266	963,504
Total	12,482,295	3,070,134	6,769,786	9,839,920	2,642,375
Total revenues over (under) expenditures	(11,982,295)	(2,669,507)	(6,645,931)	(9,315,438)	2,666,857
Other financing sources					
Issuance of debt	9,700,000	2,656,000	6,600,000	9,256,000	(444,000)
Transfer from other funds					
Emergency Telephone System Fund		-	791,483	791,483	
General Fund		1,154,825	963,770	2,118,595	
Total transfers	2,282,295	1,154,825	1,755,253	2,910,078	627,783
Total other sources	11,982,295	3,810,825	8,355,253	12,166,078	183,783
Total revenues and other financing sources over (under) expenditures	\$ -	\$ 1,141,318	1,709,322	\$ 2,850,640	\$ 2,850,640
Fund balance					
Beginning of year, July 1			618,978		
End of year, June 30			\$ 2,328,300		

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, 2012

	2012		Variance Positive (Negative)	2011
	Budget	Actual		Actual
Revenues				
Interest earnings	\$ -	\$ -	\$ -	\$ 1,120
Expenditures				
Appraisal		68,234		94,585
Telephone		22,024		-
Office expense		1,386		-
Total expenditures	350,000	91,644	258,356	94,585
Other financing sources				
Transfer from General Fund	-	120,000	120,000	150,000
Total other sources	-	120,000	120,000	150,000
Appropriated fund balance	350,000	-	(350,000)	-
Total revenues and other financing sources over expenditures	\$ -	28,356	\$ 28,356	56,535
Fund balance				
Beginning of year, July 1		607,769		551,234
End of year, June 30		\$ 636,125		\$ 607,769

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, 2012

	Project Author- ization	Actual		Total to Date	Variance Positive (Negative)
		Prior Year	Current Year		
Revenues					
Restricted intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -
Interest earnings	1,481,930	432,487	-	432,487	(1,049,443)
Total revenues	1,481,930	432,487	-	432,487	(1,049,443)
Expenditures					
Bond issuance costs		95,209	-	95,209	
Construction		40,299,190	2,764,304	43,063,494	
Total revenues	54,899,112	40,394,399	2,764,304	43,158,703	11,740,409
Other financing sources					
Sales tax refund	800,000	-	-	-	(800,000)
Issuance of debt	52,617,182	42,402,878	-	42,402,878	(10,214,304)
Total other sources	53,417,182	42,402,878	-	42,402,878	(11,014,304)
Revenues and other financing sources over (under) expenditures	\$ -	\$ 2,440,966	(2,764,304)	\$ (323,338)	\$ (323,338)
Fund balance					
Beginning of year, July 1			5,239,366		
End of year, June 30			\$ 2,475,062		

ENTERPRISE FUND

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

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

Franklin County, North Carolina
Water and Sewer Fund
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
For the Year Ended June 30, 2012

	2012		Variance Positive (Negative)	2011
	Budget	Actual		Actual
Revenues				
Operating revenues				
Water fees	\$ 4,920,930	\$ 5,353,346	\$ 432,416	\$ 4,989,284
Sewer fees	1,461,995	1,480,924	18,929	887,235
Other charges for services	452,782	506,007	53,225	429,561
Total	<u>6,835,707</u>	<u>7,340,277</u>	<u>504,570</u>	<u>6,306,080</u>
Nonoperating revenues:				
Interest earnings	-	356	356	2,085
Miscellaneous revenues	-	-	-	-
Total	<u>-</u>	<u>356</u>	<u>356</u>	<u>2,085</u>
Total revenues	<u>6,835,707</u>	<u>7,340,633</u>	<u>504,926</u>	<u>6,308,165</u>
Expenditures - Water Dept				
Salaries and employee benefits	512,893	513,453	(560)	506,013
Water purchases	2,815,500	2,691,772	123,728	2,791,751
Other operating expenditures	524,090	510,013	14,077	447,499
Capital outlay	67,000	95,194	(28,194)	20,898
Debt service:				
Interest and other charges	297,505	294,578	2,927	309,848
Debt principal	509,000	509,000	-	499,000
Total expenditures - Water	<u>4,725,988</u>	<u>4,614,010</u>	<u>111,978</u>	<u>4,575,009</u>
Expenditures - Sewer Dept				
Salaries and employee benefits	382,361	354,320	28,041	373,237
Other operating expenditures	415,850	452,069	(36,219)	371,545
Capital outlay	28,400	29,385	(985)	92,030
Debt service:				
Interest and other charges	296,515	302,031	(5,516)	331,496
Debt principal	2,105,498	2,182,065	(76,567)	994,591
Total expenditures - Sewer	<u>3,228,624</u>	<u>3,319,870</u>	<u>(91,246)</u>	<u>2,162,899</u>
Total expenditures	<u>7,954,612</u>	<u>7,933,880</u>	<u>20,732</u>	<u>6,737,908</u>
Revenues under expenditures	<u>(1,118,905)</u>	<u>(593,247)</u>	<u>525,658</u>	<u>(429,743)</u>
Other Financing Sources (Uses)				
Transfer from (to) Other Funds				
General Fund	-	-	-	235,283
General Fund	(440,615)	(440,615)	-	-
Debt proceeds	1,351,520	1,351,520	-	-
Appropriated fund balance	208,000	-	(208,000)	-
Total	<u>1,118,905</u>	<u>910,905</u>	<u>(208,000)</u>	<u>235,283</u>
Revenues and appropriated fund balance under expenditures	<u>\$ -</u>	<u>\$ 317,658</u>	<u>\$ 317,658</u>	<u>\$ (194,460)</u>
Reconciliation from budgetary basis (modified accrual) to full accrual				
Revenues and other financing sources over expenditures		\$ 317,658		\$ (194,460)
Reconciling items				
Debt proceeds		(1,351,520)		-
Debt payments		2,691,065		1,493,591
Depreciation		(875,448)		(870,543)
Capital outlay		127,181		93,621
Decrease in accrued vacation pay		(42,284)		36,104
Increase in other postemployment benefits		(103,099)		(69,611)
Restricted intergovernmental revenue from				
Water and Sewer Capital Projects Fund		87,562		-
Contributions from Water and Sewer Capital Projects Fund		-		228,185
Investment earnings from Water and Sewer Capital Projects Fund		4		6,016
Total		<u>533,461</u>		<u>917,363</u>
Change in net assets		<u>\$ 851,119</u>		<u>\$ 722,903</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, 2012

	Project Author - ization	Actual		Total to Date	Variance Positive (Negative)
		Prior Year	Current Year		
Revenues					
Restricted intergovernmental:					
State grants	\$ 965,120	\$ -	\$ 87,562	\$ 87,562	\$ (877,558)
Contributions	-	237,779	-	237,779	237,779
Investment earnings	10,000	6,016	4	6,020	(3,980)
Total revenues	975,120	243,795	87,566	331,361	(643,759)
Expenditures					
Construction	3,003,120	2,040,302	577,662	2,617,964	385,156
Revenues under expenditures	(2,028,000)	(1,796,507)	(490,096)	(2,286,603)	(258,603)
Other financing sources (uses)					
Appropriated fund balance	28,000	-	-	-	(28,000)
Proceeds from debt	2,000,000	2,000,000	-	2,000,000	-
Total other financing sources (uses) - net	2,028,000	2,000,000	-	2,000,000	(28,000)
Revenues, appropriated fund balance, and other financing sources over expenditures and uses	\$ -	\$ 203,493	\$ (490,096)	\$ (286,603)	\$ (286,603)

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, 2012
(With Comparative Totals for the Year Ended June 30, 2011)

	2012			2011
	Budget	Actual	Variance Positive (Negative)	Actual
Revenues				
Contributions from employees	\$ 6,600,000	\$ 6,475,316	\$ (124,684)	\$ 6,230,605
Interest earnings	-	-	-	85
Miscellaneous	-	2,121	2,121	87,820
Total revenues	<u>6,600,000</u>	<u>6,477,437</u>	<u>(122,563)</u>	<u>6,318,510</u>
Expenditures				
Health insurance	5,800,000	5,452,754	347,246	4,717,924
Property and liability insurance	350,000	275,744	74,256	294,424
Workers' compensation insurance	350,000	357,559	(7,559)	517,135
Unemployment claims	100,000	-	100,000	126,791
Total expenditures	<u>6,600,000</u>	<u>6,086,057</u>	<u>513,943</u>	<u>5,656,274</u>
Revenues over (under) expenditures	-	391,380	391,380	662,236
Appropriated fund balance	-	-	-	-
Revenues and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>391,380</u>	<u>\$ 391,380</u>	<u>662,236</u>
Fund balances				
Beginning of year, July 1		<u>953,754</u>		<u>291,518</u>
End of year, June 30		<u>\$ 1,345,134</u>		<u>\$ 953,754</u>
Reconciliation from financial plan basis (modified accrual) to full accrual:				
Total revenues		\$ 6,477,437		
Total expenditures		<u>6,086,057</u>		
Change in net assets		<u>\$ 391,380</u>		

AGENCY FUNDS

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

- **Social Services Fund:** This fund is used to account for the receipts and disbursements made by the County on behalf of individuals for whom the County serves as or is, in fact, their legal guardian or custodian.
- **Fines and Forfeitures Fund:** This fund is used to account for fines and forfeitures collected by the County that are required to be turned over to the Franklin County Board of Education.
- **City Ad Valorem and Motor Vehicle Tax Fund:** This fund is used to account for the proceeds of the Ad Valorem taxes that are collected by the County on behalf of municipalities within the County.
- **State Vehicle Interest Fund:** This fund is used to account for the interest penalties on vehicle Ad Valorem taxes that are collected by the County on behalf of the State.
- **Jail Fund:** This fund is used to account for the funds held by the jail for its prisoners.

Franklin County, North Carolina
Agency Funds
Combining Statement of Changes in Assets and Liabilities
For the Year Ended June 30, 2012

	Balance July 1, 2011	Additions	Deductions	Balance June 30, 2012
Social Services				
Assets				
Cash and cash equivalents	\$ 53,010	\$ 196,949	\$ 195,758	\$ 54,201
Liabilities				
Miscellaneous liabilities	\$ 53,010	\$ 196,949	\$ 195,758	\$ 54,201
Fines and Forfeitures				
Assets				
Cash and cash equivalents	\$ -	\$ 221,677	\$ 221,677	\$ -
Liabilities				
Intergovernmental payable	\$ -	\$ 221,677	\$ 221,677	\$ -
Motor Vehicle Tax				
Assets				
Cash and cash equivalents	\$ -	\$ 2,615,294	\$ 2,615,294	\$ -
Liabilities				
Miscellaneous liabilities	\$ -	\$ 2,615,294	\$ 2,615,294	\$ -
State Vehicle Interest				
Assets				
Cash and cash equivalents	\$ 2,463	\$ 44,191	\$ 43,978	\$ 2,676
Liabilities				
Intergovernmental payable	\$ 2,463	\$ 44,191	\$ 43,978	\$ 2,676
Jail Fund				
Assets				
Cash and cash equivalents	\$ 7,147	\$ 158,855	\$ 156,485	\$ 9,517
Liabilities				
Miscellaneous liabilities	\$ 7,147	\$ 158,855	\$ 156,485	\$ 9,517
Totals - All Agency Funds				
Assets				
Cash and cash equivalents	\$ 62,620	\$ 3,236,966	\$ 3,233,192	\$ 66,394
Liabilities				
Miscellaneous liabilities	\$ 60,157	\$ 2,971,098	\$ 2,967,537	\$ 63,718
Intergovernmental payable	2,463	265,868	265,655	2,676
Total liabilities	\$ 62,620	\$ 3,236,966	\$ 3,233,192	\$ 66,394

OTHER SCHEDULES

This schedule contains additional information required on property taxes.

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

**Franklin County, North Carolina
General Fund
Schedule of Ad Valorem Taxes Receivable
For the Year Ended June 30, 2012**

Fiscal Year	Uncollected Balance June 30, 2011	Additions	Collections And Credits	Uncollected Balance June 30, 2012
2011-2012	\$ -	\$ 36,179,197	\$ 35,310,942	\$ 868,255
2010-2011	1,030,514	-	753,619	276,895
2009-2010	346,793	-	163,225	183,568
2008-2009	196,397	-	56,630	139,767
2007-2008	317,093	-	192,648	124,445
2006-2007	116,807	-	14,910	101,897
2005-2006	90,290	-	9,156	81,134
2004-2005	77,047	-	6,057	70,990
2003-2004	81,507	-	7,171	74,336
2002-2003	82,222	-	11,062	71,160
2001-2002	65,092	-	65,092	-
	<u>\$ 2,403,762</u>	<u>\$ 36,179,197</u>	<u>\$ 36,590,512</u>	<u>1,992,447</u>
				45,929
				<u>(151,000)</u>
				<u>\$ 1,887,376</u>
				Reconciliation with revenues
				Ad valorem taxes - General Fund
				<u>\$ 35,957,537</u>
				Reconciling items:
				Amounts written off for 2001-2002 levy
				64,285
				Discounts and adjustments
				<u>568,690</u>
				Total reconciling items
				<u>632,975</u>
				Total collections and credits
				<u>\$ 36,590,512</u>

Franklin County, North Carolina
Analysis of Current Tax Levy
County - wide Levy
For the Year Ended June 30, 2012

	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	\$ 3,722,996,332	0.8725	\$ 32,483,143	\$ 32,483,143	\$ -
Motor vehicles taxed at current year's rate	253,141,318	0.8725	2,208,658	-	2,208,658
Motor vehicles taxed at prior year's rate	136,804,126	0.8725	1,193,616	-	1,193,616
Total	<u>4,112,941,776</u>		<u>35,885,417</u>	<u>32,483,143</u>	<u>3,402,274</u>
Discoveries	33,671,175	0.8725	293,781	277,049	16,732
Abatements	<u>(22,660,745)</u>	0.8725	<u>(197,715)</u>	<u>(144,502)</u>	<u>(53,213)</u>
Total	<u>\$ 4,123,952,206</u>		35,981,483	32,615,690	3,365,793
Less, uncollected taxes at June 30, 2012			868,255	446,303	421,952
Current year's taxes collected			<u>\$ 35,113,228</u>	<u>\$ 32,169,387</u>	<u>\$ 2,943,841</u>
Current levy collection percentage			<u>97.59%</u>	<u>98.63%</u>	<u>87.46%</u>

**Franklin County, North Carolina
Analysis of Current Tax Levy
County-wide Levy
For the Year Ended June 30, 2012**

Secondary Market Disclosures:

Assessed Valuation:

Assessment Ratio ¹	100%
Real Property	\$ 3,300,224,161
Personal Property	696,072,343
Public Service Companies ²	127,655,702
Total Assessed Valuation	\$ 4,123,952,206
 Tax Rate per \$100	 0.8725
 Levy (includes discoveries, releases and abatements) ³	 \$ 35,981,483

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, 2012:

Fire Protection Districts	\$ 2,040,387
---------------------------	--------------

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, 2012**

Taxpayer	Type of Business	Assessed Valuation	Percentage of Total Assessed Valuation
Novo Nordisk	Manufacturing	\$ 136,231,996	3.30%
Progress Energy	Utility	51,270,770	1.24%
Carolina Telephone	Utility	30,813,161	0.75%
Wake Electric Membership Corporation	Utility	29,324,440	0.71%
Amcor Pharmaceutical Packaging USA, Inc.	Manufacturing	12,818,503	0.31%
Southern Lithoplate	Manufacturing	12,485,556	0.30%
Louisburg HMA	Hospital	12,117,007	0.29%
Harold G. Bagwell	Manufacturing	10,059,457	0.24%
Walmart	Retail	9,118,605	0.22%
Fifth Third Bank	Banking	8,905,383	0.22%
Total		<u>\$ 313,144,878</u>	<u>7.59%</u>

STATISTICAL SECTION

Financial Trends

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time. They provided statistical information on Net Assets by Component, Changes in Net Assets, fund balance history, and changes to fund balance.

Revenue Capacity

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

Debt Capacity

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future. They provide statistical information on debt related items such as: ratios of outstanding debt, ratio of annual debt service, computation of direct and underlying bonded debt, legal debt margin and special assessments.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place. They provide ten years of statistical information on demographics and principal employees.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs. They provide ten years of statistical operational information on the county's employees by function, operating indicators by function, capital assets by function, and other statistical information.

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

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

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

Table 2

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

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

Table 2 (cont.)

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

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

Note: The county began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003-2004. Information not available for fiscal years before FYE 2004-2005

Table 3

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

	Fiscal Year Ended									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
General Fund										
Reserved	\$ -	\$ -	\$ 3,525,597	\$ 3,124,757	\$ 2,481,839	\$ 4,106,149	\$ 3,319,202	\$ 1,885,697	\$ 2,340,493	\$ 2,997,313
Unreserved - restricted	-	-	4,276,748	2,459,288	4,308,826	2,760,430	3,413,413	2,665,434	1,324,861	1,520,050
Unreserved - Undesignated	-	-	13,312,790	13,569,126	11,455,767	11,730,851	12,164,678	12,870,944	10,033,424	8,988,585
Nonspendable	27,220	17,145	-	-	-	-	-	-	-	-
Restricted	4,874,037	3,752,353	-	-	-	-	-	-	-	-
Assigned	3,863,440	4,966,049	-	-	-	-	-	-	-	-
Unassigned	13,201,066	12,757,375	-	-	-	-	-	-	-	-
Total general fund	\$ 21,965,763	\$ 21,492,922	\$ 21,115,135	\$ 19,153,171	\$ 18,246,432	\$ 18,597,430	\$ 18,897,293	\$ 17,422,075	\$ 13,698,778	\$ 13,505,948
All other Governmental Funds										
Reserved	\$ -	\$ -	\$ 6,313,368	\$ 3,661,522	\$ 4,699,959	\$ 2,925,146	\$ 1,359,771	\$ 1,476,760	\$ 1,368,317	\$ 1,760,634
Unreserved, reported in:										
Special revenue funds	-	-	2,571,326	2,449,207	2,290,957	2,120,902	1,836,870	879,386	3,169,569	2,796,099
Capital projects funds	-	-	1,130,004	1,112,012	1,386,415	13,107,522	(543,129)	1,740,520	298,872	529,217
Restricted	955,510	2,276,761	-	-	-	-	-	-	-	-
Committed	3,248,775	2,121,012	-	-	-	-	-	-	-	-
Assigned	-	4,624,788	-	-	-	-	-	-	-	-
Unassigned	1,825,912	(603,060)	-	-	-	-	-	-	-	-
Total all other governmental funds	\$ 6,030,197	\$ 8,419,501	\$ 10,014,698	\$ 7,222,741	\$ 8,377,331	\$ 18,153,570	\$ 2,653,512	\$ 4,096,666	\$ 4,836,758	\$ 5,085,950

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

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

Table 4

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

	Fiscal Year Ended									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<u>Revenues</u>										
Taxes	\$ 38,329,055	\$ 37,536,902	\$ 37,383,075	\$ 34,403,249	\$ 32,680,351	\$ 30,126,452	\$ 28,870,947	\$ 27,608,437	\$ 26,414,550	\$ 25,266,653
Sales Tax	7,358,931	6,446,864	7,326,661	9,526,281	11,207,755	11,152,255	10,102,630	9,434,955	8,379,344	6,954,074
Other taxes and licenses	1,006,100	1,114,672	452,625	565,845	299,491	289,430	299,512	264,775	273,067	261,224
Unrestricted Intergovernmental	-	-	436,869	552,577	637,646	348,831	302,293	272,333	309,898	255,169
Restricted Intergovernmental	10,616,499	13,278,682	10,489,372	10,066,937	9,360,249	7,905,708	8,159,323	7,576,655	7,347,755	8,875,627
Permits and Fees	-	-	1,425,010	1,196,976	2,268,394	2,154,766	1,804,380	1,528,965	1,312,113	1,212,207
Sales and service	12,607,499	11,860,295	10,305,981	10,836,080	9,097,445	9,431,137	7,547,553	7,528,753	7,163,442	7,069,189
Investment Earnings	143,458	200,150	853,869	532,190	1,739,204	2,143,720	979,838	480,463	257,474	357,237
Other revenues	358,755	319,977	339,916	306,259	120,879	172,869	603,775	425,026	415,691	246,941
Total revenues	70,420,297	70,757,542	69,013,378	67,986,394	67,411,414	63,725,168	58,670,251	55,120,362	51,873,334	50,498,321
<u>Expenditures</u>										
General government	4,107,482	4,079,502	4,585,485	4,822,336	4,947,681	6,887,064	3,808,263	4,411,047	3,936,179	3,425,795
Public Safety	18,371,117	20,273,574	18,155,489	16,896,492	16,989,641	14,136,087	12,517,803	10,909,475	10,932,115	10,042,570
Economic and Physical development	5,487,835	5,743,666	4,888,291	5,419,791	5,397,420	5,128,599	4,896,599	5,598,734	5,295,621	4,297,477
Human Services	16,549,400	17,011,497	15,933,092	17,436,101	18,410,690	17,937,867	17,415,333	16,292,325	15,305,034	14,631,324
Cultural and recreation	1,179,430	1,156,108	1,148,243	1,346,031	1,625,597	1,286,120	1,198,617	1,015,483	1,126,094	1,015,441
Education	13,368,084	13,240,333	13,007,248	13,196,086	13,061,750	12,209,081	13,617,183	11,202,659	10,004,326	11,305,139
Capital outlay	9,572,995	25,660,883	15,140,139	4,189,528	19,902,241	20,280,156	392,655	445,671	582,658	349,022
Debt service:										
Principal	9,272,608	5,995,766	5,134,503	4,920,907	3,837,682	2,738,778	2,888,782	2,508,598	2,605,200	2,591,256
Interest and other fees	3,516,979	3,377,959	3,078,744	3,004,725	2,508,273	1,697,224	1,351,352	1,502,858	1,588,798	1,702,372
Total Expenditures	81,425,930	96,539,288	81,071,234	71,231,997	86,680,975	82,300,976	58,086,587	53,886,850	51,376,025	49,360,396
Excess of revenues over (under) expenditures	(11,005,633)	(25,781,746)	(12,057,856)	(3,245,603)	(19,269,561)	(18,575,808)	583,664	1,233,512	497,309	1,137,925

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

	Fiscal Year Ended									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Other Financing Sources (Uses)										
Transfers to other funds	(1,932,619)	(1,280,781)	(4,143,574)	(3,400,565)	(3,926,247)	(3,124,502)	(3,953,044)	(5,070,524)	(3,680,370)	(4,372,737)
Transfers from other funds	2,373,234	1,045,498	3,357,366	3,400,759	4,191,869	2,826,010	3,037,772	3,729,407	2,307,497	3,372,930
Sale of capital assets	-	-	-	-	245,728	5,000	-	35,150	177,172	2,397
Inc.\(Dec) in reserve for inventory	-	(3,259)	(2,016)	(40,025)	-	(25,495)	56,965	-	-	-
Proceeds from long-term debt	8,638,480	24,802,878	17,600,000	14,905,000	8,600,000	34,095,000	304,707	3,150,000	642,000	-
Proceeds of refunded debt	-	-	-	(11,867,417)	-	-	-	5,550,000	-	-
Payment to refunded debt escrow	-	-	-	-	-	-	-	(5,586,950)	-	-
Total other financing sources (uses)	<u>9,079,095</u>	<u>24,564,336</u>	<u>16,811,776</u>	<u>2,997,752</u>	<u>9,111,350</u>	<u>33,776,013</u>	<u>(553,600)</u>	<u>1,807,083</u>	<u>(553,701)</u>	<u>(997,410)</u>
Net changes in fund balance	<u>\$ (1,926,538)</u>	<u>\$ (1,217,410)</u>	<u>\$ 4,753,920</u>	<u>\$ (247,851)</u>	<u>\$ (10,158,211)</u>	<u>\$ 15,200,205</u>	<u>\$ 30,064</u>	<u>\$ 3,040,595</u>	<u>\$ (56,392)</u>	<u>\$ 140,515</u>
Debt service as a percentage of noncapital expenditures	17.80%	10.12%	10.35%	11.82%	9.50%	7.15%	7.35%	7.51%	8.26%	8.76%

Table 5

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

Fiscal Year Ended June 30	Assessed Value	Net General Obligation Bonded Debt	Ratio of Net General Obligation Bonded Debt to Assessed Value	Population	Net General Obligation Bonded Debt Per Capita
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
2009	3,921,071,975	31,730,000	0.8092%	57,332	553.44
2010	4,005,269,997	47,490,000	1.1857%	59,201	802.18
2011	4,041,492,878	68,915,000	1.7052%	60,619	1,136.85
2012	\$ 4,123,952,206	\$ 64,945,000	1.5748%	61,651	1,053.43

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

Table 6

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

Fiscal Year Ended June 30	Principal	Interest on Bonds	Total Debt Service	Total General Governmental Expenditures	Ratio of Debt Debt Service to Total General Governmental Expenditures
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%
*2009	7,070,000	1,703,571	8,773,571	71,231,997	12.32%
2010	1,840,000	1,560,593	3,400,593	81,071,234	4.19%
2011	2,575,000	2,141,930	4,716,930	96,539,288	4.89%
2012	\$ 3,970,000	\$ 2,506,035	\$ 6,476,035	\$ 81,425,930	7.95%

Note: Includes General, Special Revenue and Capital Projects.

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

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

Table 7

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

	Fiscal Year Ended									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Assessed Value of Taxable Property	\$ 4,123,952,206	\$ 4,041,492,878	\$ 4,005,269,997	\$ 3,921,071,975	\$ 3,785,255,683	\$ 3,553,765,823	\$ 3,388,554,430	\$ 3,103,720,609	\$ 2,505,635,618	\$ 2,372,622,790
	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Debt Limit - 8 Percent of Assessed Value	329,916,176	323,319,430	320,421,600	313,685,758	302,820,455	284,301,266	271,084,354	248,297,649	200,450,849	189,809,823
Gross debt										
Total bonded debt	64,945,000	68,915,000	47,490,000	31,730,000	38,800,000	32,325,000	13,445,000	14,600,000	13,875,000	14,850,000
Authorized and unissued bonds	11,400,000	11,400,000	35,400,000	53,000,000	53,000,000	8,600,000	28,600,000	28,600,000	-	-
Lease financing agreements	27,856,705	24,520,833	27,941,600	31,236,102	28,389,423	27,762,105	15,343,228	16,840,000	16,690,160	17,711,099
Gross Debt	104,201,705	104,835,833	110,831,600	115,966,102	120,189,423	68,687,105	57,388,228	60,040,000	30,565,160	32,561,099
Total net debt applicable to limit	104,201,705	104,835,833	110,831,600	115,966,102	120,189,423	68,687,105	57,388,228	60,040,000	30,565,160	32,561,099
Legal Debt Margin	\$ 225,714,471	\$ 218,483,597	\$ 209,590,000	\$ 197,719,656	\$ 182,631,032	\$ 215,614,161	\$ 213,696,126	\$ 188,257,649	\$ 169,885,689	\$ 157,248,724
Total net debt applicable to the limit as a percentage of debt limit	31.58%	32.42%	34.59%	36.97%	39.69%	24.16%	21.17%	24.18%	15.25%	17.15%

Table 8

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

	Fiscal Year Ended									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
County Direct Rates*										
County-wide Rate	0.8725	0.8725	0.8725	0.8225	0.8225	0.7900	0.7900	0.7900	0.9995	0.9995
Municipality Rates										
Town of Bunn	0.6900	0.6900	0.6900	0.6900	0.6900	0.6900	0.6900	0.6900	0.6900	0.7600
Town of Franklinton	0.7000	0.6800	0.6800	0.6800	0.6800	0.6800	0.6800	0.6800	0.6800	0.6800
Town of Louisburg	0.5350	0.5350	0.5350	0.5350	0.4850	0.4850	0.4850	0.4850	0.4850	0.5250
Town of Youngsville	0.5900	0.5900	0.5700	0.5400	0.5400	0.5600	0.5600	0.5600	0.5600	0.6600
City of Wake Forest	0.5100	0.5100	0.5100	0.5100	0.5500	0.5400	0.5400	0.5400	0.5400	N/A

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

Note:

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

Source: Franklin County Tax Office

Table 9

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

Fiscal Year Ended June 30	Real Property	Personal Property	Public Service Company Property	Total Assessed Value	County Tax Rate	Revenue Generated
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
2009	3,194,138,237	595,944,194	130,989,544	3,921,071,975	0.8225	32,250,817
2010	3,188,474,920	687,014,839	129,780,238	4,005,269,997	0.8725	34,945,981
2011	3,237,222,509	678,256,348	126,014,021	4,041,492,878	0.8725	35,262,025
2012	\$ 3,300,224,161	\$ 696,072,343	\$ 127,655,702	\$ 4,123,952,206	0.8725	\$ 35,981,483

Table 10

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

Fiscal Year Ended June 30	Total Tax Levy	Current Tax Levy	% of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Ratio of Total Tax Collections To Tax Levy	Outstanding Delinquent Taxes	Ratio of Delinquent Taxes to Tax Levy
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%
2009	34,523,515	32,209,611	95.93%	1,001,978	32,016,352	92.74%	2,507,163	7.26%
2010	37,679,684	35,172,521	96.61%	1,165,015	35,153,074	93.29%	2,526,610	6.71%
2011	38,283,463	35,756,853	97.08%	1,153,362	35,879,701	93.72%	2,403,762	6.28%
2012	\$ 38,582,959	\$ 36,179,197	97.59%	\$ 1,279,570	\$ 36,590,512	94.84%	\$ 1,992,447	5.16%

Table 11

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

Fiscal Year Ended June 30	Ad Valorem Taxes	Sales Tax	Other Taxes and Licenses	Intergovern- mental Revenues	Permit and Fees	Sales and Services	Investment Earnings	Miscellaneous Revenues	Total
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
2009	34,403,249	9,526,281	565,845	10,619,514	1,196,976	10,836,080	532,190	306,259	67,986,394
2010	37,383,075	7,326,661	452,625	10,926,241	1,425,010	10,305,981	853,869	339,916	69,013,378
2011	37,536,902	6,446,864	1,114,672	13,278,681	1,186,029	10,674,266	200,151	319,977	70,757,542
2012	\$ 38,329,055	\$7,358,931	\$ 1,006,100	\$ 10,616,499	\$ 1,515,085	\$ 11,092,414	\$ 143,458	\$ 358,755	\$70,420,297

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

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

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

Table 12

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

Fiscal Year	Governmental Activities			Business-type Activities			Total Primary Government	Per Capita Income	Personal Income	Percentage of Personal Income	Population	Debt Per Capita
	General Obligation Bonds	Installment Financings	Certificates of Participation	General Obligation Bonds	Installment Financings	Certificates of Participation						
2003	\$ 14,850,000	\$ 3,820,256	\$ 13,890,843	-	\$ 3,240,000	\$ 9,770,000	\$ 45,571,099	\$ 23,276	\$ 1,188,914,804	3.8330%	51,079	\$ 892
2004	13,875,000	3,937,202	12,752,958	-	3,060,000	15,575,210	49,200,370	24,043	1,270,792,765	3.8716%	52,855	931
2005	14,600,000	5,110,544	11,729,556	-	2,880,000	14,831,033	49,151,133	24,264	1,314,647,784	3.7387%	54,181	907
2006	13,445,000	4,384,873	10,654,276	-	2,700,000	14,056,515	45,240,664	25,191	1,396,815,759	3.2388%	55,449	816
2007	32,325,000	4,131,424	23,630,681	-	2,520,000	16,407,221	79,014,326	25,890	1,414,126,000	5.5875%	55,886	1,414
2008	38,800,000	3,602,169	22,447,254	-	2,340,000	15,572,547	82,761,970	26,419	1,464,955,000	5.6495%	56,470	1,466
2009	31,730,000	17,851,103	13,384,999	-	11,250,300	7,328,248	81,544,650	26,419	1,579,458,000	5.1628%	57,332	1,422
2010	47,490,000	15,266,600	12,675,000	-	10,370,900	6,750,375	92,552,875	21,664	1,282,530,464	7.2164%	59,201	1,563
2011	68,915,000	12,555,833	11,965,000	-	9,469,500	6,158,184	109,063,517	29,228	1,756,250,000	6.2100%	60,619	1,799
2012	\$ 64,945,000	#####	\$ 11,260,000	-	\$ 8,738,533	\$ 5,549,606	\$ 107,089,844	\$ 29,071	\$ 1,768,529,000	6.0553%	61,651	\$ 1,737

Table 13

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

Fiscal Year Ended June 30	General Government	Public Safety	Trans- portation	Economic and Physical Development	Human Services	Cultural & Recreation	Education	Capital Outlay	Debt Service	Total
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
2009	4,822,336	16,896,492	-	5,419,791	17,436,101	1,346,031	13,196,086	4,189,528	7,925,632	71,231,997
2010	4,585,485	18,155,489	-	4,888,291	15,933,092	1,148,243	13,007,248	15,140,139	8,213,247	81,071,234
2011	4,079,502	20,273,574	-	5,743,666	17,011,497	1,156,108	13,240,333	25,660,883	9,373,725	96,539,288
2012	\$ 4,107,482	\$ 18,371,117	\$ -	\$ 5,487,835	\$ 16,549,400	\$ 1,179,430	\$ 13,368,084	\$ 9,572,995	\$ 12,789,587	\$ 81,425,930

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

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

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

Table 14

Franklin County, North Carolina
Computation of Direct and Underlying Debt
General Obligation Bonds
Fiscal Year ended June 30, 2012

	Net General Obligation Bonded debt	Percent Applicable To County	Amount Applicable To County
Direct:			
Franklin County	\$ 64,945,000	100.00%	\$ 64,945,000
Underlying:			
Town of Louisburg	-	0.00%	-
Town of Bunn	50,000	0.00%	-
Town of Youngsville	-	0.00%	-
Town of Franklinton	900,000	0.00%	-
Totals	<u>\$ 65,895,000</u>		<u>\$ 64,945,000</u>

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

Table 15

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

Fiscal Year Ended June 30	Population	Personal Income	Per Capita Income	Median Age	Education Level in Years of Schooling	School Enrollment	Unemployment Rate
2003	51,079	\$ 1,188,914,804	\$ 23,276	36.15	N/A	7,943	5.90%
2004	52,855	1,270,792,765	24,043	36.26	N/A	7,914	3.80%
2005	54,181	1,314,647,784	24,264	36.36	N/A	8,066	4.90%
2006	55,449	1,396,815,759	25,191	36.10	N/A	7,865	4.10%
2007	55,886	1,414,126,000	25,890	35.80	N/A	8,300	4.80%
2008	56,470	1,464,955,000	26,419	35.80	N/A	8,296	7.00%
2009	57,332	1,579,458,000	27,685	38.00	N/A	8,458	10.40%
2010	59,201	1,282,530,464	21,664	38.00	N/A	8,437	9.90%
2011	60,619	1,756,250,000	29,228	38.00	N/A	8,599	10.10%
2012	61,651	\$ 1,768,529,000	\$ 29,071	38.00	N/A	8,683	9.30%

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

Table 16

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

Employer	Fiscal Year Ending 2012			Fiscal Year Ending 2003		
	Employees	Rank	% of Total Employment	Employees	Rank	% of Total Employment
Novozymes North America	460	1	5.18%	N/A	N/A	N/A
Century Link	308	2	3.47%	N/A	N/A	N/A
Franklin Regional	275	3	3.10%	N/A	N/A	N/A
Wal-Mart	220	4	2.48%	N/A	N/A	N/A
Food Lion LLC	200	5	2.25%	N/A	N/A	N/A
Eaton Corporation	186	6	2.10%	N/A	N/A	N/A
Amcor Rigid Plastics	185	7	2.08%	N/A	N/A	N/A
K-Flex USA	150	8	1.69%	N/A	N/A	N/A
Robling Medical	136	9	1.53%	N/A	N/A	N/A
Captive-Aire Systems	130	10	1.46%	N/A	N/A	N/A
Total	2,250		25.34%			

Note: Total jobs available in 2011 was 11,672

Source: Economic Development Department

Table 17

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

	Fiscal Year Ended									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
General Government:										
Manager\Administration	5	5	6	4	4	3	3	3	3	2
Information Technology	3	3	3	2	2	2	1	-	-	-
Elections	3	3	3	3	3	3	3	3	3	2
Finance Office	5	5	5	5	5	6	5	5	5	5
Tax Assessor	9	9	9	9	9	9	9	9	9	9
Tax Collector	6	5	6	5	5	5	5	5	5	4
Register of Deeds	4	4	5	5	5	5	5	5	5	5
Planning	5	5	5	5	7	7	6	6	6	8
Public Buildings-Maintenance	12	12	12	12	12	12	12	13	13	13
Public Safety:										
Inspections	6	6	8	8	9	9	9	9	9	8
GIS	3	3	3	3	3	3	3	3	3	3
Sheriff's Department	67	59	70	64	63	61	47	45	44	41
Communications - E911	17	17	18	17	17	14	12	12	12	11
Jail Operations	35	33	35	33	41	40	38	35	31	35
Emergency Medical Services	48	54	58	54	59	46	37	29	30	30
Emergency Management	3	3	3	4	4	4	3	3	3	3
Animal Control	5	5	5	5	5	5	5	4	4	4
Economic and physical development:										
Solid Waste-Landfill	6	6	6	6	6	6	6	6	6	6
Soil and Water Conservation	4	4	4	4	4	4	4	4	4	3
Airport Operations	3	3	3	3	3	1	1	-	-	-
Cooperative Extension	0	3	0	3	3	3	1	2	3	2
Economic Development	3	3	3	3	3	3	3	2	2	2
Human Services:										
Health Department	58	59	63	59	66	70	73	73	74	76
Social Services	101	97	99	91	93	92	89	87	87	108
Aging Department	7	9	11	11	11	11	11	9	9	10
Veterans Services	1	1	1	2	2	2	2	1	1	1
Cultural and recreation:										
Library	9	9	9	9	8	8	8	8	8	8
Recreation	3	3	3	3	3	4	5	5	5	5
Water and Sewer Department	17	16	16	16	18	18	17	17	16	17
Total Full-Time Positions	448	444	472	448	473	456	423	403	400	421

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

Source: Franklin County Finance Office

Table 18

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

Fiscal Year Ended June 30	Residential		Commercial		Total Value
	Number of Permits	Value	Number of Permits	Value	
2003	821	\$ 65,037,663	79	\$ 7,113,535	\$ 72,151,198
2004	681	67,272,867	42	16,454,470	83,727,337
2005	780	85,505,266	51	17,400,616	102,905,882
2006	732	97,858,914	72	23,711,653	121,570,567
2007	811	113,445,908	65	19,132,011	132,577,919
2008	638	68,670,110	93	37,916,101	106,586,211
2009	566	35,798,506	69	16,211,335	52,009,841
2010	785	46,949,529	75	46,944,565	93,894,094
2011	308	25,409,475	52	7,515,455	32,924,930
2012	245	\$ 31,207,903	32	\$ 13,189,120	\$ 44,397,023

SOURCE: Franklin County Planning Department

Table 19

**Franklin County, North Carolina
Principal Taxpayers
Current Year and Ten Years Ago
For Fiscal Year Ended 2012**

Taxpayer	Rank	2012 Assessed Valuation	Percentage of Total Assessed Valuation	Property Taxes Paid	Rank	2003 Assessed Valuation	Percentage of Total Assessed Valuation	Property Taxes Paid
Novo Nordisk	1	\$136,231,996	3.40%	\$ 1,122,342	1	\$ 112,792,133	5.24%	\$ 924,895
Progress Energy	2	51,270,770	1.28%	419,956	3	19,036,003	0.88%	156,095
Carolina Telephone	3	30,813,161	0.77%	288,525	2	36,039,881	1.67%	295,527
Wake Electric	4	29,324,440	0.73%	254,988	4	16,674,669	0.77%	136,732
Amcor Pharmaceutical	5	12,818,503	0.32%	111,841	-	-	0.00%	-
Southern Lithoplate	6	12,485,556	0.31%	112,518	-	-	0.00%	-
Franklin Regional	7	12,117,007	0.30%	112,028	6	8,284,446	0.38%	67,932
Harold G. Bagwell	8	10,059,457	0.25%	87,769	7	7,454,255	0.35%	61,125
Walmart	9	9,118,605	0.23%	77,054	-	-	0.00%	-
Fifth Third Bank	10	8,905,383	0.22%	76,645	-	-	0.00%	-
HON Company	-	-	0.00%	-	5	10,809,290	0.50%	88,636
NOMACO	-	-	0.00%	-	8	6,977,937	0.32%	57,219
Boston Gear	-	-	0.00%	-	9	6,053,255	0.28%	49,637
Fayard Enterprises LLC	-	-	0.00%	-	10	5,584,972	0.26%	45,797
Totals		<u>\$313,144,878</u>	<u>7.82%</u>	<u>\$ 2,663,666</u>	Totals	<u>\$ 229,706,841</u>	<u>10.67%</u>	<u>\$ 1,883,596</u>

Source: Franklin County Tax Office

Table 20

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

Fiscal Year Ended June 30	Special Assessment Billings		Special Assessment Collections	
2003	\$	-	\$	55,543
2004		-		66,963
2005		-		61,519
2006		-		61,252
2007		-		42,076
2008		-		1,860
2009		-		477
2010		-		-
2011		-		-
2012	\$	-	\$	-

Note: Franklin County completed paving of streets for the North Raleigh Farms and Inglewood subdivisions. All assessments were paid in full as of 6/30/2012

Table 21

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

Function/Program	Fiscal Year Ended										
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
General Government:											
Registered voters	40,275	36,326	36,326	36,454	34,478	31,500	31,201	30,188	30,119	27,119	26,294
New Residential Building Permits	245	785	785	936	507	794	743	780	715	754	935
Land parcels	38,522	39,650	39,650	39,500	39,451	39,039	38,291	37,247	36,347	36,856	35,153
Tax bills mailed	99,007	122,215	122,215	121,100	120,800	118,875	117,746	111,082	106,082	100,295	95,112
Marriage licensed issued	303	307	307	324	344	320	331	335	314	291	331
Public Safety:											
Physical arrests	2,021	425	425	N/A	360	360	284	324	350	356	237
Ave monthly jail inmate count	160	150	150	160	125	125	101	112	114	91	107
E 911 emergency calls received	67,756	62,563	62,563	60,353	60,741	49,876	43,234	37,234	32,357	34,034	N/A
EMS/Rescue calls made	4,700	6,397	6,397	5,891	6,283	6,231	N/A	N/A	N/A	N/A	N/A
Economic and physical development:											
Tons of trash handled at landfill	31,186	31,256	31,256	29,802	34,323	34,059	35,649	38,893	42,813	43,587	38,129
Aircraft based at county airport	102	85	85	78	79	85	57	N/A	N/A	N/A	N/A
Human services:											
Number of medicaid eligibles	11,701	10,026	10,026	9,311	8,928	8,465	8,493	7,930	7,426	7,361	6,981
Number of Food Stamp eligibles	11,355	8,815	8,815	7,788	6,202	5,888	5,817	5,252	4,782	4,338	4,237
Number of hospitals	1	1	1	1	1	1	1	1	1	1	1
Number of patient beds	70	70	70	70	85	85	85	N/A	N/A	N/A	N/A
Cultural and Recreation											
Number of public libraries	4	4	4	4	4	4	4	4	4	4	4
Number of volumes	105,000	89,563	89,563	107,615	107,615	107,615	109,133	105,288	105,033	100,820	99,583
Number of parks and ball fields	4	4	4	3	3	3	3	3	3	2	2
Water and Sewer:											
Number of customers - water	3,189	2,894	2,894	2,889	2,689	2,613	2,564	2,183	1,554	1,324	1,015
Average daily consumption (gals)	2,058,000	1,785,000	1,785,000	1,800,000	1,689,000	#####	1,678,219	1,653,962	1,613,562	1,316,775	1,350,000
Miles of water lines	161	161	161	160	153	146	137	135	128	120	120
Miles of sewer lines	47	46	46	45	37	32	31	30	29	25	42

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

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

Table 22

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

Function/Program	Fiscal Year Ended									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
General Government:										
County office buildings	3	3	3	3	3	3	3	3	3	3
Vehicles	2	2	2	2	2	2	1	1	1	1
Public Safety:										
Stations	5	5	5	5	5	4	4	4	4	4
Vehicles	72	75	75	70	70	62	59	57	57	56
Economic and Physical Development:										
Vehicles	2	2	2	2	2	2	1	1	1	1
Buildings	1	1	1	1	1	1	0	0	0	0
Cultural and Recreation										
Acreage	90	90	90	78	78	78	78	78	78	78
Playgrounds	4	4	4	3	3	2	2	2	2	2
Baseball fields	4	4	4	3	3	3	3	3	3	3
Softball fields	3	3	3	2	2	2	2	2	2	2
Football fields	1	1	1	1	1	1	1	1	1	1
Parks buildings	1	1	1	1	1	1	1	1	1	1
Library buildings	4	4	4	4	4	4	4	4	4	4
Vehicles	6	6	6	6	6	6	5	5	5	5
Water and Sewer										
Water mains (miles)	160	160	160	160	152	146	137	135	128	120
Fire hydrants	175	175	175	175	150	115	105	105	105	105
Elevated tanks	3	3	3	3	3	3	3	3	3	3
Storage capacity (gallons)	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Sewer mains (miles)	45	45	45	45	37	32	31	30	29	25
Treatment capacity (gallons)	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	1,000,000	1,000,000

Source: Franklin County Finance Office

Table 23

**Franklin County, North Carolina
Other Statistical Information
June 30, 2012**

Date of establishment	1,779
Form of government	Commissioner/Manager
Employees:	
Full-time, regular	472
Part-time, regular	95
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	785
Cultural and recreational	
Number of libraries	4
Number of volumes	105,500
Water and Sewer	
Number of customers	2,906
Average daily consumption (in gallons)	587
Miles of water mains	160
Miles of sanitary sewers	45
Facilities and services not included in the primary government	
Hospitals	
Number of hospitals	1
Number of patient beds	85
Facilities and services not included in the reporting entity	
Education	
Number of school systems	2
Number of community colleges	1
Number of junior colleges	1
Recreation	
Golf Courses	3
Swimming Pools - All Private	5

COMPLIANCE SECTION

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Report On Internal Control over Financial Reporting and On Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Independent Auditor's Report

To The Board of County Commissioners
Franklin County, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Franklin County, North Carolina as of and for the year ended June 30, 2012, which collectively comprises Franklin County's basic financial statements, and have issued our report thereon dated December 12, 2012. 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

Management of Franklin County is responsible for establishing and maintaining effective 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 deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

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Compliance and Other Matters

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

This report is intended solely for the information and use of the audit committee, management, others within the entity, 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
December 12, 2012

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

Certified Public Accountants



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

Independent Auditor's Report

To the Board of County Commissioners
Franklin County, North Carolina

Compliance

We have audited the Franklin County, North Carolina, compliance with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of Franklin County's major federal programs for the year ended June 30, 2012. Franklin County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Franklin County's management. Our responsibility is to express an opinion on Franklin County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Franklin County's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Franklin County's compliance with those requirements.

In our opinion, Franklin County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

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Internal Control over Compliance

Management of Franklin County is responsible for establishing and maintaining effective internal control over compliance with the 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 to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, 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 entity, 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
December 12, 2012

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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

Independent Auditor's Report

To the Board of County Commissioners
Franklin County, North Carolina

Compliance

We have audited the Franklin County, North Carolina, compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of its major State programs for the year ended June 30, 2012. 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 Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, applicable sections of OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State program occurred. An audit includes examining, on a test basis, evidence about Franklin County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Franklin County's compliance with those requirements.

In our opinion, Franklin County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major State programs for the year ended June 30, 2012.

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Internal Control over Compliance

Management of Franklin County is responsible for establishing and maintaining effective internal control over compliance with the 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 the requirements that could have a direct and material effect on a major State program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance with applicable sections of OMB Circular A-133 and the State Single Audit Implementation Act, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a State program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a State program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, 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 entity, 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
December 12, 2012

**Franklin County, North Carolina
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2012**

I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

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

Federal Awards

Internal control over major federal programs:

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

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

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

Identification of major federal programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
93.778	Medical Assistance Program
93.558, 93.575, 93.596	Subsidized Child Care Cluster
93.667,93.714	

Dollar threshold used to distinguish between Type A and Type B Programs:	\$	1,545,067
--	----	-----------

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

Franklin County, North Carolina
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2012

State Awards

Internal Control Over Major Programs:

Material weakness(es) identified? ___ Yes X No

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

Identification of major state Programs:

Program Name

Medical Assistance
Child Care Cluster
Clean Water Revolving Fund
Public School Building Capital Fund

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, 2012

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, 2012

Finding: 10-1

Status: Interest accruals are now being handled appropriately.

Finding: 09-1

Status: Ad valorem taxes are now being properly stated. The County has now achieved a better understanding of the new tax software.

Finding: 09-2

Status: Notification of transportation rights documentation was found in the files reviewed. The County has followed up on their previous error and taken appropriate action.

Franklin County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2012

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Federal. (Direct & Pass-through) Expenditures	State Expenditures
Federal Awards:				
<u>U.S. Dept. of Agriculture</u>				
<u>Food and Nutrition Service</u>				
Passed-through the N.C. Dept. of Health and Human Services:				
Division of Social Services:				
Administration:				
Food Stamp Cluster:				
Grants for the Supplemental Nutrition Assistance Program	10.561		603,748	-
Passed-through the N.C. Dept. of Health and Human Services:				
Division of Public Health:				
Special Supplemental Nutrition Program for Women, Infants, & Children	10.557		303,351	-
Direct Benefit Payments:				
Special Supplemental Nutrition Program for Women, Infants, & Children	10.557		982,225	-
Passed-through the Kerr-Tar Council of Governments: Nutrition Program for the Elderly	10.570		20,092	-
Total U.S. Dept. of Agriculture			1,305,668	-
<u>U.S. Dept. of Housing and Urban Development</u>				
Passed-through the N.C. Dept. of Commerce:				
Community Development Block Grant, Small Cities	14.228	06-C-1616	119,431	-
<u>U.S. Dept. of Justice</u>				
Equitable Sharing Program	16.922		2,915	
Bureau of Justice Assistance				
Passed-through the NC Dept. of Crime Control and Public Safety:				
Byrne Jag Recovery Act-Equipment	16.803		149,065	-
ARRA Violence Against Women	16.588		91,049	-
Total US Department of Justice			243,029	-
<u>U.S. Dept. of Transportation</u>				
<u>Federal Aviation Administration</u>				
Passed-through the N.C. Dept. of Transportation:				
State Block Grant Program	20.106		28,941	-
<u>U.S. Election Assistance Commission</u>				
Passed-Through State Board of Elections				
Help America Vote Act	39.011		6,843	-
<u>U.S. Dept. of Cultural Resources</u>				
Passed-through the N.C. Dept. of Cultural Resources				
State Library of NC				
Institute of Museum and Library Services	45.310		31,354	-
<u>U.S. Dept. of Health and Human Services</u>				
<u>Administration on Aging</u>				
<u>Division of Social Services</u>				
Passed-through the Kerr-Tar Council of Governments:				
Aging Cluster:				
Special Programs for the Aging - Title III B Grants for Supportative Services	93.044		87,495	123,919
Special Programs for the Aging - Title III C Nutrition Services	93.045		126,102	85,324
Family Caregiver Support	93.052		5,640	360
Total Aging Cluster			219,237	209,603
<u>Administration for Children and Families</u>				
Passed-through the N.C. Dept. Of Health and Human Services				
Division of Social Services:				
Social Service Block Grant	93.667		-	500
Temporary Assistance for Needy Families	93.558		5,989	-
Foster Care and Adoption Cluster:				
Title IV-E Foster Care	93.658		216,953	20,060
Foster Care - Direct Benefits Payments	93.658		160,508	51,954
Adoption Assistance - Administration	93.659		3,084	-
Adoption Assistance - Direct Benefits Payments	93.659		296,609	81,321
Total Foster Care and Adoption Cluster			677,154	153,335

Franklin County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2012

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Federal. (Direct & Pass-through) Expenditures	State Expenditures
Temporary Assistance for Needy Families:				
Administration	93.558		753,243	-
Direct Benefits Payments	93.558		335,489	-
Low-Income Home Energy Assistance Block Grant:				
Administration	93.568		571,198	-
Direct Benefits Payments	93.568		36	-
Promoting Safe and Stable Families	93.556		5,393	-
Child Welfare Services	93.645		15,525	2,335
Social Services Block Grant	93.667		226,940	53,196
IV-D Administration	93.563		502,946	-
Chafee Foster Care Independence Program	93.674		12,419	3,104
Chafee Foster Care Independence Program - Direct	93.674		500	-
Subsidized Child Care Cluster (note 4):				
Child Care Development Cluster				
Division of Social Services				
Child Care Development Fund - Administration	93.596		90,550	-
Division of Child Development:				
Child Care and Development Fund - Discretionary	93.575		718,981	-
Child Care and Development Fund - Mandatory	93.596		259,237	-
Child Care and Development Fund - Match	93.596		347,115	138,045
Total Child Care Fund Cluster			<u>1,415,883</u>	<u>138,045</u>
Temporary Assistance for Needy Families	93.558		311,299	-
Smart Start			-	1,782
State Appropriations			-	87,927
More at Four State Funding			-	-
TANF-MOE			-	84,324
ARRA Emergency Contingency Fund			-	-
for TANF State Programs	93.714		35,118	-
Foster Care Title IV-E	93.658		9,825	-
Total Subsidized Child Care Cluster			<u>1,772,125</u>	<u>312,078</u>
<u>Center for Medicare and Medicaid Assistance</u>				
Passed-through the N.C. Dept. of Health and Human Services:				
Division of Medical Assistance:				
Medical Assistance Program - Direct Benefits				
Payments	93.778		42,142,635	24,484,255
Division of Medical Assistance				
Medical Assistance Program	93.778		60,813	23,462
Division of Social Services:				
Medical Assistance Program - Administration	93.778		844,284	25,532
Children's Health Insurance Program	93.767		43,198	2,784
<u>Office of Population Affairs</u>				
Passed-through the N.C. Dept. of Health and Human Services:				
Division of Public Health:				
Family Planning Services	93.217		37,690	-
<u>Center for Disease Control and Prevention</u>				
Passed through the NC Department of Health and Human Services				
Division of Public Health				
Public Health Emergency Preparedness	93.069		40,454	-
Immunization Cluster				
Immunization Program	93.268		18,321	-
Total Immunization Cluster			<u>18,321</u>	<u>-</u>
Investigations and Technical Assistance	93.283		1,542	-
ARRA Preventing Healthcare-Associated Infections	93.717		4,758	-

Franklin County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2012

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Federal. (Direct & Pass-through) Expenditures	State Expenditures
<u>Health Resources and Services Administration</u>				
Passed-through the N.C. Dept. of Health and Human Services:				
Division of Public Health:				
Maternal and Child Health Services Block Grant	93.994		86,062	214,554
Total U.S. Dept. of Health and Human Services			47,768,980	25,460,776
<u>U.S. Dept. of Homeland Security</u>				
Passed-through the N.C. Dept. of Crimes Control : and Public Safety				
Division of Emergency Management Emergency Management Performance	97.042		35,261	-
<u>Environmental Protection Agency</u>				
Office of Water				
Passed-through the N. C. Dept. of Environment and Natural Resources				
Clean Water Revolving Fund	66.458		750,000	1,050,000
Total federal awards			51,502,226	26,534,738
State Awards:				
<u>NC Department of Agriculture</u>				
NC Agricultural Development and Farmland Preservation Trust Fund				
			-	5,000
<u>NC Department of Administration</u>				
Veterans Service Program				
			-	1,452
<u>NC Dept. of Cultural Resources</u>				
State Library of North Carolina: State Aid to Public Libraries				
			-	111,716
<u>NC Dept. of Health and Human Services</u>				
Division of Social Services:				
State/County Special Assistance Domiciliary Care				
Direct Benefits Payments			-	535,565
Adoption Subsidy - Direct			-	246,548
SFHF Maximization - Direct			-	30,399
Foster Care At Risk Maximization - Direct			-	4,481
State Foster Home - Direct			-	47,875
Energy Neighbors			-	1,283
Program Integrity			-	966
Special Assistance Adult Care <60			-	(2,328)
Special Assistance Adult Care 60+			-	(5,705)
State aid to counties			-	23,730
Smart Start			-	3,037
Total Division of Social Service			-	885,851
Division of Public Health:				
Rural Health Grant			-	116,667
Environmental Health			-	4,000
Food and Lodging Fees			-	3,426
Tuberculosis			-	15,218
Lead Prevention Aid to County Funds			-	312
General Aid to Counties			-	90,880
Risk Reduction/Health Promotion			-	5,623
Public Health Nursing			-	1,600
General Communicable Disease Control			-	4,342
WHSF			-	4,599
Total Division of Public Health			-	246,667
Division of Aging:				
Passed-through the Kerr-Tar Council of Governments				
Senior Center Development			-	24,409
Total N. C. Department of Health and Human Services			-	1,156,927

Franklin County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2012

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Federal. (Direct & Pass-through) Expenditures	State Expenditures
<u>N.C. Dept. of Transportation</u>				
Elderly and Disabled Transportation Assistance Program			-	66,863
Work First			-	21,032
Rural General Public Program			-	67,887
Total N.C. Dept. of Transportation			-	155,782
<u>N.C. Dept. of Environment and Natural Resources</u>				
Division of Environmental Health				
Food/Lodging Fee Collection			-	750
Division of Soil and Water Conservation				
Soil Technician Grant			-	42,989
Tar Pamlico Grant			-	5,281
PARTF Grant			-	106,896
DWM Electronics Mgt. Program			-	4,655
Division of Parks and Recreation				
PPA Off Waste Red Trust Fund			-	37,360
Total N.C. Dept. of Environment and Natural Resources			-	197,931
<u>N.C. Dept. of Public Safety</u>				
JCPC Grant			-	136,991
<u>N.C. Dept. of Public Instruction</u>				
Public School Building Capital Fund			-	700,000
<u>N.C. Dept. of Commerce</u>				
One NC Fund Grant			-	125,000
Total State awards			-	2,590,799
Total federal and State awards			\$ 51,502,226	\$ 29,125,537

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. Loans Outstanding

Franklin County had the following loan balances outstanding at June 30, 2012. These loan balances are also included in the federal and state expenditures presented in the schedule.

	CFDA #	Federal Amount Outstanding	State Amount Outstanding
Capitalization Grants for Clean Water State Revolving Funds	66.458	\$ 675,000	\$ 945,000

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