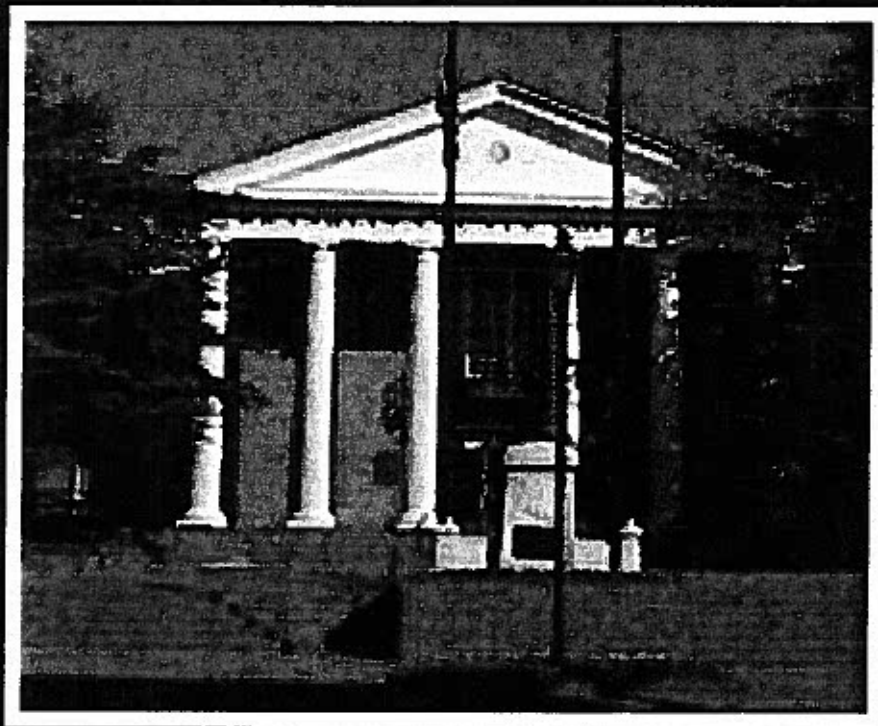


Franklin County North Carolina



**Comprehensive Annual Financial Report
For the fiscal year ended June 30, 2009**

**Prepared by:
Franklin County Finance Department**



Franklin County, North Carolina
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COUNTY OF FRANKLIN

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

December 1st, 2009

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, 2009. State law requires that local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with general accepted accounting principals (GAAP) and audited in accordance with generally accepted accounting standards by a firm of licensed certified public accountants.

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

The County's financial statements contained herein have been audited by the independent, certified public accounting firm of Winston, Williams, Creech, Evans and Co., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County of Franklin for the fiscal year ended June 30th 2009 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, 2009, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the County was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal

requirements involving the administration of federal and state awards. These reports are contained in the compliance section of this report

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The County's MD&A can be found immediately following the report of the independent auditors.

Profile of the County

The General Assembly created Franklin County from a portion of Bute County on January 29, 1779. The County was named in honor of Benjamin Franklin who was in France requesting help for our country during the Revolutionary War.

Franklin County encompasses 494 square miles and has a population of 56,470. There are five municipalities, Town of Bunn, Town of Youngsville, Town of Franklinton, Town of Centerville, and the Town of Louisburg, which serves as the county seat. The county has a commissioner/ manager form of government. In December 2004, the Board of Commissioners expanded to a seven member board. Five members of the Board of Commissioners are elected from districts on a partisan basis and two are elected at Large. They serve staggered four-year terms. Commissioners hold policy-making and legislative authority. They are also responsible for adopting the budget and appointing the County Manager. The manager is responsible for implementing policies, managing daily operations and appointing department heads.

The county provides its citizens with a wide variety of services that includes public safety, human services, cultural and recreational opportunities and others. It is also the Home of Louisburg College, the nation's oldest junior college. The college was founded in 1787 and offers a strong academic program in humanities, sciences, and business.

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

MAJOR INITIATIVES/CHANGES

Activities undertaken by the County during the year further confirmed the ongoing commitment to improving the infrastructure by continuing some projects and initiating others. Being identified as the 9th fastest growing county in North Carolina, the increasing population places additional demands on the County to meet citizens' needs for services. The year's activities as highlighted below demonstrate the County's response to these demands and needs.

Sewer and Water Line Expansions

Several small sewer line extensions were installed and some are under construction. Wal-Mart (\$534,307) and Novo (\$415,557) projects were completed during the fiscal year. Ray's Creek (2.5 mile outfall extension), Tarboro Road, Hunter's Place, and East Youngsville projects are still under construction. These projects total about \$4.5 million.

Animal Control Facility

The County completed a new animal control facility in August 2008 and it is now fully operational. The facility housing 5 staff members and can contain 100 animals per day. The total cost of the project was \$1,260,933.

County Airport

In 2008-2009 the airport commission signed an agreement allowing a large parachuting company to become a tenant at the airport to help boost fuel sales and exposure. The agreement has worked very well and fuel consumption has increased. The county received approximately \$13,000 in fees from the jumping operation. The County is also building an additional 18 hangers which should be completed in January 2010. The estimated cost is approximately \$724,000.

School Infrastructure Needs

In June 2004, the County Commissioners and the Board of Education agreed to ask the citizens of the county to support a \$30 million general obligation bond issue for school renovations, future land purchase, and construction of a new elementary school. The County issued \$1.4 million in General Obligation Bonds in May 2005 for Terrell Lane Middle School, the County issued another \$20 million in G.O. Bonds in August 2006, and the remaining \$8.6 million in August 2007. The county also issued \$12.815 million in COPS to complete the new elementary school in June 2007. Renovations for all projects should be complete by the end of F.Y.E. 2010.

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 \$14,000,000 in August 2009 and plans to issue another \$30,000,000 in early 2010 for the remainder of the high school and other projects on the table.

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 departments to respond to fire calls. There are 11 fire districts in the county. The project was awarded but the winning bidder could not get a performance bond on the project. The project has been re-bid with a much higher cost than initially projected, approximately 4.5 million for the project. The county has not awarded the project as of December 1st, 2009.

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, 18.7 % of employment in the county is in manufacturing, 29.4% in service producing industries, 18.5% in government, 8.3% in construction, and 23.7% in other non-agricultural employment. Agriculture now employs only 1.4%. Tobacco, grain and livestock are major agriculture commodities raised in the county. Currently, 58 percent of the County's work force commutes out of

county to work. Franklin County is located only 21 miles northeast of Raleigh, the state capital of North Carolina. Three interstate highways (40, 540, 85, and 95) are easily reached from the county. Research Triangle Park, the world's largest research complex is only 35 miles southeast of the county seat.

In 2008, The N.C. Department of Commerce recently dropped Franklin County's Tier ranking from a Tier 3 status to a Tier 2 status. The law calls for the 40 most distressed counties to become Tier 1 counties, the middle 40 counties to be designated as Tier 2 and the 20 most prosperous counties to become Tier 3 counties. Data used to determine rankings include unemployment rates, median household income, population growth and assess property value per capita. Franklin County took a major economic hit when its top private employer "Flextronics" closed a manufacturing facility earlier this year and was one of only three counties in the state to fall in economic rankings based on state statistics. Flextronics shut down its facility in Youngsville. It employed some 480 people. Flextronics was also the County's 5th largest taxpayer at that time paying \$128,000 in ad valorem taxes.

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

Potential benefits to companies under each tier designation include:

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

The county's largest corporate citizen is Novozymes North America, Incorporated. The company currently has 435 employees. Their current property valuation is \$106.67 million. This provided over \$877,324 to the county in property tax revenue. They are also the county's largest water customer averaging 700,000 gallons per day at a cost of \$1,250,000 annually. While the county is extremely fortunate to have such an excellent corporate citizen, efforts should continue to broaden the county's tax base. Novozymes represents 2.72 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 37% since 1995. It is estimated that Franklin County currently has 57,332 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 2005, The State of North Carolina passed a lottery to help with school operational needs and school construction needs. During the State of NC's budget process, the State developed a proposal that will eventually eliminate the county's Medicaid liability over a three year period. They also gave the county a potential new revenue source. The Board Of County Commissioners can ask the voters of the county for an additional ½ cent sales tax or a land transfer be imposed to help with revenue needs however the BOC has not decided to initiate this process at the date of this report.

The County has three major water sources. The County can acquire up to three million gallons per day from the City of Henderson, five hundred thousand per day from the Town of Franklinton and the Town of Louisburg respectively. The county issued 12.4 million COP Bond issue in March 1999 to install main water and distribution lines from the Franklin/Vance County line into the heart of Franklin County. The construction phase was completed in June 2000. As of June 30th, 2009, the County utilizes about 2.0 million gallons per day. The county currently has a combined 2,889 water and sewer customers. The average daily treatment of sewer is 700,000 gallons. The county has identified other potential water sources and is actively investigating those avenues. According to the 2003 water study, Franklin County has sufficient water supply until 2015.

SINGLE AUDIT

As a recipient of federal, state and county assistance, the County also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management and the Finance Department staff of the County. As a part of the County's single audit, described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal and state financial assistance programs, as well as to determine that the County has complied with applicable laws and regulations. The results of the County's single audit for the fiscal year ended June 30, 2009, 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 \$532,000 for fiscal year 2009 compared to \$1.7 million in 2008. At June 30, 2009, the County's deposits had a carrying value of \$24,490,609 and a bank balance of \$23,739,590. 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, 2009, \$801,934 of the bank balance was covered by federal depository insurance and \$22,937,656 was covered by collateral held under the Pooling Method.

Risk Management - The County participates in one insurance pool developed by the North Carolina Association of County Commissioners. The pool provides coverage for health and dental insurance and general liability. The limits of coverage include the following: jail and public safety officers'

liability \$2,000,000, vehicle liability \$2,000,000 and property damage \$125.5 million. The county is self insured for worker's compensation and has realized a substantial savings by doing so. The county has additional specific stop loss coverage in the amount of \$400,000 per incident.

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

PENSION AND OTHER POST EMPLOYMENT BENEFITS

The County of Franklin sponsors a single-employer defined benefit pension plan for its public safety employees (Separation Allowance). Each year, an independent actuary calculates the amount of the annual contribution that the County of Franklin may make to the pension plan to ensure the plan will be able to fully meet its obligations to retired employees on a timely basis. The County has chosen to fund the Separation Allowance on a pay as you go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis. The County currently has 40 active members. Four retirees are receiving benefits.

The County of Franklin also contributes to the statewide Local Governmental Employees' Retirement System (LERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LERS provides retirement and disability benefits to plan members and beneficiaries. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. This plan includes all County employees. The rate of contribution is determined each year by an actuarially determined rate. The County of Franklin has no obligation in connection with employee benefits offered through this plan beyond its contributions to the LERS.

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

The County of Franklin also provides post retirement health care benefits for certain retirees. As of the end of FY 2009, there were 32 retired employees receiving a Medicare supplement and 21 retirees who are receiving regular health insurance coverage. At age 65, all retirees must change over to the Medicare supplement. These benefits are financed on a pay as you go basis, and GAAP does not require governments to report a liability in the financial statements in connection with an employer's obligation to provide these benefits.

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

AWARDS AND OTHER INFORMATION

Independent Audit – The County is required by state statutes to have an annual independent financial audit. The accounting firm of Winston, Williams, Creech, Evans & Company, LLP. conducted the County's annual audit for the second year. In addition to meeting the requirements

set forth in state statutes, the audit was also designed to comply with the requirements of the Single Audit Act of 1996 and related OMB circular A-133 and the State Single Audit Implementation Act. The auditor's report on the general-purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the compliance section.

Management's Discussion and Analysis - The Management's discussion and analysis report contains more detailed information regarding the County of Franklin's financial statements and can be found immediately following the report of the independent auditors.

Awards - The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Franklin County North Carolina for its comprehensive annual financial report for the fiscal year ended June 30th, 2008. This was the tenth consecutive year that Franklin County has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

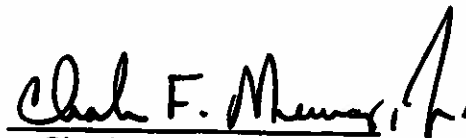
Use of the Report. The Government Finance Officers Association reports a growing awareness that the annual financial report should be management's report to its governing body, constituents, oversight bodies, resource providers, investors and creditors. We agree with this direction, and in keeping with our past practice, have made available a copy of this report to each of you, the various county departments, bond rating agencies, the Local Government Commission, and such other financial institutions that have expressed an interest in the County of Franklin's financial affairs.

A copy of this report is also being placed in the Franklin County Public Library and the Franklin County Chamber of Commerce. The report may also be viewed from the County's web site www.franklincountync.us

Respectfully submitted,



Angela L. Harris
County Manager



Charles F. Murray, Jr.
Director of Finance

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, 2008**

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.

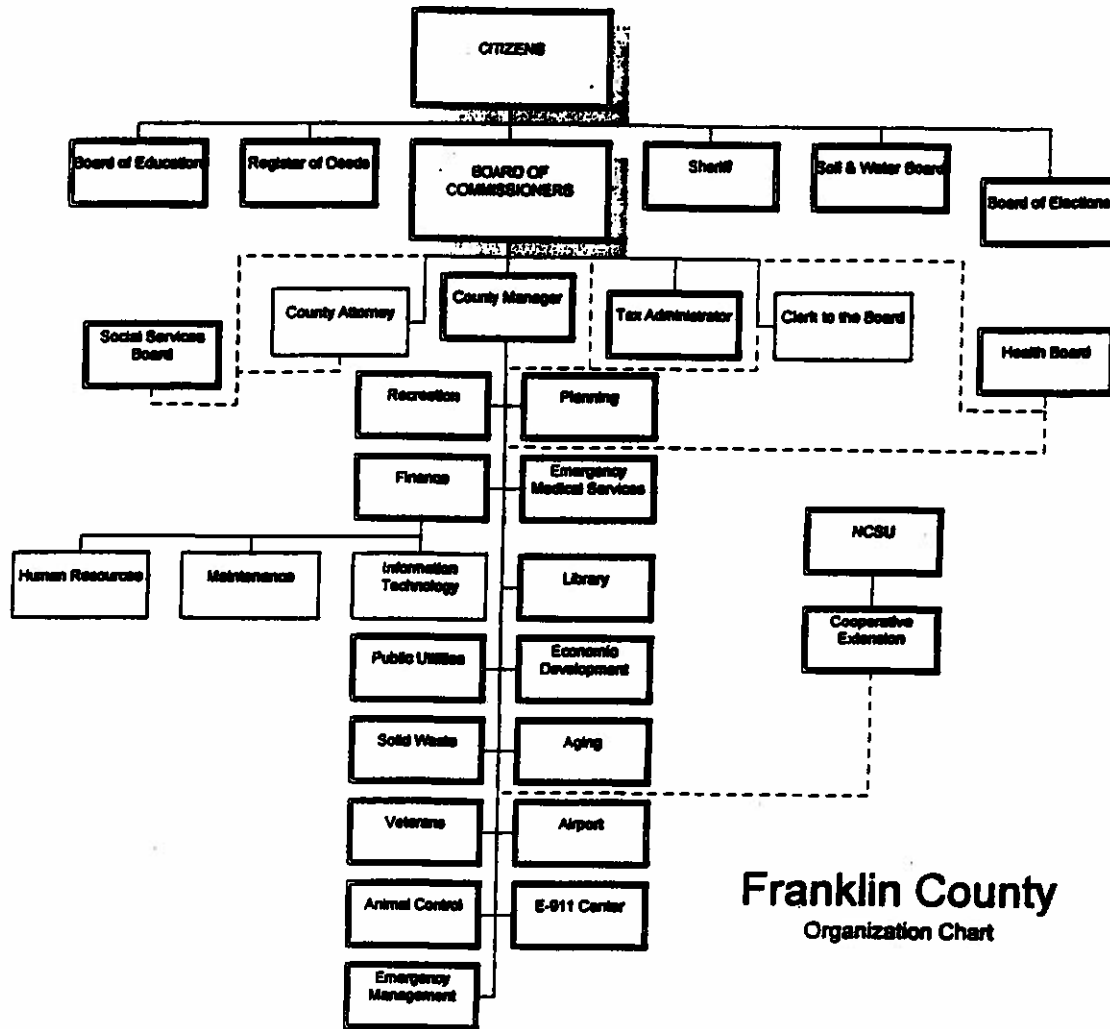


A handwritten signature in black ink, appearing to read "M. L. R.", written over the printed name.

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Ennis", written over the printed name.

Executive Director



Franklin County
Organization Chart

FRANKLIN COUNTY, NORTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
LIST OF COUNTY OFFICIALS
JUNE 30, 2009

BOARD OF COUNTY COMMISSIONERS

Robert Lee Swanson, Chairman

Penny McGhee Young, Vice Chairman

Harry L. Foy, Jr.

Donald C. Lancaster

Sidney E. Dunston

E. Shane Mitchell

Robert M. Winters

COUNTY OFFICIALS

Angela L. Harris
County Manager

Charles F. Murray, Jr.
Director of Finance

Darnell A. Batton
County Attorney

Winston, Williams, Creech, Evans & Company, LLP

Certified Public Accountants



The CPA. How Underestimate The Value?

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

Jennifer T. Reese, CPA

Independent Auditor's Report

To the Board of County Commissioners
Franklin County, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the accompanying combining and individual fund financial statements of Franklin County, North Carolina, as of and for the year ended June 30, 2009, which collectively comprise Franklin County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Franklin County's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Franklin County, North Carolina, as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

www.wwcecpa.com



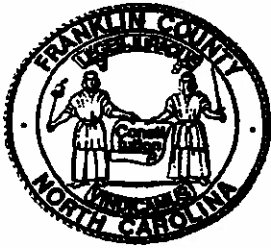
In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2009, on our consideration of Franklin County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants and other matters. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis, the schedules of funding progress, employer contributions and the notes to the required schedules for the Law Enforcement Officers' Special Separation Allowance and Other Post Employment Benefits are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

Winston, Williams, Creech, Evans & Company, LLP

Winston, Williams, Creech, Evans & Company, LLP
Certified Public Accountants
November 10, 2009



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, 2009. 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

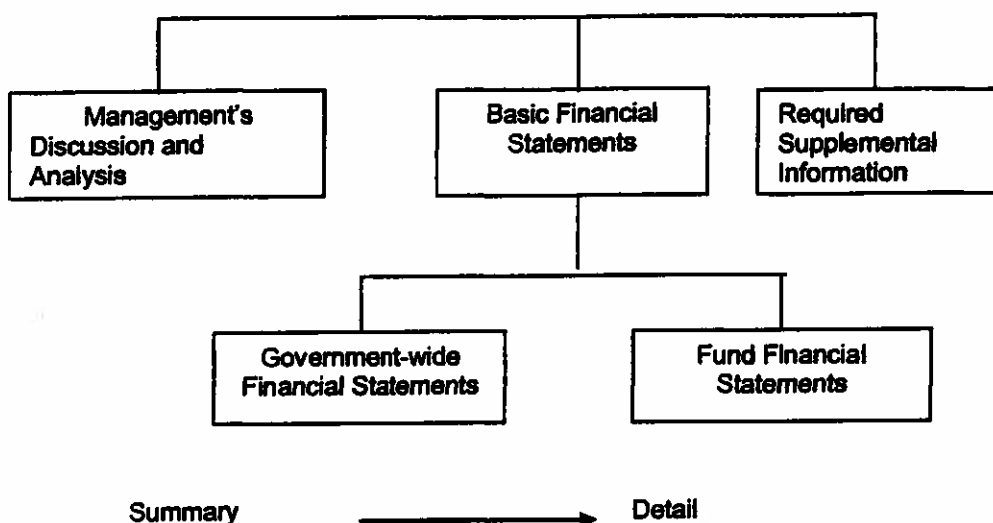
- The County's Liabilities exceeded its net assets by \$6.64 million. In accordance with North Carolina law, liabilities of the County include long-term debt associated with assets belonging to the Franklin County Board of Education. The amount included in liabilities related to school financing is \$59,160,666. 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 \$18,785,823, a decrease of only \$2,856,820 from the previous fiscal year where the combined fund balances totaled \$21,646,643. The major decrease was in school capital reserve funds earmarked for school construction where bond proceeds were expended on school construction. Approximately 83.2 percent of this total amount or \$15,637,262 is available for spending at the government's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$16,028,414 or 25.0 percent of total general fund expenditures for the fiscal year. Of this amount \$350,054 has been designated for subsequent year expenditures.
- The County's total debt increased by \$408,471 during the current fiscal year, however, the County entered into an installment purchase for \$4.7 million in December 2008 for E911 and water and sewer improvements. All debt payments were paid timely.
- The County's current bond rating with Moody's Investor Services is an (A1). In August 2009, the County was upgraded by Standard & Poor's from an (A+) to an (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 2009 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 32-53 of this report.

Required Supplemental Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the County's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 55 of this report.

Government-wide Financial Analysis.

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

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

Figure 2 (below) represents comparative data for the County's total assets, total liabilities, and net assets for FYE 2008 and FYE 2009.

Figure 2

FRANKLIN COUNTY'S NET ASSETS

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Current and other assets	\$ 31,949,577	\$ 33,420,316	\$ 6,238,512	\$ 6,734,197	\$ 38,188,089	\$ 40,154,513
Capital assets	19,325,828	29,678,825	26,462,777	23,497,413	55,788,605	55,176,238
Total assets	61,275,405	63,099,141	32,701,289	32,231,610	93,976,694	95,330,751
Long-term liabilities outstanding	64,754,930	60,635,048	18,643,876	16,791,462	83,398,806	77,336,502
Other liabilities	3,404,881	9,463,000	152,669	1,791,838	3,957,550	11,254,838
Total liabilities	68,159,811	70,098,048	19,196,545	18,493,300	87,356,356	88,591,340
Net assets:						
Invested in capital assets, net of related debt	21,978,236	22,829,989	9,076,056	7,639,425	32,954,292	30,469,414
Unrestricted	(29,843,295)	(30,128,885)	3,528,688	6,099,885	(26,314,607)	(24,030,002)
Total net assets	\$ (6,865,059)	\$ (7,298,899)	\$ 13,504,744	\$ 13,738,310	\$ 6,639,685	\$ 6,439,411

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 \$6,865,059 and in the Business-type Fund the assets exceeded its liabilities by \$13,504,744 at June 30, 2009. Net assets are reported in two categories: Invested in capital assets, net of related debt of \$11,105,092 million and unrestricted net assets \$(17,970,151) million.

The invested in capital assets, net of related debt category is defined as the County's investment in County owned capital assets (e.g. land, buildings, automotive equipment, office and other equipment, and sewer lines), less any related debt still outstanding that was issued to acquire those items. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities.

Another category of net assets is restricted net assets. This represents resources that are subject to external restrictions on how they may be used. The final category of net assets is unrestricted net assets. This balance may be used to meet the government's ongoing obligations to citizens and creditors.

In the current fiscal year, the county had a negative number of \$12.349 million in unrestricted net assets. Many counties in the State of North Carolina have a deficit in unrestricted net assets. This is due primarily to the portion of the County's outstanding debt incurred for the Franklin County Board of Education (the "school system"). Under North Carolina law, the County is responsible for providing capital funding for the school system. The County has chosen to meet its legal obligation to provide the school system capital funding by using a mixture of County funds and general obligation debt. The assets funded by the County; however, are owned and utilized by the school system. Since the County, as the issuing government, acquires no capital assets, the County has incurred a liability without a corresponding increase in assets. At the end of the fiscal year, approximately \$53.3 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 increased by \$25,605 due to an increase in cash and cash equivalents. Some of the impact of the inclusion of the school system debt without the corresponding assets was offset by the following positive operational initiatives and results:

- Good tax collection rate of 95.93.
- Continued low cost of debt due to the County's bond rating.
- Continued land use planning for residential growth.
- Adoption of an Adequate Public Facilities Fee for school facilities.
- Lottery proceeds for school debt.
- A significant increase in revenue for housing federal inmates.
- Controlled departmental spending.

Figure 3
FRANKLIN COUNTY'S CHANGES IN NET ASSETS

	Governmental Activities		Business-type Activities		FY 2009	FY 2008
	FY 2009	FY 2008	FY 2009	FY 2008		
Revenues:						
Program revenues:						
Charges for services	\$ 11,844,524	\$ 9,050,050	\$ 5,721,859	\$ 5,841,469	\$ 17,566,383	\$ 14,891,519
Operating grants and contributions	8,441,731	10,347,360	215,239	-	8,656,970	10,347,360
Capital grants and contributions	1,751,120	1,279,853	-	40,000	1,751,120	1,319,853
General revenues:						
Property taxes	34,714,146	33,151,702	-	-	34,714,146	33,151,702
Other taxes	9,526,281	11,207,755	-	-	9,526,281	11,207,755
Other	<u>2,148,390</u>	<u>3,054,409</u>	<u>52,249</u>	<u>265,418</u>	<u>2,200,639</u>	<u>3,319,827</u>
Total revenues	<u>68,426,192</u>	<u>68,091,129</u>	<u>5,989,347</u>	<u>6,146,887</u>	<u>74,415,539</u>	<u>74,238,016</u>
Expenses:						
General Government	5,619,743	4,325,531	-	-	5,619,743	4,325,531
Public Safety	17,287,411	17,700,123	-	-	17,287,411	17,700,123
Economic and Fiscal Development	5,734,787	5,694,167	-	-	5,734,787	5,694,167
Human Services	18,243,826	18,321,190	-	-	18,243,826	18,321,190
Cultural and Recreation	1,293,831	1,728,413	-	-	1,293,831	1,728,413
Education	16,985,160	32,065,518	-	-	16,985,160	32,065,518
Interest on long-term debt	3,002,457	2,508,273	-	-	3,002,457	2,508,273
Water and Sewer	-	-	6,222,719	5,944,894	6,222,719	5,944,894
Total expenses	<u>68,167,215</u>	<u>82,343,215</u>	<u>6,222,719</u>	<u>5,944,894</u>	<u>74,389,934</u>	<u>88,288,109</u>
Increase (Decrease) in net assets before transfers	<u>258,977</u>	<u>(14,252,086)</u>	<u>(233,372)</u>	<u>201,993</u>	<u>25,605</u>	<u>(14,050,093)</u>
Transfers	<u>194</u>	<u>265,622</u>	<u>(194)</u>	<u>(265,622)</u>	<u>-</u>	<u>-</u>
Increase in net assets	<u>259,171</u>	<u>(13,986,464)</u>	<u>(233,566)</u>	<u>(63,629)</u>	<u>25,605</u>	<u>(14,050,093)</u>
Net assets, July 1 as restated	<u>(7,124,230)</u>	<u>6,687,565</u>	<u>13,738,310</u>	<u>13,801,939</u>	<u>6,614,080</u>	<u>20,489,504</u>
(See footnote X)						
Net assets, June 30	<u>\$ (6,865,059)</u>	<u>\$ (7,298,899)</u>	<u>\$ 13,504,744</u>	<u>\$ 13,738,310</u>	<u>\$ 6,639,685</u>	<u>\$ 6,439,411</u>

Governmental activities: Governmental activities increased the County's net assets by \$259,171 due to the additional revenue generated by housing federal inmates and stimulus funds received by Social Services. Key elements are as follows:

- Ad valorem Tax collections increased by \$1.562 million due to an increase in property valuation and a major effort to collect back taxes. The General fund tax rate is 82.25 cents per \$100.
- Sales Tax revenues dropped by \$1.476 million in FY 2008-2009. This was expected with the State of NC taking over the County's match for Medicaid payments to county clients. The county also saw a decrease of about 18% in sales due to a recession in the economy.
- FY 2008-2009 saw the final change with how the State and County pay Medicaid expenses. The County's Medicaid cost decreased from \$2,686,589 to \$1,398,444. In FY 2009-2010, Medicaid cost will become 100% State cost with no county contribution. Counties had to give up something in return. In year one, the County had to replace school ADM funds which totaled \$354,000. In year two and three, the State will benefit by taking the counties article 44 sales tax to help offset the costs of Medicaid. Some counties will see a major savings. Franklin County will see an annual minimum savings of \$500,000.
- Investment earnings decreased by \$1.422 million. Interest rates on investments have decreased to an average yield of 1.50 percent. The decrease was mainly due less dollars to invest such as school bond proceeds.

Business-type activities: The net assets in Business-type activities decreased by \$233,566. Water and Sewer collections decreased by \$120,000 in FY 2008-2009. The economy and housing slump had a major impact on new customers. Our customer growth rate remained steady at 7% during the year. Continued conservation efforts also decrease sales as well. The county's customer base increased from 2,689 to 2,876, a 4.9 percent increase.

Financial Analysis of the County's Funds

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

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

The general fund is the chief operating fund of the County. At the end of the current fiscal year, unreserved undesignated fund balance of the General Fund was \$14,545,686 while total fund balance reached \$19,153,171. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved undesignated fund balance represents 22.7 percent of total General Fund expenditures, while total fund balance represents 29.9 percent.

Also in FY 2008-2009, 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 30th, 2009, the school construction had a negative fund balance of \$367,348. In August 2009, the county issued \$14,000,000 in GO Bonds.

At June 30, 2009, the governmental funds of the County reported a combined fund balance of \$26,375,912. The county's overall fund balance remains strong.

General Fund Budgetary Highlights

During fiscal year 2009, 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 \$965,294 and expenditures by \$1,038,584 or 1.55% of the total budget.

The actual operating revenues for the General Fund were higher than the budgeted amount by \$733,820. Sales Tax revenues were under budget by \$176,532 and Ad valorem taxes exceeded budget by \$468,262. The County's expenditures were \$3,613,189 less than budgeted. Human Services departments under spent their budgets by \$1,310,956 and Public Safety departments under spent their budgets by \$862,045.

Proprietary Funds: The County's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net assets of the Water and Sewer Fund at the end of the fiscal year amounted to \$5,620,515, an increase of 478,370. This decrease was mainly due to borrowing \$2,000,000 for water and sewer improvements and expansions.

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, 2009, totaled \$55,788,605 (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:

- \$2 million in water and sewer expansions
- Purchased \$425,000 in capital equipment for EMS Services.
- Purchase 5 vehicles totaling \$95,000.

Figure 4

Franklin County's Capital Assets (net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Land	\$ 12,029,124	\$ 12,105,462	\$ 369,456	\$ 369,456	\$ 12,398,580	\$ 12,474,918
Buildings	14,141,053	13,468,749	-	-	14,141,053	13,468,749
Gas Lines	243,094	251,335	-	-	243,094	251,335
Water Lines	144,618	148,703	14,300,015	14,618,312	14,444,633	14,767,215
Sewer Lines	-	-	10,357,075	9,829,198	10,357,075	9,829,198
Automotive equipment	979,063	1,066,674	32,149	59,454	1,011,212	1,126,128
Office and other equipment	1,754,863	1,743,410	125,975	119,122	1,880,838	1,862,532
Construction in progress	34,013	894,492	1,278,107	501,671	1,312,120	1,396,163
Total	\$ 29,325,828	\$ 29,678,825	\$ 26,462,777	\$ 25,497,413	\$ 55,788,605	\$ 55,176,238

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, 2009, the County had total bonded school debt outstanding of \$31,730,000, all of which is backed by the full faith and credit of the County. The County has \$20,713,247 in Certificates of Participation outstanding, \$2,160,000 outstanding in Federal and State revolving loans and \$26,941,403 in installment loans outstanding. A summary of total long-term debt is shown in Figure 5.

Figure 5

Franklin County's General Obligation, Capital Leases and Installment Notes Payable

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
General obligation bonds	\$ 31,730,000	\$ 38,800,000	\$ -	\$ -	\$ 31,730,000	\$ 38,800,000
Certificates of Participation	13,385,000	22,447,254	7,328,248	15,572,547	\$ 20,713,248	38,019,801
Installment Purchase	17,851,103	3,602,169	9,090,300	-	\$ 26,941,403	3,602,169
Revolving Loans	-	-	2,160,000	2,340,000	\$ 2,160,000	2,340,000
Other obligations	2,983,565	1,421,931	118,715	54,559	\$ 3,102,280	1,476,490
Total long-term debt	\$ 65,949,668	\$ 66,271,354	\$ 18,697,263	\$ 17,967,106	\$ 84,646,931	\$ 84,238,460

In fiscal year 2008-2009, the County's total debt increased by \$408,471. The county refinanced \$19 million and saved approximately \$1,000,000 on interest over 15 years. The County issued new debt in the amount of \$4.7 million for E911 enhancements and Sewer Expansions. 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.

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

Moody's Investor Services	A1
Standard & Poor's	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 \$197,719,656. The County has \$39,000,000 bonds authorized but un-issued at August 2009.

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 9.8 percent at June 30, 2009 which is higher when compared to last year's rate at 7.0 percent.
- Inflationary trends in the region compare very favorably to national indicators.
- State Sales Tax revenues are decreasing statewide. The County's local point of sale remains stable. The County's tax base continued to grow at almost 5.0 percent.

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

Budget Highlights for the Fiscal Year Ending June 30, 2010

- **Governmental Activities:** The County has approved a \$63,645,329 million general fund budget for fiscal year 2009-2010. This represents a \$3 million or 5 percent decrease over the previous fiscal year. The property tax rate increased from .8225 cents to .8725 cents per \$100 dollars of property valuation.
- Budgeted expenditures decreased in all areas including education. Very little capital was budgeted, no employee raises were budgeted, the County eliminated 29 positions out of its budget, the county implemented a 40 hour furlough on all employees including public safety and the county postponed its career advancement program for employees. The budget is extremely tight with the ongoing recession.
- **Business – type Activities:** The County restructured its rate in FY 2009-2010 that netted an additional \$100,000 in revenue. With a low fund balance level in the water/sewer enterprise fund, the County's General Fund is transferring \$786,000 to balance the fund. New debt service payments are the reason for the appropriation. The county started in the water and sewer business in October 1996.

Requests for Information

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

Franklin County, North Carolina
Statement of Net Assets
June 30, 2009

	<u>Governmental Activities</u>	<u>Business-type Activity</u>	<u>Total</u>
Assets			
Cash and cash equivalents	\$ 21,990,752	\$ 3,542,807	\$ 25,533,559
Receivables (net)	3,493,903	495,731	3,989,634
Due from other governments	2,631,107	42,819	2,673,926
Inventory	22,419	-	22,419
Restricted cash and cash equivalents	3,568,823	2,157,155	5,725,978
Premium on debt	260,398	-	260,398
Prepaid items	1,522	-	1,522
Capital assets:			
Land, improvements, and construction in progress	10,723,786	1,647,563	12,371,349
Other capital assets, net of depreciation	18,602,042	24,815,214	43,417,256
Total capital assets	<u>29,325,828</u>	<u>26,462,777</u>	<u>55,788,605</u>
Total assets	<u>61,294,752</u>	<u>32,701,289</u>	<u>93,996,041</u>
Liabilities			
Accounts payable and accrued expenses	1,750,768	280,792	2,031,560
Unearned revenue	459,375	-	459,375
Customer deposits	-	218,490	218,490
Compensated absences	1,194,738	53,387	1,248,125
Long-term liabilities:			
Due within one year	5,134,503	1,443,488	6,577,991
Due in more than one year	59,620,427	17,200,388	76,820,815
Total liabilities	<u>68,159,811</u>	<u>19,196,545</u>	<u>87,356,356</u>
Net Assets			
Invested in capital assets, net of related debt	11,105,092	7,884,229	18,989,321
Unrestricted	(17,970,151)	5,620,515	(12,349,636)
Total net assets	<u>\$ (6,865,059)</u>	<u>\$ 13,504,744</u>	<u>\$ 6,639,685</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, 2009

System

Functions/Programs Governmental activities:	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activity	Total
General government	\$ 5,619,743	\$ 318,880	\$ -	\$ 180,299	\$ (5,120,564)	\$ -	\$ (5,120,564)
Public safety	17,287,411	4,658,370	59,271	231,478	(12,338,292)	-	(12,338,292)
Economic and physical development	5,734,787	2,701,616	99,214	547,495	(2,386,462)	-	(2,386,462)
Human services	18,243,826	4,034,367	7,446,007	174,294	(6,589,158)	-	(6,589,158)
Cultural and recreation	1,293,831	131,291	37,239	217,554	(907,747)	-	(907,747)
Education	16,985,160	-	800,000	400,000	(15,785,160)	-	(15,785,160)
Interest on long-term debt	3,002,457	-	-	-	(3,002,457)	-	(3,002,457)
Total governmental activities	68,167,215	11,844,524	8,441,731	1,751,120	(46,129,840)	-	(46,129,840)
Business-type activity: Water and Sewer Department	6,222,719	5,721,859	215,239	-	-	(285,621)	(285,621)
	\$ 74,389,934	\$ 17,566,383	\$ 8,656,970	\$ 1,751,120	(46,129,840)	(285,621)	(46,415,461)
General revenues:							
Taxes:							
Property taxes, levied for general purposes					34,714,146	-	34,714,146
Local option sales tax					9,526,281	-	9,526,281
Investment earnings, unrestricted					532,190	52,249	584,439
Miscellaneous, unrestricted					1,616,200	-	1,616,200
Transfers:							
Transfer to General Fund from Water and Sewer Fund				194	-	(194)	-
Total general revenues and transfers					46,389,011	52,055	46,441,066
Change in net assets					259,171	(233,566)	25,605
Net assets - July 1, 2008, as restated					(7,124,230)	13,738,310	6,614,080
Net assets - June 30, 2009					\$ (6,865,059)	\$ 13,504,744	\$ 6,639,685

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
June 30, 2009

	Major <u>General</u>	Major School Construction Fund	Nonmajor Other Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 18,148,660	\$ -	\$ 3,631,456	\$ 21,780,116
Receivables, net	2,823,104	-	199,460	3,022,564
Due from other funds	391,152	-	-	391,152
Due from other governments	2,184,757	23,804	422,546	2,631,107
Inventory	22,419	-	-	22,419
Premium on debt issuance	260,398	-	-	260,398
Restricted assets:				
Debt service reserve	-	-	3,568,823	3,568,823
Total assets	\$ 23,830,490	\$ 23,804	\$ 7,822,285	\$ 31,676,579
Liabilities and Fund Balances				
Liabilities:				
Accounts payable and accrued liabilities	\$ 1,684,744	\$ -	\$ 65,710	\$ 1,750,454
Due to other funds	-	391,152	-	391,152
Deferred revenue	2,992,575	-	166,486	3,159,061
Total liabilities	4,677,319	391,152	232,196	5,300,667
Fund Balances:				
Reserved by State statute	3,102,338	23,804	460,047	3,586,189
Reserved for inventory	22,419	-	-	22,419
Reserved for debt service	-	-	3,568,823	3,568,823
Unreserved:				
Designated for subsequent year's expenditure				
General fund	350,054	-	-	350,054
Board designated for Soil and Water	3,732	-	-	3,732
Board designated for Cooperative Extension	54,446	-	-	54,446
Board designated for EMS	185,213	-	-	185,213
Board designated for Parks and Recreation	383,776	-	-	383,776
Board designated for Adequate Public Facilities	425,224	-	-	425,224
Board designated for Occupancy Tax	80,283	-	-	80,283
Undesignated	14,545,686	(391,152)	-	14,154,534
Unreserved, undesignated, reported in nonmajor:				
Special revenue funds	-	-	2,449,207	2,449,207
Capital projects funds	-	-	1,112,012	1,112,012
Total fund balances	19,153,171	(367,348)	7,590,089	26,375,912
Total liabilities and fund balances	\$ 23,830,490	\$ 23,804	\$ 7,822,285	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	29,325,828
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.	211,844
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:	2,699,686
Accrued interest on Ad Valorem receivable is not available to pay for current-period expenditures and therefore are not recognized in the funds:	471,339
Some liabilities, including bonds payable, are not due and payable in the current year and, therefore, are not reported in the funds	<u>(65,949,668)</u>
Net assets of governmental activities	\$ (6,865,059)

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, 2009

	Major		Nonmajor	Total Governmental Funds
	General Fund	School Construction Fund	Other Governmental Funds	
Revenues				
Ad valorem taxes	\$ 32,297,671	\$ -	\$ 2,105,578	\$ 34,403,249
Local option sales taxes	6,942,418	-	2,583,863	9,526,281
Other taxes and licenses	2,460	-	563,385	565,845
Unrestricted intergovernmental	552,577	-	-	552,577
Restricted intergovernmental	9,540,267	-	526,670	10,066,937
Permits and fees	1,196,976	-	-	1,196,976
Sales and services	10,836,080	-	-	10,836,080
Investment earnings	493,557	12,536	26,097	532,190
Miscellaneous	306,259	-	-	306,259
Total revenues	62,168,265	12,536	5,805,593	67,986,394
Expenditures				
Current:				
General government	4,555,991	-	266,345	4,822,336
Public safety	14,604,212	-	2,292,280	16,896,492
Economic and physical development	4,945,058	-	474,733	5,419,791
Human services	17,436,101	-	-	17,436,101
Cultural and recreational	1,346,031	-	-	1,346,031
Intergovernmental:				
Education	13,196,086	-	-	13,196,086
Capital outlay	-	3,776,095	413,433	4,189,528
Debt service:				
Principal	4,920,907	-	-	4,920,907
Interest and other charges	3,004,725	-	-	3,004,725
Total expenditures	64,009,111	3,776,095	3,446,791	71,231,997
Revenues over (under) expenditures	(1,840,846)	(3,763,559)	2,358,802	(3,245,603)
Other financing sources (uses)				
Transfers to other funds	(462,366)	-	(2,938,199)	(3,400,565)
Transfers from other funds	2,938,393	-	462,366	3,400,759
Issuance of debt	12,179,000	-	2,726,000	14,905,000
Payment of debt	(11,867,417)	-	-	(11,867,417)
Total other financing sources (uses) - net	2,787,610	-	250,167	3,037,777
Net changes in fund balances	946,764	(3,763,559)	2,608,969	(207,826)
Fund balances				
Beginning of year, July 1	18,246,432	3,396,211	4,981,120	26,623,763
Increase in reserve for inventory	(40,025)	-	-	(40,025)
End of year, June 30	\$ 19,153,171	\$ (367,348)	\$ 7,590,089	\$ 26,375,912

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, 2009

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

Net changes in funds balances - total governmental funds	\$ (207,826)
Deferred revenues per fund statements, currently recognized in the government-wide statements	128,808
Government funds report capital outlays as expenditures. However in the Statement of Activities the cost of those assets is capitalized and allocated over the life of the asset.	1,366,114
The allocation of the cost of assets over the life of the asset through depreciation is not a current financial use in the funds; therefore depreciation expense is not recorded in these statements.	(1,649,948)
Increase in Ad Valorem taxes receivable that are not reflected in the funds as they are not a source of current resources.	310,897
The repayment of the principal of long-term debt consumes the current financial resources of governmental funds. This transaction has no effect on net assets.	16,788,320
Loss on disposal of capital assets, which are not recorded in the governmental funds since they do not involve the use of current assets	(69,163)
The net issuance of long-term debt creates current financial resources which are recognized in the governmental funds. This transaction has no impact on net assets.	(14,905,000)
The net loss of internal service activity is reported in the government-wide statements.	96,360
Payments to State for Vehicle Tax interest	2,268
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported in governmental funds:	
Compensated absences accrued	(29,134)
Other postemployment benefits accrued	(1,506,170)
Retirement expenses accrued	(26,330)
Inventory not expensed on statement of activities	<u>(40,025)</u>
Total changes in net assets of governmental activities	<u>\$ 259,171</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 -
Budget and Actual - General Fund
For the Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance With Final Positive (Negative)
Revenues				
Ad valorem taxes	\$ 31,924,389	\$ 31,829,409	\$ 32,297,671	\$ 468,262
Local option sales tax	7,118,950	7,118,950	6,942,418	(176,532)
Other taxes and licenses	1,500	1,500	2,460	960
Unrestricted intergovernmental	7,473,515	391,800	552,577	160,777
Restricted intergovernmental	1,180,002	9,074,242	9,540,267	466,025
Permits and fees	-	1,681,880	1,196,976	(484,904)
Sales and services	11,928,736	10,560,572	10,836,080	275,508
Investment earnings	557,550	557,550	493,557	(63,993)
Miscellaneous	284,509	218,542	306,259	87,717
Total revenues	<u>60,469,151</u>	<u>61,434,443</u>	<u>62,168,265</u>	<u>733,820</u>
Expenditures				
Current:				
General government	4,633,803	5,124,431	4,555,991	568,440
Public safety	16,192,830	15,466,257	14,604,212	862,045
Economic and physical development	5,250,353	5,786,426	4,945,058	841,368
Human services	18,595,424	18,747,057	17,436,101	1,310,956
Cultural and recreational	1,174,944	1,374,547	1,346,031	28,516
Intergovernmental:				
Education	13,196,088	13,196,088	13,196,086	2
Debt service:				
Principal retirement	4,723,764	4,922,769	4,920,907	1,862
Interest and other charges	2,816,510	3,004,725	3,004,725	-
Total expenditures	<u>66,583,716</u>	<u>67,622,300</u>	<u>64,009,111</u>	<u>3,613,189</u>
Revenues under expenditures	<u>(6,114,565)</u>	<u>(6,187,855)</u>	<u>(1,840,846)</u>	<u>4,347,009</u>
Other financing sources (uses)				
Transfers to other funds	-	(462,366)	(462,366)	-
Transfers from other funds	2,960,000	2,960,000	2,938,393	(21,607)
Bonds issued	-	4,830,750	12,179,000	7,348,250
Bonds refinanced	-	(4,830,750)	(11,867,417)	(7,036,667)
Appropriated fund balance	3,154,565	3,690,221	-	(3,690,221)
Total other financing sources (uses) - net	<u>6,114,565</u>	<u>6,187,855</u>	<u>2,787,610</u>	<u>(3,400,245)</u>
Revenues and other financing sources under expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>946,764</u>	<u>\$ 946,764</u>
Fund balance				
Beginning of year, July 1			18,246,432	
Decrease in reserve for inventory			<u>(40,025)</u>	
End of year, June 30			<u>\$ 19,153,171</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, 2009

	<u>Major</u>	<u>Major</u>
	<u>Enterprise</u>	<u>Internal</u>
	<u>Fund</u>	<u>Service</u>
	<u>Water and</u>	<u>Insurance</u>
	<u>Sewer Fund</u>	<u>Fund</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 3,542,807	\$ 210,636
Receivables, net	495,731	-
Due from other governments	42,819	1,522
Reserved cash	2,157,155	-
Total current assets	<u>6,238,512</u>	<u>212,158</u>
Noncurrent assets:		
Capital assets:		
Land, improvements, and construction in progress	1,647,563	-
Other capital assets, net of depreciation	24,815,214	-
Total capital assets	<u>26,462,777</u>	<u>-</u>
Total noncurrent assets	<u>26,462,777</u>	<u>-</u>
Total assets	<u>32,701,289</u>	<u>212,158</u>
Liabilities		
Current liabilities:		
Accounts payable	246,062	314
Accrued payroll	34,730	-
Customer deposits	218,490	-
Compensated absences	53,387	-
Revolving loans	180,000	-
Certificates of participation	576,088	-
Installment Debt	687,400	-
Total current liabilities	<u>1,996,157</u>	<u>314</u>
Noncurrent liabilities:		
Revolving loans	1,980,000	-
Certificates of participation	6,752,160	-
Installment debt	8,402,900	-
Other postemployment benefits	65,328	-
Total noncurrent liabilities	<u>17,200,388</u>	<u>314</u>
Total liabilities	<u>19,196,545</u>	<u>314</u>
Net Assets		
Invested in capital assets, net of related debt	7,884,229	-
Unrestricted	5,620,515	211,844
Total net assets	<u>\$ 13,504,744</u>	<u>\$ 211,844</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, 2009

	<u>Major</u>	<u>Major</u>
	<u>Enterprise Fund</u>	<u>Internal Service Fund</u>
	<u>Water and Sewer Fund</u>	<u>Insurance Fund</u>
Operating revenues		
Charges for water	\$ 3,986,083	\$ -
Charges for sewer	1,274,065	-
Other operating revenues	461,711	-
Charges for services	-	5,554,808
Total operating revenues	<u>5,721,859</u>	<u>5,554,808</u>
Operating expenses		
Internal Service fund expenses	-	5,458,510
<u>Water Department</u>		
Salaries and employee benefits	600,832	-
Water purchases	2,833,153	-
Other operating expenses	375,416	-
Depreciation	631,652	-
	<u>4,441,053</u>	<u>-</u>
<u>Sewer Department</u>		
Salaries and employee benefits	320,348	-
Other operating expenses	429,562	-
Depreciation	220,973	-
	<u>970,883</u>	<u>-</u>
Total operating expenses	<u>5,411,936</u>	<u>5,458,510</u>
Operating income	<u>309,923</u>	<u>96,298</u>
Nonoperating revenues (expenses)		
Interest earnings	52,249	62
Interest expense	(810,783)	-
Total nonoperating revenue (expenses) - net	<u>(758,534)</u>	<u>62</u>
Income (loss) before transfers	<u>(448,611)</u>	<u>96,360</u>
Capital contributions	<u>215,239</u>	<u>-</u>
Transfers		
Transfer to General fund	(194)	-
Change in net assets	<u>(233,566)</u>	<u>96,360</u>
Net assets		
Beginning of year, July 1	<u>13,738,310</u>	<u>115,484</u>
End of year, June 30	<u>\$ 13,504,744</u>	<u>\$ 211,844</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, 2009

	<u>Major</u>	<u>Major</u>
	<u>Enterprise Fund</u>	<u>Internal Service Fund</u>
	<u>Water and Sewer Fund</u>	<u>Insurance Fund</u>
Cash flows from operating activities		
Cash received from customers	\$ 5,779,865	\$ 5,553,386
Cash paid for goods and services	(3,717,531)	(5,458,476)
Cash paid to employees for services	(854,925)	-
Customer deposits received	22,250	-
Net cash provided by operating activities	<u>1,229,659</u>	<u>94,910</u>
Cash flows from noncapital financing activities		
Transfers in	<u>(194)</u>	<u>-</u>
Cash flows from capital and related financing activities		
Decrease in reserved cash	1,144,385	-
Acquisition and construction of capital assets	(1,817,989)	-
Principal paid on bonds	(1,307,999)	-
Proceeds from debt	1,974,000	-
Interest paid on bonds	(810,783)	-
State grant	215,239	-
Net cash used by capital and related financing activities	<u>(603,147)</u>	<u>-</u>
Cash flows from investing activities		
Interest on investments	<u>52,249</u>	<u>62</u>
Net increase in cash and cash equivalents	678,567	94,972
Cash and cash equivalents		
Beginning of year, July 1	<u>2,864,240</u>	<u>115,664</u>
End of year, June 30	<u>\$ 3,542,807</u>	<u>\$ 210,636</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, 2009

	<u>Major</u>	<u>Major</u>
	<u>Enterprise Fund</u>	<u>Internal Service Fund</u>
	<u>Water and Sewer Fund</u>	<u>Insurance Fund</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 309,923	\$ 96,298
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	852,625	-
Changes in assets and liabilities:		
Increase (decrease) in accounts receivable	58,006	(1,422)
Increase (decrease) in accounts payable and accrued liabilities	(79,400)	34
Decrease in accrued vacation pay	(1,172)	-
Increase in customer deposits	22,250	-
Increase in accrued payroll	2,099	-
Increase in other postemployment benefits	65,328	-
Total adjustments	<u>919,736</u>	<u>(1,388)</u>
Net cash provided by operating activities	<u>\$ 1,229,659</u>	<u>\$ 94,910</u>

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

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

	Agency Funds
Assets	
Cash and cash equivalents	<u>\$ 78,513</u>
Liabilities and Net Assets	
Liabilities:	
Intergovernmental payable - State of North Carolina	\$ 2,268
Miscellaneous liabilities	<u>76,245</u>
	<u>78,513</u>
Net Assets	<u>\$ -</u>

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

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**Franklin County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2009**

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 and its component unit, a legally separate entity for which the County is financially accountable.

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

B. Basis of Presentation, Basis of Accounting

Basis of Presentation, Measurement Focus – Basis of Accounting

Government-wide Statements: The statement of net assets and the statement of activities display information about the primary government (the County). These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. Interfund transactions provided and used are not eliminated in the process of consolidation. These statements distinguish between the *governmental* and *business-type activities* of the County. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the business-type activity of the County and for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

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

**Franklin County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2009**

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

The County reports the following major governmental funds:

General Fund – This is the County’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

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

The County reports the following major enterprise fund:

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

The County reports the following major internal service fund:

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

The County reports the following fund types:

Agency Funds – Agency funds are custodial in nature and do not involve the measurement of operating results. Agency funds are used to account for assets the County holds on behalf of others. The County maintains five agency funds: the Social Services Fund, which accounts for moneys deposited with the Department of Social Services for the benefit of certain individuals; the Fines and Forfeitures Fund, which accounts for moneys deposited with the County and then remitted to the Franklin County Board of Education; the City Ad Valorem and Motor Vehicle Tax Fund which accounts for registered motor vehicle property taxes and other property taxes that are billed and collected by the County for various municipalities within the County; the three percent interest on the first month of delinquent motor vehicle taxes that the County is required to remit to the North Carolina Department of Motor Vehicles; and the Jail Fund, which accounts for the revenues and expenditures of activity funds belonging to inmates during their period of incarceration.

Measurement Focus, Basis of Accounting

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

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

Franklin County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2009

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

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

Governmental Fund Financial Statements – Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The County considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem property taxes are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of January 1, 1993, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, Franklin County is responsible for billing and collecting the property taxes on all registered motor vehicles on behalf of all municipalities and special tax districts in the County. For registered motor vehicles, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, taxes for vehicles registered from March 2008 through February 2009 apply to the fiscal year ended June 30, 2009. Uncollected taxes that were billed during this period are shown as a receivable on these financial statements.

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

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

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

**Franklin County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2009**

C. Budgetary Data

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

All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for the general fund, at the departmental level for the special revenue and enterprise funds, and at the object level for the capital projects funds. The balances in the Capital Reserve Fund will be appropriated when transferred to a capital projects fund in accordance with the project ordinance adopted for the reserve fund. The County Manager is authorized to transfer unlimited funds between departments of the same fund. The County Manager is also authorized to transfer up to \$10,000 between funds, but must report this to the Board during the next meeting.

D. Assets, Liabilities, and Fund Equity

1. Deposits and Investments

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

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

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

2. Cash and Cash Equivalents

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

3. Restricted Assets

The unexpended bond proceeds in the School Construction Fund COPS Capital Projects Fund and the Water and Sewer fund are classified as restricted assets because their use is completely restricted to the purpose for which the bonds were issued. For purposes of the cash flow statement, restricted assets are excluded from cash and cash equivalents.

**Franklin County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2009**

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, 2008. As allowed by state law, the county has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the county's general fund, ad valorem tax revenues are reported net of such discounts.

5. Allowances for Doubtful Accounts

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

6. Inventories

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

7. Capital Assets

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

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

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

	<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 Year Ended June 30, 2009**

8. Long-term Obligations

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

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

9. Compensated Absences

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

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

10. Net Assets/Fund Balances

Net Assets

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

Fund Balances

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

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

The governmental fund types classify fund balances as follows:

Reserved

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

**Franklin County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2009**

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

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

Unreserved

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

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

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

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

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

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

Designated for subsequent year's expenditures – portion of total fund balance available for appropriation that has been designated for the adopted 2009-2010 budget ordinances.

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

E. Estimates

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

II. Stewardship, Compliance, and Accountability

Deficit Fund Balance

The School Construction Fund had a deficit balance at June 30, 2009. The County has received funds from School Construction bonds to reverse this situation.

**Franklin County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2009**

III. Detail Notes on All Funds

A. Assets

1. Deposits

All of the County's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the County's agents in these unit's names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the County, these deposits are considered to be held by their agents in the entities' name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. The State Treasurer does not confirm this information with the County or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County under the Pooling Method, the potential exists for undercollateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The County has no formal policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The County complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

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

At June 30, 2009, the County's deposits had a carrying amount of \$23,809,722 and a bank balance of \$24,490,609. Of the bank balance, \$801,934 was covered by federal depository insurance and \$23,688,675 in interest bearing deposits was covered by collateral held under the Pooling Method.

At June 30, 2009, Franklin County had \$3,540 cash on hand.

2. Investments

At June 30, 2009, the County's investment balances were as follows:

	<u>Fair Value</u>	<u>6-12 months</u>
NC Capital Management Trust:	\$ 7,524,788	\$ 7,524,788

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, 2009. The County's policy on investment is that only investments allowed by North Carolina General Statutes are allowed.

Franklin County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2009

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>
2006	\$ 2,982,632	\$ 797,854	\$ 3,780,486
2007	3,105,336	551,197	3,656,533
2008	3,105,336	271,717	3,377,053
2009	<u>3,294,109</u>	-	<u>3,294,109</u>
Total	<u>\$12,487,413</u>	<u>\$ 1,620,768</u>	<u>\$14,108,181</u>

4. Receivables

Accounts receivable at the individual fund level at June 30, 2009 were as follows:

	<u>Accounts</u>	<u>Ad Valorem Taxes & Related Accrued Interest</u>	<u>Special Assessments</u>	<u>Due from Other Governments</u>	<u>Total</u>
Governmental Activities:					
General	\$ 1,063,360	\$ 3,029,903	\$ 1,029	\$ 2,184,757	\$ 6,279,411
Other Governmental	<u>38,498</u>	<u>161,959</u>	-	<u>446,350</u>	<u>646,807</u>
Total receivables	1,102,220	3,191,862	1,029	2,631,107	6,926,218
Allowance for doubtful accounts	<u>(650,208)</u>	<u>(151,000)</u>	-	-	<u>(801,208)</u>
Total – governmental activities	<u>\$ 451,650</u>	<u>\$ 3,040,862</u>	<u>\$ 1,029</u>	<u>\$ 2,631,107</u>	<u>\$ 6,125,010</u>
Amounts not scheduled for collection during the subsequent year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,029</u>	<u>\$ -</u>	<u>\$ 1,029</u>
Business-type Activities:					
Water and Sewer	\$ 553,870	\$ -	\$ -	\$ 42,819	\$ 596,689
Allowance for doubtful accounts	<u>(58,139)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(58,139)</u>
Total – business-type activity	<u>\$ 495,731</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 42,819</u>	<u>\$ 538,550</u>

**Franklin County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2009**

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

Local option sales tax	\$ 1,442,008
Child Care	204,539
Social Services	425,510
State Health Grants	36,846
Sales tax refund	206,509
Jail Reimbursement	72,481
Miscellaneous	<u>243,214</u>
Total	<u>\$ 2,631,107</u>

5. Capital Assets

Capital asset activity for the year ended June 30, 2009 was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental-type activities:				
Capital assets not being depreciated:				
Land	\$ 10,689,773	\$ -	\$ -	\$ 10,689,773
Construction in process	<u>894,492</u>	<u>400,454</u>	<u>1,260,933</u>	<u>34,013</u>
Total capital assets not being depreciated	<u>11,584,265</u>	<u>400,454</u>	<u>1,260,933</u>	<u>10,723,786</u>
Capital assets being depreciated:				
Buildings	21,311,372	1,260,933	-	22,572,305
Waterlines	163,228	-	-	163,228
Gas lines	411,481	-	-	411,481
Land Improvements	1,806,569	14,625	-	1,821,194
Equipment	4,669,218	457,943	-	5,127,161
Vehicles	<u>4,595,012</u>	<u>493,092</u>	<u>273,412</u>	<u>4,814,692</u>
Total capital assets being depreciated	<u>32,956,880</u>	<u>2,226,593</u>	<u>273,412</u>	<u>34,910,061</u>
Less accumulated depreciation for:				
Buildings	7,842,623	588,629	-	8,431,252
Waterlines	14,525	4,085	-	18,610
Gas lines	160,146	8,241	-	168,387
Land Improvements	390,880	90,963	-	481,843
Equipment	2,925,808	446,490	-	3,372,298
Vehicles	<u>3,528,338</u>	<u>511,540</u>	<u>204,249</u>	<u>3,835,629</u>
Total accumulated depreciation	<u>14,862,320</u>	<u>\$ 1,649,948</u>	<u>\$ 204,249</u>	<u>16,308,019</u>
Total capital assets being depreciated, net	<u>18,094,560</u>			<u>18,602,042</u>
Governmental-type activities capital assets, net	<u>\$ 29,678,825</u>			<u>\$ 29,325,828</u>
Business-type activities:				
Franklin County Water & Sewer Fund				
Capital assets not being depreciated:				
Land	\$ 369,456	\$ -	\$ -	\$ 369,456
Construction in progress	<u>501,671</u>	<u>1,726,300</u>	<u>949,864</u>	<u>1,278,107</u>
Total capital assets not being depreciated	<u>871,127</u>	<u>1,726,300</u>	<u>949,864</u>	<u>1,647,563</u>

Franklin County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2009

Capital assets being depreciated:				
Plant and distribution systems	31,993,581	979,714	-	32,973,295
Furniture and maintenance equipment	615,671	61,838	-	677,509
Vehicles	<u>328,849</u>	<u>-</u>	<u>11,910</u>	<u>316,939</u>
Total capital assets being depreciated	<u>32,938,101</u>	<u>1,041,552</u>	<u>11,910</u>	<u>33,967,743</u>
Less accumulated depreciation for:				
Plant and distribution systems	7,546,057	770,148	-	8,316,205
Furniture and maintenance equipment	496,363	55,171	-	551,534
Vehicles	<u>269,395</u>	<u>27,305</u>	<u>11,910</u>	<u>284,790</u>
Total accumulated depreciation	<u>8,311,815</u>	<u>\$ 852,624</u>	<u>\$ 11,910</u>	<u>9,152,529</u>
Total capital assets being depreciated, net	<u>24,626,286</u>			<u>24,815,214</u>
Business-type activities capital assets, net	<u>\$ 25,497,413</u>			<u>\$ 26,462,777</u>

Depreciation Expense

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

General Government	\$ 212,054
Public Safety	850,210
Economic and Physical Development	294,641
Human Services	191,254
Cultural and Recreational	<u>101,789</u>
Total depreciation expense	<u>\$ 1,649,948</u>

Construction and Other Commitments

At June 30, 2009, the County was obligated under a construction project:

<u>Project</u>	<u>Spent-to-date</u>	<u>Remaining Commitment</u>
Hunter's Park W&S Project	\$ 771,0087	\$ 53,936

B. Liabilities

1. Payables

Payables at the government-wide level at June 30, 2009 were as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Total</u>
Governmental Activities:			
General	\$ 759,485	\$ 925,573	\$ 1,685,058
Other Governmental	<u>65,710</u>	<u>-</u>	<u>65,710</u>
Total - governmental activities	<u>\$ 825,195</u>	<u>\$ 925,573</u>	<u>\$ 1,750,768</u>
Business-type Activity:			
Water and Sewer Fund	<u>\$ 246,062</u>	<u>\$ 34,730</u>	<u>\$ 280,792</u>

**Franklin County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2009**

2. Pension Plan and Other Postemployment Obligations

a. Local Governmental Employee's Retirement System

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

Funding Policy – Plan members are required to contribute six percent of their annual covered salary. The County is required to contribute at an actuarially determined rate. For the County, the current rate for employees not engaged in law enforcement and for law enforcement officers is 4.93% 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, 2009, 2008, and 2007 were \$852,286, \$819,470, and \$744,807, respectively. The contributions made by the County and the plan members equaled the required contributions for each year.

b. Law Enforcement Officers' Special Separation Allowance

Plan Description

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

The Separation Allowance covers all full-time County law enforcement officers. At December 31, 2008, the Separation Allowance's membership consisted of:

Retirees receiving benefits	2
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>60</u>
Total	<u>62</u>

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..

**Franklin County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2009**

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, 2008 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumption included (a) 7.25% investment rate of return (net of administrative expenses) and (b) projected salary increases of 4.5% – 12.3% per year. Both (a) and (b) included an inflation component of 3.75%. The assumptions did not include postretirement benefit increases. The actuarial value of assets was determined using the market value of investments. The 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, 2008 was 22 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	\$ 44,571
Interest on net pension obligation	18,584
Adjustment to annual required contribution	<u>(16,200)</u>
Annual pension cost	46,955
Contribution made	<u>(20,625)</u>
Increase in net pension obligation	26,330
Net pension obligation at beginning of year	<u>256,327</u>
Net pension obligation at end of year	<u>\$282,657</u>

3-Year Trend Information

For Year Ended <u>June 30</u>	Annual Pension Cost <u>(APC)</u>	Percentage of APC <u>Contributed</u>	Net Pension <u>Obligation</u>
2007	37,943	71.75%	236,993
2008	39,959	51.62%	256,327
2009	46,955	43.93%	282,627

Funded Status and Funding Progress As of December 31, 2008, the most recent actuarial valuation date, the plan was 0 percent funded. The actuarial liability for benefits was \$282,657, and the actuarial value of assets was 0, resulting in an unfunded actuarial accrued liability (UALL) of \$282,657. The covered payroll (annual payroll of active employees covered by the plan) was \$2,394,423 and the ratio of the UALL to the covered payroll was 11.80%.

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.

**Franklin County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2009**

c. Supplemental Retirement Income Plan for Law Enforcement Officers

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

Funding Policy – Article 12E of G.S. Chapter 143 requires the County to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2009 were \$123,240, which consisted of \$97,636 from the County and \$25,604 from the law enforcement officers.

d. Registers of Deeds' Supplemental Pension Fund

Plan Description. Franklin County also contributes to the Registers of Deeds' Supplemental Pension Fund (Fund), a noncontributory, defined contribution plan administered by the North Carolina Department of State Treasurer. The Fund provides supplemental pension benefits to any eligible county register of deeds that is retired under the Local Government Employees' Retirement System (LGERS) or an equivalent locally sponsored plan. Article 3 of G.S. Chapter 161 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

Funding Policy – On a monthly basis, the County remits to the Department of State Treasurer an amount equal to four and one-half percent (4.5%) of the monthly receipts collected pursuant to Article 1 of G.S. 161. Immediately following January 1 of each year, the Department of State Treasurer divides ninety-three percent (93%) of the amount in the Fund at the end of the preceding calendar year into equal shares to be disbursed as monthly benefits. The remaining seven percent (7%) of the Fund's assets may be used by the State Treasurer in administering the Fund. For the fiscal year ended June 30, 2009, the County's required and actual contributions were \$4,168.

e. Other Post-employment 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 may amend the benefit provisions. A separate report was not issued for the plan.

Membership in the plan consists of the following at December 31, 2007, the date of the latest actuarial valuation:

**Franklin County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2009**

	<u>General Employees</u>	<u>Law Enforcement Employees</u>
Retirees and dependents receiving benefits	48	-
Terminated plan members entitled to but not yet receiving benefits	-	-
Active plans members	<u>371</u>	<u>50</u>
Total	<u>419</u>	<u>50</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 10.48% of annual covered payroll. For the current year, the County contributed \$61,690 or 10.56% of covered payroll. The County obtains healthcare coverage through private insurers. The County's required contributions, under a County resolution, for employees not engaged in law enforcement and from law enforcement officers represents 10.1% and 13.2% of covered payroll, respectively. There were no contributions made by employees, except for dependent coverage in the amount of \$1,113,615. The County's obligation to contribute to the plan as established may be amended by the Board.

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 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 costs 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:

Annual required contribution	\$ 1,633,188
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost (expense)	<u>1,633,188</u>
Contributions made	<u>61,690</u>
Increase in net OPEB obligation	1,571,498
Net OPEB obligation, beginning of year	-
Net OPEB obligation, end of year	\$ <u>1,571,498</u>

The Count's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009 were as follows:

For the Year End <u>June 30,</u> 2009	Annual <u>OPEB Cost</u>	Percentage of Annual <u>OPEB Cost Contributed</u>	Net OPEB <u>Contribution</u>
	\$ 1,633,188	3.78%	\$ 1,571,498

Funded Status and Funding Progress As of December 31, 2007, 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 \$14,287,207. The covered payroll (annual payroll of active employees covered by the plan) was \$15,460,221 and the ratio of the UAAL to the covered payroll was 92.41%. Actuarial valuations of

**Franklin County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2009**

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 trends. 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 benefits provided at the time of each valuation and the historical pattern of sharing of benefits costs between the employer and plan members at 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, 2007 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 the expected long-term investment returns of the employers own investments calculated based on the funded level of the plan at the valuation date, and an annual medical cost trend of 11.00 to 5.00 percent annually. The investment rate included a 3.75 percent inflation assumption. The actuarial value of assets, if any, was determined using techniques over a 5 year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2007 was thirty years.

f. Other Employment Benefits

The County has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Government Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed \$50,000. All death benefit payments are made from the Death Benefit Plan. The County has no liability beyond the payment of monthly contributions. Contributions are determined as a percentage of monthly payroll, based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. Because the benefit payments are made by the Death Benefit Plan and not by the County, the County does not determine the number of eligible participants.

For the fiscal year ended June 30, 2009, the County made contributions to the State for death benefits of \$21,266. The County's required contributions for employees not engaged in law enforcement and for law enforcement officers represented 0.12% and 0.14% of covered payroll, respectively. The contributions to the Death Benefit plan cannot be separated between the post employment benefit amount and the other benefit amount.

Franklin County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2009

3. Deferred/Unearned Revenues

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

	<u>Deferred Revenue</u>	<u>Unearned Revenue</u>
Prepaid taxes not yet earned		
General Fund	\$ 121,516	\$ 121,516
Special Revenue Fund	4,526	4,526
Taxes receivable, net		
General Fund	2,536,697	-
Special Revenue Fund	161,960	-
Special assessments receivable		
General Fund	1,029	-
Home Owners Fund	<u>333,333</u>	<u>333,333</u>
Total	<u>\$ 3,159,061</u>	<u>\$ 459,375</u>

4. Risk Management

The County is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County participates in two self-funded risk-financing pools administered by the North Carolina Association of County Commissioners. Through these pools, the County obtains property coverage equal to replacement cost values of owned property subject to a limit of \$125.5 million for any one occurrence, general, auto, professional, and employment practices liability coverage of \$2 million per occurrence, auto physical damage coverage for owned autos at actual cash value, crime coverage of \$250,000 per occurrence, and health and dental insurance for County employees. The pools are audited annually by certified public accountants, and the audited financial statements are available to the County upon request. Two of the pools are reinsured through a multi-state public entity captive for single occurrence losses in excess of \$500,000 up to a \$2 million limit for liability coverage, \$600,000 of aggregate annual losses in excess of \$50,000 per occurrence for property, auto physical damage, and crime coverage, and single occurrence losses of \$400,000 for workers' compensation. For health and dental insurance, the County is reinsured through the Pool for individual losses in excess of \$50,000 and aggregate annual losses in excess of 120% of expected claims. The pool is reinsured through commercial carrier for worker compensation losses in excess of \$1,000,000.

The County is self-insured for workers' compensation with Compensation Claims Solutions as its administrator. The County has a \$400,000 stop-loss insurance policy with an insurance company.

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

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

**Franklin County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2009**

5. Commitments

At June 30, 2009, the County was obligated under an operating lease for office space as follows:

Beginning January 1, 1999 through December 31, 2011 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, 2009 was \$38,438.

Various other properties in Franklin County with a total rental expense for the year ended June 30, 2009 of \$48,000.

At June 30, 2009, the County leased a vehicle with total rental expense of \$7,182.

At June 30, 2009, the County was obligated under operating leases for land as follows:

Nine parcels of land were rented for trash dumping and recycling centers ranging from \$300 to \$1,500 per year. All leases expired June 30, 2009 with options to extend for an additional year. Options were exercised on all of the leases at June 30, 2009. Rent expense for the year ended June 30, 2009 was \$9,170.

At June 30, 2009, the County was obligated under various operating leases for office equipment as follows: Various agreements expiring from July 2009 to April 2010. Total lease expense for the year ended June 30, 2009 was \$94,204.

Total operating lease expense for the year ended June 30, 2009, was \$196,994.

Future lease payments total:

<u>For Year Ending June 30,</u>	
2010	\$ 174,645
2011	139,846
2012	112,097
2013	85,532
2014	<u>50,700</u>
Total	<u>\$ 563,120</u>

At June 30, 2009, 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, 2009, 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.

**Franklin County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2009**

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

With the Town of Franklinton to purchase at a minimum 350,000 gallons of water per day. The current rate is \$4.50 per thousand dollars. The obligation ends March 8, 2022.

6. Contingent Liabilities

At June 30, 2009, the County was a defendant to various lawsuits or threatened lawsuits. In the opinion of the County's management and the County attorney, the ultimate effect of these legal matters will not have a material adverse effect on the County's financial position.

7. Long-Term Obligations

a. Installment Purchases

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

\$ 36,604

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

\$ 1,866,667

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.

\$ 129,132

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.

\$ 2,589,700

On June 22, 2009, 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.

\$ 12,179,000

In September 2004, the County entered into an installment contract to finance the construction of a solid waste transfer station and office renovation at the Human Services Building. The obligation is due in ten separate annual payments beginning September 2009. Interest is 3.85%. Principal and interest payments are appropriated when due.

\$ 1,050,000

Total installment obligation debt

\$ 17,851,103

**Franklin County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2009**

b. Long-term Indebtedness

All general obligation bonds serviced by the County's General Fund are collateralized by the full faith, credit, and taxing power of the County. Franklin County Water and Sewer Fund issues certificates of participation. These certificates do not constitute a legal or equitable pledge, charge, lien or encumbrance upon any of the County's property or revenue. The County's long-term indebtedness at June 30, 2009 is comprised of the following:

Serviced by the County's General Fund:

General Obligation Bonds

<p>\$1,400,000 2005 School Bonds, issued 6/1/05, with interest and principal annually on April 1 of \$100,000 plus interest through 2019, interest payable at 3.0-3.8%.</p>	<p>\$ 1,000,000</p>
<p>\$5,550,000 2005 Refinancing School Bonds, issued 6/1/05, with interest semiannually on August 1 and April 1 and principal due on April 1 of \$220,000-\$550,000 through 2018, interest payable at 2.75-3.50%.</p>	<p>4,330,000</p>
<p>\$20,000,000 2006 School Bonds, issued 8/1/07, with interest semiannually on August 1 and February 1 and principal on August 1 of \$1,000,000 through 2026, interest payable at 4.0-5.0%</p>	<p>18,000,000</p>
<p>\$8,600,000 2009 School Bonds, issued 8/14/2007, with interest semiannually on August 1 and February 1 and principal on February 1 of \$200,000 through 2028, interest at 4.125-6.125%</p>	<p><u>8,400,000</u></p>
<p><u>\$ 31,730,000</u></p>	

Certificates of Participation:

<p>\$14,095,000 2007 Franklin County Animal Control and School Certificates of Participation with interest due semiannually on September 1 through 2028, interest at 4% to 5%</p>	<p>\$13,385,000</p>
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Serviced by the County's Water and Sewer Fund:

Installment Obligations

<p>\$ 1,974,000 On December 12, 2008, the County entered into an installment obligation to expand the County's Sewer Infrastructure. A principal amount of \$197,400 plus interest at 3.58% is due each year in monthly installments. Principal and interest are appropriated each year until 2019.</p>	<p>\$ 1,875,300</p>
<p>\$ 7,215,000 On June 22, 2009, 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>	<p><u>7,215,000</u></p>
<p><u>\$ 9,090,300</u></p>	

**Franklin County, North Carolina
Notes to the Financial Statements
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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%.	\$ 900,000
\$2,100,000 2000 State Revolving Loan, issued 2/169/00 with interest due semiannually on November 1 and May 1 and principal of \$105,000 due May 1 through 2021, interest at 2.6%.	<u>1,260,000</u>
	<u>\$ 2,160,000</u>

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%.	2,995,000
\$6,500,000 2004 Franklin County Water and Sewer Certificates of Participation, issued 5/15/03, with interest semiannually on December 1 and January 1 and principal due on June 1 through 2018, interest at 3.17% to 4.5%.	<u>4,333,248</u>
	<u>\$ 7,328,248</u>

On June 30, 2009, Franklin County had a legal debt margin of \$197,716,656.

Debt Related to Capital Assets

Of the total Governmental Activities debt above, \$9,690,436 relates to assets still held by the County. Restricted cash related to this debt amounts to \$3,342,844.

8. Changes in Long-Term Debt

The following is a summary of changes in general long-term debt for the year ended June 30, 2009:

Governmental Activities:	<u>Balance</u> <u>July 1, 2008</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2009</u>	<u>Current</u> <u>Portion</u>
General obligation bonds	\$ 38,800,000	\$ -	\$ 7,070,000	\$ 31,730,000	\$ 1,840,000
Certificates of participation	22,447,254	-	9,062,254	13,385,000	710,000
Installment purchases	3,602,169	14,905,000	656,066	17,851,103	2,584,503
Compensated absences	1,165,604	1,194,738	1,165,604	1,194,738	1,194,738
Net pension obligation	256,327	282,657	256,327	282,657	-
Other postemployment benefits	-	1,567,860	61,690	1,506,170	-
Total	<u>\$ 66,271,354</u>	<u>\$ 17,950,255</u>	<u>\$ 18,271,941</u>	<u>\$ 65,949,668</u>	<u>\$ 6,329,241</u>

**Franklin County, North Carolina
Notes to the Financial Statements
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Business-type Activities:

By purpose:

Revolving loans	\$ 2,340,000	\$ -	\$ 180,000	\$ 2,160,000	\$ 180,000
Certificates of participation	15,572,547	-	8,244,299	7,328,248	576,088
Installment purchases	-	9,189,000	98,700	9,090,300	687,400
Compensated absences	54,559	53,387	54,559	53,387	53,387
Other postemployment benefits	-	65,328	-	65,328	-
Total	\$ 17,967,106	\$ 9,307,715	\$ 8,577,558	\$ 18,697,263	\$ 1,496,875

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>
2010	\$ 1,840,000	\$ 1,299,342	\$ 2,584,503	\$ 641,699
2011	1,835,000	1,222,493	2,710,766	560,167
2012	1,830,000	1,147,092	2,680,267	457,737
2013	1,820,000	1,076,868	2,734,267	356,725
2014	1,810,000	1,007,567	2,794,266	253,758
2015-2019	9,945,000	3,772,723	4,347,034	360,440
2020-2024	7,750,000	1,948,438	-	-
2025-2028	4,900,000	387,875	-	-
	<u>\$ 31,730,000</u>	<u>\$ 11,862,398</u>	<u>\$ 17,851,103</u>	<u>\$ 2,630,526</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>
2010	\$ 710,000	\$ 602,150	\$ 5,134,503	\$ 2,543,191
2011	710,000	573,750	5,255,766	2,356,410
2012	705,000	545,274	5,215,267	2,150,103
2013	700,000	516,472	5,254,267	1,950,065
2014	705,000	487,143	5,309,266	1,748,468
2015-2019	3,520,000	1,984,486	17,812,034	6,117,649
2020-2024	3,520,000	1,143,125	11,275,000	3,091,563
2025-2028	2,810,000	280,500	7,710,000	668,375
	<u>\$ 13,385,000</u>	<u>\$ 6,132,900</u>	<u>\$ 62,966,103</u>	<u>\$ 20,625,824</u>

**Franklin County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2009**

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>
2010	\$ 180,000	\$ 56,160	\$ 576,088	\$ 317,530
2011	180,000	51,480	592,191	301,427
2012	180,000	46,800	608,577	285,041
2013	180,000	42,120	625,725	267,893
2014	180,000	37,440	644,610	249,008
2015-2019	900,000	117,000	2,886,057	1,486,431
2020-2024	360,000	14,040	775,000	775,000
2025-2028	-	-	620,000	620,000
	<u>\$ 2,160,000</u>	<u>\$ 365,040</u>	<u>\$ 7,328,248</u>	<u>\$ 4,302,330</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>
2010	\$ 687,400	\$ 413,998	\$ 1,443,488	\$ 787,688
2011	707,400	386,284	1,479,591	739,191
2012	517,400	357,353	1,305,977	689,194
2013	532,400	335,566	1,338,125	645,579
2014	547,400	312,754	1,372,010	599,202
2015-2019	2,913,300	1,182,877	6,699,357	2,786,308
2020-2024	2,585,000	550,250	3,720,000	1,339,290
2025-2028	600,000	30,000	1,220,000	650,000
	<u>\$ 9,090,300</u>	<u>\$ 3,569,082</u>	<u>\$ 18,578,548</u>	<u>\$ 8,236,452</u>

C. Interfund Activity

Transfers to/from other funds:

From the General Fund to the Fire District Fund to supplement other funding sources	\$ 40,700
From the General fund to the Airport Capital Project Fund to supplement other funding sources	16,666
From the General fund to the County Building Fund to supplement other funding sources	250,000
From the General Fund to the Revaluation Project Fund to accumulate reserves for the sexennial revaluation of real property	155,000
From the Capital Reserve Fund to the General Fund for the payment of debt service	2,900,000
From the COPS Capital Project Fund to the General Fund for the payment of debt service	38,199
From the Water and Sewer Capital Project Fund to the General Fund for debt service	194

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Notes to the Financial Statements
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Joint Ventures

The Area Mental Health District was established to provide mental health services for five counties: Franklin, Warren, Granville, Vance, and Nash. Each county has one board member on the Area Mental Health Board, but none individually has authority to designate management. The County contributed \$155,757 to the Area Mental Health during the fiscal year ended June 30, 2009. 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, 2009. 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 \$23,531 to K.A.R.T.S. during the fiscal year ended June 30, 2009. 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, 2009. Complete financial statements for K.A.R.T.S. can be obtained from their administrative offices at 943 W. Andrews Avenue, Henderson, N.C. 27536.

The County, in conjunction with the State of North Carolina, Vance County, Granville County, Warren County, Vance County Board of Education, and Warren County Board of Education, participates in a joint venture to operate the Vance Granville Community College. The State, Vance County, Granville County, Vance County Board of Education, and Granville County Board of Education appoint the twelve voting members of the board of trustees. Franklin County appoints a nonvoting member of the board of trustees. The president of the community college's student government serves as an ex officio nonvoting member of the community college's board of trustees. The community college is included as a component unit of the State. The County has the basic responsibility for providing funding for the facilities of the community college and also provides some financial support for the community college's operations. The County has an ongoing financial responsibility for the community college because of the statutory responsibilities to provide funding for the community college's facilities. The County contributed \$300,000 and \$15,498 to the community college for operating and capital purposes, respectively, during the fiscal year ended June 30, 2009. 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, 2009. Complete financial statements for the community college may be obtained from the community college's administrative offices at P.O. Box 917, Henderson, N.C. 27536.

Jointly Governed Organization

The Kerr-Tar Council of Government is a voluntary association of five county governments, including Franklin County, established to coordinate federal and State projects of a planning nature in the five-county area in Central North Carolina. Each county appoints one member to the Council's governing body and this governing body selects the management and determines the budget and financing requirements of the Council. The County contributed \$22,354 to the Council during the fiscal year ended June 30, 2009.

**Franklin County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2009**

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, 2009, the County reported these local option sales taxes within its Special Revenue Fund. The County expended the restricted portion of these taxes for public school capital outlays and retirement of public school debt.

VII. Benefit Payments Issued by the State

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

	<u>Federal</u>	<u>State</u>
Temporary Assistance to Needy Families	\$ 356,451	\$ -
Medicaid	45,452,959	17,371,416
Food Stamp Program	9,552,774	-
Energy Assistance	345,729	-
Adoption Assistance	207,654	37,543
State/County Special Assistance for Adults	-	520,938
Title IV – E Foster Care	42,412	20,436
Refugee Assistance	<u>4,367</u>	<u>-</u>
	<u>\$56,955,348</u>	<u>\$17,955,738</u>

VIII. Summary Disclosure of Significant Commitments and Contingencies

Federal and State Assisted Programs

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

IX. Significant Effects of Subsequent Events

In August 2009, the County issued \$14,000,000 in general obligation bonds for school construction.

X. Correction of Prior Year Error

Because of the conversion to new software, prior year Ad Valorem taxes receivable was understated by \$174,669. Because Ad Valorem taxes receivable are fully reserved in the fund statements, there is no impact on the fund statements operations.

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

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Projected Unit Credit	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
12/31/2003	-	\$ 317,852	\$ 317,852	0.00%	\$ 1,287,731	24.68%
12/31/2004	-	360,564	360,564	0.00%	1,464,050	24.63%
12/31/2005	-	259,794	259,794	0.00%	1,541,884	16.85%
12/31/2006	-	252,547	252,547	0.00%	1,697,594	14.88%
12/31/2007	-	299,326	299,326	0.00%	2,089,098	14.33%
12/31/2008	-	332,424	332,424	0.00%	2,394,423	13.88%

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

<u>Year ended June 30</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
1998		0.00%
1999	19,798	0.00%
2000	22,435	0.00%
2001	26,186	0.00%
2002	29,610	0.00%
2003	33,028	0.00%
2004	33,028	0.00%
2005	34,445	0.00%
2006	38,852	0.00%
2007	26,546	0.00%
2008	37,340	0.00%
2009	44,571	0.00%

Notes to the Required Schedules:

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

Valuation date	12/31/2008
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	22 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	7.25%
Projected salary increases	4.5-12.3%
Includes inflation at	3.75%
Cost-of-living adjustments	n/a

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

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL) Projected Unit Credit</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a % of Covered Payroll</u>
12/31/2007	\$ -	\$ 14,287,207	\$ 14,287,207	0.00%	\$ 15,460,221	92.41%

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

Year ended June 30	Annual Required Contribution	Percentage Contributed
2007	1,633,188	0.00%

Notes to the Required Schedules:

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

Valuation date	12/31/2007
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	30 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	4.00%
Medical cost trend	11.00% - 5.00%
Includes inflation at	3.75%
Cost-of-living adjustments	n/a

Franklin County, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2009
(With Comparative Totals For the Year Ended June 30, 2008)

	2009		Variance Positive (Negative)	2008
	Budget	Actual		Actual
Revenues:				
Ad valorem taxes:				
Taxes		\$ 31,989,461		
Penalties and interest		308,210		
Total	\$ 31,829,409	32,297,671	\$ 468,262	\$ 30,721,411
Local option sales taxes:				
Article 39 one percent		2,745,938		2,234,054
Article 40 one-half of one percent		2,016,597		2,334,450
Article 42 one-half of one percent		1,146,405		2,324,343
Article 44		1,033,478		1,525,966
Total	7,118,950	6,942,418	(176,532)	8,418,813
Other taxes and licenses:				
Privilege licenses	1,500	2,460	960	2,376
Unrestricted intergovernmental:				
Gasoline tax refund	-	\$		107
Sixth DWI fees	5,500	5,659		6,522
Beer and wine tax	135,000	214,604		216,664
White goods tax	21,300	22,532		19,586
Occupancy tax	70,000	64,280		58,468
Franchise fees	100,000	164,334		145,033
Tire disposal fees	60,000	76,206		46,352
Hold Harmless	-	4,957		144,914
Total	391,800	552,577	160,777	637,646
Restricted intergovernmental:				
Federal and State grants	7,727,242	8,213,320		8,184,074
Lottery proceeds	400,000	400,000		364,145
Court facility fees	135,000	114,152		135,039
ABC bottles taxes	12,000	12,795		12,464
School ADM Funds	800,000	800,000		350,000
Total	9,074,242	9,540,267	466,025	9,045,722
Permits and fees:				
Building permits	90,000	55,956		97,470
Inspection and planning fees	891,880	488,621		1,132,199
Register of Deeds fees	700,000	454,362		686,700
Adequate facilities fees	-	123,162		291,388
Recreation reserve Fees	-	74,875		60,637
Total	1,681,880	1,196,976	(484,904)	2,268,394
Sales and services:				
Rents, concessions, and fees	52,500	42,779		53,490
Health fees	3,833,991	3,507,505		3,034,167
Social services	383,735	417,546		496,561
Aging services	94,397	109,316		114,186
Airport	662,070	617,269		621,559
Sheriff and jail fees	2,001,491	2,381,851		1,614,082
Library fees and donations	25,000	32,123		34,439
Solid waste fees	2,092,895	1,961,186		2,091,138
Ambulance and rescue squad fees	1,229,693	1,617,790		926,238
Recreation	44,000	24,294		30,394
Other	140,800	124,421		81,191
Total	10,560,572	10,836,080	275,508	9,097,443
Investment earnings	557,550	493,557	(63,993)	931,021
Miscellaneous:				
Donations and private grants	152,892	140,853		38,403
Insurance proceeds	34,750	52,209		10,865
Special assessments	-	477		-
Other	30,900	112,720		68,407
Total	218,542	306,259	87,717	117,675
Total revenues	61,434,445	62,168,265	733,820	61,240,503

Franklin County, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2009
(With Comparative Totals for the Year Ended June 30, 2008)

	2009		Variance Positive (Negative)	2008
	Budget	Actual		Actual
Expenditures:				
General government:				
Governing body:				
Salaries and employee benefits		\$ 205,238		\$ 187,153
Other operating expenditures		65,959		86,711
Insurance other than property		2,341		2,242
Total	\$ 284,521	273,538	\$ 10,983	276,106
Administration:				
Salaries and employee benefits		245,116		212,517
Other operating expenditures		40,074		64,823
Legal and professional		51,351		117,168
Total	413,829	336,541	77,288	394,508
Elections:				
Salaries and employee benefits		204,836		177,128
Other operating expenditures		105,866		97,758
Total	347,752	310,702	37,050	274,886
Finance:				
Salaries and employee benefits		295,572		318,051
Other operating expenditures		47,254		58,703
Total	362,690	342,826	19,864	376,754
Taxes:				
Salaries and employee benefits		702,748		707,910
Other operating expenditures		425,405		474,262
Total	1,341,540	1,128,153	213,387	1,182,172
Register of Deeds:				
Salaries and employee benefits		266,064		289,229
Other operating expenditures		88,927		95,132
Debt service		-		7,735
Capital outlay		16,570		-
Total	388,242	371,561	16,681	392,096
Public buildings:				
Salaries and employee benefits		503,352		479,279
Other operating expenditures		331,461		312,426
Capital outlay		84,815		266,793
Total	1,011,032	919,628	91,404	1,058,498
Court facilities:				
Operating expenditures		82,600		73,144
Information technology services:				
Salaries and employee benefits		118,841		112,936
Other operating expenditures		44,123		26,665
Total	180,848	162,964	17,884	139,601
GIS Mapping:				
Salaries and employee benefits		153,430		145,219
Other operating expenditures		36,036		31,381
Total	203,836	189,466	14,370	176,600
Other general government				
		507,541		451,476
Total general government	5,124,431	4,555,991	568,440	4,795,841

Franklin County, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2009
 (With Comparative Totals for the Year Ended June 30, 2008+A133)

	2009		Variance Positive (Negative)	2008
	Budget	Actual		Actual
Public safety:				
Sheriff and communications:				
Salaries and employee benefits		\$ 3,654,822		\$ 2,727,856
Other operating expenditures		1,095,096		2,507,576
Capital outlay		295,970		-
Total	\$ 5,443,174	5,045,888	\$ 397,286	5,235,432
Communications				
Salaries and employee benefits		719,903		232,816
Other operating expenditures		114,965		481,230
Total	939,488	834,868	104,620	714,046
Jail:				
Salaries and employee benefits		1,666,638		1,701,564
Other operating expenditures		948,426		936,924
Capital outlay		78,486		-
Total	2,757,725	2,693,550	64,175	2,638,488
Jail nutrition:				
Salaries and employee benefits		65,799		232,816
Other operating expenditures		369,406		481,230
Total	555,110	435,205	119,905	714,046
Medical examiner:				
Contracted services	22,000	20,800	1,200	26,375
Emergency management:				
Salaries and employee benefits		233,507		234,323
Other operating expenditures		64,130		140,010
Capital outlay		34,980		-
Total	347,278	332,617	14,661	374,333
Fire:				
Forest fire control service	96,430	80,516	15,914	91,832
Code enforcement:				
Salaries and employee benefits		463,043		518,865
Other operating expenditures		51,479		90,389
Total	531,360	514,522	16,838	609,254
Rescue units:				
Salaries and employee benefits		2,916,205		2,422,594
Rescue units		714,357		754,958
Other operating expenditures		527,018		588,384
Capital outlay		12,206		-
Total	4,226,312	4,169,786	56,526	3,765,936
Animal control:				
Salaries and employee benefits		237,622		235,407
Other operating expenditures		95,314		79,528
Capital outlay		13,093		-
Total	367,133	346,029	21,104	314,935
Community-based alternatives:				
Salaries and employee benefits		108,604		124,091
Other operating expenditures		21,827		35,610
Total	180,247	130,431	49,816	159,701
Total public safety	15,466,257	14,604,212	862,045	14,644,378

Franklin County, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2009
(With Comparative Totals for the Year Ended June 30, 2008)

	2009		Variance Positive (Negative)	2008
	Budget	Actual		Actual
Economic and physical development:				
Agricultural extension:				
Salaries and employee benefits		\$ 7,418		\$ 5,962
Other operating expenditures		286,091		314,352
Total	\$ 362,826	293,509	\$ 69,317	320,314
Soil and water conservation:				
Salaries and employee benefits		215,760		191,270
Other operating expenditures		24,155		19,870
Total	245,448	239,915	5,533	211,140
Industrial development:				
Salaries and employee benefits		232,777		221,520
Other operating expenditures		103,590		139,813
Company incentives		136,314		-
Total	533,533	472,681	60,852	361,333
Planning:				
Salaries and employee benefits		342,739		426,731
Other operating expenditures		117,417		157,432
Total	597,278	460,156	137,122	584,163
Airport:				
Salaries and employee benefits		129,174		128,169
Other operating expenditures		206,191		570,156
Fuel purchases		320,547		-
Total	693,423	655,912	37,511	698,325
Landfill:				
Salaries and employee benefits		624,919		748,331
Waste disposal contract		1,310,283		-
Other operating expenditures		859,159		2,441,365
Capital outlay		28,524		-
Total	3,353,918	2,822,885	531,033	3,189,696
Total economic & physical development	5,786,426	4,945,058	841,368	5,364,971
Human services:				
Health:				
Administration:				
Salaries and employee benefits		688,673		811,354
Other operating expenditures		136,089		123,711
Total	828,430	824,762	3,668	935,065
Health clinic:				
Salaries and employee benefits		1,828,374		1,555,220
Contractual services		19,559		-
Other operating expenditures		677,693		826,914
Total	2,677,326	2,525,626	151,700	2,382,134

Franklin County, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2009
 (With Comparative Totals for the Year Ended June 30, 2008)

	2009		Variance Positive (Negative)	2008
	Budget	Actual		Actual
Home health:				
Salaries and employee benefits		\$ 621,760		\$ 840,214
Other operating expenditures		398,138		435,876
Total	\$ 1,318,778	1,019,898	\$ 298,880	1,276,090
Dental health:				
Salaries and employee benefits		343,817		200,885
Other operating expenditures		144,498		298,024
Total	530,617	488,315	42,302	498,909
Total health	5,355,151	4,858,601	496,550	5,092,198
Social services:				
Administration:				
Salaries and employee benefits		4,505,783		4,392,948
Other operating expenditures		490,361		633,291
Professional services		103,689		-
Capital outlay		17,597		-
Total	5,224,355	5,117,430	106,925	5,026,239
Medicaid program:				
Assistance payments	1,965,000	1,581,669	383,331	2,868,516
Special assistance program:				
Assistance payments	516,972	527,118	(10,146)	523,041
Work First:				
Assistance payments	23,000	17,998	5,002	26,260
Foster care:				
Assistance payments	681,659	603,082	78,577	304,597
Crisis intervention:				
Assistance payments	319,118	329,045	(9,927)	184,799
General assistance program:				
Assistance payments	20,000	19,693	307	19,984
Day Care program:				
Assistance payments	2,692,743	2,478,502	214,241	2,302,225
Other assistance:				
Assistance payments	510,737	485,861	24,876	592,574
Total social services	11,953,584	11,160,398	793,186	11,848,235
Aging program:				
Salaries and employee benefits		717,204		718,800
Other operating expenditures		440,199		491,057
Total	1,176,455	1,157,403	19,052	1,209,857

Franklin County, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2009
(With Comparative Totals for the Year Ended June 30, 2008)

	2009		Variance Positive (Negative)	2008
	Budget	Actual		Actual
Mental health administration:				
Contracted services	\$ 155,757	\$ 155,757	\$ -	\$ 155,757
Veterans service office:				
Salaries and employee benefits		90,562		93,040
Other operating expenditures		13,380		11,603
Total	106,110	103,942	2,168	104,643
Other human services				
Total human services	18,747,057	17,436,101	1,310,956	18,410,690
Cultural and recreational:				
Arts and Recreation:				
Salaries and employee benefits		169,620		237,909
Other operating expenditures		258,181		650,080
Total	457,451	427,801	29,650	887,989
Libraries:				
Salaries and employee benefits		550,132		515,531
Other operating expenditures		102,789		222,077
Books, magazines & telecommunications		106,324		-
Capital outlay		158,985		-
Total	917,096	918,230	(1,134)	737,608
Other cultural and recreational				
Total culture and recreation	1,374,547	1,346,031	28,516	1,625,597
Education:				
Public schools - current		11,641,872		11,200,520
Public schools - capital outlay		1,238,716		1,202,637
Public schools (lottery) - capital outlay		-		303,593
Community colleges - current		300,000		270,000
Community colleges - capital outlay		15,498		15,000
Total education	13,196,088	13,196,086	2	12,991,750
Debt service:				
Principal retirement		4,920,907		3,837,682
Interest and fees		3,004,725		2,508,273
Total debt service	7,927,494	7,925,632	1,862	6,345,955
Total expenditures	67,622,300	64,009,111	3,613,189	64,179,182
Revenues over (under) expenditures	(6,187,855)	(1,840,846)	4,347,009	(2,938,679)

Franklin County, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2009
 (With Comparative Totals For the Year Ended June 30, 2008)

	2009		Variance Favorable (Unfavorable)	2008
	Budget	Actual		Actual
Other financing sources (uses)				
Transfers to other funds:				
Fire District Fund	\$ (40,700)	\$ (40,700)	\$ -	\$ (40,700)
Water and Sewer Fund	-	-	-	(85,097)
Capital Reserve Fund	-	-	-	(354,000)
Revaluation Fund	(155,000)	(155,000)	-	(124,503)
County Building Fund	(250,000)	(250,000)	-	(45,000)
Airport Fund	(16,666)	(16,666)	-	(33,333)
Total transfers out	<u>(462,366)</u>	<u>(462,366)</u>	<u>-</u>	<u>(682,633)</u>
Transfers from other funds:				
Capital Reserve Fund	2,900,000	2,900,000	-	2,620,000
Water and Sewer Fund	-	-	-	350,000
Water and Sewer Capital Projects Fund	-	194	(194)	719
COPS Capital Project Fund	60,000	38,199	21,801	22,893
Total transfers in	<u>2,960,000</u>	<u>2,938,393</u>	<u>(21,607)</u>	<u>2,993,612</u>
Refunding bonds issued	4,830,750	12,179,000	7,348,250	-
Bonds paid off	(4,830,750)	(11,867,417)	(7,036,667)	-
Sale of capital assets	-	-	-	245,728
Total other financing sources (uses) - net	<u>2,497,634</u>	<u>2,787,610</u>	<u>289,976</u>	<u>2,556,707</u>
Revenues and other financing sources over (under) expenditures and other financing uses	(3,690,221)	946,764	4,636,985	(381,972)
Appropriated fund balance	<u>3,690,221</u>	<u>-</u>	<u>(3,690,221)</u>	<u>-</u>
Revenues, other financing sources and appropriated fund balance over (under) expenditures and other uses	<u>\$ -</u>	<u>946,764</u>	<u>\$ 946,764</u>	<u>(181,972)</u>
Fund balances				
Beginning of year, July 1		18,246,432		18,597,430
Increase (decrease) in reserve for inventory		<u>(40,025)</u>		<u>30,974</u>
End of year, June 30		<u>\$ 19,153,171</u>		<u>\$ 18,246,432</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, 2009

	Project Author- ization	Actual		Total to Date	Variance Positive (Negative)
		Prior Year	Current Year		
Revenues					
Restricted intergovernmental	\$ 192,983	\$ -	\$ -	\$ -	\$ (192,983)
Interest earnings	2,044,242	1,333,911	12,536	1,346,447	(697,795)
Total revenues	2,237,225	1,333,911	12,536	1,346,447	(890,778)
Expenditures					
Bond issuance costs	-	479	-	479	(479)
Construction	97,262,763	40,146,373	3,776,095	43,922,468	53,340,295
Total revenues	97,262,763	40,146,852	3,776,095	43,922,947	53,339,816
Other financing sources					
Sales tax refund	1,387,688	479	-	479	(1,387,209)
Issuance of debt	93,637,850	41,415,000	-	41,415,000	(52,222,850)
Total other sources	95,025,538	41,415,479	-	41,415,479	(53,610,059)
Revenues and other financing sources over (under) expenditures	\$ -	\$ 2,602,538	(3,763,559)	\$ (1,160,542)	\$ (1,160,542)
Fund balances					
Beginning of year, July 1			3,396,211		
End of year, June 30			\$ (367,348)		

Franklin County, North Carolina
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2009

	Special Revenue Funds										Capital Projects Funds				
	Capital Reserve Fund	Fire Districts Fund	Emergency Telephone Systems Fund	DEA Fund	Golden Leaf Foundations Fund	Community Development Fund	Total Nonmajor Special Revenue Funds	COPS Capital Projects Fund	Airport Projects Fund	County Building Project Fund	Revision Project Fund	Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds		
Assets															
Cash and cash equivalents	700,779	97,804	1,577,381	25,349	23,507	47,645	2,472,465	333	297,796	346,648	514,214	1,158,991	3,431,456		
Accounts receivable, net	-	-	37,501	-	-	-	37,501	-	-	-	-	-	37,501		
Taxes receivable, net	-	161,959	-	-	-	-	161,959	-	-	-	-	-	161,959		
Due from other governmental	408,727	-	189	1,192	-	1,867	411,975	-	833	9,738	-	10,571	432,546		
Restricted assets:															
Cash reserved for debt service	-	-	-	-	-	-	-	826,961	-	-	-	-	-		
Total assets	1,109,506	259,763	1,615,071	26,541	23,507	49,512	3,083,900	837,294	298,629	3,082,248	514,214	4,728,385	7,822,285		
Liabilities and Fund Balances															
Liabilities:															
Accounts payable and accrued liabilities	-	15,757	12	-	-	2,892	18,731	-	600	12,629	33,750	46,979	65,710		
Deferred revenue	-	166,486	-	-	-	-	166,486	-	-	-	-	-	166,486		
Total liabilities	-	182,243	82	-	-	2,892	185,217	-	600	12,629	33,750	46,979	237,196		
Fund balances:															
Reserved by State statute	408,727	-	37,600	1,192	-	1,867	449,476	-	833	9,738	-	10,571	460,047		
Reserved for debt service	-	-	-	-	-	-	-	836,961	-	2,731,862	-	3,568,823	3,568,823		
Unreserved	700,779	77,530	1,577,299	23,349	23,507	44,753	2,449,207	333	297,196	334,019	480,464	1,112,012	3,561,219		
Total fund balances	1,109,506	259,763	1,614,989	26,541	23,507	46,620	2,898,683	837,294	298,029	3,075,619	480,464	4,691,406	7,590,089		
Total liabilities and fund balances	1,109,506	259,763	1,615,071	26,541	23,507	49,512	3,083,900	837,294	298,629	3,082,248	514,214	4,728,385	7,822,285		

Franklin County, North Carolina
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds
 June 30, 2009

	Special Revenue Funds										Capital Projects Funds				
	Capital Reserve Fund	Fire District Fund	Emergency Telephone System Fund	DEA Fund	Golden Leaf Foundation Fund	Community Development Fund	Total Nonmajor Special Revenue Funds	COFS Capital Projects Fund	Airport Projects Fund	County Building Project Fund	Rehabilitation Project Fund	Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds		
Revenues															
Ad valorem taxes	\$ 2,583,863	\$ 2,105,578	\$ -	\$ -	\$ -	\$ -	\$ 2,105,578	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,105,578		
Local option sales taxes	-	-	-	-	-	-	2,583,863	-	-	-	-	-	2,583,863		
Other taxes and licenses	-	-	563,385	-	-	-	563,385	-	-	-	-	-	563,385		
Restricted intergovernmental	-	-	-	9,196	-	455,324	464,520	-	62,150	-	-	62,150	526,670		
Investment earnings	-	-	-	-	-	-	-	16,048	-	10,049	-	26,097	26,097		
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-	-		
Total revenues	2,583,863	2,105,578	563,385	9,196	-	455,324	5,717,346	16,048	62,150	10,049	-	89,247	5,805,593		
Expenditures															
Current:															
General Government	-	-	-	-	-	-	-	-	-	-	266,345	266,345	266,345		
Public safety	-	2,142,763	119,425	30,092	-	474,733	2,992,280	-	-	-	-	2,992,280	2,992,280		
Economic and physical development	-	-	-	-	-	-	474,733	-	-	-	-	474,733	474,733		
Education	-	-	-	-	-	-	-	-	-	-	-	-	-		
Capital outlay	-	-	-	-	-	-	-	-	-	-	-	-	-		
Total expenditures	-	2,142,763	119,425	30,092	-	474,733	2,767,013	-	12,978	400,455	266,345	679,778	413,433		
Revenues over (under) expenditures	2,583,863	(37,185)	443,960	(20,896)	-	(19,409)	2,950,333	16,048	49,172	(390,406)	(266,345)	(591,531)	2,358,802		
Other financing sources (uses)															
Debt issued	-	-	-	-	-	-	-	-	2,726,000	-	-	2,726,000	2,726,000		
Transfer from other funds	-	40,700	-	-	-	-	40,700	-	16,666	-	155,000	421,666	462,366		
Transfer to other funds	(2,900,000)	-	-	-	-	-	(2,900,000)	(38,199)	-	-	-	(38,199)	(2,938,199)		
Total other financing sources (uses) - net	(316,137)	40,700	443,960	(20,896)	-	(19,409)	(2,859,300)	(38,199)	16,666	155,000	(111,345)	3,109,467	250,167		
Net changes in fund balance	(316,137)	3,515	443,960	(20,896)	-	(19,409)	91,033	(22,151)	65,838	(111,345)	(111,345)	2,517,936	2,608,989		
Fund balance															
Beginning of year, July 1	1,425,643	74,005	1,171,029	47,437	23,507	66,029	2,807,650	859,445	232,191	490,025	591,809	2,173,470	4,981,120		
End of year, June 30	1,109,506	77,520	1,614,989	26,541	23,507	46,620	2,898,683	837,294	3,075,619	480,464	480,464	4,691,406	7,590,099		

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, 2009
 (With Comparative Totals For the Year Ended June 30, 2008)

	2009		Variance	2008
	Budget	Actual	Positive (Negative)	Actual
Revenues				
Restricted intergovernmental	\$ 2,900,000	\$ 2,583,863	\$ (316,137)	\$ 2,788,942
Interest earnings	-	-	-	23,598
Total revenues	<u>2,900,000</u>	<u>2,583,863</u>	<u>(316,137)</u>	<u>2,812,540</u>
Expenditures				
Education	-	-	-	70,000
Other financing sources (uses)				
Transfer from General Fund	-	-	-	354,000
Transfer to General Fund	(2,900,000)	(2,900,000)	-	(2,620,000)
Total other financing sources (uses) - net	<u>(2,900,000)</u>	<u>(2,900,000)</u>	<u>-</u>	<u>(2,266,000)</u>
Revenues and other financing sources under expenditures and uses	<u>\$ -</u>	<u>(316,137)</u>	<u>\$ (316,137)</u>	<u>476,540</u>
Fund balance				
Beginning of year, July 1		1,425,643		949,103
End of year, June 30		<u>\$ 1,109,506</u>		<u>\$ 1,425,643</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, 2009
(With Comparative Totals For the Year Ended June 30, 2008)

	2009		Variance Positive (Negative)	2008
	Budget	Actual		Actual
Revenues				
Ad valorem taxes	\$ 2,146,364	\$ 2,105,578	\$ (40,786)	\$ 1,958,940
Interest Income	-	-	-	5,849
	<u>2,146,364</u>	<u>2,105,578</u>	<u>(40,786)</u>	<u>1,964,789</u>
Expenditures				
Public safety				
Central Fire District	168,080	168,080	-	165,000
Epsom Fire District	85,000	77,980	7,020	74,844
Gold Sand Fire District	50,000	50,000	-	43,000
Justice Fire District	88,500	81,433	7,067	82,000
Kittrell Fire District	1,000	1,200	(200)	1,000
Pilot Fire District	153,483	153,483	-	144,383
White Level Fire District	70,000	69,477	523	66,500
Brassfield Fire District	6,000	5,632	368	5,768
Mitchiners Crossroads Fire District	115,200	115,200	-	115,200
Hopkins Fire District	9,110	8,675	435	8,570
Franklinton Fire District	205,423	205,423	-	198,310
Youngsville Fire District	828,068	828,068	-	695,068
Bunn Fire District	350,000	323,331	26,669	318,781
Castalia Fire District	1,200	1,200	-	1,200
Centerville Fire District	56,000	53,581	2,419	54,019
Total expenditures	<u>2,187,064</u>	<u>2,142,763</u>	<u>44,301</u>	<u>1,973,643</u>
Revenues under expenditures	<u>(40,700)</u>	<u>(37,185)</u>	<u>3,515</u>	<u>(8,854)</u>
Other financing sources				
Transfer from General fund	<u>40,700</u>	<u>40,700</u>	<u>-</u>	<u>40,700</u>
Revenues and other sources under expenditures	<u>\$ -</u>	<u>3,515</u>	<u>\$ 3,515</u>	<u>31,846</u>
Fund balances				
Beginning of year, July 1		<u>74,005</u>		<u>42,159</u>
End of year, June 30		<u>\$ 77,520</u>		<u>\$ 74,005</u>

Franklin County, North Carolina
Emergency Telephone System Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2009
(With Comparative Totals For the Year Ended June 30, 2008)

	2009		Variance Positive (Negative)	2008
	Budget	Actual		Actual
Revenues				
Other taxes and licenses				
E911 fees	\$ 325,870	\$ 563,385	\$ 237,515	\$ 297,115
Restricted intergovernmental:				
Wireless communications	-	-	-	100,844
Interest earnings	-	-	-	35,946
Total revenues	<u>325,870</u>	<u>563,385</u>	<u>237,515</u>	<u>433,905</u>
Expenditures				
Public safety - E911				
Operating expenses	273,415	102,725	170,690	94,639
Capital outlay	2,895	1,520	1,375	24,926
Total	<u>276,310</u>	<u>104,245</u>	<u>172,065</u>	<u>119,565</u>
Public safety - wireless communications				
Operating expenses	16,560	15,180	1,380	87,568
Capital outlay	433,000	-	433,000	-
Total	<u>449,560</u>	<u>15,180</u>	<u>434,380</u>	<u>87,568</u>
Total expenditures	<u>725,870</u>	<u>119,425</u>	<u>606,445</u>	<u>207,133</u>
Revenues over (under) expenditures	<u>(400,000)</u>	<u>443,960</u>	<u>843,960</u>	<u>226,772</u>
Appropriated fund balance	<u>400,000.00</u>	-	<u>(400,000)</u>	-
Revenues and appropriated fund balance over expenditures	<u>\$ -</u>	<u>443,960</u>	<u>\$ 443,960</u>	<u>226,772</u>
Fund balances				
Beginning of year, July 1		<u>1,171,029</u>		<u>944,257</u>
End of year, June 30		<u>\$ 1,614,989</u>		<u>\$ 1,171,029</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, 2009
(With Comparative Totals For the Year Ended June 30, 2008)

	2009		Variance Positive (Negative)	2008
	Budget	Actual		Actual
Revenues				
Restricted intergovernmental	\$ 65,000	\$ 9,196	\$ (55,804)	\$ 188,786
Interest income	-	-	-	1,945
Total revenues	<u>65,000</u>	<u>9,196</u>	<u>(55,804)</u>	<u>190,731</u>
Expenditures				
Public safety	65,000	30,092	34,908	164,487
Operating expenses				
Revenues over expenditures	<u>\$ -</u>	(20,896)	<u>\$ (20,896)</u>	26,244
Fund balances				
Beginning of year, July 1		47,437		21,193
End of year, June 30		<u>\$ 26,541</u>		<u>\$ 47,437</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, 2009

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

Franklin County, North Carolina
Community Development Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and for the Year Ended June 30, 2009

	Project Author- ization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
Revenues					
Restricted intergovernmental					
CDBG Agreement 06-C-1616	\$ 1,100,000	\$ 20,047	410,324	\$ 430,371	\$ (669,629)
Clean Water Trust Fund 2008-810	45,000	-	45,000	45,000	-
Interest	-	949	-	949	949
Repayment of land sale - CDBG	-	3,204	-	3,204	3,204
Louisburg contribution	5,000	-	-	-	(5,000)
Total revenues	<u>1,150,000</u>	<u>24,200</u>	<u>455,324</u>	<u>479,524</u>	<u>(670,476)</u>
Expenditures					
Scattered Site	1,200,000	28,449	474,733	503,182	696,818
Clean Water Project	-	4,000	-	4,000	(4,000)
Total expenditures	<u>1,200,000</u>	<u>32,449</u>	<u>474,733</u>	<u>507,182</u>	<u>692,818</u>
Revenues under expenditures	<u>(50,000)</u>	<u>(8,249)</u>	<u>(19,409)</u>	<u>(27,658)</u>	<u>22,342</u>
Other financing sources					
Transfer from General fund	50,000	45,000	-	45,000	(5,000)
Revenues and other financing sources over expenditures	<u>\$ -</u>	<u>\$ 36,751</u>	<u>(19,409)</u>	<u>\$ 17,342</u>	<u>\$ 17,342</u>
Fund balance					
Beginning of year, July 1			<u>66,029</u>		
End of year, June 30			<u>\$ 46,620</u>		

Franklin County, North Carolina
COPS Capital Project Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and for the Year Ended June 30, 2009

	<u>Project Author- ization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
Revenues					
Investment earnings	<u>\$ 100,000</u>	<u>\$ 152,154</u>	<u>\$ 16,048</u>	<u>\$ 168,202</u>	<u>\$ 68,202</u>
Other financing uses					
Transfer to General fund	<u>(100,000)</u>	<u>(22,893)</u>	<u>(38,199)</u>	<u>(61,092)</u>	<u>38,908</u>
Revenues over uses	<u>\$ -</u>	<u>\$ 129,261</u>	<u>(22,151)</u>	<u>\$ 107,110</u>	<u>\$ 107,110</u>
Fund balances					
Beginning of year, July 1			<u>859,445</u>		
End of year, June 30			<u>\$ 837,294</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, 2009

	Project Author- ization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
Revenues					
Restricted intergovernmental:					
Interest income	\$ -	\$ 15,286	\$ -	\$ 15,286	\$ 15,286
Project No. 36244.43.7.1 State	40,236	29,788	9,479	39,267	(969)
Project No. 36237.31.9.1 Federal	150,000	-	52,671	52,671	(97,329)
Total revenues	190,236	45,074	62,150	107,224	(83,012)
Expenditures					
Capital outlay:					
Project No. 36244.43.7.1 State	44,707	33,217	10,679	43,896	811
Project No. 36237.31.9.1 Federal	166,667	-	195	195	166,472
County Funded Projects	-	-	2,104	2,104	(2,104)
Administrative costs	-	-	-	-	-
Total expenditures	211,374	33,217	12,978	46,195	165,179
Revenues under expenditures	(21,138)	11,857	49,172	61,029	82,167
Other financing sources					
Transfer from General fund	21,138	10,165	16,666	26,831	5,693
Revenues and other financing sources over (under) expenditures	\$ -	\$ 22,022	65,838	\$ 87,860	\$ 87,860
Fund balance					
Beginning of year, July 1			232,191		
End of year, June 30			\$ 298,029		

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, 2009

	Project Author- ization	Actual		Total to Date	Variance Positive (Negative)
		Prior Year	Current Year		
Revenues					
Intergovernmental revenues	\$ 500,000	\$ -	\$ -	\$ -	\$ (500,000)
Interest earnings	-	59,818	10,049	69,867	69,867
Total revenues	500,000	59,818	10,049	69,867	(430,133)
Expenditures					
Construction	5,050,000	2,111,944	400,455	2,512,399	2,537,601
Other financing sources					
Issuance of debt	4,050,000	1,280,000	2,726,000	4,006,000	(44,000)
Transfer from General fund	500,000	654,825	250,000	904,825	404,825
Total other sources	4,550,000	1,934,825	2,976,000	4,910,825	360,825
Total revenues and other financing sources over (under) expenditures	\$ -	\$ (117,301)	2,585,594	\$ 2,468,293	\$ 2,468,293
Fund balance					
Beginning of year, July 1			490,025		
End of year, June 30			\$ 3,075,619		

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, 2009

	Project Author- ization	Actual		Total to Date	Variance Positive (Negative)
		Prior Year	Current Year		
Revenues					
Interest earnings	\$ -	\$ 18,425	\$ -	\$ 18,425	\$ 18,425
Expenditures					
Appraisal	708,000	151,840	266,345	418,185	289,815
Other financing sources					
Transfer from General fund	108,000	124,503	155,000	279,503	171,503
Transfer from Special Revenue Fund	-	600,721	-	600,721	600,721
Total other sources	108,000	725,224	155,000	880,224	772,224
Appropriated fund balance	600,000	-	-	-	(600,000)
Total revenues and other financing sources over expenditures	\$ -	\$ 591,809	(111,345)	\$ 480,464	\$ 480,464
Fund balance					
Beginning of year, July 1			591,809		
End of year, June 30			\$ 480,464		

Franklin County, North Carolina
Water and Sewer Fund
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
For the Year Ended June 30, 2009

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Operating revenues			
Water fees	\$ 4,297,350	\$ 3,986,083	\$ (311,267)
Sewer fees	1,141,221	1,274,065	132,844
Other charges for services	789,962	461,711	(328,251)
	<u>6,228,533</u>	<u>5,721,859</u>	<u>(506,674)</u>
Nonoperating revenues:			
Interest earnings	-	158	158
Total revenues	<u>6,228,533</u>	<u>5,722,017</u>	<u>(506,516)</u>
Expenditures - Water Dept			
Salaries and employee benefits	563,146	563,927	(781)
Water purchases	3,000,000	2,833,153	166,847
Other operating expenditures	378,960	375,416	3,544
Capital outlay	27,700	10,862	16,838
Debt service:			
Interest and other charges	429,780	428,877	903
Debt principal	460,000	460,000	-
Total expenditures - Water	<u>4,859,586</u>	<u>4,672,235</u>	<u>187,351</u>
Expenditures - Sewer Dept			
Salaries and employee benefits	292,706	293,097	(391)
Other operating expenditures	479,450	429,562	49,888
Capital outlay	81,000	80,736	264
Debt service:			
Interest and other charges	483,860	381,906	101,954
Debt principal	979,745	847,999	131,746
Total expenditures - Sewer	<u>2,316,761</u>	<u>2,033,300</u>	<u>283,461</u>
Total expenditures	<u>7,176,347</u>	<u>6,705,535</u>	<u>470,812</u>
Appropriated fund balance	<u>997,937</u>	-	<u>(997,937)</u>
Revenues and appropriated fund balance under expenditures	<u>\$ 50,123</u>	<u>\$ (983,518)</u>	<u>\$ (1,975,265)</u>
Reconciliation from budgetary basis (modified accrual) to full accrual			
Revenues and other financing sources over expenditures		\$ (983,518)	
Dept payments		1,307,999	
Depreciation		(852,625)	
Capital outlay		91,398	
Decrease in accrued vacation pay		1,172	
Increase in other postemployment benefits		<u>(65,328)</u>	
Water and Sewer Fund full accrual		<u>(500,702)</u>	
Water and Sewer Capital Project Fund full accrual		<u>267,136</u>	
Change in net assets		<u>\$ (233,566)</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, 2009

	Project Author - ization	Prior Year	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues					
Restricted intergovernmental:					
Federal grants	\$ -	\$ 959,599	\$ -	\$ 959,599	\$ 959,599
State grants	465,120	1,150,000	215,239	1,365,239	900,119
Investment earnings	12,000	214,043	52,091	266,134	254,134
Total revenues	<u>477,120</u>	<u>2,323,642</u>	<u>267,330</u>	<u>2,590,972</u>	<u>2,113,852</u>
Expenditures					
Construction	<u>7,615,029</u>	<u>7,507,277</u>	<u>1,726,300</u>	<u>9,233,577</u>	<u>(1,618,548)</u>
Revenues under expenditures	<u>(7,137,909)</u>	<u>(5,183,635)</u>	<u>(1,458,970)</u>	<u>(6,642,605)</u>	<u>495,304</u>
Other financing sources (uses)					
Transfer from General fund	419,917	505,294	-	505,294	85,377
Transfer to General fund	(2,000)	(719)	(194)	(913)	1,087
Transfer from Water and Sewer fund	600,000	600,000	-	600,000	-
Transfer to Water and Sewer fund	-	(167,909)	-	(167,909)	(167,909)
Proceeds from debt	<u>5,262,150</u>	<u>6,500,000</u>	<u>1,974,000</u>	<u>8,474,000</u>	<u>3,211,850</u>
Total other financing sources (uses) - net	<u>6,280,067</u>	<u>7,436,666</u>	<u>1,973,806</u>	<u>9,410,472</u>	<u>3,130,405</u>
Appropriated fund balance	857,842	-	-	-	(857,842)
Revenues, appropriated fund balance, and other financing sources over expenditures and uses	<u>\$ -</u>	<u>\$ 2,253,031</u>	<u>\$ 514,836</u>	<u>\$ 2,767,867</u>	<u>\$ 2,767,867</u>
Reconciliation from budgetary basis (modified accrual) to full accrual					
Revenues and other sources over expenditures and other uses			\$ 514,836		
proceeds from debt			(1,974,000)		
Capital outlay			<u>1,726,300</u>		
			<u>\$ 267,136</u>		

Franklin County, North Carolina
Insurance Fund
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
For the Year Ended June 30, 2009
(With Comparative Totals For the Year Ended June 30, 2008)

	2009			2008
	Budget	Actual	Variance Positive (Negative)	Actual
Revenues				
Contributions from employees	\$ 5,741,374	\$ 5,554,808	\$ (186,566)	\$ 5,083,709
Interest earnings	-	62	62	1,984
Total revenues	<u>5,741,374</u>	<u>5,554,870</u>	<u>(186,504)</u>	<u>5,085,693</u>
Expenditures				
Health insurance	4,786,374	4,825,754	(39,380)	4,656,338
Property and liability insurance	375,000	358,098	16,902	313,628
Workers' compensation insurance	500,000	201,705	298,295	454,746
Unemployment claims	80,000	72,953	7,047	42,093
Total expenditures	<u>5,741,374</u>	<u>5,458,510</u>	<u>282,864</u>	<u>5,466,805</u>
Revenues over (under) expenditures	-	96,360	96,360	(381,112)
Appropriated fund balance	<u>456,177</u>	-	<u>(456,177)</u>	-
Revenues and appropriated fund balance over (under) expenditures	<u>\$ 456,177</u>	96,360	<u>\$ (359,817)</u>	<u>\$ (381,112)</u>
Fund balances				
Beginning of year, July 1		<u>115,484</u>		
End of year, June 30		<u>\$ 211,844</u>		
Reconciliation from financial plan basis (modified accrual) to full accrual:				
Total revenues		\$ 5,554,870		
Total expenditures		<u>5,458,510</u>		
Change in net assets		<u>\$ 96,360</u>		

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Franklin County, North Carolina
Agency Funds
Combining Statement of Changes in Assets and Liabilities
For the Year Ended June 30, 2009

	Balance July 1, 2008	Additions	Deductions	Balance June 30, 2009
Social Services				
Assets				
Cash and cash equivalents	\$ 58,842	\$ 243,933	\$ 234,908	\$ 67,867
Liabilities				
Miscellaneous liabilities	\$ 58,842	\$ 243,933	\$ 234,908	\$ 67,867
Fines and Forfeitures				
Assets				
Cash and cash equivalents	\$ -	\$ 325,838	\$ 325,838	\$ -
Liabilities				
Intergovernmental payable	\$ -	\$ 325,838	\$ 325,838	\$ -
Motor Vehicle Tax				
Assets				
Cash and cash equivalents	\$ -	\$ 2,363,522	\$ 2,363,522	\$ -
Liabilities				
Miscellaneous liabilities	\$ -	\$ 2,363,522	\$ 2,363,522	\$ -
State Vehicle Interest				
Assets				
Cash and cash equivalents	\$ 2,791	\$ 34,689	\$ 35,212	\$ 2,268
Liabilities				
Intergovernmental payable	\$ 2,791	\$ 34,689	\$ 35,212	\$ 2,268
Jail Fund				
Assets				
Cash and cash equivalents	\$ 8,571	\$ 179,413	\$ 179,606	\$ 8,378
Liabilities				
Miscellaneous liabilities	\$ 8,571	\$ 179,413	\$ 179,606	\$ 8,378
Totals - All Agency Funds				
Assets				
Cash and cash equivalents	\$ 70,204	\$ 3,147,395	\$ 3,139,086	\$ 78,513
Liabilities				
Miscellaneous liabilities	\$ 67,413	\$ 2,786,868	\$ 2,778,036	\$ 76,245
Intergovernmental payable	2,791	360,527	361,050	2,268
Total liabilities	\$ 70,204	\$ 3,147,395	\$ 3,139,086	\$ 78,513

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Franklin County, North Carolina
General Fund
Schedule of Ad Valorem Taxes Receivable
June 30, 2009

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2008</u>	<u>Additions</u>	<u>Collections And Credits</u>	<u>Uncollected Balance June 30, 2009</u>
2008-2009	\$ -	\$ 32,209,611	\$ 30,897,685	\$ 1,311,926
2006-2008	1,303,493	-	845,449	458,044
2005-2006	289,929	-	119,761	170,168
2004-2005	172,406	-	53,191	119,215
2003-2004	103,824	-	12,677	91,147
2002-2003	97,697	-	6,188	91,509
2001-2002	120,668	-	30,784	89,884
2000-2001	76,422	-	2,955	73,467
1999-2000	60,435	-	2,445	57,990
1998-1999	45,033	-	1,220	43,813
1997-1998	43,997	-	43,997	-
	<u>\$ 2,313,904</u>	<u>\$ 32,209,611</u>	<u>\$ 32,016,352</u>	<u>2,507,163</u>

Beginning balance has been increased by \$174,669 to correct error.

Add: receivable for Late Listing and Lien Costs	52,760
Less: allowance for uncollectible accounts:	<u>(151,000)</u>
Ad valorem taxes receivable - net	<u>\$ 2,408,923</u>
Reconciliation with revenues	
Ad valorem taxes - General Fund	<u>\$ 32,229,746</u>
Reconciling items:	
Amounts written off for 1997-1998 levy	42,821
Interest collected	(308,210)
Discounts and adjustments	<u>51,995</u>
Total reconciling items	<u>(213,394)</u>
Total collections and credits	<u>\$ 32,016,352</u>

Franklin County, North Carolina
Analysis of Current Tax Levy
County - wide Levy
For the Year Ended June 30, 2009

	County - wide			Total Levy	
	Property Valuation	Rate	Amount of Levy	Property excloding Registered Motor Vehicles	Registered Motor Vehicles
Original levy					
Property taxed at current year's rate	\$ 3,377,509,301	0.822500%	\$ 27,780,014	\$ 27,780,014	\$ -
Motor vehicles taxed at current year's rate	260,554,529	0.822500%	2,143,061	-	2,143,061
Motor vehicles taxed at prior year's rate	150,950,881	0.822500%	1,241,571	-	1,241,571
Total	<u>3,789,014,711</u>		<u>31,164,646</u>	<u>27,780,014</u>	<u>3,384,632</u>
Discoveries					
Current year taxes	304,338,845	0.822500%	2,503,187	2,457,748	45,439
Prior year taxes	-		51,252	51,252	-
Late listing	-		23,961	23,961	-
Lien costs	-		28,799	28,799	-
Discounts	-		(145,218)	(145,218)	-
Abatements and releases	<u>(172,281,581)</u>		<u>(1,417,016)</u>	<u>(1,311,512)</u>	<u>(105,504)</u>
Total	<u>\$ 3,921,071,975</u>		32,209,611	28,885,044	3,324,567
Less, uncollected taxes at June 30, 2009			<u>1,311,926</u>	<u>800,383</u>	<u>511,543</u>
Current year's taxes collected			<u>\$ 30,897,685</u>	<u>\$ 28,084,661</u>	<u>\$ 2,813,024</u>
Current levy collection percentage			<u>95.93%</u>	<u>97.23%</u>	<u>84.61%</u>

**Franklin County, North Carolina
Analysis of Current Tax Levy
County - wide Levy
For the Year Ended June 30, 2009**

Secondary Market Disclosures:

Assessed Valuation:		
Assessment Ratio ¹		100 %
Real Property	\$	3,194,138,237
Personal Property		595,944,194
Public Service Companies ²		130,989,544
Total Assessed Valuation	\$	3,921,071,975
Tax Rate per \$100		0.8225
Levy (includes discoveries, releases and abatements)³	\$	32,209,611
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, 2009:		
Fire Protection Districts	\$	2,113,434

¹ Percentage of appraised value has been established by statute.

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

³ The levy includes interest and penalties.

Franklin County, North Carolina
Ten Largest Taxpayers
For the Year Ended June 30, 2009

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Novo Nordisk	Manufacturing	\$ 106,665,547	2.61%
Progress Energy	Utility	51,791,534	1.27%
CenturyLink	Utility	37,250,066	0.91%
Wake Electric Membership Corporation	Utility	28,662,366	0.70%
Louisburg HMA	Hospital	13,243,113	0.32%
Southern Lithoplate	Manufacturing	10,403,122	0.25%
Harold G. Bagwell	Real Estate	10,059,457	0.25%
Sirchie Finger Print Labs	Manufacturing	8,626,188	0.21%
Olde Liberty Club, Inc	Real Estate	8,620,120	0.21%
Mosswood Partners	Real Estate	8,512,180	0.21%
Total		\$ 283,833,693	6.93%

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

	F.Y.E. 2009	F.Y.E. 2008	F.Y.E. 2007	F.Y.E. 2006	F.Y.E. 2005	F.Y.E. 2004	F.Y.E. 2003	F.Y.E. 2002	F.Y.E. 2001	F.Y.E. 2000
Governmental activities										
Invested in capital assets, net of related debt	\$11,105,092	\$22,829,989	\$24,016,990	\$21,679,627	NA	NA	NA	NA	NA	NA
Restricted	(17,970,151)	(30,171,887)	(17,329,425)	891,761	NA	NA	NA	NA	NA	NA
Unrestricted										
Total governmental activities net assets	<u>(\$6,865,059)</u>	<u>(\$7,341,898)</u>	<u>\$6,687,565</u>	<u>\$22,571,388</u>	NA	NA	NA	NA	NA	NA
Business-type activities										
Invested in capital assets, net of related debt	7,884,229	7,638,425	10,041,448	9,680,354	NA	NA	NA	NA	NA	NA
Unrestricted	5,620,515	6,098,885	3,760,491	2,690,478	NA	NA	NA	NA	NA	NA
Total business-type activities net assets	<u>\$13,504,744</u>	<u>\$13,738,310</u>	<u>\$13,801,939</u>	<u>\$12,370,832</u>	NA	NA	NA	NA	NA	NA
Primary government										
Invested in capital assets, net of related debt	\$18,989,321	\$30,469,414	\$34,058,438	\$31,359,981	NA	NA	NA	NA	NA	NA
Restricted	0	0	0	0	NA	NA	NA	NA	NA	NA
Unrestricted	(12,349,636)	(24,073,002)	(13,568,934)	3,582,239	NA	NA	NA	NA	NA	NA
Total primary government net assets	<u>\$6,639,685</u>	<u>\$6,396,412</u>	<u>\$20,489,504</u>	<u>\$34,942,220</u>	NA	NA	NA	NA	NA	NA

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.

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

	F.Y.E. 2009	F.Y.E. 2008	F.Y.E. 2007	F.Y.E. 2006	F.Y.E. 2005
Expenses					
Governmental Activities					
General government	\$5,619,743	\$4,325,531	\$7,154,891	\$3,772,123	\$5,686,247
Public Safety	17,287,411	17,743,122	14,440,777	12,328,799	11,462,533
Economic and physical development	5,734,787	5,694,167	2,627,867	3,107,944	3,212,065
Human services	18,243,826	18,321,190	18,251,014	17,358,323	15,821,501
Cultural and recreation	1,293,831	1,728,413	1,383,297	1,275,730	1,087,237
Education	16,985,160	32,065,518	12,209,081	13,617,183	11,202,659
Interest on long-term debt	3,002,457	2,508,273	1,697,224	1,351,352	1,146,215
Total governmental activities expenses	\$68,167,215	\$82,388,214	\$57,764,151	\$52,811,454	\$49,618,457
Business-type activities					
Water and Sewer Department	6,222,719	5,944,894	5,679,134	5,341,717	4,792,247
Total business-type activities expense	6,222,719	5,944,894	5,679,134	5,341,717	4,792,247
Total primary government expenses	\$74,389,934	\$88,331,108	\$63,443,285	\$58,153,171	\$54,410,704
Program Revenues					
Governmental activities:					
Charges for services:					
General government	\$318,880	\$374,128	\$690,055	\$765,073	\$853,792
Public Safety	4,658,370	2,290,945	3,669,494	2,005,405	3,056,930
Economic and physical development	2,701,616	2,709,670	2,509,345	1,227,746	1,245,584
Human services	4,034,367	3,644,913	4,369,288	4,902,180	3,603,385
Cultural and recreation	131,291	30,394	70,066	54,551	48,557
Operating grants and contributions	8,441,731	10,347,360	6,490,849	6,805,749	7,485,903
Capital Grants and Contributions	1,751,120	1,279,853	1,257,057	1,443,355	620,758
Total governmental activities program revenues	22,037,375	20,677,263	19,056,154	17,204,059	16,914,909
Business-type activities:					
Charges for services:					
Water and sewer	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	0	40,000	400,000	-	540,400
Total business-type activities program revenues	5,937,098	5,881,469	6,680,308	5,040,245	4,768,157
Total primary government program revenues	\$27,974,473	\$26,558,732	\$25,736,462	\$22,244,304	\$21,683,066

continued

	F.Y.E. 2009	F.Y.E. 2008	F.Y.E. 2007	F.Y.E. 2006	F.Y.E. 2005
Net (Expense)/Revenue					
Governmental activities	(\$46,129,840)	(\$61,708,951)	(\$38,707,997)	(\$35,607,395)	(\$32,703,548)
Business-type activities	(285,621)	(63,425)	1,001,174	(301,472)	(24,090)
Total primary government net expense	(\$46,415,461)	(\$61,772,376)	(\$37,706,823)	(\$35,908,867)	(\$32,727,638)
General Revenues and Other Changes in Net Assets					
Governmental activities					
Taxes:					
Property Taxes	\$34,714,146	\$33,151,702	\$30,083,554	\$28,883,215	\$27,545,182
Sales Taxes	9,526,281	11,207,755	11,152,255	10,102,630	9,434,955
Investment Earnings	532,190	1,741,188	2,170,710	1,002,338	464,709
Miscellaneous - Unrestricted	1,616,200	1,313,221	1,513,097	1,460,931	683,157
Transfers	194	265,622	(298,492)	(915,272)	(1,341,117)
Total government activities	46,389,011	47,679,488	44,621,124	40,533,842	36,786,886
Business-type activities:					
Investment earnings	52,249	265,418	131,441	58,743	37,881
Transfers	(194)	(265,622)	298,492	915,272	1,341,117
Total business-type activities	52,055	(204)	429,933	974,015	1,378,998
Total primary government	\$46,441,066	\$47,679,284	\$45,051,057	\$41,507,857	\$38,165,884
Change in Net Assets					
Governmental activities	\$92,518,851	\$109,388,439	\$83,329,121	\$76,141,237	\$69,490,434
Business-type activities	(233,566)	(63,629)	1,431,107	672,543	1,354,908
Total primary government	\$92,285,285	\$109,324,810	\$84,760,228	\$76,813,780	\$70,845,342

Note: The county began to report accrual information when it implemented GASB Statement 34 in fiscal year 2005-2006. Information not available for fiscal years before FYE 2005-2006.

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

	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
	E.Y.E.	E.Y.E.	E.Y.E.	E.Y.E.	E.Y.E.	E.Y.E.	E.Y.E.	E.Y.E.	E.Y.E.	E.Y.E.
General Fund										
Reserved	\$3,124,757	\$2,481,839	\$4,106,149	\$3,318,202	\$1,865,697	\$2,340,493	\$2,987,313	\$2,598,169	\$2,143,087	\$1,789,831
Unreserved - restricted	\$2,459,286	\$4,306,826	\$2,760,430	\$3,413,413	2,665,434	1,324,861	1,520,050	2,500,640	1,811,761	2,823,948
Unreserved - Undesignated	13,568,126	11,455,767	11,730,851	12,164,676	12,870,944	10,033,424	8,988,565	7,173,874	7,745,970	7,286,978
Total general fund	\$19,153,171	\$18,246,432	\$18,597,430	\$18,897,293	\$17,422,075	\$13,698,778	\$13,505,948	\$12,282,683	\$11,700,828	\$12,010,757
All other Governmental Funds										
Reserved	3,661,522	4,689,959	2,825,146	1,359,771	1,476,760	1,368,317	1,760,634	1,766,715	742,876	2,216,142
Unreserved, reported in:										
Special revenue funds	2,449,207	2,290,957	2,120,902	1,838,870	879,396	3,169,569	2,796,099	2,407,477	2,142,119	1,895,696
Capital projects funds	1,112,012	1,396,415	13,107,522	(543,126)	1,740,520	298,872	529,217	178,589	4,846,142	(137,329)
Total all other governmental funds	\$7,222,741	\$8,377,331	\$18,153,570	\$2,653,512	\$4,086,666	\$4,836,758	\$5,085,850	\$4,352,761	\$7,533,139	\$3,974,489

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

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

	F.Y.E. 2009	F.Y.E. 2008	F.Y.E. 2007	F.Y.E. 2006	F.Y.E. 2005	F.Y.E. 2004	F.Y.E. 2003	F.Y.E. 2002	F.Y.E. 2001	F.Y.E. 2000
Revenues										
Taxes	\$34,403,249	\$32,680,351	\$30,126,452	\$28,870,947	\$27,608,437	\$26,414,550	\$25,266,653	\$22,964,733	\$20,097,374	\$18,913,984
Sales Tax	9,526,281	11,207,755	11,152,255	10,102,630	9,434,955	8,379,344	6,954,074	6,345,460	6,311,134	6,217,906
Other taxes and licenses	565,845	299,491	289,430	299,512	264,775	273,067	261,224	269,212	250,749	330,081
Unrestricted intergovernmental	552,577	637,646	348,831	302,293	272,333	309,898	255,169	659,512	1,100,522	1,093,653
Restricted intergovernmental	10,066,937	9,360,249	7,905,708	8,159,323	7,576,655	7,347,755	8,875,627	11,399,115	10,005,999	12,952,689
Permits and Fees	1,196,976	2,268,394	2,154,766	1,804,380	1,528,965	1,312,113	1,212,207	1,026,251	980,898	1,034,661
Sales and service	10,836,080	9,097,445	9,431,137	7,547,553	7,528,753	7,163,442	7,069,189	6,200,518	5,233,026	4,617,772
Investment Earnings	532,190	1,739,204	2,143,720	979,838	480,463	257,474	357,237	569,923	1,209,803	1,144,743
Other revenues	306,259	120,879	172,869	603,775	425,026	415,691	246,941	260,530	486,074	114,754
Total revenues	67,986,394	67,411,414	63,725,168	58,670,251	55,120,362	51,873,334	50,498,321	49,695,254	45,675,579	46,420,243
Expenditures										
General government	4,622,336	4,947,681	6,887,064	3,808,263	4,411,047	3,936,179	3,425,795	2,661,002	2,892,083	3,486,849
Public Safety	16,896,492	16,989,641	14,136,087	12,517,803	10,909,475	10,932,115	10,042,570	9,027,151	9,101,312	8,226,707
Economic and Physical development	5,419,791	5,397,420	5,128,599	4,896,599	5,598,734	5,295,621	4,297,477	1,790,994	822,495	858,387
Human Services	17,436,101	18,410,690	17,937,867	17,415,333	16,292,325	15,305,034	14,631,324	14,454,618	13,973,949	13,168,414
Cultural and recreation	1,346,031	1,625,597	1,286,120	1,198,617	1,015,483	1,126,094	1,015,441	1,724,629	973,244	964,865
Education	13,196,086	13,061,750	12,209,081	13,617,183	11,202,659	10,004,326	11,305,139	7,381,815	6,948,736	7,477,175
Capital outlay	4,189,528	19,902,241	20,280,156	392,655	445,671	582,658	349,022	9,890,303	6,620,167	7,039,483
Debt service:										
Principal	4,920,907	3,837,682	2,738,778	2,888,782	2,508,598	2,605,200	2,591,256	2,562,902	2,274,615	2,254,358
Interest and other fees	3,004,725	2,508,273	1,697,224	1,351,352	1,502,858	1,588,798	1,702,372	1,825,453	1,740,010	1,846,467
Total Expenditures	71,231,997	86,680,975	82,300,976	58,086,587	53,886,850	51,376,025	49,360,396	51,318,867	45,346,611	45,322,705
Excess of revenues over (under) expenditures	(3,245,603)	(19,269,561)	(18,575,808)	583,664	1,233,512	497,309	1,137,925	(1,623,613)	328,968	1,097,538
Other Financing Sources (Uses)										
Transfers to other funds	(3,400,565)	(3,926,247)	(3,124,502)	(3,953,044)	(5,070,524)	(3,680,370)	(4,372,737)	(4,505,060)	(3,678,763)	(3,160,899)
Transfers from other funds	3,400,769	4,191,869	2,826,010	3,037,772	3,729,407	2,307,497	3,372,930	3,505,060	2,456,288	3,211,108

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

	F.Y.E. 2009	F.Y.E. 2008	F.Y.E. 2007	F.Y.E. 2006	F.Y.E. 2005	F.Y.E. 2004	F.Y.E. 2003	F.Y.E. 2002	F.Y.E. 2001	F.Y.E. 2000
Sale of capital assets	0	245,728	5,000	-	35,150	177,172	2,397	5,090	142,238	36,882
Inc.(Dec) in reserve for inventory	(40,025)	0	(25,495)	56,965	-	-	-	-	-	-
Proceeds from long-term debt	14,905,000	8,600,000	34,095,000	304,707	3,150,000	642,000	-	-	4,000,000	-
Proceeds of refunded debt	(11,867,417)	-	-	-	5,550,000	-	-	-	-	-
Payment to refunded debt escrow	-	-	-	-	(5,586,950)	-	-	-	-	-
Total other financing sources (uses)	2,997,752	9,111,350	33,776,013	(553,600)	1,807,083	(553,701)	(997,410)	(994,910)	2,919,743	87,091
Net changes in fund balance	(247,851)	(10,158,211)	15,200,205	30,064	3,040,595	(56,392)	140,515	(2,618,523)	3,248,711	1,184,629
Debt service as a percentage of noncapital expenditures	11.82%	9.50%	7.15%	7.35%	7.51%	8.26%	8.76%	10.59%	10.37%	10.71%

County of Franklin, North Carolina

Ratio of Net General Obligation Bonded Debt to Assessed Value and

Net General Obligation Bonded Debt per Capita

Last Ten Years

Fiscal Year Ended June 30	Assessed Value	Net General Obligation Bonded Debt	Ratio of Net General Obligation Bonded Debt to Assessed Value	Population	Net General Obligation Bonded Debt Per Capita
2000	2,128,005,580	17,813,000	0.8371%	45,332	392.95
2001	2,153,377,354	16,800,000	0.7802%	47,545	353.35
2002	2,279,050,498	15,825,000	0.6944%	48,818	324.16
2003	2,372,672,790	14,850,000	0.6259%	51,079	290.73
2004	2,505,635,618	13,875,000	0.5538%	52,855	262.51
2005	3,103,720,609	14,600,000	0.4704%	54,181	269.47
2006	3,388,554,430	13,445,000	0.3968%	55,449	242.48
2007	3,553,765,823	32,235,000	0.9071%	55,886	576.80
2008	3,785,255,683	38,800,000	1.0250%	56,470	687.09
2009	3,921,071,975	31,730,000	0.8092%	57,332	553.44

Source: NC Office of State Planning.

Franklin County Tax Assesor's Office

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

Fiscal Year Ended June 30	Principal	Interest on Bonds	Total Debt Service	Total General Governmental Expenditures	Ratio of Debt Debt Service to Total General Governmental Expenditures
2000	937,000	935,875	1,872,875	45,322,705	4.13%
2001	925,000	878,275	1,803,275	45,348,611	3.98%
2002	975,000	832,800	1,807,800	51,318,867	3.52%
2003	975,000	784,700	1,759,700	49,360,396	3.57%
2004	975,000	736,600	1,711,600	51,375,995	3.33%
2005	975,000	688,250	1,663,250	53,886,850	3.09%
2006	1,115,000	611,492	1,726,492	58,086,587	2.97%
2007	1,120,000	553,118	1,673,118	82,300,976	2.03%
2008	2,125,000	1,508,880	3,633,880	86,680,975	4.19%
*2009	7,070,000	1,703,571	8,773,571	71,231,997	12.32%

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

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

	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Assessed Value of Taxable Property	3,921,071,975	3,765,255,683	3,553,765,823	3,388,554,430	3,103,720,609	2,505,635,618	2,372,622,790	2,278,050,499	2,153,377,354	2,128,005,590
Debt Limit - 8 Percent of Assessed Value	\$313,685,758	\$302,820,455	\$284,301,266	\$271,084,354	\$248,297,649	\$200,450,849	\$189,009,823	\$182,324,040	\$172,270,188	\$170,240,446
	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Gross debt										
Total bonded debt	31,730,000	38,800,000	32,325,000	13,445,000	14,600,000	13,875,000	14,850,000	15,825,000	16,800,000	17,813,000
Authorized and unissued bonds	53,000,000	53,000,000	8,600,000	28,600,000	28,600,000	-	-	-	-	-
Lease financing agreements	31,236,182	28,389,423	27,762,105	15,343,228	16,940,000	16,690,160	17,711,099	19,327,365	20,915,257	18,214,872
Gross Debt	\$115,966,182	\$120,189,423	\$68,687,105	\$57,388,228	\$60,040,000	\$30,565,160	\$32,561,099	\$35,152,365	\$37,715,257	\$36,027,872
Total net debt applicable to limit	\$115,966,182	\$120,189,423	\$68,687,105	\$57,388,228	\$60,040,000	\$30,565,160	\$32,561,099	\$35,152,365	\$37,715,257	\$36,027,872
Legal Debt Margin	\$197,719,656	\$182,631,032	\$215,614,161	\$213,696,126	\$188,257,649	\$169,085,689	\$157,248,724	\$147,171,685	\$134,554,931	\$134,212,574
Total net debt applicable to the limit as a percentage of debt limit	36.97%	39.69%	24.16%	21.17%	24.18%	15.25%	17.15%	19.28%	21.89%	21.16%

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

Fiscal Year Ended June 30	Town of Bunn	Town of Franklinton	Town of Louisburg	Town of Youngsville	Franklin County	Wake Forest	Total
2000	0.7600	0.6200	0.4950	0.6600	0.8300	NA	3.3650
2001	0.7600	0.6400	0.5150	0.6600	0.8800	NA	3.4550
2002	0.7600	0.6800	0.5250	0.6600	0.9450	NA	3.5700
2003	0.7600	0.6800	0.5250	0.6600	0.9995	NA	3.6245
2004	0.6900	0.6800	0.4850	0.5600	0.9995	0.5400	3.9545
2005	0.6900	0.6800	0.4850	0.5600	0.7900	0.5400	3.7450
2006	0.6900	0.6800	0.4850	0.5600	0.7900	0.5400	3.7450
2007	0.6900	0.6800	0.4850	0.5600	0.7900	0.5400	3.7450
2008	0.6900	0.6800	0.4850	0.5400	0.8225	0.5500	3.7675
2009	0.6900	0.6800	0.5350	0.5400	0.8225	0.5100	3.7775

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

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

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

Fiscal Year Ended June 30	Real Property	Personal Property	Public Service Company Property	Total Assessed Value	County Tax Rate	Revenue Generated
2000	1,710,691,564	340,301,621	77,012,395	\$2,128,005,580	0.8300	17,662,446
2001	1,670,944,146	402,272,197	80,161,011	\$2,153,377,354	0.8800	18,949,721
2002	1,737,762,751	451,096,588	90,191,159	\$2,279,050,498	0.9450	21,537,027
2003	1,840,115,056	458,722,309	73,785,425	\$2,372,622,790	0.9995	23,714,365
2004	1,924,008,866	508,064,402	73,562,350	\$2,505,635,618	0.9995	25,043,828
2005	2,510,945,604	499,925,053	92,849,952	\$3,103,720,609	0.7900	24,519,393
2006	2,573,038,787	719,423,960	96,091,683	\$3,388,554,430	0.7900	26,769,580
2007	2,902,730,621	531,693,579	119,341,623	\$3,553,765,823	0.7900	28,074,750
2008	3,086,546,778	552,724,295	123,678,987	\$3,762,950,060	0.8225	30,950,264
2009	3,194,138,237	595,944,194	130,989,544	\$3,921,071,975	0.8225	32,250,817

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

Fiscal Year Ended June 30	Total Tax Levy	Current Tax Levy	% of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Ratio of Total Tax Collections To Tax Levy	Outstanding Delinquent Taxes	Ratio of Delinquent Taxes to Tax Levy
2000	18,779,088	17,735,569	95.90%	587,486	18,323,055	97.57%	1,178,265	6.27%
2001	20,099,929	18,921,664	95.10%	633,257	19,554,921	97.29%	1,474,335	7.34%
2002	23,041,108	21,566,773	95.70%	823,596	22,390,369	97.18%	650,739	2.82%
2003	25,294,585	23,725,840	95.70%	834,749	24,560,589	97.10%	733,996	2.90%
2004	26,812,621	25,044,383	96.06%	878,243	25,922,626	96.68%	889,995	3.32%
2005	27,545,220	25,667,255	96.74%	933,346	26,600,601	96.57%	944,619	3.43%
2006	28,502,647	26,738,015	96.88%	850,441	26,738,015	93.81%	1,764,632	6.19%
2007	29,633,368	27,868,736	97.10%	884,048	27,944,872	94.30%	1,688,496	5.70%
2008	32,650,011	30,961,515	96.34%	681,402	30,510,776	93.45%	2,139,235	6.55%
2009	34,523,515	32,209,611	95.93%	1,001,978	32,016,352	92.74%	2,507,163	7.26%

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

Fiscal Year Ended June 30	Ad Valorem Taxes	Sales Tax	Other Taxes and Licenses	Intergovernmental Revenues	Permit and Fees	Sales and Services	Investment Earnings	Miscellaneous Revenues	Total
2000	18,913,984	6,217,906	330,081	13,686,342	1,034,661	4,617,772	1,144,743	114,754	\$46,060,243
2001	20,097,374	6,311,134	250,749	11,106,521	980,898	5,233,026	1,209,803	486,074	\$45,675,579
2002	22,964,733	6,345,460	269,212	12,058,627	1,026,251	6,200,518	569,923	260,530	\$49,695,254
2003	25,266,653	6,954,074	261,224	9,130,796	1,212,207	7,069,189	357,237	246,941	\$50,498,321
2004	26,414,550	8,379,344	273,067	7,657,653	1,312,113	7,163,442	257,474	415,691	\$51,873,334
2005	27,608,437	9,434,955	264,776	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	979,888	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

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

County of Franklin NC
 Ratios of Outstanding Debt by Type
 Last Ten Fiscal Years

Fiscal Year	Governmental Activities				Business-type Activities				Total Primary Government	Per Capita Income	Personal Income	Percentage of Personal Income	Population	Debt Per Capita
	General Obligation Bonds	Installment Financings	Certificates of Participation	General Obligation Bonds	Installment Financings	Certificates of Participation	General Obligation Bonds	Installment Financings						
2000	17,775,000	1,015,868	17,199,004	-	-	10,855,000	46,844,872	19,003	861,443,996	5,4379%	45,332	1,033		
2001	16,800,000	4,805,124	16,110,166	-	3,600,000	10,505,000	51,620,290	20,932	995,211,940	5,2070%	47,545	1,090		
2002	15,925,000	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	3,7367%	54,181	907		
2006	13,445,000	4,394,873	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		

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

Fiscal Year Ended June 30	General Government	Public Safety	Trans- portation	Economic and Physical Development	Human Services	Cultural & Recreation	Education	Capital Outlay	Debt Service	Total
2000	3,486,849	8,226,707	53,668	804,719	13,168,414	964,865	7,477,175	7,039,483	4,100,825	\$45,322,70
2001	2,892,083	9,101,312	61,446	761,049	13,973,949	973,244	6,948,736	6,620,167	4,014,625	\$45,346,61
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	\$51,318,86
2003	3,425,795	10,042,570	-	4,297,477	14,631,324	1,015,441	11,305,139	349,022	4,298,628	\$49,360,39
2004	3,936,179	10,932,115	-	5,295,621	15,305,034	1,126,094	10,004,326	582,628	4,193,998	\$51,375,99
2005	4,168,586	10,909,475	-	5,841,195	16,292,325	1,015,483	11,202,659	445,671	4,011,456	\$53,886,85
2006	3,808,263	12,517,803	-	4,896,599	17,415,333	1,198,617	13,617,183	392,655	4,240,134	\$58,086,58
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	\$82,300,97
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	\$86,680,97
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	\$71,231,99

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

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

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

Franklin County, North Carolina
 Computation of Direct and Underlying Debt
 General Obligation Bonds
 Fiscal Year ended June 30, 2009

	Net General Obligation Bonded debt	Percent Applicable To County	Amount Applicable To County
Direct:			
Franklin County	\$31,730,000	100.00%	\$31,730,000
Underlying:			
Town of Louisburg	-	0.00%	-
Town of Bunn	65,000	0.00%	-
Town of Youngsville	-	0.00%	-
Town of Franklinton	1,150,000	0.00%	-
Totals	<u>\$32,945,000</u>		<u>\$31,730,000</u>

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

Franklin County, North Carolina
 Demographic Statistics
 Last Ten Years

Fiscal Year Ended June 30	Population	Personal Income	Per Capita Income	Median Age	Education Level in Years of Schooling	School Enrollment	Unemployment Rate
2000	47,260	861,443,996	19,003	35.83	NA	7,425	2.20%
2001	48,522	995,211,940	20,932	35.94	NA	7,623	3.80%
2002	48,818	1,136,287,768	23,276	36.06	NA	7,685	6.60%
2003	51,079	1,188,914,804	23,276	36.15	NA	7,943	5.90%
2004	52,855	1,270,792,765	24,043	36.26	NA	7,914	3.80%
2005	54,181	1,314,647,784	24,264	36.36	NA	8,066	4.90%
2006	55,449	1,396,815,759	25,191	36.10	NA	7,865	4.10%
2007	55,886	1,414,126,000	25,890	35.80	NA	8,300	4.80%
2008	56,470	1,464,955,000	26,419	35.80	NA	8,296	7.00%
2009	57,332	1,579,458,000	27,685	38.00	NA	8,458	10.40%

SOURCE: 1) Office of State Planning.

2) US Department of Commerce, Bureau of Economic Analysis

3) In 2005-2006, the school system discontinued their pre-k program.

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

Employer	Fiscal Year Ending 2009			Fiscal Year Ending 2000		
	Employees	Rank	% of Total Employment	Employees	Rank	% of Total Employment
Novozymes North America	463	1	3.97%	NA	NA	NA
Embarq	371	2	3.18%	NA	NA	NA
Franklin Regional	315	3	2.70%	NA	NA	NA
K-Flex	225	4	1.93%	NA	NA	NA
Food Lion LLC	205	5	1.76%	NA	NA	NA
Hon Company	150	6	1.29%	NA	NA	NA
Alcan Packaging	182	7	1.56%	NA	NA	NA
Wal-Mart	320	8	2.74%	NA	NA	NA
Captive-Aire Systems	130	9	1.11%	NA	NA	NA
Southern Lithoplate	130	10	1.11%	NA	NA	NA
Total	2,491		21.34%			

Note: Total jobs available in 2009 was 11,672

Source: Economic Development Department

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

	F.Y.E. 2009	F.Y.E. 2008	F.Y.E. 2007	F.Y.E. 2006	F.Y.E. 2005	F.Y.E. 2004	F.Y.E. 2003	F.Y.E. 2002	F.Y.E. 2001	F.Y.E. 2000
General Government:										
Manager/Administration	4	4	3	3	3	3	2	2	n/a	n/a
Information Technology	2	2	2	1	-	-	-	-	n/a	n/a
Elections	3	3	3	3	3	3	2	2	n/a	n/a
Finance Office	5	5	6	5	5	5	5	5	n/a	n/a
Tax Assessor	9	9	9	9	9	9	9	9	n/a	n/a
Tax Collector	5	5	5	5	5	5	4	4	n/a	n/a
Register of Deeds	5	5	5	5	5	5	5	5	n/a	n/a
Planning	7	7	7	6	6	6	6	8	n/a	n/a
Public Buildings-Maintenance	12	12	12	12	13	13	13	13	n/a	n/a
Public Safety:										
Inspections	9	9	9	9	9	9	8	6	n/a	n/a
GIS	3	3	3	3	3	3	3	3	n/a	n/a
Sheriff's Department	64	63	61	47	45	44	41	41	n/a	n/a
Communications - E911	17	17	14	12	12	12	11	10	n/a	n/a
Jail Operations	38	41	40	38	35	31	35	35	n/a	n/a
Emergency Medical Services	59	59	46	37	29	30	30	30	n/a	n/a
Emergency Management	4	4	4	3	3	3	3	3	n/a	n/a
Animal Control	5	5	5	5	4	4	4	3	n/a	n/a
Economic and physical development:										
Solid Waste-Landfill	6	6	6	6	6	6	6	6	n/a	n/a
Soil and Water Conservation	4	4	4	4	4	4	3	3	n/a	n/a
Airport Operations	3	3	1	1	-	-	-	-	n/a	n/a
Cooperative Extension	3	3	3	1	2	3	2	2	n/a	n/a
Economic Development	3	3	3	3	2	2	2	2	n/a	n/a
Human Services:										
Health Department	71	71	70	73	73	74	76	79	n/a	n/a
Social Services	92	93	92	89	87	87	108	108	n/a	n/a
Aging Department	11	11	11	11	9	9	10	10	n/a	n/a
Veterans Services	2	2	2	2	1	1	1	1	n/a	n/a
Cultural and recreation:										
Library	9	8	8	8	8	8	8	8	n/a	n/a
Recreation	3	3	4	5	5	5	5	5	n/a	n/a
Water and Sewer Department	18	18	18	17	17	16	17	17	n/a	n/a
Total Full-Time Positions	476	478	456	423	403	400	421	421		

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

Franklin County, North Carolina
 Construction
 Last Ten Years

Fiscal Year Ended June 30	Residential		Commerical		Total Value
	Number of Permits	Value	Number of Permits	Value	
2000	968	62,885,797	44	14,881,319	\$77,767,116
2001	1,179	50,293,710	63	14,549,655	\$64,843,365
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	936	74,664,161	58	9,058,159	\$83,722,320

SOURCE: Franklin County Planning Department

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

Taxpayer	Rank	2009 Assessed Valuation	Percentage of Total Assessed Valuation	Property Taxes Paid	Rank	2000 Assessed Valuation	Percentage of Total Assessed Valuation	Property Taxes Paid
NOVO NORDISK	1	\$106,665,547	2.72%	\$877,324	1	\$125,141,851	5.88%	\$1,026,163
PROGRESS ENERGY	2	51,791,534	1.32%	\$425,985	3	18,790,352	0.88%	\$154,081
CAROLINA TELEPHONE	3	37,250,066	0.95%	\$306,382	2	36,329,055	1.71%	\$297,898
WAKE ELECTRIC	4	28,662,366	0.73%	\$235,748	4	14,335,024	0.67%	\$117,547
FRANKLIN REGIONAL	5	13,243,113	0.34%	\$108,925	8	6,502,693	0.31%	\$53,322
SOUTHERN LITHOPLATE	6	10,403,122	0.27%	\$85,566				\$0
HAROLD G. BAGWELL	7	10,059,457	0.26%	\$82,739	7	7,454,255	0.35%	\$61,125
SIRCHIE FINGER PRINT LAB INC.	8	8,626,188	0.22%	\$70,950	-	-	-	\$0
OLDE LIBERTY CLUB	9	8,620,120	0.22%	\$70,900	-	-	-	\$0
MOSSWOOD PARTNERS	10	8,512,180	0.22%	\$70,013	-	-	-	\$0
HIEBERT, INC.			0.00%	0	5	11,715,445	0.55%	\$96,067
NOMACO			0.00%	0	6	7,504,281	0.35%	\$61,535
BOSTON GEAR			0.00%	0	9	5,820,329	0.27%	\$47,727
JOYNER MANUFACTURING			0.00%	0	10	1,205,693	0.06%	\$9,887
Totals		\$283,833,693	7.24%	\$2,334,532	Totals	\$234,798,978	11.03%	\$1,925,352

Source: Franklin County Tax Office

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

Fiscal Year Ended June 30	Special Assessment Billings	Special Assessment Collections
2000	-	25,145
2001	88,257	38,725
2002	-	54,558
2003	-	55,543
2004	-	66,963
2005	-	61,519
2006	-	61,252
2007	-	42,076
2008	-	1,860
2009	-	477

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

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

Function/Program	F.Y.E. 2009	F.Y.E. 2008	F.Y.E. 2007	F.Y.E. 2006	F.Y.E. 2005	F.Y.E. 2004	F.Y.E. 2003	F.Y.E. 2002	F.Y.E. 2001	F.Y.E. 2000	F.Y.E. 1998
General Government											
Registered voters	36,454	34,478	31,500	31,201	30,188	30,119	27,119	26,294	25,842	27,482	24,149
New Residential Building Permits	936	507	794	743	780	715	754	935	na	na	na
Land parcels	39,500	39,451	39,039	38,291	37,247	36,347	36,856	35,153	34,464	29,910	26,500
Tax bills mailed	121,100	120,800	118,875	117,746	111,082	106,082	100,295	95,112	89,391	84,015	76,110
Marriage licensed issued	324	344	320	331	335	314	291	331	310	338	n/a
Public Safety:											
Physical arrests	na	360	360	284	324	350	356	237	na	na	na
Ave monthly jail inmate count	160	125	125	101	112	114	91	107	96	98	na
E 911 emergency calls received	60,353	60,741	49,876	43,284	37,234	32,357	34,034	na	na	na	na
EMS/Rescue calls made	5,891	6,283	6,231	na	na	na	na	na	na	na	na
Economic and physical development:											
Tons of trash handled at landfill	29,802	34,323	34,059	35,649	38,893	42,813	43,587	38,129	35,462	41,186	36,589
Aircraft based at county airport	78	79	85	57	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Human services:											
Number of medicaid eligibles	9,311	8,928	8,465	8,493	7,930	7,426	7,361	6,981	6,466	5,980	5,530
Number of Food Stamp eligibles	7,788	6,202	5,888	5,817	5,252	4,782	4,338	4,237	3,360	3,308	3,339
Number of hospitals	1	1	1	1	1	1	1	1	1	1	1
Number of patient beds	70	85	85	85	na	na	na	na	na	na	na
Cultural and Recreation											
Number of public libraries	4	4	4	4	4	4	4	4	4	4	4
Number of volumes	107,615	107,615	107,615	109,133	105,288	105,033	100,820	99,583	91,401	84,510	90,256
Number of parks and ball fields	3	3	3	3	3	3	2	2	2	1	0
Water and Sewer:											
Number of customers - water	2,889	2,689	2,613	2,564	2,183	1,554	1,324	1,015	604	350	128
Average daily consumption (gals)	1,800,000	1,689,000	2,039,587	1,678,219	1,653,962	1,613,562	1,316,775	#####	#####	852,252	815,006
Miles of water lines	160	153	146	137	135	128	120	120	90	52	16
Miles of sewer lines	45	37	32	31	30	29	25	42	24	24	16

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

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

Function/Program	F.Y.E. 2009	F.Y.E. 2008	F.Y.E. 2007	F.Y.E. 2006	F.Y.E. 2005	F.Y.E. 2004	F.Y.E. 2003	F.Y.E. 2002	F.Y.E. 2001	F.Y.E. 2000	F.Y.E. 1999
General Government:											
County office buildings	3	3	3	3	3	3	3	3	na	na	na
Vehicles	2	2	2	1	1	1	1	1	na	na	na
Public Safety:											
Stations	5	5	4	4	4	4	4	4	na	na	na
Vehicles	70	70	62	59	57	57	56	56	na	na	na
Economic and Physical Development:											
Vehicles	2	2	2	1	1	1	1	1	na	na	na
Buildings	1	1	1	0	0	0	0	0	na	na	na
Cultural and Recreation											
Acreage	78	78	78	78	78	78	78	78	na	na	na
Playgrounds	3	3	2	2	2	2	2	2	na	na	na
Baseball fields	3	3	3	3	3	3	3	3	na	na	na
Softball fields	2	2	2	2	2	2	2	2	na	na	na
Football fields	1	1	1	1	1	1	1	1	na	na	na
Parks buildings	1	1	1	1	1	1	1	1	na	na	na
Library buildings	4	4	4	4	4	4	4	4	na	na	na
Vehicles	6	6	6	5	5	5	5	5	na	na	na
Water and Sewer											
Water mains (miles)	160	152	146	137	135	128	120	120	90	52	17
Fire hydrants	175	150	115	105	105	105	105	105	na	na	na
Elevated tanks	3	3	3	3	3	3	3	3	na	na	na
Storage capacity (gallons)	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	300,000	na	na	na
Sewer mains (miles)	45	37	32	31	30	29	25	24	24	16	16
Treatment capacity (gallons)	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	1,000,000	1,000,000	#####	na	na	na

Franklin County, North Carolina
 Other Statistical Information
 June 30,2009

Date of establishment		1779
Form of government	Commissioner/Manager	
Employees:		
Full-time, regular		429
Part-time, regular		86
Franklin County facilities and services		
Sheriff protection		
Number of stations		2
Number of deputies and officers		60
Number of patrol units		6
Inspections		
Residential Building permits issued		507
Cultural and recreational		
Number of libraries		4
Number of volumes		102,500
Water and Sewer		
Number of customers		2,689
Average daily consumption (in gallons)		587
Miles of water mains		160
Miles of sanitary sewers		45
Facilities and services not included in the primary government		
Hospitals		
Number of hospitals		1
Number of patient beds		85
Facilities and services not included in the reporting entity		
Education		
Number of school systems		2
Number of community colleges		1
Number of junior colleges		1
Recreation		
Golf Courses		3
Swimming Pools - All Private		5

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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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Franklin County, North Carolina as of and for the year ended June 30, 2009, which collectively comprises Franklin County's basic financial statements, and have issued our report thereon dated November 10, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Franklin County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Franklin County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Franklin County's internal control over financial reporting.

A control deficiency exists when designed or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Franklin County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of Franklin County's financial statements that is more than inconsequential will not be prevented or detected by Franklin County's internal control. We consider the deficiency noted in the accompanying schedule of findings and questioned costs to be a significant deficiency in internal control (09-1).

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

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

Compliance and Other Matters

As a part of obtaining reasonable assurance about whether Franklin County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Governmental Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 09-2.

The County's response to the finding in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the County's response and accordingly, we express no opinion on it.

We noted certain matters that we reported to management of Franklin County in a separate letter dated November 10, 2009.

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

Winston Williams Creech Evans & Company, LLP

Winston, Williams, Creech, Evans & Company, LLP
Certified Public Accountants
November 10, 2009

Winston, Williams, Creech, Evans & Company, LLP

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

To the Board of County Commissioners
Franklin County, North Carolina

Compliance

We have audited the compliance of Franklin County, North Carolina, with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that are applicable to each of its major federal programs for the year ended June 30, 2009. Franklin County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Franklin County's management. Our responsibility is to express an opinion on Franklin County's compliance based on our audit.

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

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In our opinion, Franklin County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements that is required to be reported in accordance with OMB Circular A-133 and the State Single Audit Implementation Act, and which is described in the accompanying schedule of findings and questioned costs as 09-2.

Internal Control over Compliance

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

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of a compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by Franklin County's internal control.

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

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

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

Winston Williams Creech Evans & Company, LLP

Winston, Williams, Creech, Evans & Company, LLP
Certified Public Accountants
November 10, 2009

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

To the Board of County Commissioners
Franklin County, North Carolina

Compliance

We have audited the compliance of Franklin County, North Carolina, with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that are applicable to each of its major State programs for the year ended June 30, 2009. Franklin County's major State programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major State programs is the responsibility of Franklin County's management. Our responsibility is to express an opinion on Franklin County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and applicable sections of OMB Circular A-133, as described in the *Audit Manual for Governmental Auditor's in North Carolina* and the State Single Audit Implementation Act. Those standards, applicable sections of OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a 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.

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In our opinion, Franklin County, North Carolina complied, in all material respects, with the requirements referred to above that are applicable to each of its major State programs for the year ended June 30, 2009. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements that is required to be reported in accordance with applicable sections of OMB Circular A-133 and the State Single Audit Implementation Act and which is described in the accompanying schedule of findings and questioned costs a item 09-2.

Internal Control over Compliance

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

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a State program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies that adversely affects the entity's ability to administer a State program such that there is more than a remote likelihood that noncompliance with a type of a compliance requirement of a State program that is more than inconsequential will not be prevented or detected by Franklin County's internal control.

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

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

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

Winston Williams, Creech, Evans & Company, LLP

Winston, Williams, Creech, Evans & Company, LLP
Certified Public Accountants
November 10, 2009

Franklin County, North Carolina
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2009

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 No

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

Noncompliance material to financial statements noted Yes No

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified? Yes No

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

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

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

Identification of major federal programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
93.778	Medical Assistance
10.557	Special Supplemental Food Program for Women, Infants and Children
93.658 93.659	Foster Care and Adoption Cluster
66.458	Capitalization Grant for Revolving Funds

Dollar threshold used to distinguish between Type A and Type B Programs: \$ 1,904,092

Auditee qualified as low-risk auditee? Yes No

Franklin County, North Carolina
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2009

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
- Supplemental Food Program
- Foster Care and Adoption Assistance
- Public School Building Capital Fund
- Capitalization Grant for Revolving Funds

II. Financial Statement Findings

Finding 09-1

Condition: Prior year Ad Valorem taxes receivable was misstated.

Reccommendation: The County should receive further instruction on Ad Valorem billing software.

Views of responsible officials : The County agrees with the finding and will follow the recommendation above.

III Federal Awards Findings and Questioned Costs

Finding 09-2

U. S. Dept of Health and Human Services
Passed through the NC Dept of Health and Human Services
Program Name: Medical Assistance Program
CFDA #93.778

Criteria: In accordance with 42 CFR section 431.10, a Transportation Request Notification must be retained.

Franklin County, North Carolina
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2009

Condition: The required Notifications were not retained for some of the program participants.

Questioned Costs: \$0. Lack of documentation did not make the participants ineligible.

Context: Of the 45 case files examined, sixteen lacked the required Notification.

Effect: Notification of transportation rights were not documented.

Cause: Human error in reading the State-provided Standards. Also, the County does not have any procedures in place for verifying that all procedures are followed.

Recommendation: The County should review all relevant files to determine if the Notification has been retained

Views of responsible officials : The County agrees with the finding and will follow the recommendation above.

IV State Award Findings and Questioned Costs

Finding 09-2

U. S. Dept of Health and Human Services
Passed through the NC Dept of Health and Human Services
Program Name: Medical Assistance Program
CFDA #93.778

Criteria: In accordance with 42 CFR section 431.10, a Transportation Request Notification must be retained.

Condition: The required Notifications were not retained for some of the program participants.

Questioned Costs: \$0. Lack of documentation did not make the participants' ineligible.

Context: Of the 45 case files examined, sixteen lacked the required Notification.

Effect: Notification of transportation rights were not documented.

Cause: Human error in reading the State-provided Standards. Also, the County does not have any procedures in place for verifying that all procedures are followed.

Recommendation: The County should review all relevant files to determine if the Notification has been retained

Views of responsible officials : The County agrees with the finding and will follow the recommendation above.

**Franklin County, North Carolina
Corrective Action Plan
For the Fiscal Year Ended June 30, 2009**

II. Financial Statement Findings

Finding 09-1

Name of Contact Person **James Tanner**

Corrective Action **We will receive further instruction on Ad Valorem billing software.**

Anticipated Completed Date **Immediately**

III Federal Awards Findings and Questioned Costs

Finding 09-2

Name of Contact Person **Nicki Griffin**

Corrective Action **We will review all appropriate files to determine that all required Notices are in place.**

Anticipated Completed Date **Immediately**

IV State Award Findings and Questioned Costs

Finding 09-2

Name of Contact Person **Nicki Griffin**

Corrective Action **We will review all appropriate files to determine that all required Notices are in place.**

Anticipated Completed Date **Immediately**

**Franklin County, North Carolina
Schedule of Prior Year Audit Findings
For the Fiscal Year Ended June 30, 2009**

None.

Franklin County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2009

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Federal (Direct & Pass-through) Expenditures</u>	<u>State Expenditures</u>	<u>Local Expenditures</u>
Federal Awards:					
U.S. Dept. of Agriculture					
Food and Nutrition Services					
Passed-through the N.C. Dept. of Health and Human Services:					
Division of Social Services:					
Administration:					
Food Stamp Cluster:			\$ 9,552,774	\$ -	\$ -
Food Stamp Program - Noncash	10.551		15,167	-	-
ARRA - Food Stamps Administration	10.561		-	-	-
State Administrative Matching Grants for the Food Stamp Program	10.561		512,207	-	512,207
Total Food Stamp Cluster			10,080,148	-	512,207
Passed-through the N.C. Dept. of Health and Human Services:					
Division of Public Health:					
Administration:					
Special Supplemental Nutrition Program for Women, Infants, & Children	10.557		236,620	-	-
AGRI-SFP Food Program Meal	10.559		223	-	-
Direct Benefit Payments:					
Special Supplemental Nutrition Program for Women, Infants, & Children	10.557		993,002	-	-
Passed-through the Kern-Tier Council of Governments:					
Nutrition Program for the Elderly	10.570		25,265	-	-
Total U.S. Dept. of Agriculture			11,335,258	-	512,207
U.S. Dept. of Housing and Urban Development					
Passed-through the N.C. Dept. of Commerce:					
Community Development Block Grant, Small Cities	14.228	06-C-1616	474,733	-	-
U.S. Dept. of Housing and Urban Development					
Bureau of Justice Assistance					
Passed-through the N.C. Dept. of Crime Control and Public Safety:					
State Criminal Alias Assistance Program	16.606		12,690	-	-
U.S. Dept. of Transportation					
Federal Aviation Administration					
Passed-through the N.C. Dept. of Transportation:					
State Block Grant Program	20.106		52,671	9,479	-
National Foundation of Arts and Humanities					
Office of Library Services - State Programs					
Passed-through the N.C. Dept. of Cultural Resources					
State Library of North Carolina	45.310		98,467	-	-
LSTA Technology Grant					
U.S. Election Assistance Commission					
Passed-Through State Board of Elections					
Help America Vote Act	90.401		7,483	-	-
U.S. Dept. of Health and Human Services					
Administration on Aging					
Division of Social Services					
Passed-through the Kern-Tier Council of Governments:					
Aging Cluster:					
Special Programs for the Aging - Title III F	93.043		4,242	271	-
Health Promotion					
Special Programs for the Aging - Title III B	93.044		64,727	196,025	-
Grants for Supportive Services					
Special Programs for the Aging - Title III C	93.045		79,942	47,635	-
Nutrition Services			10,661	681	-
Family Caregiver Support	93.052		159,572	244,612	-
Total Aging Cluster			329,186	513,624	-
Administration for Children and Families					
Passed-through the N.C. Dept. Of Health and Human Services					
Division of Social Services:					
Foster Care and Adoption Cluster:					
Title IV-E Foster Care	93.658		280,192	38,079	185,642
Foster Care - Direct Benefits Payments	93.658		42,412	20,436	21,976
Adoption Assistance - Direct Benefits Payments	93.659		207,654	37,543	53,836
Total Foster Care and Adoption Cluster			530,258	96,058	261,454
Temporary Assistance for Needy Families:					
Administration	93.558		653,314	-	386,020
Direct Benefits Payments	93.558		356,451	-	-
Refugee and Entrant Assistance - Cash and Medical Payments	93.566		4,367	-	-
Low-Income Home Energy Assistance Block Grant:					
Administration	93.568		366,542	-	-
Direct Benefits Payments	93.568		345,729	-	-
Promoting Safe and Stable Families	93.556		1,238	-	-
Child Welfare Services	93.645		10,648	3,202	348
Social Services Block Grant	93.667		215,540	47,674	71,474
Independent Living Grant - Direct Benefit	93.674		1,000	-	-
Independent Living Grant	93.674		15,380	3,845	-

Franklin County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2009

Grantor/Pass-through Grantor/Program Title	CFDA Number	Grantor's Number	Pass-through) Expenditures	State Expenditures	Local Expenditures
Subsidized Child Care Cluster (note 4):					
Division of Social Services					
Child Care Development - Administration	93.596		100,126	-	-
Division of Child Development					
Child Care and Development Fund - Discretionary	93.575		839,326	-	-
Child Care and Development Fund - Mandatory	93.596		314,857	-	-
Child Care and Development Fund - Match	93.596		397,502	218,739	-
Total Child Care Fund Cluster			<u>1,551,811</u>	<u>218,739</u>	-
Social Services Block Grant	93.667		20,563	-	-
Temporary Assistance for Needy Families	93.558		315,858	-	-
Smart Start				62,366	-
State Appropriations				175,147	-
More at Four State Funding				-	-
TANF-MOE				69,789	-
Total Subsidized Child Care Cluster			<u>1,988,232</u>	<u>526,041</u>	-
Health Care Finance Administration					
Passed-through the N.C. Dept. of Health and Human Services:					
Division of Medical Assistance:					
Medical Assistance Program - Direct Benefits					
Payments	93.778		45,452,959	17,371,416	1,117,044
Division of Social Services:					
Medical Assistance Program - Administration	93.778		895,459	32,749	862,029
Health Choice - Administration	93.767		54,209	2,446	15,484
Centers for Disease Control					
Passed-through the N.C. Dept. of Health and Human Services:					
Division of Public Health:					
Family Planning Services	93.217		40,963	-	-
Immunization Grants	93.268		18,032	-	-
Health Resources and Services Administration					
Passed-through the N.C. Dept. of Health and Human Services:					
Division of Public Health:					
Preventive Investigations and Technical Assistance	93.283		15,966	-	-
Temporary Assistance for Needy Families	93.558		5,989	-	-
Statewide Health Promotion Program	93.991		14,334	-	-
Maternal and Child Health Services Block Grant	93.994		148,196	-	-
Total U.S. Dept. of Health and Human Services			<u>51,294,378</u>	<u>18,328,043</u>	<u>2,713,853</u>
U.S. Dept. of Homeland Security					
Direct:					
Emergency Food and Shelter	97.114		14,120	-	-
ARRA - Emergency Food and Shelter	97.114		4,829	-	-
Passed-through the N.C. Dept. of Crimes Control and Public Safety:					
Division of Emergency Management					
Emergency Management Performance	97.042		33,368	-	-
			<u>52,317</u>	-	-
Newcash Federal Programs					
Environmental Protection Agency					
Office of Water					
Passed-through the N. C. Dept. of Environment and Natural Resources:					
Clean Water Revolving Fund	66.458		2,235,000	105,000	-
U.S. Election Assistance Commission					
Passed-through the N.C. Board of Elections:					
Help America Vote Act	39.011		66,734	-	-
Total federal awards			<u>65,629,731</u>	<u>18,442,522</u>	<u>3,226,060</u>
State Awards:					
N.C. Dept. of Cultural Resources					
State Library of North Carolina:					
State Aid to Public Libraries			-	117,554	-
N.C. Dept. of Health and Human Services					
Division of Social Services:					
State/County Special Assistance for Adults:					
Direct Benefits Payments			-	526,343	527,455
Adoption Subsidy - Direct Benefit Payments			-	183,917	56,943
State aid to counties			-	41,709	-
Foster Care - Administrative			-	144,965	126,243
Smart Start			-	30,792	-
Total Division of Social Service			-	<u>927,726</u>	<u>710,641</u>
Division of Public Health:					
General			-	87,775	-
Minority Health			-	7,214	-
Communicable Disease			-	4,342	-
Tuberculosis			-	14,184	-
AIDS			-	500	-
Women's Preventive Health			-	4,599	-
Risk Reduction/Health Promotion			-	6,883	-
TB Medical Services			-	1,034	-
Healthy Carolinas Partnership Support			-	5,727	-
Preparedness and Response			-	33,439	-
Total Division of Public Health			-	<u>165,697</u>	-

Franklin County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2009

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through Grantor's Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures	Local Expenditures
Division of Aging:					
Passed-through the Kern-Tar Council of Governments			-	1,383	-
Senior Center Outreach			-	26,180	-
Senior Center Development			-	-	-
Total Division of Aging			-	27,563	-
Total N. C. Department of Health and Human Services			-	1,120,988	710,641
N.C. Dept. of Transportation					
Elderly and Disabled Transportation Assistance Program			-	78,434	-
Work First			-	14,880	-
Rural General Public Program			-	83,381	-
Total N.C. Dept. of Transportation			-	176,695	-
N.C. Dept. of Environment and Natural Resources					
Division of Parks and Recreation				6,000	-
DEH Environmental Health Services				5,176	-
DEH Flood/Lodging Fee Collection				1,000	-
DEH Lead Prevention/State				500	-
ADM Pr year				45,000	-
CWT Clean Water Trust Grants				131,950	-
DPR Parrot (Parks and Rec Trusts)				65,980	-
DPR Land and Water Conservation				5,400	-
PPSA Off Waste Red Trust Fund				4,000	-
SWC Administration				215,239	-
Division of Water Quality (through The Rural Center)				480,243	-
N.C. Dept. of Juvenile Justice and Delinquency Prevention					
JCPC Grant			-	173,672	-
N.C. Dept. of Public Instruction					
Public School Building Capital Fund			-	1,200,000	266,667
Total State awards			-	3,271,154	977,308
Total federal and State awards			\$ 65,629,731	\$ 21,713,676	\$ 4,203,368

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, Audit 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, 2009. These loan balances are also included in the federal expenditures presented in the schedule.

	CFDA #	Amount Outstanding
Capitalization Grants for State Revolving Funds	66.458	\$ 2,160,000

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

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