

# FRANKLIN COUNTY COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended  
June 30, 2011



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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[www.co.franklin.nc.us](http://www.co.franklin.nc.us)

December 7, 2011

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, 2011. State law requires that local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with general accepted accounting principals (GAAP) and audited in accordance with generally accepted accounting standards by a firm of licensed certified public accountants.

This report consists of management's representation concerning the finances of the County. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the County has established a comprehensive internal control framework that is designed to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of County of Franklin's financial statements in conformity with GAAP. Because of the cost of internal controls should not outweigh their benefits, the County's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The County's financial statements contained herein have been audited by the independent, certified public accounting firm of Winston, Williams, Creech, Evans and Co., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County of Franklin for the fiscal year ended June 30<sup>th</sup> 2011 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, 2011, 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 request for funding by April 1<sup>st</sup> of each year. These requests are used as a starting point for developing the proposed budget. The County Manager presents the proposed budget to the Board of Commissioners by June 1<sup>st</sup>. The County Board of Commissioners is required to hold public hearings on the proposed budget and must adopt an annual budget by June 30<sup>th</sup> of each year. The adopted budget is prepared by fund and function (e.g., public safety). Department heads can request transfers between line items and are approved by the County Manager. The manager has the authority to approve transfers between the same functions; however, 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 length budget to actual comparisons for each governmental fund that a project length budget has been adopted is also included in this report.

## **MAJOR INITIATIVES/CHANGES**

Activities undertaken by the County during the year further confirmed the ongoing commitment to improving the infrastructure by continuing some projects and initiating others. 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 90% completion. The project is estimated at \$1.9 million and the county expended \$195,828 during fiscal year 2010-2011. East Youngsville sewer line project is now complete with a total cost of \$444,663. The county has started two new projects during the fiscal year with the beginning of a HWY#1 sewer gravity line and an expansion on Hill Road. \$154,000 was spent this fiscal year on the two projects.

### **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 on the table. The County spent \$22,719,034 on school projects during the fiscal year. The new high school opened its doors to students in August 2011. Anticipated costs of the new high school is \$32.1 million. All projects should be complete in 2012 with an estimated costs of 43.6 million.



## **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 plans to borrow an additional \$6.6 million in FY 2011-2012 to complete the project. This enhancement should provide pager service coverage 95 percent of the time in each fire district. The county has expended \$5.24 million to date on this project.

## **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, 44% in service producing industries, 21% in government, 7.2% in construction, and 26% 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 2008, The N.C. Department of Commerce dropped Franklin County's Tier ranking from a Tier 3 status to a Tier 2 status. The law calls for the 40 most distressed counties to become Tier 1 counties, the middle 40 counties to be designated as Tier 2 and the 20 most prosperous counties to become Tier 3 counties. Data used to determine rankings include unemployment rates, median household income, population growth and assess property value per capita.

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 463 employees. Their current property valuation is \$128.6 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 \$1,820,000 annually. While the county is extremely fortunate to have such an excellent corporate citizen, efforts should continue to broaden the county's tax base. Novozymes represents 3.21 percent of the county's tax base. Over reliance on a few large taxpayers is often viewed as a financial weakness and could hinder efforts to upgrade the county's bond rating.

## **Long-Term Financial Planning**

Franklin County's population has increased by 40% since 1995. It is estimated that Franklin County currently has 60,619 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 1.6 million gallons per day from the City of Henderson and 85,000 gallons per day from the Town of Louisburg. The county issued 12.4 million in a COP Bond issue in March 1999 to install main water and distribution lines from the Franklin/Vance County line into the heart of Franklin County. The construction phase was completed in June 2000. As of June 30<sup>th</sup>, 2011, the County utilizes about 1.7 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, 2011, 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, and 194,516 on FYE 2011. At June 30, 2011, the County's deposits had a carrying value of \$27,591,547 and a bank balance of \$28,660,422. 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, 2011, \$563,710 of the bank balance was covered by federal depository insurance and \$28,096,712 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 \$6.7 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 monthly to review accidents, perform safety inspections and discuss potential corrections to safety related issues.

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

The County of Franklin sponsors a single-employer defined benefit pension plan for its public safety employees (Separation Allowance). Each year, an independent actuary calculates the amount of the annual contribution that the County of Franklin may make to the pension plan to ensure the plan will be able to fully meet its obligations to retired employees on a timely basis. The County 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 69 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 2011, there were 44 retired employees receiving a Medicare supplement and 18 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 62 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 30<sup>th</sup>, 2010. This was the twelfth 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.

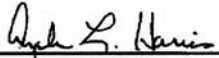
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.


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.

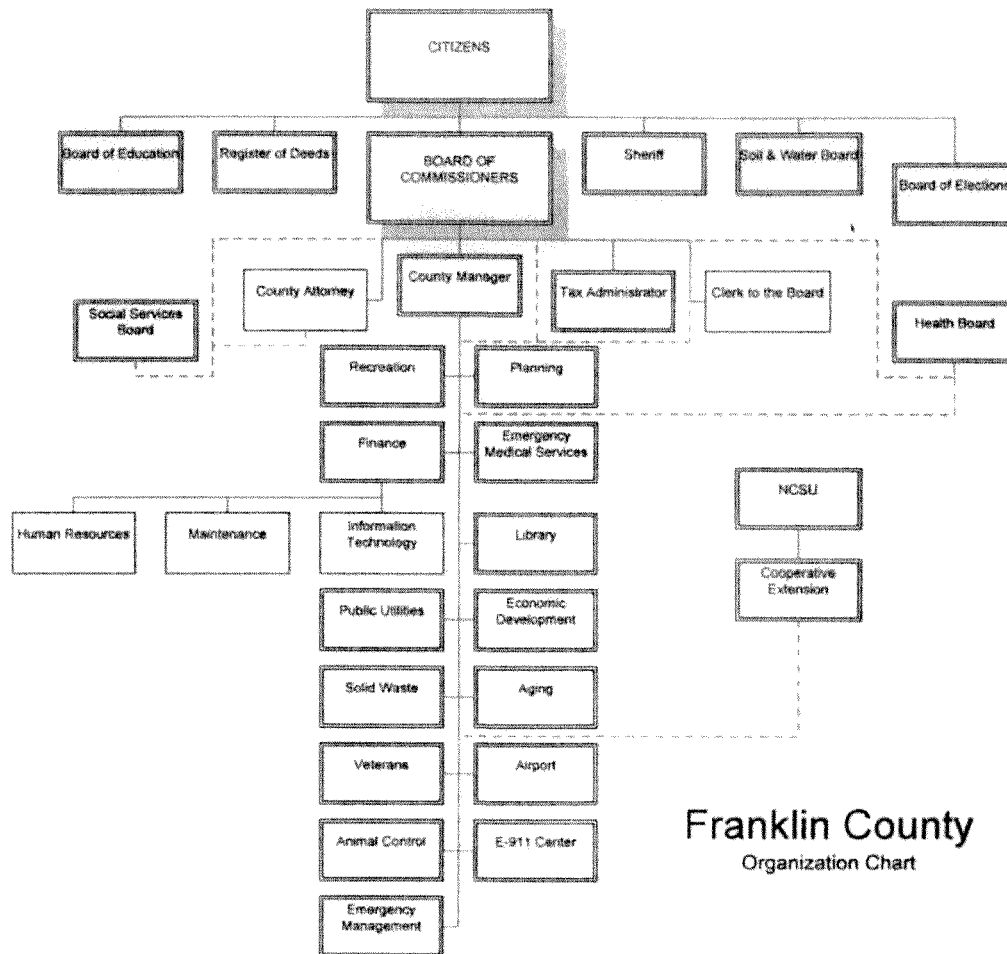
**Use of the Report.** The Government Finance Officers Association reports a growing awareness that the annual financial report should be management's report to its governing body, constituents, oversight bodies, resource providers, investors and creditors. We agree with this direction, and in keeping 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](http://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, 2011**

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**Board of County  
Commissioners**

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

**County Officials**

Angela L Harris  
Charles F. Murray, Jr.  
Darnell A. Batton

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, 2010

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. Danison*

President

*Jeffrey P. Egan*

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  
Thomas F. Edmunds IV, CPA  
Leah P. Englebright, CPA  
James C. Lamb, CPA  
Tara H. Roberson, CPA

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## 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, 2011, 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, 2011, 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 7, 2011, 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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Management's Discussion and Analysis, the Law Enforcement Officers' Special Separation Allowance and the Other Postemployment Benefits' Schedules of Funding Progress and Employer Contributions are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of Franklin County, North Carolina. The introductory information, combining and individual nonmajor fund financial statements, 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 presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, budgetary schedules, other schedules and the accompanying schedule of expenditures of federal and State awards has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory information and the statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

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

Winston, Williams, Creech, Evans & Company, LLP  
Certified Public Accountants  
December 7, 2011



# County Of Franklin

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Office of Finance  
Charles Murray, Jr.  
Director

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the County, we offer readers of Franklin County's financial statements this narrative overview and analysis of the financial activities of Franklin County for the fiscal year ended June 30, 2011. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the County's financial statements, which follows this narrative.

### Financial Highlights

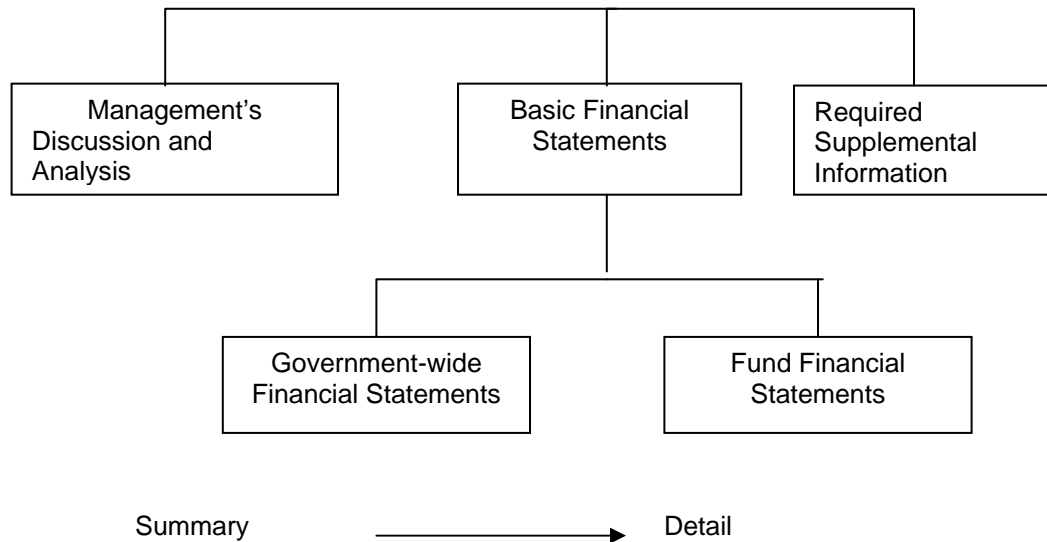
- The County's Liabilities exceeded its net assets by \$19.8 million. In accordance with North Carolina law, liabilities of the County include long-term debt associated with assets belonging to the Franklin County Board of Education. The amount included in liabilities related to school financing is \$87.3 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 \$26.73 million, an increase of only \$1.99 million from the previous fiscal year where the combined fund balances totaled \$24.74 million. The major increase was in the County's Major School Construction fund where revenues exceeded expenses by \$2.0 million. Approximately 13.4 percent of this total amount or \$3.57 million is restricted or nonspendable.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$12.75 million or 18.99 percent of total general fund expenditures for the fiscal year. Assigned fund balance for the General Fund was \$4.9 million. Of this amount \$2.72 million has been designated for subsequent year expenditures.
- The County's total debt increased by \$17.85 million during the current fiscal year. The County issued 24.0 million for school construction related projects. 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 2011 is for water and sewer service. In past fiscal years, the County recognized solid waste service as a business type activity. However in fiscal year 2003, the county began reporting this service under governmental activities. The final category is component units. Although legally separate from the County, the Franklin County Industrial Facility and Pollution Control Financing Authority is the County's only reportable component unit. The County exercises control over its Board by appointing all five of its members. The Authority had no financial transactions or account balances; therefore, it is not presented in the government-wide combined financial statements.

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

### Fund Financial Statements

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

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

The County adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the County, the management of the County, and the decisions of the Board of Commissioners about which services to provide and how to pay for them. It also authorizes the County to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the County complied with the budget ordinance and whether or not the County succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the Statement of Revenues, Expenditures and Changes in Fund Balance. The statement shows four columns: 1) the original budget as adopted by the board; 2) the final budget as amended by the board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

**Proprietary Funds** – The County utilizes one proprietary fund. The County uses an Enterprise Fund to report the same functions presented as business-type activities in the government-wide financial statements. The County uses an enterprise fund to account for its water and sewer activity. This fund is the same as the function shown in the business-type activities in the Statement of Net Assets and the Statement of Activities. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the functions of the County. The County currently has one internal service fund called the Insurance Fund. Actual payments for health insurance, property and liability insurance, unemployment charges, and workers compensation payments are recorded.

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

**Notes to the Financial Statements** – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 39-66 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 68 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 2010 and FYE 2011.

Figure 2

FRANKLIN COUNTY'S NET ASSETS

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 38,905,124	\$ 40,254,942	\$ 4,553,758	\$ 5,001,840	\$ 43,458,882	\$ 45,256,782
Capital assets	31,957,034	29,564,707	26,880,614	27,292,648	58,837,648	56,857,355
Total assets	<u>70,862,158</u>	<u>69,819,649</u>	<u>31,434,372</u>	<u>32,294,488</u>	<u>102,296,530</u>	<u>102,114,137</u>
Long-term liabilities outstanding	98,813,623	73,214,496	15,844,962	16,015,580	114,658,585	89,230,076
Other liabilities	6,913,860	13,000,038	605,277	2,036,631	7,519,137	15,036,669
Total liabilities	<u>105,727,483</u>	<u>86,214,534</u>	<u>16,450,239</u>	<u>18,052,211</u>	<u>122,177,722</u>	<u>104,266,745</u>
Net assets:						
Invested in capital assets, net of related debt	25,866,534	22,185,107	11,252,930	10,171,373	37,119,464	32,356,480
Restricted	6,029,114	-	-	-	6,029,114	-
Unrestricted	(66,760,973)	(38,579,992)	3,731,203	4,070,904	(63,029,770)	(34,509,088)
Total net assets	<u>\$ (34,865,325)</u>	<u>\$ (16,394,885)</u>	<u>\$ 14,984,133</u>	<u>\$ 14,242,277</u>	<u>\$ (19,881,192)</u>	<u>\$ (2,152,608)</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 \$34,865,325. The Business-type Fund the assets exceeded its liabilities by \$14,984,133 at June 30, 2011. Net assets are reported in three categories: Invested in capital assets, net of related debt was \$37,119,464; restricted was \$6,029,114 and unrestricted net assets \$(63,029,770).

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 (\$63,029,770) 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 \$87.3 million of the outstanding debt on the County's financial statements was related to assets included in the school system's financial statements. However, since the majority of this school system related debt is general obligation debt, it is collateralized by the full faith, credit, and taxing power of the County. Accordingly, the County is authorized and required by State law to levy ad valorem taxes, without limit as to rate or amount, as may be necessary to pay the debt service on its general obligation bonds. Principal and interest requirements will be provided by an appropriation in the year in which they become due.

In the current year, total net assets decreased by \$17.7 million as the County issued \$24,000,000 in school construction debt. Some of the impact of the inclusion of the school system debt without the corresponding assets was offset by the following positive operational initiatives and results:

- Great tax collection rate of 97.08 percent during a tough economy.
- Continued low cost of debt due to the County's bond rating - \$24 million at 2.5% NIC
- Conservative revenue projections - \$1,493,231 over budget
- Lottery proceeds reserved for school debt - \$1,490,000.
- Revenue for housing federal inmates - \$1,249,000.
- Controlled departmental spending and conservative budgeting - \$1,451,783.

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

	FY 2011	FY 2010	FY 2011	FY 2010	2011	2010
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 11,838,718	\$ 11,859,293	\$ 6,306,080	\$ 6,082,732	\$ 18,144,798	\$ 17,942,025
Operating grants and contributions	11,617,566	9,548,527	228,185	-	11,845,751	9,548,527
Capital grants and contributions	2,261,375	1,717,348	-	-	2,261,375	1,717,348
General revenues:						
Property taxes	37,416,033	37,246,830	-	-	37,416,033	37,246,830
Other taxes	7,317,661	7,326,661	-	-	7,317,661	7,326,661
Other	251,870	1,109,629	8,101	16,154	259,971	1,125,783
Total revenues	<u>70,703,223</u>	<u>68,808,288</u>	<u>6,542,366</u>	<u>6,098,886</u>	<u>77,245,589</u>	<u>74,907,174</u>
<b>Expenses:</b>						
General Government	4,481,582	4,888,153	-	-	4,481,582	4,888,153
Public Safety	20,782,813	18,622,921	-	-	20,782,813	18,622,921
Economic and Fiscal Development	5,859,582	5,223,772	-	-	5,859,582	5,223,772
Human Services	17,258,277	16,250,663	-	-	17,258,277	16,250,663
Cultural and Recreation	1,271,427	1,289,122	-	-	1,271,427	1,289,122
Education	35,878,008	27,490,479	-	-	35,878,008	27,490,479
Interest on long-term debt	3,406,691	3,250,515	-	-	3,406,691	3,250,515
Water and Sewer	-	-	6,035,793	6,105,211	6,035,793	6,105,211
Total expenses	<u>88,938,380</u>	<u>77,015,625</u>	<u>6,035,793</u>	<u>6,105,211</u>	<u>94,974,173</u>	<u>83,120,836</u>
Increase (Decrease) in net assets before transfers	(18,235,157)	(8,207,337)	506,573	(6,325)	(17,728,584)	(8,213,662)
Transfers	<u>(235,283)</u>	<u>(786,208)</u>	<u>235,283</u>	<u>786,208</u>	<u>-</u>	<u>-</u>
Increase in net assets	(18,470,440)	(8,993,545)	741,856	779,883	(17,728,584)	(8,213,662)
Net assets, July, 1	<u>(16,394,885)</u>	<u>(7,401,340)</u>	<u>14,242,277</u>	<u>13,462,394</u>	<u>(2,152,608)</u>	<u>6,061,054</u>
Net assets, June 30	<u>\$ (34,865,325)</u>	<u>\$ (16,394,885)</u>	<u>\$ 14,984,133</u>	<u>\$ 14,242,277</u>	<u>\$ (19,881,192)</u>	<u>\$ (2,152,608)</u>



**Governmental activities:** Governmental activities decreased the County's net assets by \$18,470,440 due to the County issuing additional debt in the amount of \$24.0 million in school construction related debt. Other key elements are as follows:

- Ad valorem Tax collections increased by \$169,203.
- Sales Tax revenues remained stable.
- County received a \$900,000 contribution from Mr. Owen to build a recreational park.
- County spent \$2,000,000 additional in Public Safety, \$1,000,000 additional in Human Services, \$8,380,000 additional in School Construction, and \$400,000 less in general government.

**Business-type activities:** The net assets in Business-type activities increased by \$741,856. Water and Sewer collections increased by \$307,306 in FY 2010-2011, mainly due to a 10% rate increase. Expenditures were down by \$70,000. The economy and housing slump continues to have a major impact on customer growth. The County continues to promote water conservation and users have complied fairly well. The county's customer base increased from 2,889 to 2,912.

### **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 \$12,757,375 while total fund balance reached \$21,492,922. 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 18.99 percent of total General Fund expenditures, while total fund balance represents 32 percent.

Also in FY 2010-2011, the county's school construction capital project fund is being again identified as a major governmental fund. This fund accounts for school construction activities such as bond proceeds and capital construction expenses. At June 30, 2011, the school construction had a fund balance of \$5,239,366.

At June 30, 2011, the governmental funds of the County reported a combined fund balance of \$29,912,423, a 3.9 percent decrease from last year. The primary reason for this decrease is continued construction in the Capital Projects Funds. The county's overall fund balance remains strong.

### **General Fund Budgetary Highlights**

During fiscal year 2011, 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 \$1,030,000 and expenditures by \$2,150,000. The County refunded \$900,000 to companies and individuals paying an adequate facility fee. The NC Supreme Court declared this fee illegal for counties to collect, therefore the county refunded the dollars collected over a 5 year period.

The actual operating revenues for the General Fund were higher than the budgeted amount by \$811,224. Sales Tax revenues were under budget by \$656,292; however ad valorem taxes exceeded the anticipated budget by \$956,748. The County's expenditures were \$3,017,783 less than budgeted. Human Services departments under spent their budgets by \$764,253, General Govt. activities were under budget by 575,940 and Public Safety departments were under budget by \$802,588.

**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 \$3,731,203, a decrease of \$339,701. This decrease was mainly due to spending some of the installment proceeds for water and sewer improvements and expansions. Total revenues increased by \$218,873 while expenditures decreased by \$70,000.

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, 2011, totaled \$58,837,648 (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
- \$85,289 Airport Improvements
- \$2,040,498 in E911 Public Safety Improvements
- Pilot Recreational Park - \$883,281
- Purchase 21 vehicles totaling \$527,905

**Figure 4**

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

	Governmental Activities		#	Business-type Activities		Total	
	2011	2010		2011	2010	2011	2010
Land	\$ 11,883,321	\$ 11,937,856		\$ 369,456	\$ 369,456	\$ 12,252,777	\$ 12,307,312
Buildings	13,553,365	14,189,617		-	-	13,553,365	14,189,617
Gas Lines	226,612	234,853				226,612	234,853
Water Lines	136,448	140,533		14,640,505	14,813,706	14,776,953	14,954,239
Sewer Lines	-	-		9,905,215	10,101,200	9,905,215	10,101,200
Automotive equipment	1,103,901	946,313		43,902	18,983	1,147,803	965,296
Office and other equipment	1,903,907	1,975,123		91,813	79,531	1,995,720	2,054,654
Construction in progress	3,149,480	140,412		1,829,723	1,909,772	4,979,203	2,050,184
<b>Total</b>	<u>\$ 31,957,034</u>	<u>\$ 29,564,707</u>		<u>\$ 26,880,614</u>	<u>\$ 27,292,648</u>	<u>\$ 58,837,648</u>	<u>\$ 56,857,355</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, 2011, the County's Governmental Funds had total bonded school debt outstanding of \$68,915,000, all of which is backed by the full faith and credit of the County: \$11,965,000 in Certificates of Participation outstanding, and \$12,555,833 in installment purchases. In the Business type fund, the County had \$1,800,000 in outstanding in Federal and State revolving loans, \$6,158,184 in

COPs and \$7,669,500 in installment loans outstanding at June 30, 2011. 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**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
General obligation bonds	\$ 68,915,000	\$ 47,490,000	\$ -	\$ -	\$ 68,915,000	\$ 47,490,000
Certificates of Participation	11,965,000	12,675,000	6,158,184	6,750,375	18,123,184	19,425,375
Installment Purchases	12,555,833	15,266,600	7,669,500	8,390,900	20,225,333	23,657,500
Revolving Loans	-	-	1,800,000	1,980,000	1,800,000	1,980,000
Other obligations	5,377,790	4,069,304	217,278	183,771	5,595,068	4,253,075
<b>Total long-term debt</b>	<b>\$ 98,813,623</b>	<b>\$ 79,500,904</b>	<b>\$ 15,844,962</b>	<b>\$ 17,305,046</b>	<b>\$ 114,658,585</b>	<b>\$ 96,805,950</b>

In fiscal year 2010-11, the County's total debt increased by \$17,852,635 mainly due to the county issuing \$24 million in G. O. Bonds. The County met all of its obligations in a timely fashion. In May 2008, the County voters approved a \$53,000,000 school bond. The County issued \$14,000,000 of these bonds in August 2009, \$3.6 million in December 2009, and \$24,000,000 in November 2010. All projects are anticipated to be complete by January 2012 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 \$218,483,597. The County has \$11,400,000 bonds authorized but un-issued at October 2011.

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 bad 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, 2012

- **Governmental Activities:** The County has approved a \$66.6 million General Fund budget for FYE 2012 compared to a \$68.6 million general fund budget for fiscal year 2010-2011. This represents a \$2 million or 5 percent decrease 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, but the county will complete revaluation in FYE 2013 and the tax rate should decrease.
- The county reduced 19 new positions at a cost of \$1.2 million. Public Safety expenditures were decreased by \$1.8 million or 10% with a reduction of force, furlough, and vehicles reduced. Education current expense support remained stable. Human Services expenditures were reduced by \$1.075 million or about 8%.
- **Business – type Activities:** The County increased its water and sewer rates by 10%. With a low fund balance level in the water/sewer enterprise fund, the County's General Fund is transferring \$235,283 to balance the fund same as in the previous year. 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](http://www.franklincountync.us) under the Finance tab.

# **BASIC FINANCIAL STATEMENTS**

**GOVERNMENT-WIDE  
FINANCIAL STATEMENTS**

**Franklin County, North Carolina**  
**Statement of Net Assets**  
**June 30, 2011**

	<b>Governmental Activities</b>	<b>Business-type Activity</b>	<b>Total</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 30,495,897	\$ 4,068,338	\$ 34,564,235
Taxes receivable (net)	2,446,488	-	2,446,488
Accounts receivable (net)	423,274	433,336	856,610
Due from other governments	2,833,323	31,245	2,864,568
Accrued interest receivable	513,239	-	513,239
Inventory	17,145	-	17,145
Security deposit	208,246	-	208,246
Deferred charges	79,273	-	79,273
Restricted cash and cash equivalents	1,909,078	-	1,909,078
Internal balances	(20,839)	20,839	-
Capital assets:			
Land, improvements, and construction in progress	13,844,253	2,199,179	16,043,432
Other capital assets, net of depreciation	18,112,781	24,681,435	42,794,216
Total capital assets	<u>31,957,034</u>	<u>26,880,614</u>	<u>58,837,648</u>
 Total assets	 <u>70,862,158</u>	 <u>31,434,372</u>	 <u>102,296,530</u>
<b>Liabilities</b>			
Accounts payable and accrued expenses	4,403,766	316,689	4,720,455
Unearned revenue	617,020	-	617,020
Customer deposits	-	250,170	250,170
Accrued interest payable	1,110,783	38,418	1,149,201
Premium on bonds	782,291	-	782,291
Long-term liabilities:			
Due within one year	7,648,491	1,318,826	8,967,317
Due in more than one year	91,165,132	14,526,136	105,691,268
 Total liabilities	 <u>105,727,483</u>	 <u>16,450,239</u>	 <u>122,177,722</u>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	25,866,534	11,252,930	37,119,464
Restricted for:			
State Statute for Stabilization	3,770,919	-	3,770,919
Register of Deeds	23,073	-	23,073
Public Safety	1,675,868	-	1,675,868
Education	372,762	-	372,762
Economic Development	186,492	-	186,492
Unrestricted	(66,760,973)	3,731,203	(63,029,770)
 Total net assets	 <u>\$ (34,865,325)</u>	 <u>\$ 14,984,133</u>	 <u>\$ (19,881,192)</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, 2011**

<b>Functions/Programs</b>	<b>Program Revenues</b>				<b>Net (Expense) Revenue and Changes in Net Assets</b>		
	<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	<b>Governmental Activities</b>	<b>Business-type Activity</b>	<b>Total</b>
<b>Governmental activities:</b>							
General government	\$ 4,481,582	\$ 554,148	\$ 639,821	\$ -	\$ (3,287,613)	\$ -	\$ (3,287,613)
Public safety	20,782,813	4,037,262	809,117	-	(15,936,434)	-	(15,936,434)
Economic and physical development	5,859,582	3,095,018	256,923	904,501	(1,603,140)	-	(1,603,140)
Human services	17,258,277	4,017,056	8,260,573	-	(4,980,648)	-	(4,980,648)
Cultural and recreation	1,271,427	135,234	161,132	1,356,874	381,813	-	381,813
Education	35,878,008	-	1,490,000	-	(34,388,008)	-	(34,388,008)
Interest on long-term debt	3,406,691	-	-	-	(3,406,691)	-	(3,406,691)
Total governmental activities	88,938,380	11,838,718	11,617,566	2,261,375	(63,220,721)	-	(63,220,721)
<b>Business-type activity:</b>							
Water and Sewer Department	6,035,793	6,306,080	-	228,185	-	498,472	498,472
	<u>\$ 94,974,173</u>	<u>\$ 18,144,798</u>	<u>\$ 11,617,566</u>	<u>\$ 2,489,560</u>	<u>(63,220,721)</u>	<u>498,472</u>	<u>(62,722,249)</u>
<b>General revenues:</b>							
<b>Taxes:</b>							
Property taxes, levied for general purposes					37,416,033	-	37,416,033
Local option sales tax					6,446,864	-	6,446,864
Other taxes and licenses					870,797	-	870,797
Investment earnings, unrestricted					178,881	8,101	186,982
Miscellaneous, unrestricted					72,989	-	72,989
Transfers					(235,283)	235,283	-
Total general revenues and transfers					44,750,281	243,384	44,993,665
Change in net assets					(18,470,440)	741,856	(17,728,584)
Net assets - July 1, 2010					(16,394,885)	14,242,277	(2,152,608)
Net assets - June 30, 2011					<u>\$ (34,865,325)</u>	<u>\$ 14,984,133</u>	<u>\$ (19,881,192)</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, 2011**

Exhibit 3

	<b>Major</b>	<b>Major</b>	<b>Nonmajor</b>	<b>Total</b>
	<b>General</b>	<b>School Construction Fund</b>	<b>Other Governmental Funds</b>	<b>Governmental Funds</b>
<b>Assets</b>				
Cash and cash equivalents	\$ 20,257,510	\$ 6,716,594	\$ 2,534,139	\$ 29,508,243
Taxes receivable, net	2,299,142	-	147,346	2,446,488
Accounts receivables, net	385,773	-	37,501	423,274
Due from other governments	2,456,423	321,929	54,971	2,833,323
Due from other funds	514,322	-	-	514,322
Inventory	17,145	-	-	17,145
Restricted assets:				
Restricted cash	395,835	292,649	1,220,594	1,909,078
<b>Total assets</b>	<b>\$ 26,326,150</b>	<b>\$ 7,331,172</b>	<b>\$ 3,994,551</b>	<b>\$ 37,651,873</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ 1,917,066	\$ 2,091,806	\$ 152,748	\$ 4,161,620
Due to other funds	-	-	514,322	514,322
Deferred revenue	2,916,162	-	147,346	3,063,508
<b>Total liabilities</b>	<b>4,833,228</b>	<b>2,091,806</b>	<b>814,416</b>	<b>7,739,450</b>
<b>Fund Balances:</b>				
<b>Nonspendable:</b>				
Inventories	17,145	-	-	17,145
<b>Restricted:</b>				
Stabilization by State Statute	3,356,518	321,929	92,472	3,770,919
Register of Deeds	23,073	-	-	23,073
Fire Protection	-	-	66,634	66,634
Capital Reserve	372,762	-	-	372,762
Public Safety	-	-	1,609,234	1,609,234
Economic Development	-	-	186,492	186,492
<b>Committed:</b>				
Debt Service	-	292,649	1,220,594	1,513,243
Revaluation	-	-	607,769	607,769
<b>Assigned:</b>				
<b>Subsequent year's expenditures</b>				
General Fund	2,723,670	-	-	2,723,670
Public Safety	435,281	-	-	435,281
Cultural and Recreational	1,278,776	-	-	1,278,776
General Government	93,042	-	-	93,042
Economic Development	435,280	-	-	435,280
School Capital Outlay	-	4,624,788	-	4,624,788
<b>Unassigned:</b>				
General Fund	12,757,375	-	-	12,757,375
Capital Projects Funds	-	-	(603,060)	(603,060)
<b>Total fund balances</b>	<b>21,492,922</b>	<b>5,239,366</b>	<b>3,180,135</b>	<b>29,912,423</b>
<b>Total liabilities and fund balances</b>	<b>\$ 26,326,150</b>	<b>\$ 7,331,172</b>	<b>\$ 3,994,551</b>	

**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. 31,957,034

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. 932,915

Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds: 2,525,761

Accrued interest on Ad Valorem receivable and investments is not available to pay for current-period expenditures and therefore are not recognized in the funds: 513,239

Some liabilities, including bonds payable, are not due and payable in the current year and, therefore, are not reported in the funds (100,706,697)

Net assets of governmental activities **\$ (34,865,325)**

**Franklin County, North Carolina**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2011**

	<u>Major</u>	<u>Major</u>	<u>Nonmajor</u>	<u>Total</u>
	<u>General Fund</u>	<u>School Construction Fund</u>	<u>Other Governmental Funds</u>	<u>Governmental Funds</u>
<b>Revenues</b>				
Ad valorem taxes	\$ 35,304,905	\$ -	\$ 2,231,997	\$ 37,536,902
Local option sales taxes	6,446,864	-	-	6,446,864
Other taxes	664,659	-	450,013	1,114,672
Restricted intergovernmental	11,916,160	-	1,362,522	13,278,682
Fees, sales and charges	11,860,295	-	-	11,860,295
Investment earnings	195,367	(1,787)	6,570	200,150
Miscellaneous	314,977	-	5,000	319,977
Total revenues	<u>66,703,227</u>	<u>(1,787)</u>	<u>4,056,102</u>	<u>70,757,542</u>
<b>Expenditures</b>				
Current:				
General government	3,984,917	-	94,585	4,079,502
Public safety	17,629,015	-	2,644,559	20,273,574
Economic and physical development	4,869,955	-	873,711	5,743,666
Human services	17,011,497	-	-	17,011,497
Cultural and recreational	1,156,108	-	-	1,156,108
Intergovernmental:				
Education	13,240,333	-	-	13,240,333
Capital outlay	-	22,637,675	3,023,208	25,660,883
Debt service:				
Principal	5,995,766	-	-	5,995,766
Interest and other charges	3,296,600	81,359	-	3,377,959
Total expenditures	<u>67,184,191</u>	<u>22,719,034</u>	<u>6,636,063</u>	<u>96,539,288</u>
<b>Revenues over (under) expenditures</b>	<u>(480,964)</u>	<u>(22,720,821)</u>	<u>(2,579,961)</u>	<u>(25,781,746)</u>
<b>Other financing sources (uses)</b>				
Transfers to other funds	(442,649)	-	(838,132)	(1,280,781)
Transfers from other funds	838,132	-	207,366	1,045,498
Issuance of debt	-	24,802,878	-	24,802,878
Total other financing sources (uses) - net	<u>395,483</u>	<u>24,802,878</u>	<u>(630,766)</u>	<u>24,567,595</u>
Net changes in fund balances	(85,481)	2,082,057	(3,210,727)	(1,214,151)
<b>Fund balances</b>				
Beginning of year, July 1	21,581,662	3,157,309	6,390,862	31,129,833
Increase in reserve for inventory	(3,259)	-	-	(3,259)
End of year, June 30	<u>\$ 21,492,922</u>	<u>\$ 5,239,366</u>	<u>\$ 3,180,135</u>	<u>\$ 29,912,423</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, 2011**

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

Net changes in fund balances - total governmental funds	\$ (1,214,151)
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	2,392,327
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	(121,637)
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.	(18,725,752)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(1,441,251)
Inventory not expensed on statement of activities	(3,259)
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>643,283</u>
Total changes in net assets of governmental activities (Exhibit 2)	<u><u>\$ (18,470,440)</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, 2011**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Positive (Negative)</u>
<b>Revenues</b>				
Ad valorem taxes	\$ 34,341,282	\$ 34,348,157	\$ 35,304,905	\$ 956,748
Local option sales tax	4,900,000	4,900,000	4,243,708	(656,292)
Other taxes	733,400	733,400	664,659	(68,741)
Restricted intergovernmental	10,463,202	11,149,756	11,916,160	766,404
Sales and services	11,502,337	11,814,002	11,860,295	46,293
Investment earnings	450,000	450,000	194,516	(255,484)
Miscellaneous	267,341	292,681	314,977	22,296
Total revenues	<u>62,657,562</u>	<u>63,687,996</u>	<u>64,499,220</u>	<u>811,224</u>
<b>Expenditures</b>				
Current:				
General government	4,356,017	4,560,857	3,984,917	575,940
Public safety	16,933,996	18,431,603	17,629,015	802,588
Economic and physical development	4,960,956	5,086,956	4,869,955	217,001
Human services	17,517,756	17,775,750	17,011,497	764,253
Cultural and recreational	1,229,755	1,229,755	1,156,108	73,647
Intergovernmental:				
Education	13,375,333	13,375,333	13,240,333	135,000
Debt service:				
Principal retirement	5,134,503	5,134,503	5,995,766	(861,263)
Interest and other charges	4,541,378	4,607,217	3,296,600	1,310,617
Total expenditures	<u>68,049,694</u>	<u>70,201,974</u>	<u>67,184,191</u>	<u>3,017,783</u>
<b>Revenues under expenditures</b>	<u>(5,392,132)</u>	<u>(6,513,978)</u>	<u>(2,684,971)</u>	<u>3,829,007</u>
<b>Other financing sources (uses)</b>				
Transfers to other funds	(442,649)	(442,649)	(442,649)	-
Transfers from other funds	3,262,132	3,262,132	3,135,904	(126,228)
Appropriated fund balance	2,572,649	3,694,495	-	(3,694,495)
Total other financing sources (uses) - net	<u>5,392,132</u>	<u>6,513,978</u>	<u>2,693,255</u>	<u>(3,820,723)</u>
<b>Revenues and other financing sources under expenditures and other financing uses</b>	<u>\$ -</u>	<u>\$ -</u>	8,284	<u>\$ 8,284</u>
<b>Fund balance</b>				
Beginning of year, July 1			21,115,135	
Decrease in reserve for inventory			<u>(3,259)</u>	
End of year, June 30			<u>\$ 21,120,160</u>	
A legally budgeted Capital Reserve Fund is consolidated into the General Fund for reporting purposes:				
Sales tax revenue			2,203,156	
Investment earnings			851	
Transfer-out to General Fund			<u>(2,297,772)</u>	
Fund Balance, Beginning			466,527	
Fund Balance, Ending (Exhibit 4)			<u>\$ 21,492,922</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, 2011**

	<u>Major Enterprise Fund Water and Sewer Fund</u>	<u>Major Internal Service Fund Insurance Fund</u>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 4,068,338	\$ 987,654
Receivables, net	433,336	-
Due from other governments	31,245	-
Security deposit	-	208,246
Reserved cash	-	-
Total current assets	<u>4,532,919</u>	<u>1,195,900</u>
Noncurrent assets:		
Capital assets:		
Land, improvements, and construction in progress	2,199,179	-
Other capital assets, net of depreciation	24,681,435	-
Total capital assets	<u>26,880,614</u>	<u>-</u>
Total noncurrent assets	<u>26,880,614</u>	<u>-</u>
Total assets	<u>\$ 31,413,533</u>	<u>\$ 1,195,900</u>
<b>Liabilities</b>		
Current liabilities:		
Accounts payable	\$ 281,563	\$ 242,146
Accrued payroll	35,126	-
Accrued interest expense	38,418	-
Customer deposits	250,170	-
Compensated absences	3,849	-
Revolving loans	180,000	-
Certificates of participation	608,577	-
Installment debt	526,400	-
Total current liabilities	<u>1,924,103</u>	<u>242,146</u>
Noncurrent liabilities:		
Compensated absences	11,546	-
Revolving loans	1,620,000	-
Certificates of participation	5,549,607	-
Installment debt	7,143,100	-
Other postemployment benefits	201,883	-
Total noncurrent liabilities	<u>14,526,136</u>	<u>242,146</u>
Total liabilities	<u>16,450,239</u>	<u>242,146</u>
<b>Net Assets</b>		
Invested in capital assets, net of related debt	11,252,930	-
Unrestricted	3,710,364	953,754
Total net assets	<u>14,963,294</u>	<u>\$ 953,754</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	<u>20,839</u>	
Net assets of business-type activities	<u>\$ 14,984,133</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, 2011**

	<u>Major</u>	<u>Major</u>
	<u>Enterprise Fund</u>	<u>Internal Service</u>
	<u>Water and Sewer</u>	<u>Fund</u>
	<u>Fund</u>	<u>Insurance Fund</u>
<b>Operating revenues</b>		
Charges for water	\$ 4,989,284	\$ -
Charges for sewer	887,235	-
Other operating revenues	429,561	-
Charges for services	-	6,230,605
Miscellaneous income	-	87,820
Total operating revenues	<u>6,306,080</u>	<u>6,318,425</u>
<b>Operating expenses</b>		
Internal Service fund expenses	-	5,656,274
<u>Water Department</u>		
Salaries and employee benefits	508,424	-
Water purchases	2,791,751	-
Other operating expenses	453,982	-
Depreciation	610,375	-
Total water department	<u>4,364,532</u>	<u>-</u>
<u>Sewer Department</u>		
Salaries and employee benefits	404,333	-
Other operating expenses	384,369	-
Depreciation	260,168	-
Total sewer department	<u>1,048,870</u>	<u>-</u>
Total operating expenses	<u>5,413,402</u>	<u>5,656,274</u>
Operating income	<u>892,678</u>	<u>662,151</u>
<b>Nonoperating revenues (expenses)</b>		
Interest earnings	8,101	85
Interest expense	(641,344)	-
Total nonoperating revenue (expenses) - net	<u>(633,243)</u>	<u>85</u>
Income (loss) before transfers	<u>259,435</u>	<u>662,236</u>
<b>Capital contributions</b>	<u>228,185</u>	<u>-</u>
<b>Transfers</b>		
Transfer from General fund	<u>235,283</u>	<u>-</u>
Change in net assets	<u>722,903</u>	<u>662,236</u>
<b>Net assets</b>		
Beginning of year, July 1		<u>291,518</u>
End of year, June 30		<u>\$ 953,754</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	<u>18,953</u>	
Change in net assets of business-type activities	<u>\$ 741,856</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, 2011**

	<u>Major</u>	<u>Major</u>
	<u>Enterprise Fund</u>	<u>Internal Service Fund</u>
	<u>Water and Sewer Fund</u>	<u>Insurance Fund</u>
<b>Cash flows from operating activities</b>		
Cash received from customers	\$ 6,551,887	\$ 6,296,245
Cash paid for goods and services	(3,781,292)	(5,578,299)
Cash paid to employees for services	(882,357)	-
Customer deposits received	12,410	-
Net cash provided by operating activities	<u>1,900,648</u>	<u>717,946</u>
<b>Cash flows from noncapital financing activities</b>		
Transfers in	<u>235,283</u>	<u>-</u>
<b>Cash flows from capital and related financing activities</b>		
Acquisition and construction of capital assets	(458,510)	-
Principal paid on bonds	(1,493,591)	-
Interest paid	(641,344)	-
Capital contributions	228,185	-
Net cash used by capital and related financing activities	<u>(2,365,260)</u>	<u>-</u>
<b>Cash flows from investing activities</b>		
Interest on investments	<u>8,101</u>	<u>85</u>
Net increase in cash and cash equivalents	(221,228)	718,031
<b>Cash and cash equivalents</b>		
Beginning of year, July 1	<u>4,289,566</u>	<u>269,623</u>
End of year, June 30	<u>\$ 4,068,338</u>	<u>\$ 987,654</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, 2011**

	<u>Major</u> <u>Enterprise Fund</u> <u>Water and Sewer</u> <u>Fund</u>	<u>Major</u> <u>Internal Service</u> <u>Fund</u>  <u>Insurance Fund</u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>		
Operating income	\$ 892,678	\$ 662,151
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	870,543	-
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	245,807	22,180
(Increase) decrease in security deposit	-	(208,246)
Increase (decrease) in accounts payable and accrued liabilities	(148,140)	241,861
Increase (decrease) in accrued interest expense	(3,050)	
Decrease in accrued vacation pay	(36,104)	-
Increase in customer deposits	12,410	-
Increase in accrued payroll	(3,107)	-
Increase in other postemployment benefits	69,611	-
Total adjustments	<u>1,007,970</u>	<u>55,795</u>
Net cash provided by operating activities	<u>\$ 1,900,648</u>	<u>\$ 717,946</u>

**Franklin County, North Carolina  
Statement of Fiduciary Net Assets  
Fiduciary Funds  
June 30, 2011**

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	<u>Agency Funds</u>
<b>Assets</b>	
Cash and cash equivalents	<u>\$ 62,620</u>
<b>Liabilities and Net Assets</b>	
Liabilities:	
Intergovernmental payable - State of North Carolina	\$ 2,463
Miscellaneous liabilities	<u>60,157</u>
	<u>62,620</u>
Net Assets	<u>\$ -</u>

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, 2011**

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**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. Nonoperating revenues, such as subsidies result from non-exchange transactions. Other non-operating items such as investment earnings are ancillary activities.

**FRANKLIN COUNTY, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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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.

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

The County reports the following major enterprise fund:

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

The County reports the following major internal service fund:

*Insurance Fund* – This fund is used to account for the accumulation and allocation of costs associated with the County’s self-insured group health insured program.

The County reports the following fund types:

*Agency Funds* – Agency funds are custodial in nature and do not involve the measurement of operating results. Agency funds are used to account for assets the County holds on behalf of others. The County maintains 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, Community Development Fund and COPS Fund are reported as nonmajor special revenue funds. The Airport Projects Fund, County Building Project Fund, and the Revaluation Project 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

**FRANKLIN COUNTY, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

Proprietary funds distinguish operating revenues and expenses from 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 2010 through February 2011 apply to the fiscal year ended June 30, 2011. Uncollected taxes that were billed during this period are shown as a receivable on these financial statements.

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

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

**FRANKLIN COUNTY, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

**C. Budgetary Data**

The County's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, five of the special revenue funds (Capital Reserve Fund, Fire District Fund, DEA Fund, COPS Fund, and the Emergency Telephone System Fund), the Insurance Fund (an internal service fund), and the Water and Sewer Fund. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the capital projects funds, two of the special revenue funds, (the Community Development Fund and the Golden Leaf Foundation Fund), and the Water and Sewer Capital Project.

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

**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

**FRANKLIN COUNTY, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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equivalents. Money restricted for the Register of Deeds and Capital Reserve in the General Fund are also presented as restricted assets.

**4. Ad Valorem Taxes Receivable**

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the County levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, penalties and interest do not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2010. 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



**FRANKLIN COUNTY, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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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 an other financing source.

**9. Compensated Absences**

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

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  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

Restricted for School 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.

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

**FRANKLIN COUNTY, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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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 \$ (64,777,748) 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)	\$ 50,609,410
Less Accumulated Depreciation	<u>(18,652,376)</u>
Net capital assets	<u>31,957,034</u>
 Deferred charges related to bonds issued-included on government-wide statement of net assets but are not current financial resources	 79,273
 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	 513,239
 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	 953,754
 Internal payable representing charges in excess of cost to business-type activities – current year	 (20,839)
 Liabilities for revenue deferred but earned and therefore recorded in the fund statements but not the government-wide	 2,446,488
 Liabilities for premiums related to bonds issued-included on government-wide state of net assets but not the fund statements	 (782,291)

**FRANKLIN COUNTY, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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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	(93,435,833)
Compensated absences	(1,172,894)
Other postemployment benefits	(3,795,633)
Net pension obligation	(409,263)
Accrued interest payable	<u>(1,110,783)</u>
Total adjustment	<u>\$ (64,777,748)</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 \$ (17,256,289) 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	\$ 3,916,766
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	(1,524,439)
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	(24,000,000)
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	5,995,767
Expenses reported on fund statements that are capitalized on government-wide statements-bond issuance costs	81,359
Revenues reported on fund statements that are capitalized on government-wide statements-bond premium	(802,878)
Inventory not expensed on the statement of activities	(3,259)

**FRANKLIN COUNTY, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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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	662,236
Less: Profit from charges to business-type activities	(20,839)
Plus: Prior year allocation	<u>1,886</u>
Net adjustment	<u>643,283</u>

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)	(130,679)
Amortization of bond issuance costs not recorded on fund statements	(2,086)
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	(10,326)
Net pension obligation is accrued in the government-wide statements but not in the fund statements because they do not use current resources	(72,467)

Other postemployment benefits are accrued in the government-wide statements but not in the fund statements because they do not use current resources	(1,225,693)
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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 7-1-10	(2,589,262)
Recording of tax receipts deferred in the fund statements as of 6-30-11	2,446,488
Increase in accrued taxes receivable for year ended 6-30-11	21,905
Amortization of bond premium	20,587
Increase in accrued interest receivable for year ended 6-30-11	<u>(21,355)</u>
Total adjustment	<u>\$(17,256,289)</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

**FRANKLIN COUNTY, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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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.

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, 2011, the County's deposits had a carrying amount of \$27,591,547 and a bank balance of \$28,660,422. Of the bank balance, \$563,710 was covered by federal depository insurance and \$28,096,712 in interest bearing deposits was covered by collateral held under the Pooling Method.

At June 30, 2011, Franklin County had \$3,310 cash on hand.

**2. Investments**

As June 30, 2011, the County's investment balances were as follows:

	<u>Fair Value</u>	<u>6-12 months</u>
NC Capital Management Trust:	\$ 8,941,076	\$ 8,941,076

*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, 2011. 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>
2008	\$ 3,105,336	\$ 320,533	\$ 3,425,869
2009	3,126,272	531,446	3,657,718
2010	3,293,268	263,461	3,556,729
2011	<u>3,389,890</u>	<u>-</u>	<u>3,389,890</u>
Total	<u>\$12,914,766</u>	<u>\$ 1,115,440</u>	<u>\$14,030,206</u>

**FRANKLIN COUNTY, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**4. Receivables**

Receivables at the government-wide level at June 30, 2011 were as follows:

	<u>Accounts</u>	Ad Valorem Taxes & Related <u>Accrued Interest</u>	<u>Due from Other Governments</u>	<u>Total</u>
<b>Governmental Activities:</b>				
General	\$ 1,067,679	\$ 2,450,142	\$ 2,456,423	\$ 5,974,244
School Construction	-	-	321,929	321,929
Other Governmental	<u>37,501</u>	<u>147,346</u>	<u>54,971</u>	<u>239,818</u>
Total receivables	1,105,180	2,597,488	2,833,323	6,535,991
Allowance for doubtful accounts	<u>(681,906)</u>	<u>(151,000)</u>	-	<u>(832,906)</u>
Total – governmental activities	<u>\$ 423,274</u>	<u>\$ 2,446,488</u>	<u>\$ 2,833,323</u>	<u>\$ 5,703,085</u>
<b>Business-type Activities:</b>				
Water and Sewer	\$ 751,138	\$ -	\$ 31,245	\$ 782,383
Allowance for doubtful accounts	<u>(317,802)</u>	-	-	<u>(317,802)</u>
Total – business-type activity	<u>\$ 433,336</u>	<u>\$ -</u>	<u>\$ 31,245</u>	<u>\$ 464,581</u>

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

Local option sales tax	\$ 1,162,289
Child Care	166,572
Social Services	267,911
Sales tax refund	548,424
Jail Reimbursement	129,024
Medicaid Hold Harmless	203,647
Miscellaneous	<u>355,456</u>
Total	<u>\$ 2,833,323</u>

**5. Capital Assets**

Capital asset activity for the year ended June 30, 2011 was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<b>Governmental-type activities:</b>				
Capital assets not being depreciated:				
Land	\$ 10,689,773	\$ 5,000	\$ -	\$ 10,694,773
Construction in process	<u>140,412</u>	<u>3,017,265</u>	<u>8,197</u>	<u>3,149,480</u>
Total capital assets not being depreciated	<u>10,830,185</u>	<u>3,022,265</u>	<u>8,197</u>	<u>13,844,253</u>
Capital assets being depreciated:				
Buildings	23,255,262	-	-	23,255,262
Waterlines	163,228	-	-	163,228
Gas lines	411,481	-	-	411,481
Land Improvements	1,821,194	32,481	-	1,853,675
Equipment	5,719,931	342,312	-	6,062,243
Vehicles	<u>5,131,772</u>	<u>527,905</u>	<u>640,409</u>	<u>5,019,268</u>
Total capital assets being depreciated	<u>36,502,868</u>	<u>902,698</u>	<u>640,409</u>	<u>36,765,157</u>

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	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Less accumulated depreciation for:				
Buildings	9,065,645	636,252	-	9,701,897
Waterlines	22,695	4,085	-	26,780
Gas lines	176,628	8,241	-	184,869
Land Improvements	573,111	92,016	-	665,127
Equipment	3,744,808	413,528	-	4,158,336
Vehicles	<u>4,185,459</u>	<u>370,317</u>	<u>640,409</u>	<u>3,915,367</u>
Total accumulated depreciation	<u>17,768,346</u>	<u>\$ 1,524,439</u>	<u>\$ 640,409</u>	<u>18,652,376</u>
Total capital assets being depreciated, net	<u>18,734,522</u>			<u>18,112,781</u>
Governmental –type activities capital assets, net	<u>\$ 29,564,707</u>			<u>\$ 31,957,034</u>
 Business-type activities:				
Franklin County Water & Sewer Fund				
Capital assets not being depreciated:				
Land	\$ 369,456	\$ -	\$ -	\$ 369,456
Construction in progress	<u>1,909,772</u>	<u>364,888</u>	<u>444,937</u>	<u>1,829,723</u>
Total capital assets not being depreciated	<u>2,279,228</u>	<u>364,888</u>	<u>444,937</u>	<u>2,199,179</u>
Capital assets being depreciated:				
Plant and distribution systems	34,029,083	444,937	-	34,474,020
Furniture and maintenance equipment	677,509	50,439	-	727,948
Vehicles	<u>316,939</u>	<u>43,182</u>	<u>28,035</u>	<u>332,086</u>
Total capital assets being depreciated	<u>35,023,531</u>	<u>538,558</u>	<u>28,035</u>	<u>35,534,054</u>
Less accumulated depreciation for:				
Plant and distribution systems	9,114,177	814,123	-	9,928,300
Furniture and maintenance equipment	597,978	38,157	-	636,135
Vehicles	<u>297,956</u>	<u>18,263</u>	<u>28,035</u>	<u>288,184</u>
Total accumulated depreciation	<u>10,010,111</u>	<u>\$ 870,543</u>	<u>\$ 28,035</u>	<u>10,852,619</u>
Total capital assets being depreciated, net	<u>25,013,420</u>			<u>24,681,435</u>
Business-type activities capital assets, net	<u>\$ 27,292,648</u>			<u>\$ 26,880,614</u>

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

General Government	\$ 333,313
Public Safety	784,844
Economic and Physical Development	141,047
Human Services	152,403
Cultural and Recreational	<u>112,832</u>
Total depreciation expense	<u>\$ 1,524,439</u>

**Construction and Other Commitments**

At June 30, 2011, the County was obligated under a construction project:

<u>Project</u>	<u>Spent-to-date</u>	<u>Remaining Commitment</u>
Pilot Park	\$ 1,012,607	\$ 3,040
E911 Project	2,051,584	6,545,243



**FRANKLIN COUNTY, NORTH CAROLINA  
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**B. Liabilities**

**1. Payables**

Payables at the government-wide level at June 30, 2011 were as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Total</u>
Governmental Activities:			
General	\$ 980,063	\$ 1,179,149	\$ 2,159,212
School Construction	2,091,806	-	2,091,806
Other Governmental	<u>152,748</u>	<u>-</u>	<u>152,748</u>
Total - governmental activities	<u>\$ 3,224,617</u>	<u>\$ 1,179,149</u>	<u>\$ 4,403,766</u>
Business-type Activity:			
Water and Sewer Fund	<u>\$ 281,563</u>	<u>\$ 35,126</u>	<u>\$ 316,689</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, 2011, 2010, and 2009 were \$1,142,049, \$829,584, and \$852,286, respectively. The contributions made by the County and the plan members equaled the required contributions for each year.

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

**1. Plan Description**

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

**FRANKLIN COUNTY, NORTH CAROLINA  
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All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2010, the Separation Allowance's membership consisted of:

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, 2010 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% – 12.3% per year. Both (a) and (b) included an inflation component of 3.75%. The assumptions did not include postretirement benefit increases. The actuarial value of assets was determined using the market value of investments. The 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, 2010 was 21 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		\$ 73,658
Interest on net pension obligation		16,840
Adjustment to annual required contribution		<u>(18,031)</u>
Annual pension cost		72,467
Contribution made		<u>-</u>
Increase in net pension obligation		72,467
Net pension obligation at beginning of year		<u>336,796</u>
Net pension obligation at end of year		<u>\$ 409,263</u>
Three Year Trend Information		
For Year Ended	Annual Pension Cost	Percentage of APC
<u>June 30</u>	<u>(APC)</u>	<u>Contributed</u>
2009	\$ 46,955	43.93%
2010	54,139	0.00%
2011	\$ 72,467	0.00%
		Net Pension Obligation
		\$ 282,627
		336,796
		\$ 409,263

**FRANKLIN COUNTY, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
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**4. Funded Status and Funding Progress**

As of December 31, 2010, the most recent actuarial valuation date, the plan was 0 percent funded. The actuarial liability for benefits was \$409,263, and the actuarial value of assets was 0, resulting in an unfunded actuarial accrued liability (UALL) of \$520,500. The covered payroll (annual payroll of active employees covered by the plan) was \$2,665,138 and the ratio of the UALL to the covered payroll was 19.53%.

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, 2011 were \$149,243, which consisted of \$122,038 from the County and \$27,204 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, 2011, the County’s required and actual contributions were \$3,740.

**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 8.25% of annual covered payroll. For the current year, the County contributed \$197,647 or 1.13% 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 7.11% and 1.14% of covered payroll, respectively. There were no contributions made by employees, except for dependent coverage in the amount of \$45,736. 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 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	\$ 1,488,120
Interest on net OPEB obligation	108,088
Adjustment to annual required contribution	<u>103,258</u>
Annual OPEB cost (expense)	1,492,950
Contributions made	<u>197,647</u>
Increase in net OPEB obligation	1,295,303
Net OPEB obligation, beginning of year	<u>2,702,212</u>
Net OPEB obligation, end of year	<u>\$ 3,997,515</u>

The Count's annual OPEB cost, the percentage of annual OPEB cost contributed to the HCB Plan, and the net OPEB obligation for 2011 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>
2009	\$ 1,633,188	10.73%	\$ 1,457,936
2010	1,434,333	13.25%	2,702,212
2011	\$ 1,492,950	13.24%	\$ 3,997,515

*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  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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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 month's 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, 2011, the County made contributions to the State for death benefits of \$21,728. The County's required contributions for employees not engaged in law enforcement and for law enforcement officers represented 0.12% and 0.14% of covered payroll, respectively.

**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	\$ 294,925	\$ 294,925
Taxes receivable, net		
General Fund	2,299,142	-
Special Revenue Fund	147,346	-
Home Owners Fund	<u>322,095</u>	<u>322,095</u>
Total	<u>\$ 3,063,508</u>	<u>\$ 617,020</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

**FRANKLIN COUNTY, NORTH CAROLINA  
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dependents. There is no limit for in-network services and a \$1,000,000 lifetime limit for out-of-network services for each covered employee/dependent's medical costs. The cost of providing medical coverage to participating employees and dependents is charged to benefiting funds as premiums. These premiums are an estimate of expected average claims per individual.

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, 2011, 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, 2011 was \$38,438.

Various other properties in Franklin County with a total rental expense for the year ended June 30, 2011 of \$134,640.

At June 30, 2011, the County leased vehicles and equipment with total rental expense of \$25,397.

At June 30, 2011, 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, 2011 with options to extend for an additional year. Options were exercised on all of the leases at June 30, 2011. Rent expense for the year ended June 30, 2011 was \$10,130.

At June 30, 2011, the County was obligated under various operating leases for office equipment as follows:

Total lease expense for the year ended June 30, 2011 was \$109,484.

Total operating lease expense for the year ended June 30, 2011, was \$330,089.

**FRANKLIN COUNTY, NORTH CAROLINA  
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Future lease payments total for the years ending June 30:

2012	\$ 260,385
2013	232,159
2014	154,114
2015	95,896
2016	<u>46,745</u>
Total	<u>\$ 789,299</u>

At June 30, 2011, 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 \$38.90 per ton (annual increase based on increase in CPI).

At June 30, 2011, the County was obligated to purchase water from three local municipalities as follows:

With the Town of Louisburg to purchase at a minimum 80,000 gallons of water per day. The current rate is \$3.10 per thousand gallons. The obligation ends September 20, 2013.

With the City of Henderson to purchase at a minimum 500,000 gallons of water per day. Based on average consumption, the current rate is 3.52 per thousand gallons. The obligation ends July 1, 2036.

With the Town of Franklinton to purchase at a minimum 350,000 gallons of water per day. The current rate is \$4.50 per thousand dollars. The obligation ends March 8, 2022. This contract is currently in mediation. See contingent liabilities footnote below.

**6. Contingent Liabilities**

At June 30, 2011, the County was a defendant to various lawsuits or threatened lawsuits. One lawsuit involves contractual obligations regarding improvements at the airport. The outcome of this potential litigation has not been determined at this time. Maximum exposure to this claim cannot be successfully asserted at this time. Another lawsuit involves contractual obligations to the Town of Franklinton regarding water purchases. This lawsuit is currently in mediation.

**7. Long-Term Obligations**

**a. Installment Purchases**



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Serviced by the County's General Fund:

<p>In January 1997, the County entered an installment purchase contract with CP&amp;L in the amount of \$225,000 to purchase certain real estate. The obligation is payable by a down payment of \$20,000 in July 1997 and fourteen annual installments of principal and interest at 4% in the amount of \$19,407 beginning July 1999. Principal and interest payments are appropriated when due.</p>	\$ -
<p>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.</p>	1,333,333
<p>On April 7, 2008, the County entered into an installment purchase agreement to purchase Emergency Medical Services equipment in the amount of \$304,707. A principal amount of \$68,487 plus interest at 4.02% is on April 7 for each of the next five years. Principal and interest payments are appropriated when due.</p>	-
<p>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.</p>	2,044,500
<p>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.</p>	8,478,000
<p>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.</p>	<u>700,000</u>
<p>Total installment obligation debt</p>	<u>\$ 12,555,833</u>

Serviced by the County's Water and Sewer Fund:

<p><b>\$ 1,974,000</b> 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.</p>	\$ 1,480,500
<p><b>\$ 7,215,000</b> 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.</p>	<u>6,189,000</u>
<p><b>Total installment obligations</b></p>	<u>\$ 7,669,500</u>

**FRANKLIN COUNTY, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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**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, 2011 is comprised of the following:

Serviced by the County's General Fund:

<b>\$1,400,000</b> 2005 School Bonds, issued 6/1/05, with interest and principal annually on April 1 of \$100,000 plus interest through 2019, interest payable at 3.0-3.8%.	\$ 800,000
<b>\$5,550,000</b> 2005 Refinancing School Bonds, issued 6/1/05, with interest semiannually on August 1 and April 1 and principal due on April 1 of \$220,000-\$550,000 through 2018, interest payable at 2.75-3.50%.	3,255,000
<b>\$20,000,000</b> 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%	16,000,000
<b>\$8,600,000</b> 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%	8,000,000
<b>\$14,000,000</b> 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%	13,500,000
<b>\$3,600,000</b> 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%	3,360,000
<b>\$24,000,000</b> 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%	<u>24,000,000</u>
<b>Total General Obligation Indebtedness</b>	<u>\$ 68,915,000</u>

**Certificates of Participation:**

<b>\$14,095,000</b> 2007 Franklin County Animal Control and School Certificates of Participation with interest due semiannually on September 1 through 2028, interest at 4% to 5%	<u>\$ 11,965,000</u>
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**FRANKLIN COUNTY, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

**Revolving Loans:**

**\$1,500,000** 2000 Federal Revolving Loan, issued 2/19/00 with interest due semiannually on November 1 and May 1 and principal of \$75,000 due May 1 through 2021, interest at 2.6%. \$ 750,000

**\$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%. 1,050,000

**Total Revolving Loans** \$ 1,800,000

**Certificates of Participation:**

**\$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%. \$ 2,675,000

**\$6,500,000** 2004 Franklin County Water and Sewer Certificates of Participation, issued 5/15/03, with interest semiannually on December 1 and January 1 and principal due on June 1 through 2018, interest at 3.17% to 4.5%. 3,483,184

**Total Certificates of Participation** \$ 6,158,184

On June 30, 2011, Franklin County had a legal debt margin of \$218,483,597.

**Debt Related to Capital Assets**

Of the total Governmental Activities debt above, \$6,090,500 relates to assets still held by the County. Restricted cash related to this debt amounts to \$1,513,243.

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

The following is a summary of changes in general long-term debt for the year ended June 30, 2011:

**Governmental Activities:**

	Balance <u>July 1, 2010</u>	<u>Additions</u>	<u>Retirements</u>	Balance <u>June 30, 2011</u>	Current <u>Portion</u>
General obligation bonds	\$ 47,490,000	\$ 24,000,000	\$ 2,575,000	\$ 68,915,000	\$ 3,970,000
Certificates of participation	12,675,000	-	710,000	11,965,000	705,000
Installment purchases	15,266,600	-	2,710,767	12,555,833	2,680,267
Compensated absences	1,162,568	1,172,894	1,162,568	1,172,894	293,224
Net pension obligation	336,796	72,467	-	409,263	-
Other postemployment benefits	2,569,940	1,225,693	-	3,795,633	-
Total	<u>\$ 79,500,904</u>	<u>\$ 26,471,054</u>	<u>\$ 7,158,335</u>	<u>\$ 98,813,623</u>	<u>\$ 7,648,491</u>

**FRANKLIN COUNTY, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**Business-type Activities:**

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2011</u>	<u>Current</u> <u>Portion</u>
By purpose:					
Revolving loans	\$ 1,980,000	\$ -	\$ 180,000	\$ 1,800,000	\$ 180,000
Certificates of participation	6,750,375	-	592,191	6,158,184	608,577
Installment purchases	8,390,900	-	721,400	7,669,500	526,400
Compensated absences	51,499	15,395	51,499	15,395	3,849
Other postemployment benefits	<u>132,272</u>	<u>69,611</u>	<u>-</u>	<u>201,883</u>	<u>-</u>
Total	<u>\$ 17,305,046</u>	<u>\$ 85,006</u>	<u>\$ 1,545,090</u>	<u>\$ 15,844,962</u>	<u>\$ 1,318,826</u>

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

**9. Maturities of Long-term Obligations**

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

**Governmental Activities:**

<u>Year Ending June 30,</u>	<u>General Obligation Bonds</u>		<u>Installment Purchases</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 3,970,000	\$ 2,506,035	\$ 2,680,267	\$ 457,737
2013	3,960,000	2,387,602	2,734,267	356,725
2014	3,950,000	2,251,095	2,794,266	253,758
2015	4,290,000	2,123,037	1,204,267	148,590
2016	4,385,000	1,979,204	1,026,266	101,241
2017-2021	20,050,000	7,504,099	2,116,500	110,608
2022-2026	19,110,000	3,771,174	-	-
2027-2029	<u>9,200,000</u>	<u>690,500</u>	<u>-</u>	<u>-</u>
	<u>\$ 68,915,000</u>	<u>\$ 23,212,746</u>	<u>\$ 12,555,833</u>	<u>\$ 1,428,659</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>
2012	\$ 705,000	\$ 545,274	\$ 7,355,267	\$ 3,509,046
2013	700,000	516,473	7,394,267	3,260,800
2014	705,000	487,143	7,449,266	2,991,996
2015	705,000	457,533	6,199,267	2,729,160
2016	705,000	427,746	6,116,266	2,508,191
2017-2021	3,520,000	1,662,206	25,686,500	9,276,913
2022-2026	3,525,000	790,625	22,635,000	4,561,799
2027-2028	<u>1,400,000</u>	<u>70,000</u>	<u>10,600,000</u>	<u>760,500</u>
	<u>\$ 11,965,000</u>	<u>\$ 4,957,000</u>	<u>\$ 93,435,833</u>	<u>\$ 29,598,405</u>

**FRANKLIN COUNTY, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**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>
2012	\$ 180,000	\$ 46,800	\$ 608,577	\$ 246,751
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
2017-2021	900,000	70,200	1,848,632	407,933
2022-2026	-	-	775,000	174,375
2027-2028	-	-	310,000	15,500
	<u>\$ 1,800,000</u>	<u>\$ 257,400</u>	<u>\$ 6,158,184</u>	<u>\$ 1,586,416</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>
2012	\$ 526,400	\$ 295,466	\$ 1,314,977	\$ 589,017
2013	537,400	275,338	1,343,125	543,501
2014	545,400	254,773	1,370,010	489,691
2015	579,400	233,890	1,422,662	438,756
2016	596,400	211,658	1,458,778	385,968
2017-2021	2,742,500	722,732	5,491,132	1,200,865
2022-2026	2,142,000	217,039	2,917,000	391,414
2027-2028	-	-	310,000	15,500
	<u>\$ 7,669,500</u>	<u>\$ 2,210,896</u>	<u>\$ 15,627,684</u>	<u>\$ 4,054,712</u>

**C. Interfund Activity**

Transfers to/from other funds at June 30, 2011, 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	150,000
From the General Fund to the Water and Sewer Fund to supplement the fund for debt payments	235,283
From the COPS Fund to the General Fund to close out this account	838,132
From the Capital Reserve Fund to the General Fund for the payment of debt service	<u>2,297,772</u>
Total transfers to/from other funds	<u>\$ 3,578,553</u>

Due to/from other funds at June 30, 2011 consists of the following:

From the County Building Project Fund to the General Fund for central depository overdraft	<u>\$ 514,322</u>
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**III. Fund Balance**

Franklin County has a revenue spending policy that provides policy for programs with multiple revenue sources. The Finance Officer swill use resources in the following hierarchy: bond proceeds, federal funds, State funds,

**FRANKLIN COUNTY, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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 fund balance that is available for appropriation:

Total fund balance-General Fund	\$ 21,492,922
Less:	
Inventories	17,145
Stabilization by State Statute	3,356,518
Appropriated fund balance in 2012 budget	2,723,670
Register of Deeds	23,073
Capital Reserve	372,762
Public Safety	435,281
Cultural and Recreational	1,278,776
General Government	93,042
Economic Development	435,280
Working Capital/Fund Balance Policy	9,994,158
Remaining Fund Balance	\$ 2,763,217

**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 \$134,500 to the Area Mental Health during the fiscal year ended June 30, 2011. 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, 2011. 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, Warren and Person. Federal, State and local grants and users' fees provide general support of K.A.R.T.S. Each county appoints two members of the Authority management body and this governing body determines the budget and financing requirements of the Authority. The County has an ongoing financial responsibility for the joint venture because K.A.R.T.S. continued existence depends on the participant governments' continued findings. The County contributed \$34,859 to K.A.R.T.S. during the fiscal year ended June 30, 2011. 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, 2011. 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

**FRANKLIN COUNTY, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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, 2011. 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, 2011. 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 \$20,698 to the Council during the fiscal year ended June 30, 2011.

**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, 2011, 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	\$ 257,619	\$ -
Women, Infants and Children	969,673	-
Medicaid	46,646,029	18,645,681
Energy Assistance	546,375	-
Adoption Assistance	282,361	64,211
State/County Special Assistance for Adults	-	570,421
Chafee Foster Care Independence	2,500	-
Foster Care	111,974	31,746
Adoption Subsidy	-	236,835
SFHF Maximization	-	35,707
Foster Care At Risk Maximization	-	7,247
State Foster Home	-	72,961
Foster Care Special Provision	-	2,332
	<u>\$ 48,816,531</u>	<u>\$ 19,667,141</u>

**FRANKLIN COUNTY, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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**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 is anticipating borrowing \$6.7 million for an E911 enhancement upgrade pending LGC approval in December 2011.



## **REQUIRED SUPPLEMENTAL FINANCIAL DATA**

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

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- Schedule of Funding Progress for the Law Enforcement Officers' Special Separation Allowance
- Schedule of Employer Contributions for the Law Enforcement Officers' Special Separation Allowance
- Notes to 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**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets</b>	<b>Actuarial Accrued Liability (AAL) Projected Unit Credit</b>	<b>Unfunded AAL (UAAL)</b>	<b>Funded Ratio</b>	<b>Covered Payroll</b>	<b>UAAL as a % of Covered Payroll</b>
12/31/2005	\$ -	\$ 259,794	\$ 259,794	0.00%	\$ 1,541,884	16.85%
12/31/2006	-	252,547	252,547	0.00%	1,697,594	14.88%
12/31/2007	-	299,326	299,326	0.00%	2,089,098	14.33%
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%

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

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<b>Year ended June 30</b>	<b>Annual Required Contribution</b>	<b>Percentage Contributed</b>
2007	\$ 37,943	71.75%
2008	39,959	51.62%
2009	46,955	43.93%
2010	54,139	0.00%
2011	\$ 72,467	0.00%

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**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	12/31/2010
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	20 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**

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Year ended June 30	Annual Required Contribution	Percentage Contributed
2009	\$ 1,633,188	10.73%
2010	1,434,333	13.25%
2011	\$ 1,492,950	13.24%

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**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

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

Franklin County, North Carolina  
 General Fund  
 Schedule of Revenues, Expenditures, and  
 Changes in Fund Balances - Budget and Actual  
 For the Year Ended June 30, 2011  
 (With Comparative Totals for the Year Ended June 30, 2010)

	2011			2010
	Budget	Actual	Variance Positive (Negative)	Actual
<b>Revenues:</b>				
Ad valorem taxes:				
Current year taxes	\$ 33,678,282	\$ 34,231,510	\$ 553,228	\$ 33,729,825
Delinquent taxes	896,875	1,103,096	206,221	1,120,292
Tax discounts and refunds	(227,000)	(29,701)	197,299	(39,426)
Total	<u>34,348,157</u>	<u>35,304,905</u>	<u>956,748</u>	<u>34,810,691</u>
Sales tax revenue	<u>4,900,000</u>	<u>4,243,708</u>	<u>(656,292)</u>	<u>5,070,674</u>
Other Tax Revenues				
Tax penalties and interest	325,000	402,350	77,350	347,774
Tax levies, foreclosures, etc.	175,000	22,665	(152,335)	38,703
Beer and wine taxes	215,000	221,690	6,690	70,157
Privilege licenses	2,400	2,996	596	2,612
Vehicle rental tax	1,500	1,864	364	1,635
ABC Rehab tax	14,500	13,094	(1,406)	13,075
Total	<u>733,400</u>	<u>664,659</u>	<u>(68,741)</u>	<u>473,956</u>
Restricted intergovernmental:				
Federal and State grants	9,659,756	10,426,160	766,404	8,906,667
Lottery proceeds	1,490,000	1,490,000	-	900,000
Total	<u>11,149,756</u>	<u>11,916,160</u>	<u>766,404</u>	<u>9,806,667</u>
Fees, sales and charges:				
Occupancy tax	60,000	47,608	(12,392)	55,345
White goods	19,000	17,584	(1,416)	18,720
Franchise fees	146,000	171,624	25,624	171,548
Court facility fees	105,000	86,244	(18,756)	99,911
Building permits	45,000	34,030	(10,970)	41,824
Inspection fees	767,500	404,606	(362,894)	658,928
Planning fees	5,000	5,361	361	5,550
Register of Deeds fees	520,000	379,948	(140,052)	442,861
Adequate facilities fees	71,565	71,565	-	267,747
Recreation reserve fees	-	10,130	10,130	8,100
Rents and concessions	36,000	37,060	1,060	38,450
Health fees	3,366,585	3,555,340	188,755	3,326,682
Social services fees	353,323	361,766	8,443	363,759
Aging services	75,740	70,863	(4,877)	73,740
Airport	787,000	757,389	(29,611)	687,526
Sheriff and jail fees	1,582,576	1,617,393	34,817	1,588,920
Library fees and donations	31,000	34,214	3,214	35,790
Solid waste fees	2,331,700	2,337,629	5,929	2,067,365
Ambulance and rescue squad fees	1,428,913	1,771,617	342,704	1,870,938
Recreation	23,500	19,325	(4,175)	23,067
Other	58,600	68,999	10,399	98,846
Total	<u>11,814,002</u>	<u>11,860,295</u>	<u>46,293</u>	<u>11,945,617</u>
Investment earnings	<u>450,000</u>	<u>194,516</u>	<u>(255,484)</u>	<u>422,294</u>
Miscellaneous:				
Donations and private grants	150,500	114,571	(35,929)	143,197
Other miscellaneous	142,181	200,406	58,225	154,009
Total	<u>292,681</u>	<u>314,977</u>	<u>22,296</u>	<u>297,206</u>
Total revenues	<u>63,687,996</u>	<u>64,499,220</u>	<u>811,224</u>	<u>62,827,105</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, 2011  
(With Comparative Totals for the Year Ended June 30, 2010)

	2011		Variance Positive (Negative)	2010
	Budget	Actual		Actual
<b>Expenditures:</b>				
General government:				
Governing body:				
Salaries and employee benefits		207,197		203,432
Other operating expenditures		60,078		61,323
Insurance other than property		2,575		2,575
Total	278,760	269,850	8,910	267,330
County Manager:				
Salaries and employee benefits		198,567		247,253
Other operating expenditures		30,053		45,815
Capital outlay		1,235		-
Total	299,858	229,855	70,003	293,068
Finance:				
Salaries and employee benefits		308,798		294,841
Other operating expenditures		42,911		43,606
Total	358,111	351,709	6,402	338,447
Human Resources:				
Salaries and employee benefits		99,090		-
Other operating expenditures		26,018		-
Capital outlay		2,638		-
Total	142,632	127,746	14,886	-
Board of Elections:				
Salaries and employee benefits		195,880		195,660
Other operating expenditures		91,267		129,388
Capital outlay		-		1,122
Total	300,927	287,147	13,780	326,170
Register of Deeds:				
Salaries and employee benefits		265,600		262,590
Other operating expenditures		84,843		65,544
Capital outlay		-		3,755
Total	390,288	350,443	39,845	331,889
Tax Assessor:				
Salaries and employee benefits		396,692		451,885
Other operating expenditures		165,799		184,588
Capital outlay		-		7,452
Total	610,592	562,491	48,101	643,925
Tax Collector:				
Salaries and employee benefits		315,435		209,738
Other operating expenditures		153,110		181,309
Capital outlay		-		-
Total	621,477	468,545	152,932	391,047
Maintenance:				
Salaries and employee benefits		510,022		481,015
Other operating expenditures		357,465		312,732
Capital outlay		18,362		527
Total	868,266	885,849	(17,583)	794,274
Central Services:				
Other operating expenditures	122,198	128,992	(6,794)	121,998
Clerk of Court:				
Operating expenditures	78,582	75,262	3,320	72,438
Capital improvement:				
Capital outlay	65,000	24,942	40,058	195,102
Information technology services:				
Salaries and employee benefits		157,902		118,605
Other operating expenditures		34,862		24,146
Capital outlay		9,168		2,236
Total	217,466	201,932	15,534	144,987
Legal and professional:				
Legal and professional	56,700	20,154	36,546	42,053
Revaluation:				
Operating expenditures	150,000	-	150,000	-
Total general government	4,560,857	3,984,917	575,940	3,962,728

Franklin County, North Carolina  
 General Fund  
 Schedule of Revenues, Expenditures, and  
 Changes in Fund Balances - Budget and Actual  
 For the Year Ended June 30, 2011  
 (With Comparative Totals for the Year Ended June 30, 2010)

	2011		Variance Positive (Negative)	2010
	Budget	Actual		Actual
Public safety:				
Planning:				
Salaries and employee benefits		318,226		320,655
Other operating expenditures		871,881		76,521
Total	1,250,825	1,190,107	60,718	397,176
Inspections:				
Salaries and employee benefits		510,452		457,972
Other operating expenditures		55,827		39,036
Total	601,700	566,279	35,421	497,008
GIS Mapper Service:				
Salaries and employee benefits		145,873		119,353
Other operating expenditures		32,257		44,341
Total	204,698	178,130	26,568	163,694
Central Services:				
Other operating expenditures	143,000	104,475	38,525	189,685
Sheriff:				
Salaries and employee benefits		4,051,176		3,761,826
Other operating expenditures		1,399,324		1,362,395
Capital outlay		379,708		342,772
Total	5,992,246	5,830,208	162,038	5,466,993
Communications:				
Salaries and employee benefits		845,901		832,448
Other operating expenditures		100,697		124,713
Total	1,077,258	946,598	130,660	957,161
Jail:				
Salaries and employee benefits		1,750,873		1,703,531
Other operating expenditures		1,643,680		1,143,085
Capital outlay		48,465		20,914
Total	3,481,824	3,443,018	38,806	2,867,530
Jail-meal operations:				
Other operating expenditures	490,705	390,020	100,685	417,586
Fire protection:				
Forest fire control service	85,598	85,357	241	70,690
Rescue and ambulance services:				
Salaries and employee benefits		3,110,241		3,039,206
Other operating expenditures		569,180		562,060
Capital outlay		33,382		-
Total	3,841,966	3,712,803	129,163	3,601,266
Emergency management services:				
Salaries and employee benefits		196,905		202,017
Other operating expenditures		39,960		44,392
Capital outlay		2,976		-
Total	247,586	239,841	7,745	246,409
Rescue squad contributions:				
Rescue units	639,913	569,434	70,479	393,499
Animal control:				
Salaries and employee benefits		261,606		239,319
Other operating expenditures		111,139		99,076
Total	374,284	372,745	1,539	338,395
Community-based alternatives:				
Salaries and employee benefits		-		15,330
Other operating expenditures		-		4,081
Total	-	-	-	19,411
Total public safety	18,431,603	17,629,015	802,588	15,626,503

Franklin County, North Carolina  
General Fund  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2011  
(With Comparative Totals for the Year Ended June 30, 2010)

	2011		Variance Positive (Negative)	2010
	Budget	Actual		Actual
Economic and physical development:				
Economic development:				
Salaries and employee benefits		241,365		231,047
Other operating expenditures		112,248		197,055
Company incentives		151,365		16,632
Total	547,711	504,978	42,733	444,734
Central services:				
Other operating expenditures	73,000	48,597	24,403	60,431
Cooperative extension services:				
Salaries and employee benefits		4,583		7,911
Other operating expenditures		234,090		288,265
Total	360,465	238,673	121,792	296,176
Soil and water conservation:				
Salaries and employee benefits		212,224		217,703
Other operating expenditures		21,647		18,789
Total	257,089	233,871	23,218	236,492
Solid waste:				
Salaries and employee benefits		697,820		606,416
Waste disposal contract		1,328,148		1,246,993
Other operating expenditures		908,673		911,654
Capital outlay		140,537		1,893
Total	3,087,517	3,075,178	12,339	2,766,956
Airport operations:				
Salaries and employee benefits		169,904		143,623
Other operating expenditures		174,690		177,706
Fuel purchases		424,064		359,623
Total	761,174	768,658	(7,484)	680,952
Total economic & physical development	5,086,956	4,869,955	217,001	4,485,741
Human services:				
Central services:				
Other operating expenditures	302,484	287,266	15,218	290,598
Health:				
Administration:				
Salaries and employee benefits		684,404		677,230
Other operating expenditures		98,723		96,364
Total	792,432	783,127	9,305	773,594
Clinical health:				
Salaries and employee benefits		1,795,789		1,769,620
Contractual services		9,428		20,420
Other operating expenditures		1,064,181		975,687
Capital outlay		7,188		19,606
Total	2,927,623	2,876,586	51,037	2,785,333
Dental health:				
Salaries and employee benefits		368,470		365,343
Other operating expenditures		133,858		126,197
Capital outlay		4,498		-
Total	517,996	506,826	11,170	491,540
Home health:				
Salaries and employee benefits		474,576		459,358
Other operating expenditures		505,776		489,822
Capital outlay		48,466		-
Total	1,015,543	1,028,818	(13,275)	949,180
Veterans services:				
Salaries and employee benefits		68,545		73,038
Other operating expenditures		11,821		15,203
Total	84,134	80,366	3,768	88,241
Social services:				
Administration:				
Salaries and employee benefits		4,640,248		4,475,257
Other operating expenditures		558,524		513,653
Professional services		116,914		110,849
Capital outlay		23,986		13,564
Total	5,418,720	5,339,672	79,048	5,113,323

Franklin County, North Carolina  
 General Fund  
 Schedule of Revenues, Expenditures, and  
 Changes in Fund Balances - Budget and Actual  
 For the Year Ended June 30, 2011  
 (With Comparative Totals for the Year Ended June 30, 2010)

	2011		Variance Positive (Negative)	2010
	Budget	Actual		Actual
<b>Social services programs:</b>				
Medicaid	185,000	204,033	(19,033)	177,904
Special assistance	489,883	570,421	(80,538)	515,016
Work first	1,778	1,380	398	-
Foster care	637,516	480,463	157,053	538,763
Crisis intervention	308,426	308,133	293	305,964
General assistance	20,000	14,362	5,638	19,848
Day care	2,670,509	2,397,298	273,211	2,411,241
Other assistance	590,058	470,055	120,003	512,696
Total	4,903,170	4,446,145	457,025	4,481,432
<b>DSS Child support:</b>				
Salaries and employee benefits		449,018		-
Other operating expenditures		160,910		-
Capital outlay		16,600		-
Total	644,118	626,528	17,590	-
<b>Aging:</b>				
Salaries and employee benefits		616,903		651,022
Other operating expenditures		419,260		451,427
Total	1,169,530	1,036,163	133,367	1,102,449
Total human services	17,775,750	17,011,497	764,253	16,075,690
<b>Cultural and leisure:</b>				
Salaries and employee benefits		179,546		171,468
Other operating expenditures		201,051		239,693
Total	432,128	380,597	51,531	411,161
<b>Central Services:</b>				
Other operating expenditures	14,000	14,000	-	14,000
<b>Library:</b>				
Salaries and employee benefits		520,383		520,960
Other operating expenditures		108,485		99,723
Books, magazines & telecommunications		108,860		105,036
Capital outlay		23,783		11,363
Total	783,627	761,511	22,116	737,082
Total culture and recreation	1,229,755	1,156,108	73,647	1,162,243
<b>Education:</b>				
<b>Education allocations:</b>				
Public schools - current		11,749,053		11,525,433
Public schools - capital outlay		1,175,780		1,175,780
Community colleges - current		300,000		291,000
Community colleges - capital outlay		15,500		15,035
Total education	13,375,333	13,240,333	135,000	13,007,248
<b>Debt service:</b>				
Principal retirement		5,995,766		5,134,503
Interest and fees		3,296,600		3,064,894
Total debt service	9,741,720	9,292,366	449,354	8,199,397
Total expenditures	70,201,974	67,184,191	3,017,783	62,519,550
Revenues over (under) expenditures	(6,513,978)	(2,684,971)	3,829,007	307,555

Franklin County, North Carolina  
General Fund  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2011  
(With Comparative Totals for the Year Ended June 30, 2010)

	2011		Variance Positive (Negative)	2010
	Budget	Actual		Actual
<b>Other financing sources (uses)</b>				
Transfers to other funds:				
Fire District Fund	(40,700)	(40,700)	-	(40,700)
Water and Sewer Fund	(235,283)	(235,283)	-	(786,208)
Revaluation Fund	(150,000)	(150,000)	-	(150,000)
County Building Fund	-	-	-	(250,000)
Airport Fund	(16,666)	(16,666)	-	(16,666)
Total transfers out	<u>(442,649)</u>	<u>(442,649)</u>	-	<u>(1,243,574)</u>
Transfers from other funds:				
Capital Reserve Fund	2,424,000	2,297,772	126,228	2,900,000
COPS Capital Project Fund	838,132	838,132	-	-
Total transfers in	<u>3,262,132</u>	<u>3,135,904</u>	<u>126,228</u>	<u>2,900,000</u>
Total other financing sources (uses) - net	<u>2,819,483</u>	<u>2,693,255</u>	<u>126,228</u>	<u>1,656,426</u>
Revenues and other financing sources over (under) expenditures and other financing uses	(3,694,495)	8,284	3,702,779	1,963,981
Appropriated fund balance	<u>3,694,495</u>	<u>-</u>	<u>(3,694,495)</u>	<u>-</u>
Revenues, other financing sources and appropriated fund balance over (under) expenditures and other uses	<u>\$ -</u>	<u>8,284</u>	<u>\$ 8,284</u>	<u>1,963,981</u>
Fund balances				
Beginning of year, July 1		21,115,135		19,153,170
Increase (decrease) in reserve for inventory		<u>(3,259)</u>		<u>(2,016)</u>
End of year, June 30		<u>\$ 21,120,160</u>		<u>\$ 21,115,135</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, 2011**  
**(With Comparative Totals for the Year Ended June 30, 2010)**

	2011		Variance Positive (Negative)	2010
	Budget	Actual		Actual
<b>Revenues</b>				
Sales tax revenue	\$ 2,424,000	\$ 2,203,156	\$ (220,844)	\$ 2,255,987
Interest earnings	-	851	851	1,034
Total revenues	<u>2,424,000</u>	<u>2,204,007</u>	<u>(219,993)</u>	<u>2,257,021</u>
<b>Expenditures</b>				
Education	-	-	-	-
<b>Other financing sources (uses)</b>				
Transfer from General Fund	-	-	-	-
Transfer to General Fund	(2,424,000)	(2,297,772)	126,228	(2,900,000)
Appropriated fund balance	-	-	-	-
Total other financing sources (uses) - net	<u>(2,424,000)</u>	<u>(2,297,772)</u>	<u>126,228</u>	<u>(2,900,000)</u>
<b>Revenues and other financing sources under expenditures and uses</b>	<u>\$ -</u>	<u>(93,765)</u>	<u>\$ (93,765)</u>	<u>(642,979)</u>
<b>Fund balance</b>				
Beginning of year, July 1		<u>466,527</u>		<u>1,109,506</u>
End of year, June 30		<u>\$ 372,762</u>		<u>\$ 466,527</u>

**Franklin County, North Carolina**  
**School Construction Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**From Inception and for the Year Ended June 30, 2011**

	Project Author- ization	Actual		Total to Date	Variance Positive (Negative)
		Prior Year	Current Year		
<b>Revenues</b>					
Restricted intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -
Interest earnings	1,481,930	434,274	(1,787)	432,487	(1,049,443)
Total revenues	1,481,930	434,274	(1,787)	432,487	(1,049,443)
<b>Expenditures</b>					
Bond issuance costs		13,850	81,359	95,209	
Construction		17,661,515	22,637,675	40,299,190	
Total revenues	54,899,112	17,675,365	22,719,034	40,394,399	14,504,713
<b>Other financing sources</b>					
Sales tax refund	800,000	-	-	-	(800,000)
Issuance of debt	52,617,182	17,600,000	24,802,878	42,402,878	(10,214,304)
Total other sources	53,417,182	17,600,000	24,802,878	42,402,878	(11,014,304)
<b>Revenues and other financing sources over (under) expenditures</b>					
	\$ -	\$ 358,909	2,082,057	\$ 2,440,966	\$ 2,440,966
<b>Fund balance</b>					
Beginning of year, July 1			3,157,309		
End of year, June 30			\$ 5,239,366		

# NONMAJOR GOVERNMENTAL FUNDS

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## 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.
- **COPS Fund:** This fund accounts for expenses financed by certificates of participation.

## 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.



Franklin County, North Carolina  
 Combining Balance Sheet  
 Nonmajor Governmental Funds  
 June 30, 2011

	Special Revenue Funds					Capital Projects Funds					Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
	Fire District Fund	Emergency Telephone System Fund	DEA Fund	Golden Leaf Foundation Fund	Community Development Fund	COPS Fund	Total Nonmajor Special Revenue Funds	Airport Projects Fund	County Building Project Fund	Revaluation Project Fund		
<b>Assets</b>												
Cash and cash equivalents	\$ 74,136	\$ 1,575,818	\$ 33,465	\$ 23,507	\$ 5,891	\$ -	\$ 1,712,817	\$ 157,094	\$ -	\$ 664,228	\$ 821,322	\$ 2,534,139
Accounts receivable, net	-	37,501	-	-	-	-	37,501	-	-	-	-	37,501
Taxes receivable, net	147,346	-	-	-	-	-	147,346	-	-	-	-	147,346
Due from other governments	-	2,189	286	-	51,052	-	53,527	-	1,444	-	1,444	54,971
Restricted assets:												
Restricted cash	-	-	-	-	-	-	-	-	1,220,594	-	1,220,594	1,220,594
<b>Total assets</b>	<b>\$ 221,482</b>	<b>\$ 1,615,508</b>	<b>\$ 33,751</b>	<b>\$ 23,507</b>	<b>\$ 56,943</b>	<b>\$ -</b>	<b>\$ 1,951,191</b>	<b>\$ 157,094</b>	<b>\$ 1,222,038</b>	<b>\$ 664,228</b>	<b>\$ 2,043,360</b>	<b>\$ 3,994,551</b>
<b>Liabilities and Fund Balances</b>												
Liabilities:												
Accounts payable and accrued liabilities	\$ 7,502	\$ 49	\$ -	\$ -	\$ -	\$ -	7,551	\$ -	\$ 88,738	\$ 56,459	\$ 145,197	\$ 152,748
Due to General Fund	-	-	-	-	-	-	-	-	514,322	-	514,322	514,322
Deferred revenue	147,346	-	-	-	-	-	147,346	-	-	-	-	147,346
<b>Total liabilities</b>	<b>154,848</b>	<b>49</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>154,897</b>	<b>-</b>	<b>603,060</b>	<b>56,459</b>	<b>659,519</b>	<b>814,416</b>
Fund balances:												
Restricted:												
Stabilization by State Statute	-	39,690	286	-	51,052	-	91,028	-	1,444	-	1,444	92,472
Fire Protection	66,634	-	-	-	-	-	66,634	-	-	-	-	66,634
Public Safety	-	1,575,769	33,465	-	-	-	1,609,234	-	-	-	-	1,609,234
Economic Development	-	-	-	23,507	5,891	-	29,398	157,094	-	-	157,094	186,492
Committed:												
Debt Service	-	-	-	-	-	-	-	-	1,220,594	-	1,220,594	1,220,594
Revaluation	-	-	-	-	-	-	-	-	-	607,769	607,769	607,769
Unassigned:												
Total fund balances	66,634	1,615,459	33,751	23,507	56,943	-	1,796,294	157,094	(603,060)	-	(603,060)	(603,060)
<b>Total liabilities and fund balances</b>	<b>\$ 221,482</b>	<b>\$ 1,615,508</b>	<b>\$ 33,751</b>	<b>\$ 23,507</b>	<b>\$ 56,943</b>	<b>\$ -</b>	<b>\$ 1,951,191</b>	<b>\$ 157,094</b>	<b>\$ 1,222,038</b>	<b>\$ 664,228</b>	<b>\$ 2,043,360</b>	<b>\$ 3,994,551</b>

Franklin County, North Carolina  
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
 Nonmajor Governmental Funds  
 For the Year Ended June 30, 2011

	Special Revenue Funds						Capital Projects Funds					
	Fire District Fund	Emergency Telephone System Fund	DEA Fund	Golden Leaf Foundation Fund	Community Development Fund	COPS Capital Projects Fund	Total Nonmajor Special Revenue Funds	Airport Projects Fund	County Building Project Fund	Revaluation Project Fund	Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Revenues</b>												
Ad valorem taxes	\$ 2,231,997	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,231,997	\$ -	\$ -	\$ -	\$ -	\$ 2,231,997
Local option sales taxes	-	-	-	-	-	-	-	-	-	-	-	-
Other taxes and licenses	-	450,013	-	-	-	-	450,013	-	-	-	-	450,013
Restricted intergovernmental	-	-	23,864	628,725	244,160	-	896,749	72,669	393,104	-	465,773	1,362,522
Investment earnings	351	1,775	2	-	64	-	2,192	246	3,012	1,120	4,378	6,570
Miscellaneous	-	-	-	-	5,000	-	5,000	-	-	-	-	5,000
Total revenues	<u>2,232,348</u>	<u>451,788</u>	<u>23,866</u>	<u>628,725</u>	<u>249,224</u>	<u>-</u>	<u>3,585,951</u>	<u>72,915</u>	<u>396,116</u>	<u>1,120</u>	<u>470,151</u>	<u>4,056,102</u>
<b>Expenditures</b>												
Current:												
General Government	-	-	-	-	-	-	-	-	-	94,585	94,585	94,585
Public safety	2,327,043	305,962	11,554	-	-	-	2,644,559	-	-	-	-	2,644,559
Economic and physical development	-	-	-	638,068	235,643	-	873,711	-	-	-	-	873,711
Education	-	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	85,289	2,937,919	-	3,023,208	3,023,208
Total expenditures	<u>2,327,043</u>	<u>305,962</u>	<u>11,554</u>	<u>638,068</u>	<u>235,643</u>	<u>-</u>	<u>3,518,270</u>	<u>85,289</u>	<u>2,937,919</u>	<u>94,585</u>	<u>3,117,793</u>	<u>6,636,063</u>
<b>Revenues over (under) expenditures</b>	<u>(94,695)</u>	<u>145,826</u>	<u>12,312</u>	<u>(9,343)</u>	<u>13,581</u>	<u>-</u>	<u>67,681</u>	<u>(12,374)</u>	<u>(2,541,803)</u>	<u>(93,465)</u>	<u>(2,647,642)</u>	<u>(2,579,961)</u>
<b>Other financing sources (uses)</b>												
Debt issued	-	-	-	-	-	-	-	-	-	-	-	-
Transfers from other funds	40,700	-	-	-	-	-	40,700	16,666	-	150,000	166,666	207,366
Transfers to other funds	-	-	-	-	-	(838,132)	(838,132)	-	-	-	-	(838,132)
Total other financing sources (uses) - net	<u>40,700</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(838,132)</u>	<u>(797,432)</u>	<u>16,666</u>	<u>-</u>	<u>150,000</u>	<u>166,666</u>	<u>(630,766)</u>
<b>Net changes in fund balances</b>	<u>(53,995)</u>	<u>145,826</u>	<u>12,312</u>	<u>(9,343)</u>	<u>13,581</u>	<u>(838,132)</u>	<u>(729,751)</u>	<u>4,292</u>	<u>(2,541,803)</u>	<u>56,535</u>	<u>(2,480,976)</u>	<u>(3,210,727)</u>
<b>Fund balances</b>												
Beginning of year, July 1	<u>120,629</u>	<u>1,469,633</u>	<u>21,439</u>	<u>32,850</u>	<u>43,362</u>	<u>838,132</u>	<u>2,526,045</u>	<u>152,802</u>	<u>3,160,781</u>	<u>551,234</u>	<u>3,864,817</u>	<u>6,390,862</u>
End of year, June 30	<u>\$ 66,634</u>	<u>\$ 1,615,459</u>	<u>\$ 33,751</u>	<u>\$ 23,507</u>	<u>\$ 56,943</u>	<u>\$ -</u>	<u>\$ 1,796,294</u>	<u>\$ 157,094</u>	<u>\$ 618,978</u>	<u>\$ 607,769</u>	<u>\$ 1,383,841</u>	<u>\$ 3,180,135</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, 2011**  
**(With Comparative Totals for the Year Ended June 30, 2010)**

	2011		Variance Positive (Negative)	2010
	Budget	Actual		Actual
<b>Revenues</b>				
Ad valorem taxes	\$ 2,306,970	\$ 2,231,997	\$ (74,973)	\$ 2,181,368
Restricted intergovernmental revenue				
Grant revenue	-	-	-	24,000
Interest Income	-	351	351	216
	2,306,970	2,232,348	(74,622)	2,205,584
<b>Expenditures</b>				
Public safety				
Central Fire District	184,000	184,000	-	172,000
Epsom Fire District	85,000	78,494	6,506	78,381
Gold Sand Fire District	55,000	52,806	2,194	51,127
Justice Fire District	88,500	80,439	8,061	104,254
Kittrell Fire District	1,000	1,000	-	1,000
Pilot Fire District	166,103	166,103	-	166,103
White Level Fire District	70,000	70,000	-	64,377
Brassfield Fire District	6,000	6,000	-	5,600
Mitchiners Crossroads Fire District	123,000	123,000	-	119,800
Hopkins Fire District	10,100	8,735	1,365	8,716
Franklinton Fire District	212,704	212,704	-	209,254
Youngsville Fire District	929,008	929,008	-	848,068
Bunn Fire District	357,055	357,055	-	318,750
Castalia Fire District	1,200	1,200	-	1,200
Centerville Fire District	59,000	56,499	2,501	54,545
Total expenditures	2,347,670	2,327,043	20,627	2,203,175
<b>Revenues under expenditures</b>	(40,700)	(94,695)	(53,995)	2,409
<b>Other financing sources</b>				
Transfer from General fund	40,700	40,700	-	40,700
<b>Revenues and other sources under expenditures</b>	\$ -	(53,995)	\$ (53,995)	43,109
<b>Fund balances</b>				
Beginning of year, July 1		120,629		77,520
End of year, June 30		\$ 66,634		\$ 120,629

**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, 2011**  
**(With Comparative Totals for the Year Ended June 30, 2010)**

	2011		Variance Positive (Negative)	2010
	Budget	Actual		Actual
<b>Revenues</b>				
Other taxes and licenses				
E911 fees	\$ 380,027	\$ 450,013	\$ 69,986	\$ 450,013
Restricted intergovernmental:				
Wireless communications	-	-	-	-
Interest earnings	-	1,775	1,775	2,310
Total revenues	<u>380,027</u>	<u>451,788</u>	<u>71,761</u>	<u>452,323</u>
<b>Expenditures</b>				
Public safety - E911				
Operating expenses	192,330	138,970	53,360	142,664
Capital outlay	2,895	1,539	1,356	-
Total	<u>195,225</u>	<u>140,509</u>	<u>54,716</u>	<u>142,664</u>
Public safety - wireless communications				
Operating expenses	247,000	136,221	110,779	20,424
Capital outlay	30,000	29,232	768	434,591
Total	<u>277,000</u>	<u>165,453</u>	<u>111,547</u>	<u>455,015</u>
Total expenditures	<u>472,225</u>	<u>305,962</u>	<u>166,263</u>	<u>597,679</u>
<b>Revenues over (under) expenditures</b>	<u>(92,198)</u>	<u>145,826</u>	<u>238,024</u>	<u>(145,356)</u>
<b>Appropriated fund balance</b>	<u>92,198</u>	<u>-</u>	<u>(92,198)</u>	<u>-</u>
<b>Revenues and appropriated fund balance over expenditures</b>	<u>\$ -</u>	<u>145,826</u>	<u>\$ 145,826</u>	<u>(145,356)</u>
<b>Fund balances</b>				
Beginning of year, July 1		<u>1,469,633</u>		<u>1,614,989</u>
End of year, June 30		<u>\$ 1,615,459</u>		<u>\$ 1,469,633</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, 2011**  
**(With Comparative Totals for the Year Ended June 30, 2010)**

	2011		Variance Positive (Negative)	2010
	Budget	Actual		Actual
<b>Revenues</b>				
Restricted intergovernmental	\$ 20,000	\$ 23,864	\$ 3,864	\$ 48,830
Interest income	-	2	2	6
Total revenues	<u>20,000</u>	<u>23,866</u>	<u>3,866</u>	<u>48,836</u>
<b>Expenditures</b>				
Public safety				
Operating expenses	20,000	11,554	8,446	53,938
<b>Revenues over expenditures</b>	-	12,312	12,312	(5,102)
Appropriated fund balance	-	-	-	-
<b>Revenues and appropriated fund balance over expenditures</b>	<u>\$ -</u>	12,312	<u>\$ 12,312</u>	(5,102)
<b>Fund balances</b>				
Beginning of year, July 1		21,439		26,541
End of year, June 30		<u>\$ 33,751</u>		<u>\$ 21,439</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, 2011**

	Project Author- ization	Actual		Total to Date	Variance Positive (Negative)
		Prior Year	Current Year		
<b>Revenues</b>					
Restricted intergovernmental					
Golden Leaf Foundation	\$ 750,000	\$ -	\$ 621,225	\$ 621,225	\$ (128,775)
Contributions	-	-	7,500	7,500	7,500
Total revenues	<u>750,000</u>	<u>-</u>	<u>628,725</u>	<u>628,725</u>	<u>(121,275)</u>
<b>Expenditures</b>					
Education	<u>750,000</u>	<u>-</u>	<u>638,068</u>	<u>638,068</u>	<u>111,932</u>
<b>Revenues over expenditures</b>	<u>-</u>	<u>-</u>	<u>(9,343)</u>	<u>(9,343)</u>	<u>(9,343)</u>
<b>Other financing sources</b>					
Transfers from other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Revenues and other financing sources over expenditures</b>	<u>\$ -</u>	<u>\$ -</u>	<u>(9,343)</u>	<u>\$ (9,343)</u>	<u>\$ (9,343)</u>
<b>Fund balance</b>					
Beginning of year, July 1			<u>32,850</u>		
End of year, June 30			<u>\$ 23,507</u>		

**Franklin County, North Carolina  
Community Development Fund  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balances - Budget and Actual  
From Inception and for the Year Ended June 30, 2011**

	Project Author- ization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
<b>Revenues</b>					
Restricted intergovernmental					
CDBG Agreement 08-C-1820	\$ 435,000	\$ 190,094	\$ 244,160	\$ 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>235,094</u>	<u>249,224</u>	<u>484,318</u>	<u>(682)</u>
<b>Expenditures</b>					
Scattered Site 08-C-1820	435,000	198,612	235,643	434,255	745
Clean Water Trust Project	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>50,000</u>	<u>-</u>
Total expenditures	<u>485,000</u>	<u>248,612</u>	<u>235,643</u>	<u>484,255</u>	<u>745</u>
<b>Revenues under expenditures</b>	<u>-</u>	<u>(13,518)</u>	<u>13,581</u>	<u>63</u>	<u>63</u>
<b>Other financing sources</b>					
Transfer from General fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Revenues and other financing sources over expenditures</b>	<u>\$ -</u>	<u>\$ (13,518)</u>	<u>13,581</u>	<u>\$ 63</u>	<u>\$ 63</u>
<b>Fund balance</b>					
Beginning of year, July 1			<u>43,362</u>		
End of year, June 30			<u>\$ 56,943</u>		

**Franklin County, North Carolina  
COPS Fund  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balances - Budget and Actual  
From Inception and for the Year Ended June 30, 2011**

	2011		Variance Positive (Negative)	2010
	Budget	Actual		Actual
<b>Revenues</b>				
Investment earnings	\$ -	\$ -	\$ -	\$ 838
<b>Other financing uses</b>				
Transfer to General fund	(838,132)	(838,132)	-	-
Appropriated fund balance	838,132	-	(838,132)	-
	<u>-</u>	<u>(838,132)</u>	<u>(838,132)</u>	<u>-</u>
<b>Revenues over uses</b>	<u>\$ -</u>	<u>(838,132)</u>	<u>\$ (838,132)</u>	838
<b>Fund balance</b>				
Beginning of year, July 1		<u>838,132</u>		<u>837,294</u>
End of year, June 30		<u>\$ -</u>		<u>\$ 838,132</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, 2011**

	Project Author- ization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
<b>Revenues</b>					
Restricted intergovernmental:					
Project No. 36237.31.9.1 Federal	\$ 450,000	\$ 377,331	\$ 72,669	\$ 450,000	\$ -
Interest income	-	-	246	246	246
Total revenues	<u>450,000</u>	<u>377,331</u>	<u>72,915</u>	<u>450,246</u>	<u>246</u>
<b>Expenditures</b>					
Capital outlay:					
Project No. 36237.31.9.1 Federal	500,000	419,561	80,439	500,000	-
Project No. 36237.31.12.1	4,850	-	4,850	4,850	-
Total expenditures	<u>504,850</u>	<u>419,561</u>	<u>85,289</u>	<u>504,850</u>	<u>-</u>
<b>Revenues under expenditures</b>	<u>(54,850)</u>	<u>(42,230)</u>	<u>(12,374)</u>	<u>(54,604)</u>	<u>246</u>
<b>Other financing sources</b>					
Transfer from General fund	50,000	50,000	16,666	66,666	16,666
Appropriated fund balance	4,850	-	-	-	(4,850)
Total	<u>54,850</u>	<u>50,000</u>	<u>16,666</u>	<u>66,666</u>	<u>11,816</u>
<b>Revenues and other financing sources over (under) expenditures</b>	<u>\$ -</u>	<u>\$ 7,770</u>	4,292	<u>\$ 12,062</u>	<u>\$ 12,062</u>
<b>Fund balance</b>					
Beginning of year, July 1			<u>152,802</u>		
End of year, June 30			<u>\$ 157,094</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, 2011

	Project Author- ization	Actual		Total to Date	Variance Positive (Negative)
		Prior Year	Current Year		
<b>Revenues</b>					
Intergovernmental revenues	\$ 500,000	\$ -	\$ 393,104	\$ 393,104	\$ (106,896)
Interest earnings	-	4,511	3,012	7,523	7,523
Total revenues	500,000	4,511	396,116	400,627	(99,373)
<b>Expenditures</b>					
Construction					
Animal Control Facility	1,350,000	1,323,883	8,197	1,332,080	17,920
Pilot Lions Park	1,000,000	129,326	883,281	1,012,607	(12,607)
E911 Facility	10,518,525	11,086	2,046,441	2,057,527	8,460,998
Total	12,868,525	1,464,295	2,937,919	4,402,214	8,466,311
<b>Other financing sources</b>					
Issuance of debt	11,050,000	4,006,000	-	4,006,000	(7,044,000)
Transfer from General fund	1,318,525	1,154,825	-	1,154,825	(163,700)
Total other sources	12,368,525	5,160,825	-	5,160,825	(7,207,700)
<b>Total revenues and other financing sources over (under) expenditures</b>	\$ -	\$ 3,701,041	(2,541,803)	\$ 1,159,238	\$ 1,159,238
<b>Fund balance</b>					
Beginning of year, July 1			3,160,781		
End of year, June 30			\$ 618,978		

**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, 2011**

	Project Author- ization	Prior Year	Actual Current Year	Total to Date	Variance Positive (Negative)
<b>Revenues</b>					
Interest earnings	\$ -	\$ 19,115	\$ 1,120	\$ 20,235	\$ 20,235
<b>Expenditures</b>					
Appraisal	708,000	498,105	94,585	592,690	115,310
<b>Other financing sources</b>					
Transfer from General Fund	108,000	429,503	150,000	579,503	471,503
Transfer to General Fund	(663,108)	-	-	-	663,108
Transfer from Special Revenue Fund	-	600,721	-	600,721	600,721
Total other sources	(555,108)	1,030,224	150,000	1,180,224	1,735,332
<b>Appropriated fund balance</b>	1,263,108	-	-	-	(1,263,108)
<b>Total revenues and other financing sources over expenditures</b>	<u>\$ -</u>	<u>\$ 551,234</u>	56,535	<u>\$ 607,769</u>	<u>\$ 607,769</u>
<b>Fund balance</b>					
Beginning of year, July 1			<u>551,234</u>		
End of year, June 30			<u>\$ 607,769</u>		

## ENTERPRISE FUND

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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.

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- **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, 2011**

	2011		Variance Positive (Negative)	2010
	Budget	Actual		Actual
<b>Revenues</b>				
Operating revenues				
Water fees	\$ 4,920,930	\$ 4,989,284	\$ 68,354	\$ 4,229,728
Sewer fees	1,516,600	887,235	(629,365)	1,339,485
Other charges for services	487,450	429,561	(57,889)	513,519
Total	<u>6,924,980</u>	<u>6,306,080</u>	<u>(618,900)</u>	<u>6,082,732</u>
Nonoperating revenues:				
Interest earnings	-	2,085	2,085	4,095
Miscellaneous revenues	-	-	-	2,465
Total	<u>-</u>	<u>2,085</u>	<u>2,085</u>	<u>6,560</u>
Total revenues	<u>6,924,980</u>	<u>6,308,165</u>	<u>(616,815)</u>	<u>6,089,292</u>
<b>Expenditures - Water Dept</b>				
Salaries and employee benefits	509,525	506,013	3,512	471,089
Water purchases	3,220,390	2,791,751	428,639	3,000,052
Other operating expenditures	342,129	447,499	(105,370)	306,551
Capital outlay	21,600	20,898	702	11,860
Debt service:				
Interest and other charges	313,348	309,848	3,500	301,623
Debt principal	499,000	499,000	-	487,000
Total expenditures - Water	<u>4,905,992</u>	<u>4,575,009</u>	<u>330,983</u>	<u>4,578,175</u>
<b>Expenditures - Sewer Dept</b>				
Salaries and employee benefits	382,581	373,237	9,344	363,764
Other operating expenditures	442,900	371,545	71,355	371,558
Capital outlay	99,650	92,030	7,620	3,421
Debt service:				
Interest and other charges	334,547	331,496	3,051	369,381
Debt principal	994,593	994,591	2	970,273
Total expenditures - Sewer	<u>2,254,271</u>	<u>2,162,899</u>	<u>91,372</u>	<u>2,078,397</u>
Total expenditures	<u>7,160,263</u>	<u>6,737,908</u>	<u>422,355</u>	<u>6,656,572</u>
Revenues under expenditures	<u>(235,283)</u>	<u>(429,743)</u>	<u>(194,460)</u>	<u>(567,280)</u>
<b>Other Financing Sources (Uses)</b>				
Transfer from Other Funds				
General Fund	235,283	235,283	-	786,208
Appropriated fund balance	-	-	-	-
Total	<u>235,283</u>	<u>235,283</u>	<u>-</u>	<u>786,208</u>
<b>Revenues and appropriated fund balance under expenditures</b>	<u>\$ -</u>	<u>\$ (194,460)</u>	<u>\$ (194,460)</u>	<u>\$ 218,928</u>
<b>Reconciliation from budgetary basis (modified accrual) to full accrual</b>				
Revenues and other financing sources over expenditures		\$ (194,460)		\$ 218,928
Dept payments		1,493,591		1,457,273
Depreciation		(870,543)		(857,582)
Capital outlay		93,621		11,860
Decrease in accrued vacation pay		36,104		4,868
Increase in other postemployment benefits		(69,611)		(66,944)
Water and Sewer Fund full accrual		<u>488,702</u>		<u>768,403</u>
Water and Sewer Capital Project Fund full accrual		<u>234,201</u>		<u>9,594</u>
Change in net assets		<u>\$ 722,903</u>		<u>\$ 777,997</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, 2011**

	Project Author - ization	Actual		Total to Date	Variance Positive (Negative)
		Prior Year	Current Year		
<b>Revenues</b>					
Restricted intergovernmental:					
State grants	\$ 465,120	\$ -	\$ -	\$ -	\$ (465,120)
Contributions	-	9,594	228,185	237,779	237,779
Investment earnings	10,000	-	6,016	6,016	(3,984)
Total revenues	<u>475,120</u>	<u>9,594</u>	<u>234,201</u>	<u>243,795</u>	<u>(231,325)</u>
<b>Expenditures</b>					
Construction	<u>2,475,120</u>	<u>1,675,593</u>	<u>364,709</u>	<u>2,040,302</u>	<u>434,818</u>
<b>Revenues under expenditures</b>	<u>(2,000,000)</u>	<u>(1,665,999)</u>	<u>(130,508)</u>	<u>(1,796,507)</u>	<u>203,493</u>
<b>Other financing sources (uses)</b>					
Proceeds from debt	<u>2,000,000</u>	<u>2,000,000</u>	<u>-</u>	<u>2,000,000</u>	<u>-</u>
Total other financing sources (uses) - net	<u>2,000,000</u>	<u>2,000,000</u>	<u>-</u>	<u>2,000,000</u>	<u>-</u>
<b>Revenues, appropriated fund balance, and other financing sources over expenditures and uses</b>	<u>\$ -</u>	<u>\$ 334,001</u>	<u>\$ (130,508)</u>	<u>\$ 203,493</u>	<u>\$ 203,493</u>
<b>Reconciliation from budgetary basis (modified accrual) to full accrual</b>					
Revenues and other sources over expenditures and other uses			\$ (130,508)		
Capital outlay			<u>364,709</u>		
Change in net assets			<u>\$ 234,201</u>		

## INTERNAL SERVICE FUNDS

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

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- **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, 2011**  
**(With Comparative Totals for the Year Ended June 30, 2010)**

	2011		Variance Positive (Negative)	2010
	Budget	Actual		Actual
<b>Revenues</b>				
Contributions from employees	\$ 6,284,918	\$ 6,230,605	\$ (54,313)	\$ 6,480,526
Interest earnings	-	85	85	350
Miscellaneous	-	87,820	87,820	22,180
Total revenues	6,284,918	6,318,510	33,592	6,503,056
<b>Expenditures</b>				
Health insurance	5,633,000	4,717,924	915,076	5,468,310
Property and liability insurance	325,000	294,424	30,576	331,714
Workers' compensation insurance	392,000	517,135	(125,135)	579,620
Unemployment claims	205,000	126,791	78,209	43,738
Total expenditures	6,555,000	5,656,274	898,726	6,423,382
<b>Revenues over (under) expenditures</b>	(270,082)	662,236	932,318	79,674
<b>Appropriated fund balance</b>	270,082	-	(270,082)	-
<b>Revenues and appropriated fund balance over (under) expenditures</b>	\$ -	662,236	\$ 662,236	79,674
<b>Fund balances</b>				
Beginning of year, July 1		291,518		211,844
End of year, June 30		\$ 953,754		\$ 291,518
Reconciliation from financial plan basis (modified accrual) to full accrual:				
Total revenues		\$ 6,318,510		
Total expenditures		5,656,274		
Change in net assets		\$ 662,236		



## AGENCY FUNDS

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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.

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- **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, 2011**

	Balance July 1, 2010	Additions	Deductions	Balance June 30, 2011
<b>Social Services</b>				
Assets				
Cash and cash equivalents	\$ 58,411	\$ 224,203	\$ 229,604	\$ 53,010
Liabilities				
Miscellaneous liabilities	\$ 58,411	\$ 224,203	\$ 229,604	\$ 53,010
<b>Fines and Forfeitures</b>				
Assets				
Cash and cash equivalents	\$ -	\$ 264,499	\$ 264,499	\$ -
Liabilities				
Intergovernmental payable	\$ -	\$ 264,499	\$ 264,499	\$ -
<b>Motor Vehicle Tax</b>				
Assets				
Cash and cash equivalents	\$ -	\$ 2,559,933	\$ 2,559,933	\$ -
Liabilities				
Miscellaneous liabilities	\$ -	\$ 2,559,933	\$ 2,559,933	\$ -
<b>State Vehicle Interest</b>				
Assets				
Cash and cash equivalents	\$ 3,624	\$ 38,565	\$ 39,726	\$ 2,463
Liabilities				
Intergovernmental payable	\$ 3,624	\$ 38,565	\$ 39,726	\$ 2,463
<b>Jail Fund</b>				
Assets				
Cash and cash equivalents	\$ 8,389	\$ 143,876	\$ 145,118	\$ 7,147
Liabilities				
Miscellaneous liabilities	\$ 8,389	\$ 143,876	\$ 145,118	\$ 7,147
<b>Totals - All Agency Funds</b>				
Assets				
Cash and cash equivalents	\$ 70,424	\$ 3,231,076	\$ 3,238,880	\$ 62,620
Liabilities				
Miscellaneous liabilities	\$ 66,800	\$ 2,928,012	\$ 2,934,655	\$ 60,157
Intergovernmental payable	3,624	303,064	304,225	2,463
Total liabilities	\$ 70,424	\$ 3,231,076	\$ 3,238,880	\$ 62,620

## **OTHER SCHEDULES**

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This schedule contains additional information required on property taxes.

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- 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, 2011**

Fiscal Year	Uncollected Balance June 30, 2010	Additions	Collections And Credits	Uncollected Balance June 30, 2011
2010-2011	\$ -	\$ 35,756,853	\$ 34,726,339	\$ 1,030,514
2009-2010	1,184,462	-	837,669	346,793
2008-2009	358,627	-	162,230	196,397
2007-2008	358,628	-	41,535	317,093
2006-2007	137,851	-	21,044	116,807
2005-2006	102,125	-	11,835	90,290
2004-2005	84,446	-	7,399	77,047
2003-2004	86,737	-	5,230	81,507
2002-2003	86,634	-	4,412	82,222
2001-2002	70,661	-	5,569	65,092
2000-2001	56,439	-	56,439	-
	<u>\$ 2,526,610</u>	<u>\$ 35,756,853</u>	<u>\$ 35,879,701</u>	2,403,762
				46,380
				<u>(151,000)</u>
				<u>\$ 2,299,142</u>
				<b>Reconciliation with revenues</b>
				Ad valorem taxes - General Fund
				<u>\$ 35,304,905</u>
				Reconciling items:
				Amounts written off for 2000-2001 levy
				55,548
				Discounts and adjustments
				<u>519,248</u>
				Total reconciling items
				<u>574,796</u>
				Total collections and credits
				<u>\$ 35,879,701</u>

**Franklin County, North Carolina**  
**Analysis of Current Tax Levy**  
**County - wide Levy**  
**For the Year Ended June 30, 2011**

	County - wide			Total Levy	
	Property Valuation	Rate	Amount of Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
<b>Original levy</b>					
Property taxed at current year's rate	\$ 3,548,527,720	0.8725	\$ 30,960,904	\$ 30,960,904	\$ -
Motor vehicles taxed at current year's rate	242,356,676	0.8725	2,114,562	-	2,114,562
Motor vehicles taxed at prior year's rate	<u>134,292,837</u>	0.8725	<u>1,171,705</u>	-	<u>1,171,705</u>
Total	<u>3,925,177,233</u>		<u>34,247,171</u>	<u>30,960,904</u>	<u>3,286,267</u>
<b>Discoveries</b>	153,226,361	0.8725	1,336,900	1,316,954	19,946
<b>Abatements</b>	<u>(36,910,716)</u>	0.8725	<u>(322,046)</u>	<u>(271,079)</u>	<u>(50,967)</u>
Total	<u>\$ 4,041,492,878</u>		35,262,025	32,006,779	3,255,246
<b>Less, uncollected taxes at June 30, 2011</b>			<u>1,030,514</u>	<u>542,247</u>	<u>488,267</u>
<b>Current year's taxes collected</b>			<u>\$ 34,231,511</u>	<u>\$ 31,464,532</u>	<u>\$ 2,766,979</u>
<b>Current levy collection percentage</b>			<u>97.08%</u>	<u>98.31%</u>	<u>85.00%</u>

**Franklin County, North Carolina  
Analysis of Current Tax Levy  
County - wide Levy  
For the Year Ended June 30, 2011**

**Secondary Market Disclosures:**

Assessed Valuation:

Assessment Ratio <sup>1</sup>	100%
Real Property	\$ 3,237,222,509
Personal Property	678,256,348
Public Service Companies <sup>2</sup>	126,014,021
Total Assessed Valuation	\$ 4,041,492,878
 Tax Rate per \$100	 0.8725
 Levy (includes discoveries, releases and abatements) <sup>3</sup>	 \$ 35,262,025

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, 2011:

Fire Protection Districts	\$ 1,924,886
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<sup>1</sup> Percentage of appraised value has been established by statute.

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

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

**Franklin County, North Carolina  
Ten Largest Taxpayers  
For the Year Ended June 30, 2011**

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Novo Nordisk	Manufacturing	\$ 128,635,243	3.18%
Progress Energy	Utility	48,132,510	1.19%
Carolina Telephone	Utility	33,068,763	0.82%
Wake Electric Membership Corporation	Utility	29,224,983	0.72%
Southern Lithoplate	Manufacturing	12,896,080	0.32%
Louisburg HMA	Hospital	12,839,882	0.32%
Harold G. Bagwell	Manufacturing	10,059,457	0.25%
Walmart	Retail	9,118,605	0.23%
Fayard Enterprises LLC	Airport Operations	8,831,412	0.22%
Fifth Third Bank	Banking	8,784,471	0.22%
Total		<u>\$ 301,591,406</u>	<u>7.46%</u>

# STATISTICAL SECTION

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## **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.



Table 1

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

	<b>Fiscal Year Ended</b>					
	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
Governmental activities						
Invested in capital assets, net of related debt	\$ 25,866,534	\$ 22,185,107	\$ 11,105,092	\$ 22,829,989	\$ 24,016,990	\$ 21,679,627
Restricted	6,029,114	-	-	-	-	-
Unrestricted	(66,760,973)	(38,579,992)	(17,970,151)	(30,128,888)	(17,329,425)	891,761
Total governmental activities net assets	<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	\$ 11,252,930	\$ 10,171,373	\$ 7,884,229	\$ 7,639,425	\$ 10,041,448	\$ 9,680,354
Unrestricted	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>\$ 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	\$ 37,119,464	\$ 32,356,480	\$ 18,989,321	\$ 30,469,414	\$ 34,058,438	\$ 31,359,981
Restricted	6,029,114	-	-	-	-	-
Unrestricted	(63,029,770)	(34,509,088)	(12,349,636)	(24,030,003)	(13,568,934)	3,582,239
Total primary government net assets	<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 2005-2006 compiling the above information.

Table 2

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

	Fiscal Year Ended						
	2011	2010	2009	2008	2007	2006	2005
<b>Expenses</b>							
Governmental Activities							
General government	\$ 4,481,582	\$ 4,888,153	\$ 5,619,743	\$ 4,325,531	\$ 7,154,891	\$ 3,772,123	\$ 5,686,247
Public Safety	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	5,859,582	5,223,772	5,734,787	5,694,167	2,627,867	3,107,944	3,212,065
Human services	17,258,277	16,250,663	18,243,826	18,321,190	18,251,014	17,358,323	15,821,501
Cultural and recreation	1,271,427	1,289,122	1,293,831	1,728,413	1,383,297	1,275,730	1,087,237
Education	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	3,406,691	3,250,515	3,002,457	2,508,273	1,697,224	1,351,352	1,146,215
Total governmental activities expenses	<u>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	6,035,793	6,105,211	6,222,719	5,944,894	5,679,134	5,341,717	4,792,247
Total business-type activities expense	<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>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>
<b>Program Revenues</b>							
Governmental activities:							
Charges for services:							
General government	554,148	854,040	318,880	374,128	690,055	765,073	853,792
Public Safety	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	3,095,018	3,430,203	2,701,616	2,709,670	2,509,345	1,227,746	1,245,584
Human services	4,017,056	3,810,360	4,034,367	3,644,913	4,369,288	4,902,180	3,603,385
Cultural and recreation	135,234	67,437	131,291	30,394	70,066	54,551	48,557
Operating grants and contributions	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	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>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	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	228,185	-	-	40,000	400,000	-	540,400
Total business-type activities program revenues	<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>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 seven fiscal years**

	Fiscal Year Ended						
	2011	2010	2009	2008	2007	2006	2005
<b>Net (Expense)/Revenue</b>							
Governmental activities	(63,220,721)	(53,890,457)	(46,129,840)	(61,665,952)	(38,707,997)	(35,607,395)	(32,703,548)
Business-type activities	498,472	(22,479)	(285,621)	(63,425)	1,001,174	(301,472)	(24,090)
Total primary government net expense	<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>
<b>General Revenues and Other Changes in Net Assets</b>							
Governmental activities							
Taxes:							
Property Taxes	37,416,033	37,246,830	34,714,146	33,151,702	30,083,554	28,883,215	27,545,182
Sales Taxes	7,317,661	7,326,661	9,526,281	11,207,755	11,152,255	10,102,630	9,434,955
Investment Earnings	178,881	762,901	532,190	1,741,188	2,170,710	1,002,338	464,709
Miscellaneous - Unrestricted	72,989	346,728	1,616,200	1,313,221	1,513,097	1,460,931	683,157
Transfers	(235,283)	(786,208)	194	265,622	(298,492)	(915,272)	(1,341,117)
Total government activities	<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.	8,101	16,154	52,249	265,418	131,441	58,743	37,881
Transfers	235,283	786,208	(194)	(265,622)	298,492	915,272	1,341,117
Total business-type activities	<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>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>
<b>Change in Net Assets</b>							
Governmental activities	(18,470,440)	(8,993,545)	259,171	(13,986,464)	5,913,127	4,926,447	4,083,338
Business-type activities	741,856	779,883	(233,566)	(63,629)	1,431,107	672,543	1,354,908
Total primary government	<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									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
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	\$ 2,588,169
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	2,500,640
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	7,173,874
Nonspendable	17,145	-	-	-	-	-	-	-	-	-
Restricted	3,752,353	-	-	-	-	-	-	-	-	-
Assigned	4,966,049	-	-	-	-	-	-	-	-	-
Unassigned	12,757,375	-	-	-	-	-	-	-	-	-
<b>Total general fund</b>	<b>\$ 21,492,922</b>	<b>\$ 21,115,135</b>	<b>\$ 19,153,171</b>	<b>\$ 18,246,432</b>	<b>\$ 18,597,430</b>	<b>\$ 18,897,293</b>	<b>\$ 17,422,075</b>	<b>\$ 13,698,778</b>	<b>\$ 13,505,948</b>	<b>\$ 12,262,683</b>
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	\$ 1,766,715
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	2,407,477
Capital projects funds	-	1,130,004	1,112,012	1,386,415	13,107,522	(543,129)	1,740,520	298,872	529,217	178,569
Restricted	2,276,761	-	-	-	-	-	-	-	-	-
Committed	2,121,012	-	-	-	-	-	-	-	-	-
Assigned	4,624,788	-	-	-	-	-	-	-	-	-
Unassigned	(603,060)	-	-	-	-	-	-	-	-	-
<b>Total all other governmental funds</b>	<b>\$ 8,419,501</b>	<b>\$ 10,014,698</b>	<b>\$ 7,222,741</b>	<b>\$ 8,377,331</b>	<b>\$ 18,153,570</b>	<b>\$ 2,653,512</b>	<b>\$ 4,096,666</b>	<b>\$ 4,836,758</b>	<b>\$ 5,085,950</b>	<b>\$ 4,352,761</b>

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									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
<b>Revenues</b>										
Taxes	\$ 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	\$ 22,964,733
Sales Tax	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	6,345,460
Other taxes and licenses	1,114,672	452,625	565,845	299,491	289,430	299,512	264,775	273,067	261,224	269,212
Unrestricted Intergovernmental	-	436,869	552,577	637,646	348,831	302,293	272,333	309,898	255,169	659,512
Restricted Intergovernmental	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	11,399,115
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	1,026,251
Sales and service	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	6,200,518
Investment Earnings	200,150	853,869	532,190	1,739,204	2,143,720	979,838	480,463	257,474	357,237	569,923
Other revenues	319,977	339,916	306,259	120,879	172,869	603,775	425,026	415,691	246,941	260,530
<b>Total revenues</b>	<b>70,757,542</b>	<b>69,013,378</b>	<b>67,986,394</b>	<b>67,411,414</b>	<b>63,725,168</b>	<b>58,670,251</b>	<b>55,120,362</b>	<b>51,873,334</b>	<b>50,498,321</b>	<b>49,695,254</b>
<b>Expenditures</b>										
General government	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	2,661,002
Public Safety	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	9,027,151
Economic and Physical development	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	1,790,994
Human Services	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	14,454,618
Cultural and recreation	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	1,724,629
Education	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	7,381,815
Capital outlay	25,660,883	15,140,139	4,189,528	19,902,241	20,280,156	392,655	445,671	582,658	349,022	9,890,303
Debt service:										
Principal	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	2,562,902
Interest and other fees	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	1,825,453
<b>Total Expenditures</b>	<b>96,539,288</b>	<b>81,071,234</b>	<b>71,231,997</b>	<b>86,680,975</b>	<b>82,300,976</b>	<b>58,086,587</b>	<b>53,886,850</b>	<b>51,376,025</b>	<b>49,360,396</b>	<b>51,318,867</b>
Excess of revenues over (under) expenditures	(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	(1,623,613)

Table 4 (cont.)

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

	Fiscal Year Ended									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
<b>Other Financing Sources (Uses)</b>										
Transfers to other funds	(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)	(4,505,060)
Transfers from other funds	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	3,505,060
Sale of capital assets	-	-	-	245,728	5,000	-	35,150	177,172	2,397	5,090
Inc.\(Dec) in reserve for inventory	(3,259)	(2,016)	(40,025)	-	(25,495)	56,965	-	-	-	-
Proceeds from long-term debt	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>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>	<u>(994,910)</u>
Net changes in fund balance	<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>	<u>\$ (2,618,523)</u>
Debt service as a percentage of noncapital expenditures	10.12%	10.35%	11.82%	9.50%	7.15%	7.35%	7.51%	8.26%	8.76%	10.59%

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**

<b>Fiscal Year Ended June 30</b>	<b>Assessed Value</b>	<b>Net General Obligation Bonded Debt</b>	<b>Ratio of Net General Obligation Bonded Debt to Assessed Value</b>	<b>Population</b>	<b>Net General Obligation Bonded Debt Per Capita</b>
2002	\$ 2,279,050,498	\$ 15,825,000	0.6944%	48,818	324.16
2003	2,372,672,790	14,850,000	0.6259%	51,079	290.73
2004	2,505,635,618	13,875,000	0.5538%	52,855	262.51
2005	3,103,720,609	14,600,000	0.4704%	54,181	269.47
2006	3,388,554,430	13,445,000	0.3968%	55,449	242.48
2007	3,553,765,823	32,235,000	0.9071%	55,886	576.80
2008	3,785,255,683	38,800,000	1.0250%	56,470	687.09
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

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

<b>Fiscal Year Ended June 30</b>	<b>Principal</b>	<b>Interest on Bonds</b>	<b>Total Debt Service</b>	<b>Total General Governmental Expenditures</b>	<b>Ratio of Debt Debt Service to Total General Governmental Expenditures</b>
2002	\$ 975,000	\$ 832,800	\$ 1,807,800	\$ 51,318,867	3.52%
2003	975,000	784,700	1,759,700	49,360,396	3.57%
2004	975,000	736,600	1,711,600	51,375,995	3.33%
2005	975,000	688,250	1,663,250	53,886,850	3.09%
2006	1,115,000	611,492	1,726,492	58,086,587	2.97%
2007	1,120,000	553,118	1,673,118	82,300,976	2.03%
2008	2,125,000	1,508,880	3,633,880	86,680,975	4.19%
*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%

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									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Assessed Value of Taxable Property	\$ 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	\$ 2,279,050,498
	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
<b>Debt Limit - 8 Percent of Assessed Value</b>	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	182,324,040
Gross debt										
Total bonded debt	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	15,825,000
Authorized and unissued bonds	11,400,000	35,400,000	53,000,000	53,000,000	8,600,000	28,600,000	28,600,000	-	-	-
Lease financing agreements	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	19,327,355
Gross Debt	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	35,152,355
<b>Total net debt applicable to limit</b>	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	35,152,355
<b>Legal Debt Margin</b>	\$ 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	\$ 147,171,685
<b>Total net debt applicable to the limit as a percentage of debt limit</b>	32.42%	34.59%	36.97%	39.69%	24.16%	21.17%	24.18%	15.25%	17.15%	19.28%

Table 8

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

	Fiscal Year Ended									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
<b>County Direct Rates*</b>										
County-wide Rate	0.8725	0.8725	0.8225	0.8225	0.7900	0.7900	0.7900	0.9995	0.9995	0.9450
<b>Municipality Rates</b>										
Town of Bunn	0.6900	0.6900	0.6900	0.6900	0.6900	0.6900	0.6900	0.6900	0.7600	0.7600
Town of Franklinton	0.6800	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	0.4850	0.4850	0.4850	0.4850	0.4850	0.5250	0.5250
Town of Youngsville	0.5900	0.5700	0.5400	0.5400	0.5600	0.5600	0.5600	0.5600	0.6600	0.6600
City of Wake Forest	0.5100	0.5100	0.5100	0.5500	0.5400	0.5400	0.5400	0.5400	N/A	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**

<b>Fiscal Year Ended June 30</b>	<b>Real Property</b>	<b>Personal Property</b>	<b>Public Service Company Property</b>	<b>Total Assessed Value</b>	<b>County Tax Rate</b>	<b>Revenue Generated</b>
2002	\$ 1,737,762,751	\$ 451,096,588	\$ 90,191,159	\$ 2,279,050,498	0.9450	\$ 21,537,027
2003	1,840,115,056	458,722,309	73,785,425	2,372,622,790	0.9995	23,714,365
2004	1,924,008,866	508,064,402	73,562,350	2,505,635,618	0.9995	25,043,828
2005	2,510,945,604	499,925,053	92,849,952	3,103,720,609	0.7900	24,519,393
2006	2,573,038,787	719,423,960	96,091,683	3,388,554,430	0.7900	26,769,580
2007	2,902,730,621	531,693,579	119,341,623	3,553,765,823	0.7900	28,074,750
2008	3,086,546,778	552,724,295	123,678,987	3,762,950,060	0.8225	30,950,264
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

Table 10

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

<b>Fiscal Year Ended June 30</b>	<b>Total Tax Levy</b>	<b>Current Tax Levy</b>	<b>% of Levy Collected</b>	<b>Delinquent Tax Collections</b>	<b>Total Tax Collections</b>	<b>Ratio of Total Tax Collections To Tax Levy</b>	<b>Outstanding Delinquent Taxes</b>	<b>Ratio of Delinquent Taxes to Tax Levy</b>
2002	\$ 23,041,108	\$ 21,566,773	95.70%	\$ 823,596	\$ 22,390,369	97.18%	\$ 650,739	2.82%
2003	25,294,585	23,725,840	95.70%	834,749	24,560,589	97.10%	733,996	2.90%
2004	26,812,621	25,044,383	96.06%	878,243	25,922,626	96.68%	889,995	3.32%
2005	27,545,220	25,667,255	96.74%	933,346	26,600,601	96.57%	944,619	3.43%
2006	28,502,647	26,738,015	96.88%	850,441	26,738,015	93.81%	1,764,632	6.19%
2007	29,633,368	27,868,736	97.10%	884,048	27,944,872	94.30%	1,688,496	5.70%
2008	32,650,011	30,961,515	96.34%	681,402	30,510,776	93.45%	2,139,235	6.55%
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%

Table 11

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

<b>Fiscal Year Ended June 30</b>	<b>Ad Valorem Taxes</b>	<b>Sales Tax</b>	<b>Other Taxes and Licenses</b>	<b>Intergovern- mental Revenues</b>	<b>Permit and Fees</b>	<b>Sales and Services</b>	<b>Investment Earnings</b>	<b>Miscellaneous Revenues</b>	<b>Total</b>
2002	#####	\$ 6,345,460	\$ 269,212	\$ 12,058,627	\$ 1,026,251	\$ 6,200,518	\$ 569,923	\$ 260,530	\$ 49,695,254
2003	25,266,653	6,954,074	261,224	9,130,796	1,212,207	7,069,189	357,237	246,941	50,498,321
2004	26,414,550	8,379,344	273,067	7,657,653	1,312,113	7,163,442	257,474	415,691	51,873,334
2005	27,608,437	9,434,955	264,775	7,848,988	1,528,965	7,528,753	480,463	425,026	55,120,362
2006	28,870,947	10,102,630	299,512	8,461,616	1,804,380	7,547,553	979,838	603,775	58,670,251
2007	30,126,452	11,152,255	289,430	8,254,539	2,154,766	9,431,137	2,143,720	172,869	63,725,168
2008	32,680,351	11,207,755	299,491	9,997,895	2,268,394	9,097,445	1,739,204	120,879	67,411,414
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	#####	\$ 6,446,864	#####	\$ 13,278,681	\$ 1,186,029	\$ 10,674,266	\$ 200,151	\$ 319,977	\$ 70,757,542

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						
2002	\$ 15,825,000	\$ 4,317,850	\$ 15,009,505	-	\$ 3,420,000	\$ 10,145,000	\$ 48,717,355	\$ 23,276	\$ 1,136,287,768	4.2874%	48,818	\$ 998
2003	14,850,000	3,820,256	13,890,843	-	3,240,000	9,770,000	45,571,099	23,276	1,188,914,804	3.8330%	51,079	892
2004	13,875,000	3,937,202	12,752,958	-	3,060,000	15,575,210	49,200,370	24,043	1,270,792,765	3.8716%	52,855	931
2005	14,600,000	5,110,544	11,729,556	-	2,880,000	14,831,033	49,151,133	24,264	1,314,647,784	3.7387%	54,181	907
2006	13,445,000	4,384,873	10,654,276	-	2,700,000	14,056,515	45,240,664	25,191	1,396,815,759	3.2388%	55,449	816
2007	32,325,000	4,131,424	23,630,681	-	2,520,000	16,407,221	79,014,326	25,890	1,414,126,000	5.5875%	55,886	1,414
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

Table 13

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

<b>Fiscal Year Ended June 30</b>	<b>General Government</b>	<b>Public Safety</b>	<b>Trans- portation</b>	<b>Economic and Physical Development</b>	<b>Human Services</b>	<b>Cultural &amp; Recreation</b>	<b>Education</b>	<b>Capital Outlay</b>	<b>Debt Service</b>	<b>Total</b>
2002	\$ 2,661,002	\$ 9,027,151	\$ 44,812	\$ 1,746,182	\$ 14,454,618	\$1,724,629	\$ 7,381,815	\$ 9,890,303	\$ 4,388,355	\$ 51,318,867
2003	3,425,795	10,042,570	-	4,297,477	14,631,324	1,015,441	11,305,139	349,022	4,293,628	49,360,396
2004	3,936,179	10,932,115	-	5,295,621	15,305,034	1,126,094	10,004,326	582,628	4,193,998	51,375,995
2005	4,168,586	10,909,475	-	5,841,195	16,292,325	1,015,483	11,202,659	445,671	4,011,456	53,886,850
2006	3,808,263	12,517,803	-	4,896,599	17,415,333	1,198,617	13,617,183	392,655	4,240,134	58,086,587
2007	6,887,064	14,136,087	-	5,128,599	17,937,867	1,286,120	12,209,081	20,280,156	4,436,002	82,300,976
2008	4,947,681	16,989,641	-	5,397,420	18,410,690	1,625,597	13,061,750	19,902,241	6,345,955	86,680,975
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

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, 2011**

	<u>Net General Obligation Bonded debt</u>	<u>Percent Applicable To County</u>	<u>Amount Applicable To County</u>
Direct:			
Franklin County	\$ 68,915,000	100.00%	\$ 68,915,000
Underlying:			
Town of Louisburg	-	0.00%	-
Town of Bunn	50,000	0.00%	-
Town of Youngsville	-	0.00%	-
Town of Franklinton	<u>900,000</u>	0.00%	<u>-</u>
Totals	<u>\$ 69,865,000</u>		<u>\$ 68,915,000</u>

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



Table 15

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

<b>Fiscal Year Ended June 30</b>	<b>Population</b>	<b>Personal Income</b>	<b>Per Capita Income</b>	<b>Median Age</b>	<b>Education Level in Years of Schooling</b>	<b>School Enrollment</b>	<b>Unemployment Rate</b>
2002	48,818	\$1,136,287,768	\$ 23,276	36.06	N/A	7,685	6.60%
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%

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**

<b>Employer</b>	<b>Fiscal Year Ending 2010</b>			<b>Fiscal Year Ending 2001</b>		
	<b>Employees</b>	<b>Rank</b>	<b>% of Total Employment</b>	<b>Employees</b>	<b>Rank</b>	<b>% of Total Employment</b>
Novozymes North America	460	1	4.00%	N/A	N/A	N/A
Century Link	308	2	2.68%	N/A	N/A	N/A
Franklin Regional	275	3	2.39%	N/A	N/A	N/A
Wal-Mart	275	4	2.39%	N/A	N/A	N/A
Food Lion LLC	200	5	1.74%	N/A	N/A	N/A
Eaton Corporation	184	6	1.60%	N/A	N/A	N/A
Amcor Rigid Plastics	175	7	1.52%	N/A	N/A	N/A
K-Flex USA	150	8	1.30%	N/A	N/A	N/A
Robling Medical	136	9	1.18%	N/A	N/A	N/A
Captive-Aire Systems	130	10	1.13%	N/A	N/A	N/A
Total	<u>2,293</u>		<u>19.93%</u>			

Note: Total jobs available in 2011 was 11,672

Source: Economic Development Department

Table 17

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

	Fiscal Year Ended									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
<b>General Government:</b>										
Manager/Administration	5	6	4	4	3	3	3	3	2	2
Information Technology	3	3	2	2	2	1	-	-	-	-
Elections	3	3	3	3	3	3	3	3	2	2
Finance Office	5	5	5	5	6	5	5	5	5	5
Tax Assessor	9	9	9	9	9	9	9	9	9	9
Tax Collector	5	6	5	5	5	5	5	5	4	4
Register of Deeds	4	5	5	5	5	5	5	5	5	5
Planning	5	5	5	7	7	6	6	6	8	8
Public Buildings-Maintenance	12	12	12	12	12	12	13	13	13	13
<b>Public Safety:</b>										
Inspections	6	8	8	9	9	9	9	9	8	6
GIS	3	3	3	3	3	3	3	3	3	3
Sheriff's Department	59	70	64	63	61	47	45	44	41	41
Communications - E911	17	18	17	17	14	12	12	12	11	10
Jail Operations	33	35	33	41	40	38	35	31	35	35
Emergency Medical Services	54	58	54	59	46	37	29	30	30	30
Emergency Management	3	3	4	4	4	3	3	3	3	3
Animal Control	5	5	5	5	5	5	4	4	4	3
<b>Economic and physical development:</b>										
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	3	3
Airport Operations	3	3	3	3	1	1	-	-	-	-
Cooperative Extension	3	0	3	3	3	1	2	3	2	2
Economic Development	3	3	3	3	3	3	2	2	2	2
<b>Human Services:</b>										
Health Department	59	63	59	66	70	73	73	74	76	79
Social Services	97	99	91	93	92	89	87	87	108	108
Aging Department	9	11	11	11	11	11	9	9	10	10
Veterans Services	1	1	2	2	2	2	1	1	1	1
<b>Cultural and recreation:</b>										
Library	9	9	9	8	8	8	8	8	8	8
Recreation	3	3	3	3	4	5	5	5	5	5
<b>Water and Sewer Department</b>										
	16	16	16	18	18	17	17	16	17	17
<b>Total Full-Time Positions</b>	<u>444</u>	<u>472</u>	<u>448</u>	<u>473</u>	<u>456</u>	<u>423</u>	<u>403</u>	<u>400</u>	<u>421</u>	<u>420</u>

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**

<b>Fiscal Year Ended June 30</b>	<b>Residential</b>		<b>Commercial</b>		<b>Total Value</b>
	<b>Number of Permits</b>	<b>Value</b>	<b>Number of Permits</b>	<b>Value</b>	
2002	936	\$ 69,326,133	58	\$ 9,058,159	\$ 78,384,292
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

SOURCE: Franklin County Planning Department

Table 19

**Franklin County, North Carolina  
Principal Taxpayers  
Current Year and Ten Years Ago  
For Fiscal Year Ended 2011**

Taxpayer	Rank	2011 Assessed Valuation	Percentage of Total Assessed Valuation	Property Taxes Paid	Rank	2001 Assessed Valuation	Percentage of Total Assessed Valuation	Property Taxes Paid
Novo Nordisk	1	\$ 128,635,243	3.21%	\$ 1,122,342	1	\$ 112,792,133	5.24%	\$ 924,895
Progress Energy	2	48,132,510	1.20%	419,956	3	19,036,003	0.88%	156,095
Carolina Telephone	3	33,068,763	0.83%	288,525	2	36,039,881	1.67%	295,527
Wake Electric	4	29,224,983	0.73%	254,988	4	16,674,669	0.77%	136,732
Southern Lithoplate	5	12,896,080	0.32%	112,518		-	-	-
Franklin Regional	6	12,839,882	0.32%	112,028	6	8,284,446	0.38%	67,932
Harold G. Bagwell	7	10,059,457	0.25%	87,769	7	7,454,255	0.35%	61,125
Walmart	8	8,831,412	0.22%	77,054		-	-	-
Fayard Enterprises LLC	9	8,831,412	0.22%	77,054	10	5,584,972	0.26%	45,797
Fifth Third Bank	10	8,784,471	0.22%	76,645		-	-	-
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
Joyner Manufacturing			0.00%	-		-	-	-
<b>Totals</b>		<b>\$ 301,304,213</b>	<b>7.52%</b>	<b>\$ 2,628,879</b>	<b>Totals</b>	<b>\$ 229,706,841</b>	<b>10.67%</b>	<b>\$ 1,883,596</b>

Source: Franklin County Tax Office

**Table 20**

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

<b>Fiscal Year Ended June 30</b>	<b>Special Assessment Billings</b>		<b>Special Assessment Collections</b>	
2002	\$	-	\$	54,558
2003		-		55,543
2004		-		66,963
2005		-		61,519
2006		-		61,252
2007		-		42,076
2008		-		1,860
2009		-		477
2010		-		-
2011	\$	-	\$	-

Note: Franklin County completed paving of streets for the North Raleigh Farms and Inglewood subdivisions. All assessments were paid in full as of 6/30/2011

Table 21

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

<b>Function/Program</b>	<b>Fiscal Year Ended</b>									
	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>
<b>General Government:</b>										
Registered voters	36,326	36,326	36,454	34,478	31,500	31,201	30,188	30,119	27,119	26,294
New Residential Building Permits	785	785	936	507	794	743	780	715	754	935
Land parcels	39,650	39,650	39,500	39,451	39,039	38,291	37,247	36,347	36,856	35,153
Tax bills mailed	122,215	122,215	121,100	120,800	118,875	117,746	111,082	106,082	100,295	95,112
Marriage licensed issued	307	307	324	344	320	331	335	314	291	331
<b>Public Safety:</b>										
Physical arrests	425	425	N/A	360	360	284	324	350	356	237
Ave monthly jail inmate count	150	150	160	125	125	101	112	114	91	107
E 911 emergency calls received	62,563	62,563	60,353	60,741	49,876	43,234	37,234	32,357	34,034	N/A
EMS/Rescue calls made	6,397	6,397	5,891	6,283	6,231	N/A	N/A	N/A	N/A	N/A
<b>Economic and physical development:</b>										
Tons of trash handled at landfill	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	85	85	78	79	85	57	N/A	N/A	N/A	N/A
<b>Human services:</b>										
Number of medicaid eligibles	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	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
Number of patient beds	70	70	70	85	85	85	N/A	N/A	N/A	N/A
<b>Cultural and Recreation</b>										
Number of public libraries	4	4	4	4	4	4	4	4	4	4
Number of volumes	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	3	3	3	3	3	3	2	2
<b>Water and Sewer:</b>										
Number of customers - water	2,894	2,894	2,889	2,689	2,613	2,564	2,183	1,554	1,324	1,015
Average daily consumption (gals)	1,785,000	1,785,000	1,800,000	1,689,000	2,039,587	1,678,219	1,653,962	1,613,562	1,316,775	1,350,000
Miles of water lines	161	161	160	153	146	137	135	128	120	120
Miles of sewer lines	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									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
<b>General Government:</b>										
County office buildings	3	3	3	3	3	3	3	3	3	3
Vehicles	2	2	2	2	2	1	1	1	1	1
<b>Public Safety:</b>										
Stations	5	5	5	5	4	4	4	4	4	4
Vehicles	75	75	70	70	62	59	57	57	56	56
<b>Economic and Physical Development:</b>										
Vehicles	2	2	2	2	2	1	1	1	1	1
Buildings	1	1	1	1	1	-	-	-	-	-
<b>Cultural and Recreation</b>										
Acreage	90	90	78	78	78	78	78	78	78	78
Playgrounds	4	4	3	3	2	2	2	2	2	2
Baseball fields	4	4	3	3	3	3	3	3	3	3
Softball fields	3	3	2	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	5	5	5	5	5
<b>Water and Sewer</b>										
Water mains (miles)	160	160	160	152	146	137	135	128	120	120
Fire hydrants	175	175	175	150	115	105	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	300,000
Sewer mains (miles)	45	45	45	37	32	31	30	29	25	24
Treatment capacity (gallons)	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	1,000,000

Source: Franklin County Finance Office



Table 23

**Franklin County, North Carolina**  
**Other Statistical Information**  
**June 30, 2011**

---

<b>Date of establishment</b>	1,779
<b>Form of government</b>	Commissioner/Manager
<b>Employees:</b>	
Full-time, regular	472
Part-time, regular	95
<b>Franklin County facilities and services</b>	
<b>Sheriff protection</b>	
Number of stations	2
Number of deputies and officers	60
Number of patrol units	6
<b>Inspections</b>	
Residential Building permits issued	785
<b>Cultural and recreational</b>	
Number of libraries	4
Number of volumes	105,500
<b>Water and Sewer</b>	
Number of customers	2,906
Average daily consumption (in gallons)	587
Miles of water mains	160
Miles of sanitary sewers	45
<b>Facilities and services not included in the primary government</b>	
<b>Hospitals</b>	
Number of hospitals	1
Number of patient beds	85
<b>Facilities and services not included in the reporting entity</b>	
<b>Education</b>	
Number of school systems	2
Number of community colleges	1
Number of junior colleges	1
<b>Recreation</b>	
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*

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, 2011, which collectively comprises Franklin County's basic financial statements, and have issued our report thereon dated December 7, 2011. 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*.

We noted certain matters that we reported to the management of Franklin County in a separate letter dated December 7, 2011.

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 7, 2011

# 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

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, 2011. 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, 2011.

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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.

We noted certain matters that we reported to management of Franklin County in a separate letter dated December 7, 2011.

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 7, 2011

# 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

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Thomas F. Edmunds IV, CPA  
Leah P. Englebright, CPA  
James C. Lamb, CPA  
Tara H. Roberson, CPA

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

To the Board of County Commissioners  
Franklin County, North Carolina

### Compliance

We have audited the 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, 2011. 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, 2011.

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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 7, 2011



**Franklin County, North Carolina  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2011**

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**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
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Identification of major federal programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
93.778	Medical Assistance Program
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children
93.767	Children's Health Insurance 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:	\$ 1,691,117
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Auditee qualified as low-risk auditee?	___ Yes	_X_ No
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**Franklin County, North Carolina**  
**Schedule of Findings and Questioned Costs**  
**For the Fiscal Year Ended June 30, 2011**

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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  
PARTF Grant

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, 2011**

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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, 2011**

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**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, 2011**

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:				
ARRA - Food Stamps Administration	10.561		644,794	-
Total Food Stamp Cluster			644,794	-
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		306,250	-
AGRI-SFP Food Program Meal	10.559		5,893	-
Direct Benefit Payments:				
Special Supplemental Nutrition Program for				
Women, Infants, & Children	10.557		969,673	-
Passed-through the Kerr-Tar Council of Governments:				
Nutrition Program for the Elderly	10.570		21,584	-
Total U.S. Dept. of Agriculture			1,948,194	-
<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	865,385	-
<u>U.S. Dept. of Justice</u>				
Bureau of Justice Assistance				
Passed-through the NC Dept. of Crime Control and Public Safety:				
Bullet Proof Vest Partnership Program				
	16.607		12,375	-
ARRA Edward Byrne Memorial Formula Grant				
	16.803		162,509	-
ARRA Violence Against Women				
	16.588		68,171	-
Total US Department of Justice			243,055	-
<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		72,669	-
<u>U.S. Election Assistance Commission</u>				
Passed-Through State Board of Elections				
Help America Vote Act	90.401		44,778	-
<u>U.S. Dept. of Health and Human Services</u>				
<u>Administration on Aging</u>				
<u>Division of Social Services</u>				
Passed-through the Kerr-Tar Council of Governments:				
Aging Cluster:				
Special Programs for the Aging - Title III F				
Health Promotion	93.043		2,624	167
Special Programs for the Aging - Title III B				
Grants for Supportative Services	93.044		110,913	155,663
Special Programs for the Aging - Title III C				
Nutrition Services	93.045		98,571	49,038
Family Caregiver Support	93.052		6,580	420
Total Aging Cluster			218,688	205,288
<u>Administration for Children and Families</u>				
Passed-through the N.C. Dept. Of Health and Human Services				
Division of Public Health				
Temporary Assistance for Needy Families	93.558		5,989	-
Division of Social Services:				
Foster Care and Adoption Cluster:				

**Franklin County, North Carolina**  
**Schedule of Expenditures of Federal and State Awards**  
**For the Year Ended June 30, 2011**

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Federal. (Direct & Pass-through) Expenditures	State Expenditures
Title IV-E Foster Care	93.658		210,213	16,103
Foster Care - Direct Benefits Payments	93.658		111,974	31,746
Adoption Assistance - Administration	93.659		3,295	-
Adoption Assistance - Direct Benefits Payments	93.659		282,361	64,211
Total Foster Care and Adoption Cluster			607,843	112,060
Temporary Assistance for Needy Families:				
Administration	93.558		635,813	-
Direct Benefits Payments	93.558		257,619	-
Low-Income Home Energy Assistance Block Grant:				
Administration	93.568		349,105	-
Direct Benefits Payments	93.568		546,375	-
Promoting Safe and Stable Families	93.556		4,871	-
Child Welfare Services	93.645		15,576	(9,263)
Social Services Block Grant	93.667		203,318	51,765
Family Violence Prevention	93.671		1,380	-
ARRA CSE Incentive	93.563		12,642	-
IV-D Administration	93.563		445,616	-
Chafee Foster Care Independence Program	93.674		13,700	3,425
Chafee Foster Care Independence Program - Direct	93.674		2,500	-
Subsidized Child Care Cluster (note 4):				
<u>Child Care Development Cluster</u>				
Division of Social Services				
Child Care Development - Administration	93.596		106,321	-
Division of Child Development:				
Child Care and Development Fund - Discretionary	93.575		769,139	-
Child Care and Development Fund - Mandatory	93.596		343,606	-
Child Care and Development Fund - Match	93.596		310,550	168,713
Total Child Care Fund Cluster			1,529,616	168,713
Social Services Block Grant	93.667		6,753	-
Temporary Assistance for Needy Families	93.558		265,731	-
Smart Start			-	71,994
State Appropriations			-	101,771
More at Four State Funding			-	
TANF-MOE			-	106,793
ARRA Emergency Contingency Fund for TANF State Programs	93.714		144,382	-
Total Subsidized Child Care Cluster			1,946,482	449,271
<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		46,646,029	18,645,681
SHIP	93.779		3,327	-
Division of Social Services:				
Medical Assistance Program - Administration	93.778		828,479	27,747
Children's Health Insurance Program	93.767		42,889	1,787
<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		35,771	-
<u>Center for Disease Control and Prevention</u>				
Passed through the NC Department of Health and Human Services				
Division of Public Health				
Immunization Cluster				
Immunization Program	93.268		16,644	-
Totals Immunization Cluster			16,644	-
Investigations and Technical Assistance	93.283		81,578	-
Health and Health Services Block Grant	93.991		14,034	-
<u>Health Resources and Services Administration</u>				

**Franklin County, North Carolina  
Schedule of Expenditures of Federal and State Awards  
For the Year Ended June 30, 2011**

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Federal. (Direct & Pass-through) Expenditures	State Expenditures
Passed-through the N.C. Dept. of Health and Human Services:				
Division of Public Health:				
Maternal and Child Health Services Block Grant	93.994		148,180	-
Total U.S. Dept. of Health and Human Services			52,624,810	19,487,761
<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		37,050	-
Total U. S. Dept. of Homeland Security			37,050	-
<u>Enviornmental Protection Agency</u>				
Office of Water				
Passed-through the N. C. Dept. of Environment and Natural Resources				
Clean Water Revolving Fund	66.458		825,000	1,155,000
Total federal awards			57,120,579	20,642,761
<b>State Awards:</b>				
<u>NC Department of Agriculture</u>				
NC Agricultural Development and Farmland Preservation Trust Fund				
			-	32,949
<u>NC Department of Administration</u>				
Veterans Service Program				
			-	2,000
<u>NC Dept. of Cultural Resources</u>				
State Library of North Carolina: State Aid to Public Libraries				
			-	124,551
<u>NC Dept. of Health and Human Services</u>				
Division of Social Services:				
State/County Special Assistance Domiciliary Care				
Direct Benefits Payments			-	570,421
Adoption Subsidy - Direct			-	236,592
SFHF Maximization - Direct			-	35,707
Foster Care At Risk Maximization - Direct			-	7,247
State Foster Home - Direct			-	72,961
Foster Care Special Provision - Direct			-	2,332
Energy Neighbors			-	12,306
Program Integrity			-	2,784
Special Assistance Adult Care <60			-	839
Special Assistance Adult Care 60+			-	760
Smart Start			-	24,711
Total Division of Social Service			-	966,660
Division of Public Health:				
General			-	100,193
Rural Health Grant			-	140,000
Communicable Disease			-	4,342
Tuberculosis			-	14,184
AIDS			-	500
Women's Preventive Health			-	4,599
Risk Reduction/Health Promotion			-	5,162
TB Medical Services			-	1,034
Preparedness and Response			-	50,497
Total Division of Public Health			-	320,511
Division of Aging:				
Passed-through the Kerr-Tar Council of Governments				
Senior Center Development			-	24,487
Total Division of Aging			-	24,487

**Franklin County, North Carolina**  
**Schedule of Expenditures of Federal and State Awards**  
**For the Year Ended June 30, 2011**

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Federal. (Direct & Pass-through) Expenditures	State Expenditures
Total N. C. Department of Health and Human Services			-	1,311,658
<u>N.C. Dept. of Transportation</u>				
Elderly and Disabled Transportation Assistance Program			-	80,164
Work First			-	20,562
Rural General Public Program			-	93,157
Total N.C. Dept. of Transportation			-	193,883
<u>N.C. Dept. of Environment and Natural Resources</u>				
Division of Environmental Health				
Environmental Health Services			-	4,000
Flood/Lodging Fee Collection			-	750
Division of Soil and Water Conservation				
Soil Technician Grant			-	4,605
Tar Pamlico Grant				59,786
PARTF Grant				393,104
DWM Electronics Mgt. Program				4,216
Division of Parks and Recreation				
PPA Off Waste Red Trust Fund			-	29,384
			-	495,845
<u>N.C. Dept. of Juvenile Justice and Delinquency Prevention</u>				
JCPC Grant			-	143,560
<u>N.C. Dept. of Public Instruction</u>				
Public School Building Capital Fund			-	1,490,000
Total State awards			-	3,794,446
Total federal and State awards			\$ 57,120,579	\$ 24,437,207

**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, 2011. 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	\$ 750,000	\$ 1,050,000

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