

7. FY 2011 COMPREHENSIVE ANNUAL FINANCIAL REPORT

Under separate cover with your agenda, please find a copy of the FY 2011 Comprehensive Annual Financial Report prepared by Creedle, Jones, and Alga, P.C., Certified Public Accountants. Mrs. Robin Jones, CPA, will present their report.

The schedule of findings and questioned costs appears on page 72 of the report—please note that the report includes an unqualified (clean) opinion with no significant deficiencies, no instances of noncompliance and no findings.

Please keep in mind that the audit is only a snapshot of the County's financial position on June 30, 2011 — there have been a number of significant changes since that time which are not reflected in the audit.

Major items to note for FY 2011:

- In the general fund, overall, we collected \$1,066,755, or 4.1%, more revenue than budgeted – (pages 49-51). Chiefly responsible for the positive variance were general property taxes (+3% above budget), other local taxes (+13.5% above budget), fines & forfeitures (+7.4% above budget), charges for service (+18.2% above budget), and shared revenue from the City of Franklin for the industrial corridor (+41.3% above budget). These additional revenues were partially offset by continued shortfalls in state categorical aid (3.2% below budget).
- Actual spending was \$2,243,061 or 8% less than budgeted (pages 51-52). Chiefly responsible for the expenditure savings (savings of at least \$25,000) were the County Administrator's Office, Board of Assessors, Sheriff's Office, Probation, Refuse Disposal, Southampton County School Board, Planning and Community Development and Cooperative Extension;
- The school board underspent its local budget by 12.3% - \$1,624,781 (page 52 - please note that the School Board will be requesting these funds for use in FY 2012 in January);
- Notwithstanding the fact that your FY 2011 budget included up to \$867,861 from the General Fund Reserve *and* the Board re-appropriated an additional \$2,468,315 back to the School Board in November 2010, the end of year general fund balance only decreased by \$205,889, or 3.2%, and remains generally healthy at \$6,202,179 (page 14). The unappropriated fund balance is now equivalent to roughly 11.9% of your total budget of \$52,143,961 and almost 24% of your General Fund budget;
- Your FY 2012 budget provides for up to \$1,400,777 to come from the unappropriated general fund reserve, if necessary, to balance.