

**FRANKLIN COUNTY
COMPREHENSIVE ANNUAL
FINANCIAL REPORT
For the Fiscal Year Ended
June 30, 2020**



Prepared by the
Franklin County Finance Department

Finance Director
Jamie Holtzman

County of Franklin
113 Market Street
Louisburg, NC 27549

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COUNTY OF FRANKLIN

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December 16, 2020

To the Board of County Commissioners and Citizens of Franklin County:

We are pleased to present the Comprehensive Annual Financial Report for the fiscal year ended June 30, 2020. 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 *Generally Accepted Accounting Principals*, or GAAP, that have been audited by a firm of licensed Certified Public Accountants as required by state law and in accordance with generally accepted accounting standards.

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

The following financial statements were audited by Winston, Williams, Creech, Evans, and Co. LLP, an independent firm of Certified Public Accountants. The goal of the independent audit was to provide reasonable assurance that Franklin County's financial statements for the fiscal year ended June 30, 2020 are free of material misstatement.

The independent auditing team examined and tested the evidence supporting the amounts and disclosures in the financial statements, assessed the staff's knowledge and use of accounting principals, and evaluated the County's overall financial presentation. Based on their findings, *the independent auditors concluded that there was a reasonable basis for rendering an unmodified opinion that Franklin County's financial statements for the fiscal year ended June 30, 2020 are fairly presented in conformity with GAAP.* The independent auditor's report is included as the first section of this financial report.

The independent financial audit also serves the special needs of federal grantor agencies. This requires not only the assessment of financial statements, but also an audit of internal controls and compliance with legal requirements, particularly those concerning the administration of federal and state awards, grants, and financial assistance. The results of the Single Audit revealed a material weakness in internal control structure in determining eligibility for Medicaid, however there were no findings of material noncompliance or significant violations or applicable laws and regulations. *The results of the Single Audit revealed a material weakness in internal control structure in determining eligibility for Medicaid, however there were no findings of material noncompliance or significant violations or applicable laws and regulations.* These special findings can be found in the compliance section of this report.

GAAP also requires that we include a *Management's Discussion and Analysis* (MD&A) section, which provides an introduction, overview, and analysis of the financial statements. The County's MD&A can be found immediately following the report of the independent auditors.

Profile of the County

Located in the north-central part of North Carolina, Franklin County encompasses 494 square miles and has a population of roughly 69,965. The NC General Assembly created Franklin County from a portion of Bute County on January 29, 1779. The County is named in honor of Benjamin Franklin, who was in France at the time requesting aid during the Revolutionary War. Five municipalities are located in Franklin County: Town of Bunn, the Town of Youngsville, the Town of Franklinton, the Town of Louisburg (county seat,) and part of the Town of Wake Forest.

Franklin County has a commissioner/ manager form of government in which the County is divided into five districts, and a Commissioner is elected from each district on a partisan basis. There are also two commissioners elected at large. Each commissioner serves for a staggered four-year term. The Board of Commissioners holds policy-making and legislative authority and approves the budget. The County Manager implements policies, oversees daily operations, and selects departmental managers.

The County provides citizens with a variety of services including public safety, emergency services, health and human services, economic development, and cultural and recreational opportunities. It is also the home of two junior and technical colleges. Founded in 1787, Louisburg College is the nation's oldest junior college, and offers competitive academic four-year transfer programs in various subjects. The Vance Granville Community College satellite campus also offers several technical trade programs. The citizens of Franklin County enjoy access to cultural, leisure, and historical venues, such as various walking trails and parks, the DeHart Botanical Garden owned by Louisburg College, the historical Laurel Mill site, Hill Ridge and Vollmer Farms, Foster Family Vineyard, and the International Whistlers Museum.

LONG-TERM PLANNING & MAJOR INITIATIVES

THE BUDGETING PROCESS: The budget is organized by fund and department, as required by NC General Statutes. Each department must submit a detailed budget request by April 1st of each year. Management considers these annual departmental requests, as well as the long-term needs of the County when making decisions about the appropriate allocation of funds. The County Manager must then present the budget proposal to the Board of Commissioners by June 1st, and the Board must hold a public hearing on the proposal and adopt a formal budget by June 30th. The Board also approves separate project ordinances for special projects that are estimated to take more than one year to complete.

Once the budget is approved by the Board of Commissioners, the County Manager has authority to transfer amounts between objects of expenditures and between departmental appropriations in the same fund without limitation and without a report to the Board of Commissioners.

MAJOR INITIATIVES: The goal of Franklin County's Management team and Board of Commissioners is to continuously improve services and respond to the County's changing needs in the most efficient way possible. The section below provides information about the major strategic initiatives undertaken over the last year that prove our ongoing commitment to the citizens of Franklin County.

Wastewater Treatment Plant Repairs

The County received a 0% loan with partial principal forgiveness from the State of North Carolina Division of Water Infrastructure in September 2019. The funding is for repairs to the wastewater treatment plant, which involves the replacement of the aerobic digester, replacement of the old AAA basin, new blowers and building, and associated appurtenances. The loan amount is for \$8,316,000 with a principal forgiveness of \$217,083. The plans and specifications were completed and turned into the state in February 2020 for review with an estimated construction start date of Spring 2021.

Sewer Pump Station Replacement

The County received a 0% loan in the amount of \$1,365,000 from the State of North Carolina Division of Water Infrastructure in September 2019. The funding is for the replacement of three sewer pump stations in Franklinton (Korea Street, US12A, & Oak Ridge). The pump stations are over 20 years old and have exceeded their useful service lives. The rehabilitation will replace the old analog dialers with SCADA, replace aging pump controls, float switches, and add new energy efficient pumps, emergency by-pass pumping connections, and safety equipment. The plans and specifications have been reviewed by the State and a bid document has been issued.

Water Supply Study

The Public Utilities Department is experiencing an increase in customers due to the growth in the County. To address the increased demand for water resources, the County engaged an Engineering Firm to conduct a Water Supply Study beginning in December 2019. County staff, Engineers and Legal Counsel have worked diligently to complete the study, focusing on potential short term and long term water resources for the growing customer base. Prior to the study's completion, an emergency interconnection with the City of Raleigh was established and additional water supply was obtained from the Town of Louisburg. Pursuit of additional short term solutions and long term water solutions, as identified in the Final Report approved in December 2020, is continuing.

High Hazard Dam Protection

The County has received funding through the state Division of Dam Safety to make improvements and repairs to the dam and spillway at the Water Treatment Plant. The funding is a grant with a 35% match from the County. The first phase was analysis of the spillway and downstream hazards and that was completed in June 2020. A total of \$26,121.75 was received in grant dollars for this project. Phase 2 of this project will be the design for the dam refurbishment and repair. The County is waiting on an official notice of award from the State for the award of this Phase 2.

Triangle North Executive Airport (TNEA)

Triangle North Executive Airport (LHZ) is the second largest general aviation airport in the State of North Carolina for based aircraft. TNEA is currently in growth-mode implementing over \$2.7 million in three state/federal grants that include a Master Layout Plan (MLP), Airfield Lighting Rehabilitation and Airfield Pavement Rehabilitation Design. The MLP is currently 75% complete and will provide a blueprint for how TNEA plans to expand in the future including possible runway extension, terminal placement, road movements and building infrastructure. The airfield lighting grant is underway and will be replacing all lights on the airfield for aircraft traffic with updated LEDs and signs. The most recent awarded grant includes the airfield pavement rehabilitation design and bid grant that has begun to realign our airfield with updated FAA requirements as well as providing updated aerial, survey and geotechnical boring that should lead to full pavement rehabilitation construction in FY '22. The Airport is very active in its support of aviation-related activities to include a new curriculum to support drone and private pilot class certifications with Total Flight Solution and Vance-Granville Community College as well as home to other recreational based activities to include skydiving, gliders, hot air balloons and powered paragliders. TNEA is also home to Civil Air Patrol's Squadron 145 that operates its FLIR camera search and rescue unit that will operate 24/7 to assist the State of North Carolina and Franklin County with search and rescue, disaster recovery and aerial photography from natural disasters. Lastly, TNEA has a diverse base of aircraft businesses that include service centers, avionics lab, an aircraft merchant and close to 140 aircraft enthusiast that call us home.

Triangle North Franklin Business Park

Triangle North Franklin (TNF), the only Triangle North site adjacent to an airport, has experienced an increase in activity by potential clients during the past year. The ongoing construction of the four-laning of US 401 has continued to bring attention to the area since it increases the accessibility to Triangle North Franklin. Completion of construction of sewer infrastructure added another positive for TNF since the park now has all infrastructure in place, except gas. Logging was conducted at the site to achieve two goals: assist the Triangle North Executive Airport in clearing land, so that the AWOS system could become operational and to thin trees on sites making the developable land more appealing to potential buyers. Two businesses completed the purchasing of the two existing buildings at the site and have now located and opened their operations. East Coast Drilling and Blasting purchased 481 Airport Road, locating 100 employees and investing approximately \$2,050,000. They are currently developing plans for an expansion to the site, as well. East Coast Gear Supply purchased 566 Airport Road, locating 25 employees and investing approximately \$3,200,000. Additionally, another business has purchased four acres adjacent to the Triangle North Executive Airport to relocate their business from Indiana.

V.E. and Lydia H. Owens Recreational Park at Bull Creek

The Grand Opening for Owens Park was held in July 2019. Amenities currently available at the 167-acre site are a paved ADA accessible one-half mile walking trail, a playground, a stocked fishing pond with ADA dock access, two nature trails, a combined restroom and picnic shelter and three rustic campsites. The County purchased the former Bull Creek Golf and Country Club located northeast of Louisburg in November of 2014. Other facilities at the park include a 3,200 square-foot Parks and Recreation Department Office and two other 4,000 square-foot maintenance buildings as well as

four ponds. This purchase was made possible by a gift from the Estate of Edgar H. Owens. Phase 1 of the master plan was developed and approved by the County Commissioners and partially funded by a LWCF \$250,000 federal matching grant. Future phases of the Park are under development.

Maria Parham Franklin

Franklin County and Duke Lifepoint Maria Parham LLC entered into a Lease Agreement in October 2017 for the County's hospital facility now being operated as Maria Parham Franklin. The facility includes an Emergency Room that opened in October 2018, a 13 Bed Geriatric Behavioral Health Unit that opened in early 2019 and a 20 Bed Adult Behavioral Health Unit that completed construction in March 2020. The facility has continued to serve patients and add services while working within the pandemic environment. Capital investment by Duke Lifepoint Healthcare, the Dorothea Dix Hospital Property Fund, the Golden Leaf Foundation and the North Carolina Department of Commerce have all contributed to the more than \$16 million invested in the facility.

Facilities Review and Space Assessment

Oakley Collier and Associates conducted a Facilities Review and Space Assessment for all County Departments and Buildings during FY 1920. The study concluded that the condition of County facilities was generally good, however, the functionality of the facilities needed improvement. The results of the study will provide the input needed to create a capital plan for updating and constructing county facilities for a 20 year planning horizon.

Facilities Maintenance Department

The Facilities Maintenance Department implemented an enhanced Work Order System to ensure that information on County facilities was captured and tracked in the most efficient manner possible. The system provides communication with departments, inventory tracking, preventative maintenance scheduling and resource allocation capabilities.

Broadband Initiative

Progress continued on the Agreement with Open Broadband LLC that the County approved in mid-2019. Tower Agreements were executed for three County towers to establish the initial implementation zones for the fixed wireless service offerings. Preparations for free public Wi-Fi at Owens Parks also began with the objective of available service in the fall of 2020 followed by implementation of residential services.

Comprehensive Development Plan – Franklin Next

Franklin County adopted an updated Comprehensive Development Plan (CDP), Franklin Next, in June 2020. The CDP was the result of a twelve-month effort that included public meetings and surveys during each phase of the Plan's development. The 20-year Plan will be the roadmap for planning for the growth that the County is experiencing and expecting.

ECONOMIC CONDITIONS AND FINANCIAL OUTLOOK

Franklin County's unemployment rate as of June 30, 2020 was 7.1%. Although the County's economy has traditionally been dependent on agriculture and textiles, today Franklin County enjoys a diverse economic profile: 23% of employment in the County is in manufacturing, 45% is in service producing industries, 3% is in wholesale trade, 11% is in retail trade, 4% is in transportation and warehousing, 2% is in finance, insurance and real estate, 18% is in government, 10% is in construction, and 1% is in agriculture. Major agricultural commodities include tobacco, grain, livestock and forestry products. ("Summation by industry may not match the total since the totals include the undisclosed data suppressed within the detailed data without revealing those date.") Franklin County is also a proud member of the twelve-county Research Triangle Regional Partnership, which provides us with additional marketing support in connection to attracting new business prospects into the County.

The population of Franklin County has also increased steadily over the last several years. In fact, an average of 6.7 people, or two and 1/2 households, move into the County every day. The County issued 943 residential building permits during the fiscal year 2020, up from 854 permits in fiscal year 2019. Much of the residential growth has occurred along the Wake County border and near one of the five major highways that run through Franklin County. Residents are within 21 miles of Raleigh, and 35 miles of Research Triangle Park. The ease of access to neighboring regions contributes to the fact that approximately 60% of Franklin County's citizens are employed outside of the County.

County management anticipates that the residential base will continue to grow. This presents the opportunity for new industrial prospects, and for new businesses that cater to the local community. However, growth projections also require that the County appropriately forecast the need for additional resources, infrastructure and governmental services. In 2019, the County entered an agreement with an engineering firm to perform a 30 Year Water Supply Study, which was completed in November 2020. The County currently purchases an average of 2.097 million gallons of water per day from the City of Henderson, purchases an average of 228,000 gallons per day from the Town of Louisburg, and produces an average of 574,000 gallons per day at our water plant, in order to meet daily water needs. The County also treats an average of 1.134 million gallons of waste water per day at our wastewater treatment plant located near Franklinton High School. The County received funding and a loan from the Division of Water Infrastructure to make repairs and upgrades to the wastewater plant and three sewer pumping stations.

The County has also taken measures to ensure that adequate facilities and funding will continue to be available to the public-school system. Franklin County funded the school system over \$22.3 million in revenue from the County during the 19-20 fiscal year representing 100% of requested school funding.

Franklin County's largest corporate citizen is Novozymes North America, Incorporated, with 691 employees and a current property value of \$177.1 million. During the last fiscal year, the company provided the county with over \$1.5 million in property tax revenue. Novozymes is also the County's largest Public Utilities customer, averaging 1.168 million gallons per day and \$2,451,163 in annual water sales in addition to \$925,526.75 in annual sewer sales.

Last year, Novozymes represented 3.09% of the County's tax base. Other companies ranked among the top five tax payers include: Duke Energy (taxable value of \$69.3 million, KFlex USA (taxable value of 64.3 million) Wake Electric (taxable value of \$36.1 million,) and Palviz America (taxable value of \$18.6 million). These top five companies generated \$3.23 million in property tax revenue, or 6.37% of Franklin County's total property tax base. Franklin County has taken measures to reduce the risk of over-reliance on these few large tax payers, which could potentially negatively impact bond ratings available to the County.

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 Single Audit for the fiscal year ended June 30, 2020, revealed a material weakness in internal control structure in determining eligibility for Medicaid, however there were no findings of material noncompliance or significant violations or applicable laws and regulations.

PENSION AND OTHER POST EMPLOYMENT BENEFITS

The County believes that providing a competitive benefits package has helped us attract a high-caliber workforce. Franklin County participates in the state-administered Local Governmental Employees' Retirement System (LERS), a cost-sharing multiple-employer defined benefit pension plan. We also sponsor a single-employer defined benefit pension plan, or a Separation Allowance, for law enforcement employees. Furthermore, the County also provides all employees with a Supplemental Retirement Income Plan, in which the County contributes the equivalent of 4% (5% for sworn law enforcement officers) of employee salaries. Lastly, we provide post-retirement health care benefits for retirees, either via the group health insurance plan or Medicare (for those over the age of 65). Additional information on pension and post-employment benefits can be found in the notes to the financial statements.

AWARDS AND OTHER INFORMATION

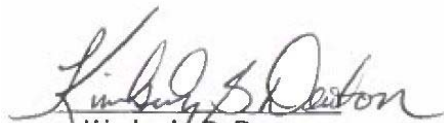
Awards - The Government Finance Officers Association of the United States and Canada (GFOA) has awarded an annual Certificate of Achievement for Excellence in Financial Reporting to Franklin County for the last 21 consecutive years. In order to be awarded a Certificate of Achievement, the entity must publish an efficient and well-organized financial report

that satisfied both GAAP principles and legal requirements. We believe that this year's report continues to meet these requirements, as we have submitted it to the GFOA in order to continue our record of excellence.

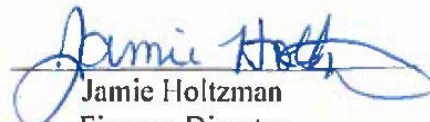
Preparation of this report would not have been possible without the dedicated efforts of the Finance Department staff, cooperation from all the county's departments, and the auditing staff at Winston, Williams, Creech, Evans & Company. Great gratitude is extended to the Board of County Commissioners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

Use of the Report. We agree with the GFOA that this annual financial report should be accessible to our governing body, constituents, oversight bodies, resource providers, investors, and creditors. Accordingly, we have made a copy of this report available to all the county's stakeholders, as it can be found at the Franklin County Public Library, the Franklin County Chamber of Commerce, and on the County's website at www.franklincountync.us.

Respectfully submitted,

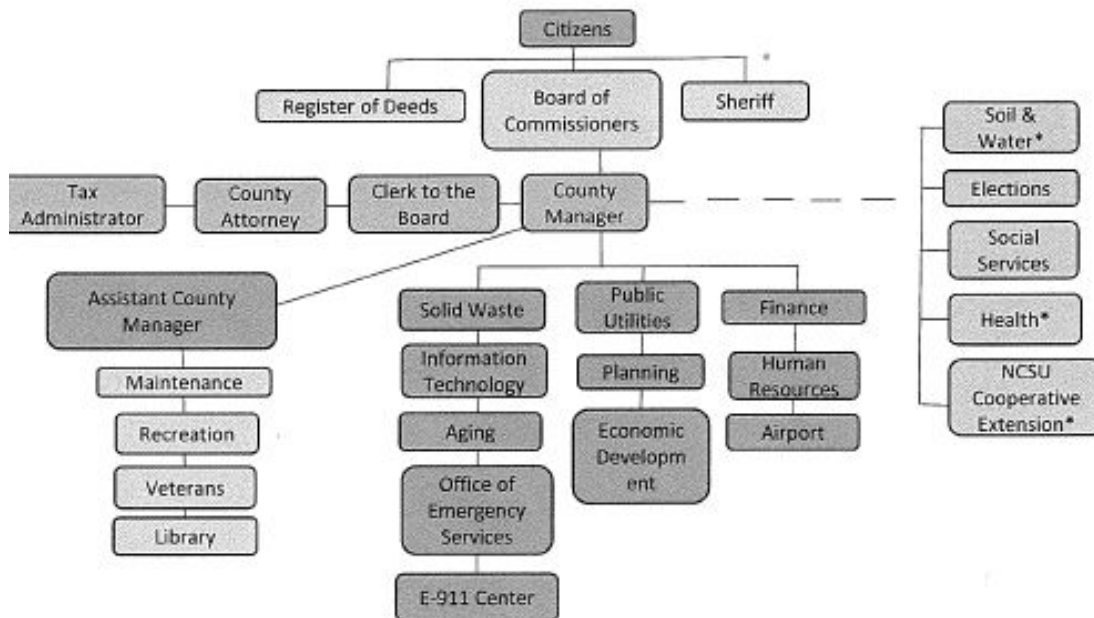


Kimberly B. Denton
County Manager



Jamie Holtzman
Finance Director

Franklin County Government



Franklin County
Organization Chart

Legend

- **Elected Officials**
- **Appointed by the Board of County Commissioners**
- **Director's supervised by the County Manager**
- **Consultative supervision provided by the County Manager's Office; Reports to respective Boards**
- ***Assistant County Manager serves as Liaison**
- **Director supervised by the Assistant County Manager**

**FRANKLIN COUNTY, NORTH CAROLINA
LIST OF PRINCIPAL OFFICIALS
JUNE 30, 2020**

**Board of County
Commissioners**

Sidney E. Dunston, Chairperson
Shelley Dickerson, Vice-Chairperson
E. David T. Bunn
Harry L. Foy, Jr.
Cedric K. Jones, Sr.
Michael Schriver
James M. Speed

County Officials

Angela L Harris
Jamie Holtzman
Pete Tomlinson

County Manager
Finance Director
County Attorney



Government Finance Officers Association

**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, 2019

Christopher P. Morrill

Executive Director/CEO

FINANCIAL SECTION

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

Certified Public Accountants



America Counts on CPAs

Gary L. Williams, CPA
Carleen P. Evans, CPA
Jennifer T. Reese, CPA
Tara H. Roberson, CPA

Curtis G. Van Horne, CPA

Independent Auditor's Report

To the Board of County Commissioners
Franklin County, North Carolina

Report on the Financial Statements

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, 2020 and the related notes to the financial statements, which collectively comprise Franklin County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller 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. The financial statements of Franklin County Tourism Development Authority were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Franklin County, North Carolina

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as of June 30, 2020, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, the Local Government Employees' Retirement System's Schedule of the County's Proportionate Share of Net Pension Liability (Asset) and Schedule of County Contributions, the Register of Deeds' Supplemental Pension Fund Schedule of the County's Proportionate Share of the Net Pension Asset and Schedule of County Contributions, the Law Enforcement Officers' Special Separation Allowance Schedule of Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll, and the Healthcare Benefits Plan Schedule of Changes in the Total OPEB Liability and Related Ratios on Exhibits A-1 thru A-8 respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Franklin County's basic financial statements. The introductory information, combining and individual fund financial statements, budgetary schedules, other schedules, statistical section, as well as the accompanying schedule of expenditures of federal and state awards as required by Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* 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 fund financial statements, budgetary schedules, other schedules and the schedule of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures; including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit, the procedures performed as described above, the combining and individual fund financial statements, budgetary schedules, other schedules and the schedule of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory information and the statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2020 on our consideration of Franklin County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Franklin County's internal control over financial reporting and compliance.

Winston, Williams, Creech, Evans & Company, LLP

Winston, Williams, Creech, Evans & Company, LLP
Certified Public Accountants
Oxford, NC
December 16, 2020



County Of Franklin

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Office of Finance

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Franklin 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, 2020. 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

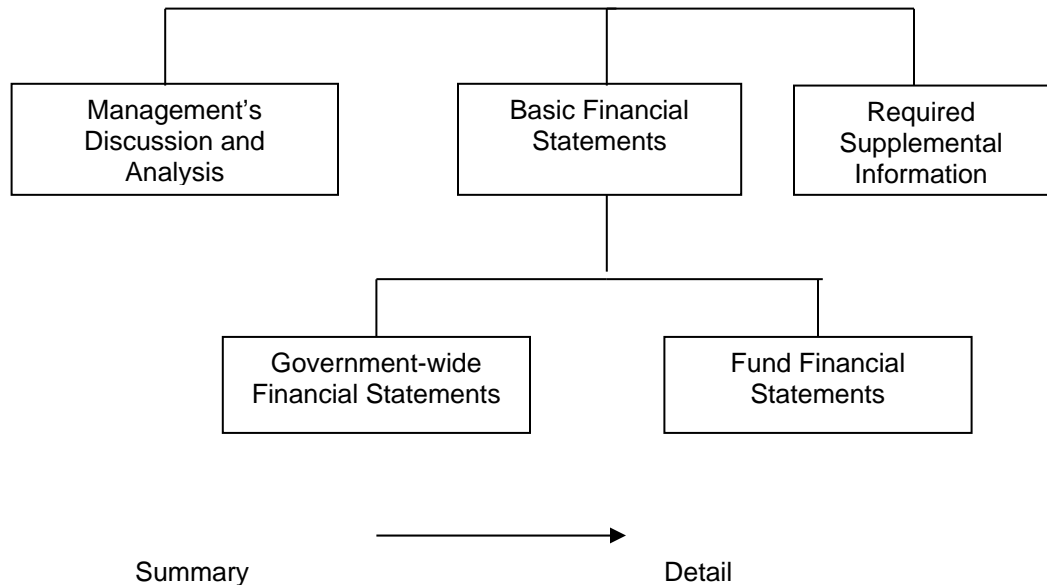
- The County's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$24.7 million. In accordance with North Carolina law, liabilities of the County include long-term debt associated with assets belonging to the Franklin County Board of Education. The amount included in liabilities related to school financing is \$44.8 million. These assets are not reflected in the County's financial statements but the full amount of the long-term debt associated with schools is reflected in the County's financial statements. Some similar County financial reports may reflect a net deficit in net position due to this law.
- As of the close of the current fiscal year, the County's Governmental funds reported a combined ending fund balances of \$43.98 million, a decrease of approximately \$3.94 million from the previous fiscal year where the combined fund balances totaled \$47.96 million. A decrease in the amount of \$4.96 million was in the Non-major Other Governmental Funds. The General Fund increased by \$1,014,559. Approximately 55.7 percent of the total fund balance of the General fund or \$22.39 million is available for spending at the government's discretion.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$22.39 million or 26.5 percent of total general fund expenditures for the fiscal year. The portion of the total fund balance that has been designated for subsequent year expenditures is \$4,486,869.
- The County's total long-term debt increased by \$766,668 during the current fiscal year. The County made all debt payments timely.
- The County's current bond rating with Moody's Investor Services is a (Aa2), Standard & Poor's rating for the County is AA, and Fitch has rated the County as AA+.

Overview of the Financial Statements

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

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

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

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

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

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

Government-wide Financial Statements

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

The two government-wide statements report the County's net position and how they have changed. Net position is the difference between the total of the County's assets and deferred outflows of resources and the total liabilities and the deferred inflows of resources. Measuring net position 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 had two business-type activities reported during fiscal year 2020 for water and sewer service and also solid waste. The final category is component units. Although legally separate from the County the Franklin County Tourism Development Authority is the only component unit to the County. The County exercises control over its Board by appointing seven of its nine board members with the other two members being the Franklin County Finance Director and the Franklin County Economic Development Director. The Franklin County Industrial Facility and Pollution Control Financing 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 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 Position 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 two proprietary funds. 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 and starting July 1, 2015, the County started using an Enterprise Fund for its solid waste operations instead of the

General Fund. This fund is the same as the function shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

Internal Service Funds – These 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 worker's 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 four agency funds.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 41-80 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 82 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The County's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$24,712,304 as of June 30, 2020. The County's net position increased by \$1.55 million for the fiscal year ended June 30, 2020. One of the largest portions, \$65,040,635, reflects the County's net investment in capital assets (e.g. land, buildings, machinery, and equipment). Franklin County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Franklin 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. An additional portion of Franklin County's net position, \$12,490,136, represents resources that are subject to external restrictions on how they may be used. The remaining balance is unrestricted.

Figure 2 (below) represents comparative data for the County's total assets, total liabilities, and net position for FYE 2020 and FYE 2019.

Figure 2

FRANKLIN COUNTY'S NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 53,697,508	\$ 54,859,708	\$ 12,765,600	\$ 9,214,883	\$ 66,463,108	\$ 64,074,591
Capital assets	46,047,663	46,656,619	33,273,182	33,336,366	79,320,845	79,992,985
Total assets	99,745,171	101,516,327	46,038,782	42,551,249	145,783,953	144,067,576
Deferred Outflows of Resources	9,930,661	8,130,616	610,886	512,048	10,541,547	8,642,664
Long-term liabilities outstanding	110,123,446	108,768,455	8,200,311	8,776,932	118,323,757	117,545,387
Other liabilities	4,548,242	3,283,912	1,574,363	1,478,465	6,122,605	4,762,377
Total liabilities	114,671,688	112,052,367	9,774,674	10,255,397	124,446,362	122,307,764
Deferred Inflows of Resources	6,910,389	8,114,523	246,364	275,576	7,156,753	8,390,099
Net Position:						
Net investment in capital assets	37,066,175	39,726,457	27,974,460	27,282,211	65,040,635	67,008,668
Restricted	12,490,136	9,498,795	-	-	12,490,136	9,498,795
Unrestricted	(61,472,637)	(58,919,975)	8,654,170	5,573,469	(52,818,467)	(53,346,506)
Total Net Position	\$ (11,916,326)	\$ (9,694,723)	\$ 36,628,630	\$ 32,855,680	\$ 24,712,304	\$ 23,160,957

As noted earlier, net position 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 Activities by \$(11.9) million. In the Business-type Activities, the assets exceeded its liabilities by \$36.63 million at June 30, 2020. Net position for Governmental Activities is reported in three categories: Net Investment in capital assets was

\$37.07 million; Restricted was \$12.49 million and unrestricted net position was \$(61.47) million. Net position for Business-type Activities is reported in two categories: Net Investment in capital assets was \$27.97 million and unrestricted net position was \$8.65 million.

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

In the fiscal year ending June 30, 2020, the county had a negative number of \$61.47 million in unrestricted net position. Many counties in the State of North Carolina have a deficit in unrestricted net position. 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 \$43.4 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 fiscal year ending June 30, 2020, total net position in Governmental Activities decreased by \$2.22 million. Part of the reason is the result of the County paying principal payments on its debt. Also, the County noted the following positive operational initiatives and results:

- Great tax collection rate of 98.23 percent.
- Continued low cost of debt due to the County's bond rating.
- Conservative revenue projections resulting in a \$2,903,000 surplus over budget in the General Fund.
- Controlled departmental spending and conservative budgeting resulting in being \$5,697,180 under budget in the General Fund.

Figure 3
FRANKLIN COUNTY'S CHANGES IN NET POSITION

	Governmental Activities		Business-type Activities		Total	
	FY 2020	FY 2019	FY 2020	FY 2019	FY 2020	FY 2019
Revenues:						
Program revenues:						
Charges for services	\$ 11,290,693	\$ 10,478,068	\$ 17,373,033	\$ 15,305,458	\$ 28,663,726	\$ 25,783,526
Operating grants and contributions	12,586,629	11,789,150	-	-	12,586,629	11,789,150
Capital grants and contributions	755,770	1,599,806	270,238	1,141,674	1,026,008	2,741,480
General revenues:						
Property taxes	52,569,663	50,086,923	-	-	52,569,663	50,086,923
Other taxes	15,764,887	14,574,414	-	-	15,764,887	14,574,414
Other	728,951	978,212	72,508	37,841	801,459	1,016,053
Total revenues	93,696,593	89,506,573	17,715,779	16,484,973	111,412,372	105,991,546
Expenses:						
General Government	6,880,898	6,374,634	-	-	6,880,898	6,374,634
Public Safety	34,225,801	32,167,086	-	-	34,225,801	32,167,086
Economic and Physical Development	3,496,662	3,563,802	-	-	3,496,662	3,563,802
Environmental protection	-	-	-	-	-	-
Human Services	19,030,711	18,917,258	-	-	19,030,711	18,917,258
Cultural and Recreation	1,925,535	1,776,518	-	-	1,925,535	1,776,518
Education	28,736,589	20,594,619	-	-	28,736,589	20,594,619
Interest on long-term debt	1,439,369	1,775,968	-	-	1,439,369	1,775,968
Solid Waste	-	-	4,404,382	3,984,466	4,404,382	3,984,466
Water and Sewer	-	-	9,721,078	7,771,650	9,721,078	7,771,650
Total expenses	95,735,565	85,169,885	14,125,460	11,756,116	109,861,025	96,926,001
Increase (Decrease) in net position before transfers and special item	(2,038,972)	4,336,688	3,590,319	4,728,857	1,551,347	9,065,545
Special item	-	-	-	-	-	-
Transfers	(182,631)	(250,000)	182,631	250,000	-	-
Increase in net position	(2,221,603)	4,086,688	3,772,950	4,978,857	1,551,347	9,065,545
Net Position, July 1	(9,694,723)	(13,781,411)	32,855,680	27,876,823	23,160,957	14,095,412
Net Position, June 30	\$ (11,916,326)	\$ (9,694,723)	\$ 36,628,630	\$ 32,855,680	\$ 24,712,304	\$ 23,160,957

Governmental activities: Governmental activities decreased the County's net position by \$2.22 million. Property Tax Collections totaled \$52.57 million, \$753,662 over budget. Sales Tax revenue was \$1,065,858 over budget. In addition, Restricted Intergovernmental was \$361,702 over budget and Sales and Services was \$754,169 over budget. Public Safety expenditures increased \$2.06 million with the hiring of additional personnel and purchase of additional equipment, Human Services increased \$113,453 and the Franklin County Board of Education was funded an additional \$3.45 million.

Business-type activities: The net position in Business-type activities increased by \$3.77 million. The Water and Sewer fund accounted for the majority of the increase in net position accounting for \$3.71 million. Water collections increased \$389,592 and sewer collections increased by \$244,842. Operating expenses for the Water and Sewer increased \$858,904 primarily due to the increase in capital outlay with the purchase of vehicles and equipment in FYE 2020. The Solid Waste Fund had revenue and capital contributions of \$4,165,362 for the year. Operating expenses were \$4,282,039, an increase of \$369,867 due to the purchase of compactors and an increase in employee salaries and benefits.

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, fund balance available for appropriation 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 Franklin County. At the end of the fiscal year 2020, Franklin County's fund balance available (unassigned) in the General Fund was \$22,394,582 while total fund balance reached \$40,197,966. In November 2019 the Governing Body of Franklin County adopted an unassigned fund balance policy that established the goal to maintain a minimum unassigned fund balance for the general fund of 18% of budgeted operating expenditures in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the County. The County currently has an available fund balance of 26.5% of general fund expenditures, while total fund balance represents 47.5% of that same amount.

At June 30, 2020, the governmental funds of the County reported a combined fund balance of \$43,985,301. The County's overall fund balance remains strong.

General Fund Budgetary Highlights

During fiscal year 2020, the County maintained a strong fund balance position and finished the year in sound financial condition. The County amended 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 and expenditures by \$7.47 million mainly due to recognizing new grants and additional appropriated fund balance.

The actual operating revenues for the General Fund were higher than the budgeted amount by \$2,903,900. Ad valorem taxes were over budget by \$753,662; Sales tax revenues were over budget by \$1,065,858; fees and charges were over budget by \$754,169; and Restricted intergovernmental revenues were over the anticipated budget by \$361,702. The County's expenditures were \$5,697,180 less than budgeted. Human Services departments underspent their budgets by \$2,047,118, General Government activities were under budget by \$816,799, Public Safety departments were under budget by \$1,912,888 and Economic and physical development was under budget by \$464,777.

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 position of the Water and Sewer Fund and Solid Waste Fund at the end of the fiscal year amounted to \$8,734,145, an increase of \$3.82 million.

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, 2020, totaled \$79,320,845 (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:

- \$1,764,348 in vehicles
- \$254,334 in building Improvements
- \$1,193,196 in Equipment

Figure 4

Franklin County's Capital Assets (net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land and Improvements	\$ 14,645,873	\$ 14,810,446	\$ 874,212	\$ 874,212	\$ 15,520,085	\$ 15,684,658
Buildings	14,960,682	15,469,727	-	-	14,960,682	15,469,727
Gas Lines	152,493	160,723	-	-	152,493	160,723
Plant & Distribution	131,918	103,779	28,632,012	28,265,788	28,763,930	28,369,567
Automotive equipment	2,971,238	2,670,577	597,328	270,943	3,568,566	2,941,520
Office and other equipment	11,668,973	13,248,167	762,222	731,053	12,431,195	13,979,220
Construction in progress	1,516,486	1,018,424	2,407,408	3,517,726	3,923,894	4,536,150
Total	\$ 46,047,663	\$ 47,481,843	\$ 33,273,182	\$ 33,659,722	\$ 79,320,845	\$ 81,141,565

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, 2020, the County's Governmental Activities had total bonded school debt outstanding of \$43,436,432 all of which is backed by the full faith and credit of the County: and \$11,256,171 in installment purchases. In the Business-Type Activities, the County had \$180,000 in outstanding Federal and State revolving loans and \$5,118,722 in installment loans outstanding at June 30, 2020. 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	
	2020	2019	2020	2019	2020	2019
General obligation bonds	\$ 43,436,432	\$ 48,310,619	\$ -	\$ -	\$ 43,436,432	\$ 48,310,619
Certificates of Participation	-	-	-	-	-	-
Installment Purchases	11,256,171	12,464,179	5,118,722	6,017,510	16,374,893	18,481,689
Revolving Loans	-	-	180,000	360,000	180,000	360,000
Other obligations	55,430,843	47,993,657	2,889,887	2,399,422	58,320,730	50,393,079
Total long-term debt	\$ 110,123,446	\$ 108,768,455	\$ 8,188,609	\$ 8,776,932	\$ 118,312,055	\$ 117,545,387

In fiscal year 2019-2020, the County's total long-term debt increased by \$766,668. The County's increase in postemployment benefits were the main reason for the observed increase. The County entered into a \$1.2 million installment loan for vehicle and equipment purchase in FYE 19-20. The County met its obligations in a timely fashion. Ninety-one percent of the County's debt obligations will be paid in full in the next ten years.

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

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

This stability of the County's bond rating is a clear indication of the sound financial condition of the County.

The State of North Carolina limits the amount of debt that a unit of government can issue to eight percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for the County is \$407,778,428.

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 7.10 percent at June 30, 2020 which is higher when compared to last year's rate at 4.7 percent.

Budget Highlights for the Fiscal Year Ending June 30, 2021

- **Governmental Activities:** The County has approved an \$88.89 million General Fund budget for FYE 2021 compared to a \$89.65 million General Fund budget for fiscal year 2019-2020. The property tax rate remained at .8050 cents per \$100 dollars of property valuation. Revenue projections for the new fiscal year were very conservative.
- **Business – type Activities:** The County water rates and sewer rates remained the same as the previous year. The budget for the Water and Sewer Fund for FYE 2021 was set at \$11,109,137 to start the year up from \$11,240,000 in FYE 2020. The Solid Waste budget was set at \$4,534,525 as compared to the budget at \$4,471,846 for FYE 2020. The Solid Waste Availability Fee increased from \$90 to \$100.

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. You may also call 919-496-3182 or email the Finance Director at jholtzman@franklincountync.us for more information.

BASIC FINANCIAL STATEMENTS

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS**

Franklin County, North Carolina
Statement of Net Position
June 30, 2020

	Primary Government			Component Unit
	Governmental Activities	Business-type Activity	Total	Franklin County Tourism Development Authority
Assets				
Cash and cash equivalents	\$ 38,027,877	\$ 10,617,438	\$ 48,645,315	\$ 214,198
Taxes receivable (net)	1,888,292	-	1,888,292	-
Accounts receivable (net)	3,048,365	2,856,135	5,904,500	-
Due from other governments	3,687,426	106,201	3,793,627	-
Accrued interest receivable	309,044	-	309,044	-
Inventory	16,928	-	16,928	-
Prepaid items	1,217,145	-	1,217,145	-
Net pension asset	111,667	-	111,667	-
Restricted cash and cash equivalents	4,576,590	-	4,576,590	-
Internal balances	814,174	(814,174)	-	-
Capital assets:				
Land, improvements, and construction in progress	13,535,611	3,281,620	16,817,231	-
Other capital assets, net of depreciation	32,512,052	29,991,562	62,503,614	-
Total capital assets	46,047,663	33,273,182	79,320,845	-
Total assets	99,745,171	46,038,782	145,783,953	214,198
Deferred Outflows of Resources	9,920,580	610,886	10,531,466	-
Liabilities				
Accounts payable and accrued expenses	3,985,092	893,684	4,878,776	-
Customer deposits	-	658,323	658,323	-
Accrued interest payable	563,150	22,356	585,506	-
Long-term liabilities:				
Due within one year	7,251,052	1,210,324	8,461,376	-
Due in more than one year	102,872,394	6,989,987	109,862,381	-
Total long-term liabilities	110,123,446	8,200,311	118,323,757	-
Total liabilities	114,671,688	9,774,674	124,446,362	-
Deferred Inflows of Resources	6,910,389	246,364	7,156,753	-
Net Position				
Net investment in capital assets	37,066,175	27,974,460	65,040,635	-
Restricted for:				
State Statute for Stabilization	7,472,709	-	7,472,709	-
Register of Deeds	112,110	-	112,110	-
Public Safety	1,741,993	-	1,741,993	-
Economic Development	297,107	-	297,107	-
Education	1,535,640	-	1,535,640	-
Human Services	86,373	-	86,373	-
Capital Reserve	1,244,204	-	1,244,204	-
Unrestricted	(61,472,637)	8,654,170	(52,818,467)	214,198
Total net position	\$ (11,916,326)	\$ 36,628,630	\$ 24,712,304	\$ 214,198

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, 2020

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 6,880,898	\$ 1,053,895	\$ 1,791,947	\$ -
Public safety	34,225,801	6,319,399	1,745,930	177,732
Economic and physical development	3,496,662	798,469	103,049	151,051
Human services	19,030,711	2,718,682	8,166,455	426,987
Cultural and recreation	1,925,535	400,248	229,248	-
Education	28,736,589	-	550,000	-
Interest on long-term debt	1,439,369	-	-	-
Total governmental activities	<u>95,735,565</u>	<u>11,290,693</u>	<u>12,586,629</u>	<u>755,770</u>
Business-type activity:				
Solid Waste	4,404,382	3,985,588	-	179,774
Water and Sewer Department	9,721,078	13,387,445	-	90,464
Total business-type activities	<u>14,125,460</u>	<u>17,373,033</u>	<u>-</u>	<u>270,238</u>
Total primary government	<u>\$ 109,861,025</u>	<u>\$ 28,663,726</u>	<u>\$ 12,586,629</u>	<u>\$ 1,026,008</u>
Component Unit:				
Franklin County Tourism Development Authority	<u>\$ 35,154</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2020

	Net (Expense) Revenue and Changes in Net Position			
	Primary Government			Component Unit
				Franklin County Tourism Development Authority
Functions/Programs	Governmental Activities	Business-type Activity	Total	
Governmental activities:				
General government	\$ (4,035,056)	\$ -	\$ (4,035,056)	
Public safety	(25,982,740)	-	(25,982,740)	
Economic and physical development	(2,444,093)	-	(2,444,093)	
Human services	(7,718,587)	-	(7,718,587)	
Cultural and recreation	(1,296,039)	-	(1,296,039)	
Education	(28,186,589)	-	(28,186,589)	
Interest on long-term debt	(1,439,369)	-	(1,439,369)	
Total governmental activities	(71,102,473)	-	(71,102,473)	
Business-type activity:				
Solid Waste	-	(239,020)	(239,020)	
Water and Sewer Department	-	3,756,831	3,756,831	
Total business-type activities	-	3,517,811	3,517,811	
Total primary government	(71,102,473)	3,517,811	(67,584,662)	
Component Unit:				
Franklin County Tourism Development Authority	-	-	-	(35,154)
General revenues:				
Taxes:				
Property taxes, levied for general purposes	52,569,663	-	52,569,663	-
Local option sales tax	15,239,880	-	15,239,880	-
Other taxes and licenses	525,007	-	525,007	63,365
Investment earnings, unrestricted	488,752	26,421	515,173	-
Miscellaneous, unrestricted	240,199	46,087	286,286	-
Transfers	(182,631)	182,631	-	-
Total general revenues and transfers	68,880,870	255,139	69,136,009	63,365
Change in net position	(2,221,603)	3,772,950	1,551,347	28,211
Net position, beginning	(9,694,723)	32,855,680	23,160,957	185,987
Net position, ending	\$ (11,916,326)	\$ 36,628,630	\$ 24,712,304	\$ 214,198

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

**FUND
FINANCIAL STATEMENTS**

Franklin County, North Carolina
Balance Sheet
Governmental Funds
June 30, 2020

	<u>Major</u>	<u>Nonmajor</u>	
	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets			
Cash and cash equivalents	\$ 34,732,896	\$ 1,119,020	\$ 35,851,916
Taxes receivable, net	1,711,214	177,078	1,888,292
Accounts receivables, net	2,997,957	50,408	3,048,365
Due from other governments	3,611,612	75,814	3,687,426
Due from other funds	736,918	-	736,918
Inventory	16,928	-	16,928
Restricted assets:			
Restricted cash	1,994,504	2,582,086	4,576,590
Total assets	<u>\$ 45,802,029</u>	<u>\$ 4,004,406</u>	<u>\$ 49,806,435</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable and accrued liabilities	\$ 3,218,493	\$ 39,993	\$ 3,258,486
Total liabilities	<u>3,218,493</u>	<u>39,993</u>	<u>3,258,486</u>
Deferred Inflows of Resources	<u>2,385,570</u>	<u>177,078</u>	<u>2,562,648</u>
Fund Balances:			
Nonspendable:			
Inventories	16,928	-	16,928
Restricted:			
Stabilization by State Statute	7,346,487	126,222	7,472,709
Register of Deeds	112,110	-	112,110
Fire Protection	-	59,071	59,071
Capital Reserve	1,244,204	-	1,244,204
Public Safety	-	1,682,922	1,682,922
Education	-	1,535,640	1,535,640
Human Services	-	86,373	86,373
Economic Development	-	297,107	297,107
Committed:			
Revaluation	638,190	-	638,190
Assigned:			
Subsequent year's expenditures			
General Fund	4,486,869	-	4,486,869
Cultural and Recreational	837,238	-	837,238
Economic Development	875,164	-	875,164
Public Safety	1,986,443	-	1,986,443
Human Services	259,751	-	259,751
Unassigned:			
General Fund	22,394,582	-	22,394,582
Total fund balances	<u>40,197,966</u>	<u>3,787,335</u>	<u>43,985,301</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 45,802,029</u>	<u>\$ 4,004,406</u>	

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

Franklin County, North Carolina
Balance Sheet
Governmental Funds
June 30, 2020

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

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	\$ 46,047,663
Net pension asset	111,667
Deferred charges related to advance refunding bond issued-included on the government-wide statement of net position but are not current financial	880,399
Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position	2,140,979
Benefit payments and pension administration costs for LEOSSA are deferred outflows of resources on the Statement of Net Position	26,858
Contributions for OPEB are deferred outflows of resources on the Statement	540,540
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.	2,743,756
Liabilities for deferred inflows of resources reported in the fund statements but not the government wide	1,888,292
Accrued interest on ad valorem receivable and investments is not available to pay for current-period expenditures and therefore are not recognized in the funds:	309,044
Pension related deferrals	3,891,036
OPEB related deferrals	(3,795,265)
Some liabilities, including bonds payable, are not due and payable in the current year and, therefore, are not reported in the funds	<u>(110,686,596)</u>
Net position of governmental activities	<u>\$ (11,916,326)</u>

Exhibit 4

Franklin County, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2020

	<u>Major</u>	<u>Nonmajor</u>	
	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues			
Ad valorem taxes	\$ 47,921,663	\$ 4,356,922	\$ 52,278,585
Local option sales taxes	15,239,880	-	15,239,880
Other taxes	267,397	604,890	872,287
Restricted intergovernmental	11,922,966	800,059	12,723,025
Fees, sales and charges	11,293,123	-	11,293,123
Investment earnings	403,853	84,569	488,422
Miscellaneous	509,863	-	509,863
Total revenues	<u>87,558,745</u>	<u>5,846,440</u>	<u>93,405,185</u>
Expenditures			
Current:			
General government	6,256,614	-	6,256,614
Public safety	25,303,341	4,802,896	30,106,237
Economic and physical development	3,043,707	-	3,043,707
Human services	16,870,448	462,496	17,332,944
Cultural and leisure	1,674,344	-	1,674,344
Intergovernmental:			
Education	22,738,999	-	22,738,999
Capital outlay	-	6,495,652	6,495,652
Debt service	8,677,269	-	8,677,269
Total expenditures	<u>84,564,722</u>	<u>11,761,044</u>	<u>96,325,766</u>
Revenues over (under) expenditures	<u>2,994,023</u>	<u>(5,914,604)</u>	<u>(2,920,581)</u>
Other financing sources (uses)			
Transfers to other funds	(3,355,871)	-	(3,355,871)
Transfers from other funds	117,369	955,871	1,073,240
Payment to escrow agent-refunding bonds	(11,973,131)	-	(11,973,131)
Premium on debt	2,184,506	-	2,184,506
Issuance of debt	11,047,663	-	11,047,663
Total other financing sources (uses)	<u>(1,979,464)</u>	<u>955,871</u>	<u>(1,023,593)</u>
Net changes in fund balances	1,014,559	(4,958,733)	(3,944,174)
Fund balances			
Beginning of year	39,212,564	8,746,068	47,958,632
Increase in reserve for inventory	<u>(29,157)</u>	<u>-</u>	<u>(29,157)</u>
End of year	<u>\$ 40,197,966</u>	<u>\$ 3,787,335</u>	<u>\$ 43,985,301</u>

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

Franklin County, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2020

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

Net changes in fund balances - total governmental funds	\$ (3,944,174)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period	(1,434,180)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	424,184
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	2,140,979
Benefit payments and administration costs for LEOSSA are deferred outflows of resources on the Statement of Net Position	26,858
Contributions for OPEB are deferred outflows of resources on the Statement of Net	540,540
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.	5,949,408
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(7,382,146)
Inventory not expensed on statement of activities	(29,157)
Internal service funds are used by management to charge the costs of health insurance to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities	<u>1,486,085</u>
Total changes in net position of governmental activities (Exhibit 2)	<u><u>\$ (2,221,603)</u></u>

Franklin County, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual - General Fund
For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance With Final Positive Negative
Revenues				
Ad valorem taxes	\$ 47,168,001	\$ 47,168,001	\$ 47,921,663	\$ 753,662
Local option sales tax	10,406,063	10,406,063	11,471,921	1,065,858
Other taxes	385,115	385,115	267,397	(117,718)
Restricted intergovernmental	11,078,471	11,561,264	11,922,966	361,702
Sales and services	10,535,833	10,538,954	11,293,123	754,169
Investment earnings	482,000	482,000	403,853	(78,147)
Miscellaneous	295,480	345,489	509,863	164,374
Total revenues	<u>80,350,963</u>	<u>80,886,886</u>	<u>83,790,786</u>	<u>2,903,900</u>
Expenditures				
Current:				
General government	8,039,739	7,073,413	6,256,614	816,799
Public safety	26,173,470	27,216,230	25,303,341	1,912,889
Economic and physical development	3,358,197	3,508,484	3,043,707	464,777
Human services	18,574,999	18,917,566	16,870,448	2,047,118
Culture and leisure	1,741,706	1,788,167	1,674,344	113,823
Intergovernmental:				
Education	22,738,999	22,738,999	22,738,999	-
Debt service	9,019,043	9,019,043	8,677,269	341,774
Total expenditures	<u>89,646,153</u>	<u>90,261,902</u>	<u>84,564,722</u>	<u>5,697,180</u>
Revenues under expenditures	<u>(9,295,190)</u>	<u>(9,375,016)</u>	<u>(773,936)</u>	<u>8,601,080</u>
Other financing sources (uses)				
Transfers to other funds	-	(3,558,482)	(3,455,871)	102,611
Transfers from other funds	3,614,485	3,614,485	3,317,369	(297,116)
Payment to escrow agent-refunding bonds	-	-	(11,973,131)	(11,973,131)
Premium on debt	-	-	2,184,506	2,184,506
Debt proceeds	1,356,240	1,356,240	11,047,663	9,691,423
Appropriated fund balance	4,324,465	7,962,773	-	(7,962,773)
Total other financing sources (uses) - net	<u>9,295,190</u>	<u>9,375,016</u>	<u>1,120,536</u>	<u>(8,254,480)</u>
Revenues and other financing sources under expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>346,600</u>	<u>\$ 346,600</u>
Fund balance				
Beginning of year, July 1			37,998,129	
Decrease in reserve for inventory			(29,157)	
End of year, June 30			<u>\$ 38,315,572</u>	
A legally budgeted Capital Reserve Fund and Revaluation Fund is consolidated into the General Fund for reporting purposes:				
Sales tax revenue			3,767,959	
Transfer-out to General Fund			(3,200,000)	
General government expenditures			-	
Transfer-in from General Fund			<u>100,000</u>	
Fund Balance, Beginning			<u>1,214,435</u>	
Fund Balance, Ending (Exhibit 4)			<u>\$ 40,197,966</u>	

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

Franklin County, North Carolina
Statement of Net Position
Proprietary Funds
June 30, 2020

	<u>Major</u>	<u>Non-Major</u>		<u>Non-Major</u>
			<u>Enterprise Fund</u>	<u>Internal</u>
	<u>Water and</u>	<u>Solid Waste</u>		<u>Service Fund</u>
	<u>Sewer Fund</u>	<u>Fund</u>	<u>Total</u>	<u>Insurance</u>
				<u>Fund</u>
Assets				
Current assets:				
Cash and cash equivalents	\$ 10,237,709	\$ 379,729	\$ 10,617,438	\$ 2,175,961
Receivables, net	2,319,897	536,238	2,856,135	-
Due from other governments	47,777	58,424	106,201	-
Security deposit	-	-	-	1,217,145
Total current assets	<u>12,605,383</u>	<u>974,391</u>	<u>13,579,774</u>	<u>3,393,106</u>
Noncurrent assets:				
Capital assets:				
Land, improvements, and construction in	2,776,864	504,756	3,281,620	-
Other capital assets, net of depreciation	29,024,365	967,197	29,991,562	-
Total capital assets	<u>31,801,229</u>	<u>1,471,953</u>	<u>33,273,182</u>	<u>-</u>
Total noncurrent assets	<u>31,801,229</u>	<u>1,471,953</u>	<u>33,273,182</u>	<u>-</u>
Total assets	<u>\$ 44,406,612</u>	<u>\$ 2,446,344</u>	<u>\$ 46,852,956</u>	<u>\$ 3,393,106</u>
Deferred Outflows of Resources	<u>428,024</u>	<u>182,862</u>	<u>610,886</u>	<u>-</u>
Liabilities				
Current liabilities:				
Accounts payable	\$ 492,545	\$ 298,038	\$ 790,583	\$ 726,606
Accrued payroll	66,432	36,669	103,101	-
Accrued interest expense	22,356	-	22,356	-
Customer deposits	658,323	-	658,323	-
Due to General Fund	736,918	-	736,918	-
Compensated absences	33,045	10,853	43,898	-
Revolving loans	180,000	-	180,000	-
Installment debt	909,426	-	909,426	-
Post closure liability	-	77,000	77,000	-
Total current liabilities	<u>3,099,045</u>	<u>422,560</u>	<u>3,521,605</u>	<u>726,606</u>
Noncurrent liabilities:				
Net pension liability	559,875	264,706	824,581	-
Compensated absences	99,134	32,557	131,691	-
Installment debt	4,209,296	-	4,209,296	-
Other postemployment benefits	1,340,978	346,200	1,687,178	-
Post closure liability	-	137,241	137,241	-
Total noncurrent liabilities	<u>6,209,283</u>	<u>780,704</u>	<u>6,989,987</u>	<u>-</u>
Total liabilities	<u>9,308,328</u>	<u>1,203,264</u>	<u>10,511,592</u>	<u>726,606</u>
Deferred Inflows of Resources	<u>195,654</u>	<u>50,710</u>	<u>246,364</u>	<u>-</u>
Net Position				
Net investment in capital assets	26,502,507	1,471,953	27,974,460	-
Unrestricted	8,828,147	(96,721)	8,731,426	2,666,500
Total net position	<u>\$ 35,330,654</u>	<u>\$ 1,375,232</u>	<u>36,705,886</u>	<u>\$ 2,666,500</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			<u>(77,256)</u>	
Net position of business-type activities			<u>\$ 36,628,630</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 Position
Proprietary Funds
For the Year Ended June 30, 2020

	<u>Major</u>	<u>Non-Major</u>		<u>Non-Major</u>
				<u>Internal Service Fund</u>
	<u>Water and Sewer Fund</u>	<u>Enterprise Fund</u>		
		<u>Solid Waste Fund</u>	<u>Total</u>	<u>Insurance Fund</u>
Operating revenues				
Charges for water	\$ 7,403,870	\$ -	\$ 7,403,870	\$ -
Charges for sewer	3,153,933	-	3,153,933	-
Other operating revenues	2,829,642	-	2,829,642	-
Charges for services	-	3,985,588	3,985,588	9,354,612
Miscellaneous income	41,985	54,598	96,583	-
Total operating revenues	<u>13,429,430</u>	<u>4,040,186</u>	<u>17,469,616</u>	<u>9,354,612</u>
Operating expenses				
Salaries and employee benefits	2,353,905	1,127,575	3,481,480	-
Water purchases	3,784,847	-	3,784,847	-
Other operating expenses	1,841,740	3,113,037	4,954,777	10,019,034
Depreciation	1,582,558	163,770	1,746,328	-
Total operating expenses	<u>9,563,050</u>	<u>4,404,382</u>	<u>13,967,432</u>	<u>10,019,034</u>
Operating income	<u>3,866,380</u>	<u>(364,196)</u>	<u>3,502,184</u>	<u>(664,422)</u>
Nonoperating revenues (expenses)				
Interest earnings	26,421	-	26,421	11
Interest expense	<u>(158,028)</u>	<u>-</u>	<u>(158,028)</u>	<u>-</u>
Total nonoperating revenue (expenses) - net	<u>(131,607)</u>	<u>-</u>	<u>(131,607)</u>	<u>11</u>
Income (loss) before transfers	<u>3,734,773</u>	<u>(364,196)</u>	<u>3,370,577</u>	<u>(664,411)</u>
Capital contributions	<u>90,464</u>	<u>179,774</u>	<u>270,238</u>	<u>-</u>
Transfers				
Transfer to General Fund	(117,369)	-	(117,369)	-
Transfer from General fund	-	300,000	300,000	2,100,000
Total	<u>(117,369)</u>	<u>300,000</u>	<u>182,631</u>	<u>2,100,000</u>
Change in net position	<u>3,707,868</u>	<u>115,578</u>	<u>3,823,446</u>	<u>1,435,589</u>
Net position				
Total net position, beginning	<u>31,622,786</u>	<u>1,259,654</u>	<u>32,882,440</u>	<u>1,230,911</u>
Total net position, ending	<u>\$ 35,330,654</u>	<u>\$ 1,375,232</u>	<u>\$ 36,705,886</u>	<u>\$ 2,666,500</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			<u>(50,496)</u>	
Change in net position of business-type activities			<u>\$ 3,772,950</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, 2020

	Major	Non-Major		Non-Major
				Internal Service Fund
		Enterprise Fund		
	Water and Sewer Fund	Solid Waste Fund	Total	Insurance Fund
Cash flows from operating activities				
Cash received from customers	\$ 13,800,282	\$ 3,870,771	\$ 17,671,053	\$ 9,354,612
Cash paid for goods and services	(5,662,145)	(3,047,167)	(8,709,312)	(10,348,360)
Cash paid to employees for services	(2,041,667)	(1,063,499)	(3,105,166)	-
Customer deposits received	63,390	-	63,390	-
Net cash provided by operating activities	6,159,860	(239,895)	5,919,965	(993,748)
Cash flows from noncapital financing activities				
Transfers in	-	300,000	300,000	2,100,000
Transfers out	(117,369)	-	(117,369)	-
Net cash provided by noncapital financing activities	(117,369)	300,000	182,631	2,100,000
Cash flows from capital and related financing activities				
Acquisition and construction of capital assets	(1,252,877)	(106,912)	(1,359,789)	-
Principal paid on bonds	(1,078,789)	-	(1,078,789)	-
Principal paid to General Fund	(736,918)	-	(736,918)	-
Interest paid	(158,028)	-	(158,028)	-
Capital contributions	90,464	179,774	270,238	-
Net cash used by capital and related financing activities	(3,136,148)	72,862	(3,063,286)	-
Cash flows from investing activities				
Interest on investments	26,421	-	26,421	11
Net increase in cash and cash equivalents	2,932,764	132,967	3,065,731	1,106,263
Cash and cash equivalents				
Beginning of year, July 1	7,304,945	246,762	7,551,707	1,069,698
End of year, June 30	\$ 10,237,709	\$ 379,729	\$ 10,617,438	\$ 2,175,961

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, 2020

	<u>Major</u>	<u>Non-Major</u>		<u>Non-Major</u>
		<u>Enterprise Fund</u>		<u>Internal Service Fund</u>
	<u>Water and Sewer Fund</u>	<u>Solid Waste Fund</u>	<u>Total</u>	<u>Insurance Fund</u>
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	\$ 3,866,380	\$ (364,196)	\$ 3,502,184	\$ (664,422)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	1,582,558	163,770	1,746,328	-
Landfill closure costs	-	6,147	6,147	-
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	48,500	(164,824)	(116,324)	-
(Increase) decrease in due from other governments	322,352	(4,591)	317,761	-
(Increase) decrease in security deposit	-	-	-	(374,792)
Increase (decrease) in accounts payable and accrued liabilities	(31,024)	59,723	28,699	45,466
Increase (decrease) in accrued interest expense	(4,534)	-	(4,534)	-
Decrease in accrued vacation pay	20,299	(6,787)	13,512	-
Increase in customer deposits	63,390	-	63,390	-
Increase in accrued payroll	3,605	4,738	8,343	-
(Increase) decrease in deferred outflows of resources-pensions	(63,273)	(35,565)	(98,838)	-
Increase in net pension liability	124,003	87,058	211,061	-
Decrease in deferred inflows of resources - pensions	(17,325)	(11,887)	(29,212)	-
Increase in other postemployment benefits	244,929	26,519	271,448	-
Total adjustments	<u>2,293,480</u>	<u>124,301</u>	<u>2,417,781</u>	<u>(329,326)</u>
Net cash provided by operating activities	<u>\$ 6,159,860</u>	<u>\$ (239,895)</u>	<u>\$ 5,919,965</u>	<u>\$ (993,748)</u>

Franklin County, North Carolina
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2020

	Agency Funds
Assets	
Cash and cash equivalents	\$ 241,440
Liabilities and Net Position	
Liabilities:	
Intergovernmental payable	\$ 7,316
Miscellaneous liabilities	234,124
Total	241,440
Net Position	\$ -

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

**NOTES TO THE BASIC FINANCIAL
STATEMENTS**

**FRANKLIN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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.

Discretely Presented Component Units

Franklin County Tourism Development Authority

The Franklin County Tourism Development Authority (the "Tourism Development Authority") was created by State Statute 2005-233 and Senate Bill 369 on December 19, 2005 by the Franklin County Board of Commissioners. The Tourism Development Authority was formed to promote the development of Franklin County travel, tourism and conventions through advertising and promotions. The Tourism Development Authority is governed by a nine-member Board of Directors, seven of whom are appointed by the Franklin County Board of Commissioners. The remaining two members consist of the Franklin County finance officer and the Franklin County economic development director. Of the seven members appointed by the Board of Commissioners, three must be actively affiliated with collecting the occupancy tax in businesses and the remaining four must be involved in cultural, educational, and/or hospitality industries. The Tourism Development Authority, which has a June 30 year-end, is presented as if it were a governmental fund. Complete financial statements may be obtained at the following address:

Franklin County Tourism Development Authority
113 Market Street
Louisburg, NC 27549

Franklin County Industrial Facility and Pollution Control Financing Authority

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 position and the statement of activities display information about the primary government net position (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. However, some interfund services provided and used are not eliminated in the process of consolidation. These statements distinguish between the *governmental* and *business-type activities* of the County.

**FRANKLIN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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

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

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

The County reports the following major governmental funds:

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

The County reports the following major enterprise fund:

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

The County reports the following internal service fund:

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

The County reports the following fund types:

Agency Funds – Agency funds are custodial in nature and do not involve the measurement of operating results. Agency funds are used to account for assets the County holds on behalf of others. The County maintains the following agency funds: the Social Services Fund, which accounts for moneys deposited with the Department of Social Services for the benefit of certain individuals; the Fines and Forfeitures Fund, which accounts for moneys deposited with the County and then remitted to the Franklin County Board of Education; the Motor Vehicle Interest Fund, which accounts for the taxes collected and paid to municipalities; and the Jail Fund, which accounts for the revenues and expenditures of activity funds belonging to inmates during their period of incarceration.

**FRANKLIN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Non-major Funds. The County maintains eleven legally budgeted funds. The Fire District Fund, Emergency Telephone System Fund, DEA Fund, Community Development Fund and Hospital Fund are reported as non-major special revenue funds. The Airport Projects Fund, Capital Building Project Fund, and School Construction Fund are reported as non-major capital projects funds. The Capital Reserve Fund and Revaluation Fund are consolidated in the General Fund in accordance with GASB statement No. 54. The Solid Waste Fund is the only enterprise fund that is a non-major fund. The Internal Service Fund is the only non-major internal service fund.

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.

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

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

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

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

The County considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem property taxes are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. As of September 1, 2013, 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, the State of North Carolina is responsible for billing and collecting the property taxes on all registered motor vehicles on behalf of all municipalities and special tax districts. Property

**FRANKLIN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

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. All taxes, including those dedicated for specific purposes are reported as general revenues rather than program revenues. 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 position 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 general revenues.

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, Capital Reserve Fund, Revaluation Fund, four of the special revenue funds (Fire District Fund, DEA Fund, Hospital Fund, and the Emergency Telephone System Fund), the Insurance Fund (an internal service fund), the Water and Sewer Fund and the Solid Waste Fund. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for all of the Capital Projects Funds, one of the special revenue funds, the Community Development Fund, and the Water and Sewer Capital Project Fund.

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 functional 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 has authority to transfer amounts between objects of expenditures and between departmental appropriations in the same fund without limitation and without a report to the Board of Commissioners.

D. Assets, Liabilities, Deferred Inflows and Outflows, 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).

**FRANKLIN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

The majority of the County's investments are carried at fair value. Non-participating interest earning contracts are accounted for at cost. The NCCMT is a SEC registered money market mutual fund allowable by G.S. 159-30(c)(8). The NCCMT Government Portfolio is a 2a-7 fund maintaining an AAAM rating from S&P. The NCCMT Government Portfolio is reported at fair value.

2. Cash and Cash Equivalents

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

3. Restricted Assets

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

<u>Franklin County Restricted Cash</u>		
Governmental Activities		
General Fund	Tax Revaluation funds	\$ 638,190
General Fund	Register of Deeds funds	112,110
General Fund	School Capital Reserve funds	1,244,204
County Building Fund	Unexpended debt funds	1,046,446
School Construction Fund	Unexpended debt funds	1,535,640
Total		<u>\$ 4,576,590</u>

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, 2019. As allowed by state law, the county has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the County's general fund, ad valorem tax revenues are reported net of such discounts.

5. Allowances for Doubtful Accounts

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

6. Inventories

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

**FRANKLIN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

7. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets received prior to July 1, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after July 1, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. Minimum capitalization costs are as follows: \$50,000 for buildings and building improvements; and \$5,000 for equipment, vehicles, and furniture. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

The County holds title to certain Franklin County Board of Education properties that have not been included in capital assets. The properties have been deeded to the County to permit installment purchase financing of acquisition and construction costs and to permit the County to receive refunds of sales tax paid for construction costs. Agreements between the County and the Board of Education give the Board of Education full use of the facilities, full responsibility for maintenance of the facilities, and provide that the County will convey title to the property back to the Board of Education after 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

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflow of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The County has three items that meet this criterion –refunding costs, pension related deferrals and contributions made to the pension plan in the current fiscal year. In addition to liabilities, the statement of financial position can also report a separate section for deferred inflows of resources. This separate financial statement element, Deferred Inflows of Resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The County has only three items that meet the criterion for this category – prepaid taxes, special assessments receivable, and other pension related deferrals.

9. Long-term Obligations

In the government-wide financial statements and in the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities on the statements of net position.

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

**FRANKLIN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

10. 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. An expense and a liability for compensated absences and the salary-related payments are recorded as leave is earned in the County's government-wide and proprietary fund.

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

11. Net Position/Fund Balances

Net Position

Net position in government-wide and proprietary fund financial statements is classified as net investment in capital assets, restricted; and unrestricted. Restricted net position represents constraints on resources that are either a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or b) imposed by law through State statute.

Fund Balances

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

The governmental fund types classify fund balances as follows:

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

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

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

Restricted for Stabilization by State Statute-North Carolina G.S. 159-8 prohibits units of government from budgeting or spending a portion of their fund balance. This is one of several statutes enacted by the North Carolina State Legislature in the 1930's that were designed to improve and maintain the fiscal health of local government units. Restricted by State statute (RSS), is calculated at the end of each fiscal year for all annually budgeted funds. The calculation in G.S. 159-8(a) provides a formula for determining what portion of fund balance is available for appropriation. The amount of fund balance not available for appropriation is what is known as "restricted by State statute". Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget. Per GASB guidance, RSS is considered a resource upon which a restriction is "imposed by law through constitutional provisions or enabling legislation." RSS is reduced by inventories and prepaids as they are classified as nonspendable. Outstanding encumbrances are included within RSS. RSS is included as a component of Restricted Net position and Restricted fund balance on the face of the balance sheet.

**FRANKLIN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

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

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

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

Restricted for Education-portion of fund balance that can only be used for the purposes of educational expenditures.

Restricted for Human Services-portion of fund balance that can only be used for the purposes of human services.

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

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

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

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

Assigned for Subsequent year's expenditures-portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body approves the appropriation.

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

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

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

Assigned for Human Services-portion of fund balance that has been assigned by the board for human services.

Unassigned Fund Balance-Portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds. The General Fund is the only governmental fund that reports a positive unassigned fund balance. Other governmental funds will only report an unassigned fund balance if their expenditures exceed the amounts that are restricted, committed or assigned for specific purposes which will cause a negative unassigned fund balance.

**FRANKLIN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Franklin County has a stated minimum fund balance policy for the General Fund which instructs management to conduct the business of the County in such a manner that unrestricted fund balance is at least equal to or greater than 18% of budgeted expenditures. Any portion of the General Fund balance in excess of 18% of budgeted expenditures may be appropriated for one-time expenditures and may not be used for any purpose that would obligate the County in a future budget.

12. Defined Benefit Pension and OPEB Plans

The County participates in three cost-sharing, multiple-employer, defined benefit pension plans that are administered by the State; the Local Governmental Employees' Retirement System (LGERS), the Register of Deeds' Supplemental Pension Fund (RODSPF) the Law Enforcement Officer's Special Separation Allowance (LEOSSA) (collectively, the "state-administered defined benefit pension plans"), and one other postemployment benefit plan (OPEB), the Healthcare Benefits Plan (HCB). For purposes of measuring the net pension asset or liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net positions of the state-administered defined benefit pension plans and additions to/deductions from the state-administered defined benefit pension plans' fiduciary net positions have been determined on the same basis as they are reported by the state-administered defined benefit pension plans. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The County's employer contributions are recognized when due and the County has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the state-administered defined benefit pension plans. For purposes of measuring the total OPEB liability, deferred outflows and inflows of resources related to OPEB and OPEB expense, information about the additions to/deductions from the HCB's total liability have been determined on the same basis as they are reported by the HCB. For this purpose, the HCB recognizes benefit payments when due and payable in accordance with the benefit terms. Investments for all plans are reported at fair value.

E. Reconciliation of Government-Wide and Fund Financial Statements

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

The governmental fund balance sheet includes reconciliation between total fund balance for the governmental funds and net position for governmental activities as reported in the government-wide statement of net position. The net adjustment of \$(55,901,627) consists of several elements as follows:

<u>Description</u>	<u>Amount</u>
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds (total capital assets on government-wide statement in governmental activities column)	\$ 80,821,733
Less accumulated depreciation	<u>(34,774,070)</u>
Net capital assets	46,047,663
 Net pension asset	 111,667
 Deferred charges related to advance refunding bond issued-included on the government-wide statement of net position but are not current financial resources	 880,399

**FRANKLIN COUNTY, NORTH CAROLINA
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Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position	2,140,979
Benefit payments and pension administration costs for LEOSSA are deferred outflows of resources on the Statement of Net Position	26,858
Contributions and pension administration costs for OPEB are deferred outflows of resources on the Statement of Net Position	540,540
Accrued interest receivable less the amount claimed as unearned revenue in the government-wide statements as these funds are unavailable in the fund statements	309,044
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 position	2,666,500
Internal payable representing charges in excess of cost to business-type activities – current year	77,256
Deferred inflows of resources for taxes and special assessments receivable	1,888,292
Pension related deferrals	3,891,036
OPEB related deferrals	(3,795,265)
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not recorded in the fund statements:	
Bonds, premiums, leases, and installment financing	(54,692,603)
Compensated absences	(1,805,214)
Other postemployment benefits	(42,135,619)
Net pension liability-LGERS	(9,679,637)
Net pension liability-LEOSSA	(1,810,373)
Accrued interest payable	<u>(563,150)</u>
Total adjustment	<u>\$ (55,901,627)</u>

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

The government fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between net changes in fund balances for the governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. The total adjustment of \$1,722,571 is comprised of the following:

**FRANKLIN COUNTY, NORTH CAROLINA
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<u>Description</u>	<u>Amount</u>
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 2,807,840
Depreciation expense, the allocation of those assets over their useful lives, that is recorded on the statement of activities but not in the fund statements	(4,242,020)
New debt issued (including premiums) during the year is recorded as a source of funds on the fund statements; it has no effect on the statement of activities – it affects only the government-wide statement of net position	(13,232,169)
Principal payments on debt owed are recorded as a use of funds on the fund statements but again affect only the statement of net position in the government-wide statements	19,181,577
Inventory not expensed on the statement of activities	(29,157)
Internal service funds are used by management to charge the costs of health insurance to individual funds. The net revenue of certain activities of internal service fund is reported with governmental activities	
Change in net position of the internal service funds	1,435,589
Less: Profit from charges to business-type activities	<u>50,496</u>
Net adjustment	1,486,085
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	2,140,979
Benefit payments and administration costs for LEOSSA are deferred outflows of resources on the Statement of Net Position	26,858
Contributions to the OPEB plan are deferred outflows of resources on the Statement of Net Position	540,540
Expenses reported in the statement of activities that do not require the use of current resources to pay are not recorded as expenditures in the fund statements	
Difference in interest expense between fund statements (modified accrual) and government-wide statements (full accrual)	9,125
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	(17,778)
OPEB expense	(553,367)
Pension expense	(6,707,668)
Amortization of refunding costs	(112,458)
Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements	
Increase in deferred inflows of resources-taxes receivable-at end of year	274,971
Increase in accrued interest receivable for taxes at end of year	16,107
Amortization of bond premium	132,787
Increase in accrued interest receivable for year	<u>319</u>
Total adjustment	<u>\$ 1,722,571</u>

**FRANKLIN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

II. Stewardship, Compliance, and Accountability

A. Excess of Expenditures over Appropriations

G.S. 159-28(a) states that monies received and expended by a local government or public authority should be included in the budget ordinance. For the fiscal year ended June 30, 2020, expenditures for payments to escrow agent-refunding bonds in the General Fund exceeded appropriations by \$11,973,131. This over expenditure occurred due to the refunding of debt. These types of expenditures will be monitored more closely in the future to ensure budget amendments are made timely.

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. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the County or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The County has no formal policy regarding custodial credit risk for deposits.

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

At June 30, 2020, the County's deposits had a carrying amount of \$14,007,065 and a bank balance of \$15,221,900. Of the bank balance, \$315,902 was covered by federal depository insurance and \$14,905,998 in interest bearing deposits were covered by collateral held under the Pooling Method.

At June 30, 2020, Franklin County had \$3,938 cash on hand.

At June 30, 2020, the Tourism Development Authority had a carrying amount of \$214,198. This balance is held in trust by Franklin County.

2. Investments

As June 30, 2020, the County's investment balances were as follows:

**FRANKLIN COUNTY, NORTH CAROLINA
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<u>Investment</u>	<u>Valuation Measurement Method</u>	<u>Fair Value</u>	<u>Less than 6 months</u>
NC Capital Management Trust- Government Portfolio	Fair Value – Level I	\$ 39,452,342	\$ 39,452,342

*As of June 30, 2020, the NCCMT Term Portfolio had a duration of .15 years. Because the NCCMT Government Portfolios have a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months. The NCCMT Government Portfolio has an AAAM rating from S&P. The NCCMT Term has no rating.

All investments are measured using the market approach: using prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets. There are no limitations or restrictions on participant withdrawals.

Level of fair value hierarchy - Level 1: Debt securities valued using directly observable, quoted prices (unadjusted) in active markets for identical assets. Level Two debt securities are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

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 Government Portfolio carried a credit rating of AAAM by Standard & Poor's as of June 30, 2020. The County's policy on investments is that only investments allowed by North Carolina General Statutes are allowed.

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

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

<u>Year Levied</u>	<u>Tax</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 3,611,194	\$ 1,209,750	\$ 4,820,944
2018	3,472,104	868,026	4,340,130
2019	3,710,072	575,061	4,285,133
2020	<u>3,840,702</u>	<u>249,646</u>	<u>4,090,348</u>
Total	<u>\$ 14,634,072</u>	<u>\$ 2,902,483</u>	<u>\$ 17,536,555</u>

4. Receivables

Receivables at the government-wide level at June 30, 2020 were as follows:

**FRANKLIN COUNTY, NORTH CAROLINA
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	<u>Accounts</u>	<u>Ad Valorem Taxes & Related Accrued Interest</u>	<u>Due from Other Governments</u>	<u>Total</u>
Governmental Activities:				
General	\$ 9,181,535	\$ 2,171,258	\$ 3,611,612	\$ 14,864,405
Other Governmental	<u>50,408</u>	<u>177,078</u>	<u>75,814</u>	<u>303,300</u>
Total receivables	9,231,943	2,348,336	3,687,426	15,267,705
Allowance for doubtful accounts	<u>(6,183,578)</u>	<u>(151,000)</u>	<u>-</u>	<u>(6,334,578)</u>
Total – governmental activities	<u>\$ 3,048,365</u>	<u>\$ 2,197,336</u>	<u>\$ 3,687,426</u>	<u>\$ 8,933,127</u>
Business-type Activities:				
Solid Waste	\$ 568,408	\$ -	\$ 58,424	\$ 626,832
Water and Sewer	2,502,016	-	47,777	2,549,793
Allowance for doubtful accounts	<u>(214,289)</u>	<u>-</u>	<u>-</u>	<u>(214,289)</u>
Total – business-type activities	<u>\$ 2,856,135</u>	<u>\$ -</u>	<u>\$ 106,201</u>	<u>\$ 2,962,336</u>

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

Social Services	\$ 430,148
Local Option Sales Tax	2,687,785
Health Department	79,237
Sales tax refund	345,615
Medicaid Hold Harmless	208,785
Other	<u>42,057</u>
Total	<u>\$ 3,793,627</u>

Leases in which the County is the lessor consists of the following:

Direct financing and sales-type leases:

In October 2017, the County entered into a lease with Duke LifePoint Maria Parham LLC to lease the property commonly known as Franklin Medical Center, including the land, the buildings and structures, and all equipment, machinery, and other items of property. The County will not require the hospital to pay monetary compensation for rent in consideration of the covenants made by the hospital, including the hospital's capital investments of more than \$16 million dollars. The premises and equipment were leased for an initial term of two years and has been renewed for an additional two years which expires on October 22, 2021 with an option for 3 additional periods of two years each renewal. At any time during the lease term, the hospital shall have the option to purchase the premises and equipment from the County for \$1.00. The facility includes an Emergency Room, a 13-bed geriatric behavioral health unit and a 20-bed adult behavioral health unit that completed construction in March 2020.

5. Capital Assets

Primary Government

Capital asset activity for the year ended June 30, 2020 was as follows:

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental-type activities:				
Capital assets not being depreciated:				
Land	\$ 12,019,125	\$ -	\$ -	\$ 12,019,125
Construction in process	1,018,424	498,062	-	1,516,486
Total capital assets not being depreciated	<u>13,037,549</u>	<u>498,062</u>	<u>-</u>	<u>13,535,611</u>
Capital assets being depreciated:				
Buildings	29,690,407	337,016	-	30,027,423
Waterlines	163,228	34,521	-	197,749
Gas lines	411,481	-	-	411,481
Land Improvements	4,747,689	59,223	-	4,806,912
Equipment	21,357,056	646,330	-	22,003,386
Vehicles	9,089,466	1,232,688	(482,983)	9,839,171
Total capital assets being depreciated	<u>65,459,327</u>	<u>2,309,778</u>	<u>(482,983)</u>	<u>67,286,122</u>
Less accumulated depreciation for:				
Buildings	14,220,680	846,061	-	15,066,741
Waterlines	59,449	6,382	-	65,831
Gas lines	250,758	8,230	-	258,988
Land Improvements	1,956,368	223,796	-	2,180,164
Equipment	8,108,889	2,225,524	-	10,334,413
Vehicles	6,418,889	932,027	(482,983)	6,867,933
Total accumulated depreciation	<u>31,015,033</u>	<u>\$ 4,242,020</u>	<u>\$ (482,983)</u>	<u>34,774,070</u>
Total capital assets being depreciated, net	<u>34,444,294</u>			<u>32,512,052</u>
Governmental-type activities capital assets, net	<u>\$ 47,481,843</u>			<u>\$ 46,047,663</u>
Business-type activities:				
Franklin County Solid Waste Fund				
Capital assets not being depreciated:				
Land	\$ 504,756	\$ -	\$ -	\$ 504,756
Total capital assets not being depreciated	<u>504,756</u>	<u>-</u>	<u>-</u>	<u>504,756</u>
Capital assets being depreciated:				
Plant and distribution systems	1,770,066	6,793	-	1,776,859
Furniture and maintenance equipment	1,487,038	100,119	-	1,587,157
Vehicles	248,267	-	-	248,267
Total capital assets being depreciated	<u>3,505,372</u>	<u>106,912</u>	<u>-</u>	<u>3,612,283</u>
Less accumulated depreciation for:				
Plant and distribution systems	1,159,943	86,923	-	1,246,866
Furniture and maintenance equipment	1,077,560	72,393	-	1,149,953
Vehicles	243,813	4,454	-	248,267
Total accumulated depreciation	<u>2,481,316</u>	<u>\$ 163,770</u>	<u>\$ -</u>	<u>2,645,086</u>
Total capital assets being depreciated, net	<u>1,024,056</u>			<u>967,197</u>
Solid waste capital assets, net	<u>\$ 1,528,812</u>			<u>\$ 1,471,953</u>

**FRANKLIN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Beginning <u>Balances</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balances</u>
Franklin County Water & Sewer Fund				
Capital assets not being depreciated:				
Land	\$ 369,456	\$ -	\$ -	\$ 369,456
Construction in progress	<u>3,517,726</u>	<u>551,643</u>	<u>(1,661,961)</u>	<u>2,407,408</u>
Total capital assets not being depreciated	<u>3,887,182</u>	<u>551,643</u>	<u>(1,661,961)</u>	<u>2,776,864</u>
Capital assets being depreciated:				
Plant and distribution systems	46,206,487	1,727,064	-	47,933,551
Furniture and maintenance equipment	1,617,690	141,114	-	1,758,804
Vehicles	<u>849,057</u>	<u>495,016</u>	<u>-</u>	<u>1,344,073</u>
Total capital assets being depreciated	<u>48,673,234</u>	<u>2,363,194</u>	<u>-</u>	<u>51,036,428</u>
Less accumulated depreciation for:				
Plant and distribution systems	18,550,822	1,280,711	-	19,831,533
Furniture and maintenance equipment	1,296,115	137,671	-	1,433,786
Vehicles	<u>582,568</u>	<u>164,176</u>	<u>-</u>	<u>746,744</u>
Total accumulated depreciation	<u>20,429,505</u>	<u>\$ 1,582,558</u>	<u>\$ -</u>	<u>22,012,063</u>
Total capital assets being depreciated, net	<u>28,243,728</u>			<u>29,024,365</u>
Water sewer capital assets, net	<u>32,130,910</u>			<u>31,801,229</u>
Business-type activities capital assets, net	<u>\$ 33,659,722</u>			<u>\$ 33,273,182</u>

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

General Government	\$ 291,341
Public Safety	3,208,359
Economic and Physical Development	300,201
Human Services	307,216
Cultural and Recreational	<u>134,903</u>
Total Depreciation Expense	<u>\$ 4,242,020</u>

Construction and Other Commitments

None of the current projects have begun construction as of June 30, 2020. They are all in design or engineering stages. The 2017 Youngsville Sewer Upgrade and Airport project from last year were both completed during fiscal year 2020.

B. Liabilities

1. Payables

Payables at the government-wide level at June 30, 2020 were as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Total</u>
Governmental Activities:			
General	\$ 2,067,987	\$ 1,150,506	\$ 3,218,493
Other Governmental	39,993	-	39,993
Insurance Fund	<u>726,606</u>	<u>-</u>	<u>726,606</u>
Total - governmental activities	<u>\$ 2,834,586</u>	<u>\$ 1,150,506</u>	<u>\$ 3,985,092</u>

**FRANKLIN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Total</u>
Business-type Activity:			
Solid Waste Fund	\$ 298,038	\$ 36,669	\$ 334,707
Water and Sewer Fund	492,545	66,432	558,977
Total – business-type activities	<u>\$ 790,583</u>	<u>\$ 103,101</u>	<u>\$ 893,684</u>

2. Pension Plan and Other Postemployment Obligations

a. Local Governmental Employee's Retirement System

Plan Description. The County is a participating employer in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

Benefits Provided. LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

**FRANKLIN COUNTY, NORTH CAROLINA
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Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. County employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The County's contractually required contribution rate for the year ended June 30, 2020, was 9.70% of compensation for law enforcement officers and 8.95% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the County were \$2,316,318 for the year ended June 30, 2020.

Refunds of Contributions – County employees who have terminated service as a contributing member of LGERS, may file an application for a refund of their contributions. By state law, refunds to members with at least five years of service include 4% interest. State law requires a 60-day waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by LGERS.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2020, the County reported a liability of \$10,504,218 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2019 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension liability was based on a projection of the County's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2020, the County's proportion was .385%, which was an increase of .017% from its proportion as of June 30, 2019 (measured as of June 30, 2018).

For the year ended June 30, 2020, the County recognized pension expense of \$4,750,671. At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,798,588	\$ -
Changes of assumptions	1,712,013	-
Net difference between projected and actual earnings on pension plan investments	256,213	-
Changes in proportion and differences between County contributions and proportionate share of contributions	194,680	17,318
County contributions subsequent to the measurement date	<u>2,316,318</u>	<u>-</u>
Total	<u>\$ 6,277,812</u>	<u>\$ 17,318</u>

\$2,316,318 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**FRANKLIN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
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Year ended June 30:	
2021	\$ 1,929,368
2022	649,991
2023	1,052,511
2024	312,306

Actuarial Assumptions. The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.50 percent
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation

The plan actuary currently uses mortality rates based on the *RP-2014 Total Data Set for Healthy Annuitants Mortality Table* that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study as of December 31, 2014. Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
Total	<u>100.0%</u>	

The information above is based on 30-year expectations developed with the consulting actuary for the 2018 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.05%. All rates of return and inflation are annualized.

**FRANKLIN COUNTY, NORTH CAROLINA
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FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Discount rate. The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's proportionate share of the net pension asset to changes in the discount rate. The following presents the County's proportionate share of the net pension asset calculated using the discount rate of 7.00 percent, as well as what the County's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	<u>1% Decrease</u> <u>(6.00%)</u>	<u>Discount Rate</u> <u>(7.00%)</u>	<u>1% Increase</u> <u>(8.00%)</u>
County's proportionate share of the net pension liability (asset)	\$ 24,025,068	\$ 10,504,218	\$ (734,347)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Comprehensive Annual Financial Report (CAFR) for the State of North Carolina.

b. Law Enforcement Officers' Special Separation Allowance

1. Plan Description

Franklin County administers a public employee retirement system (the Separation Allowance), a single-employer defined benefit pension plan that provides retirement benefits to the County's qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. 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.

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2018, the Separation Allowance's membership consisted of:

Retirees receiving benefits	3
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>87</u>
Total	<u>90</u>

2. Summary of Significant Accounting Policies

Basis of Accounting – The County has chosen to fund the Separation Allowance on a pay as you go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. Benefits are recognized when due and payable in accordance with the terms of the plan.

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The Separation Allowance does not have assets accumulated in a trust that meets the criteria which are outlined in GASB Statement 73.

3. Actuarial Assumptions

The entry age actuarial cost method was used in the December 31, 2018 valuation. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent per annum
Salary increases	1.0 percent per annum
Discount rate	2.79 percent per annum, compounded annually

The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2019.

The actuarial assumptions used in the December 31, 2018 valuation were based on results of an experience study completed by the Actuary for the LGERS for the five-year period ending December 31, 2014.
Mortality rate

Deaths After Retirement (Healthy): Mortality rates are based on *the RP-2014 Total Data Set for Healthy Annuitants Mortality Table*. The RP-2014 annuitant tables have no rates prior to age 50. The *RP-2014 Total Data Set Employee Mortality Table* is used for ages less than 50.

Deaths After Retirement (Disabled): Mortality rates are based on the *RP-2014 Total Data Set for Disabled Annuitants Mortality Table*. Rates for male members are multiplied by 103% for all ages. Rates for female members are multiplied by 99% for all ages.

Deaths Before Retirement: Mortality rates are based on the *RP-2014 Total Data Set Employee Mortality Table*.

Mortality Projection: All mortality rates are projected from 2014 using generational improvement with Scale MP-2015.

4. Contributions

The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions by employees. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The County paid \$56,252 as benefits came due for the reporting period.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2020, the County reported a total pension liability of \$1,810,373. The total pension liability was measured as of December 31, 2019 based on a December 31, 2018 actuarial valuation. The total pension liability was rolled forward to December 31, 2019 utilizing update procedures incorporating the

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actuarial assumptions. For the year ended June 30, 2020, the County recognized pension expense of \$211,134.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 246,232	\$ 35,910
Changes of assumptions	104,563	60,040
County benefit payment and admin expenditures paid subsequent to the measurement date	26,858	-
Total	<u>\$ 377,653</u>	<u>\$ 95,950</u>

The County paid \$26,858 in benefit payments and \$0 in admin expenditures subsequent to the measurement date that are reported as deferred outflows of resources related to pensions which will be recognized as a decrease of the total pension liability in the year ended June 30, 2021. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2021	\$ 50,582
2022	50,582
2023	51,445
2024	51,802
2025	44,516
Thereafter	5,918

Sensitivity of the County's total pension liability to changes in the discount rate. The following presents the County's total pension liability calculated using the discount rate of 3.26 percent, as well as what the County's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.26 percent) or 1-percentage-point higher (4.26 percent) than the current rate:

	1% Decrease (2.26%)	Discount Rate (3.26%)	1% Increase (4.26%)
Total pension liability	\$ 1,989,034	\$ 1,810,373	\$ 1,649,561

**Schedule of Changes in Total Pension Liability
Law Enforcement Officer's Special Separation Allowance**

	<u>2020</u>
Beginning balance	\$ 1,447,296
Service Cost	108,043
Interest on the total pension liability	51,658
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	196,490
Changes of assumptions or other inputs	63,138
Benefit payments	(56,252)
Other changes	-
Ending balance of the total pension liability	<u>\$ 1,810,373</u>

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Changes of assumptions. Changes of assumptions and other inputs reflect a change in the discount rate from 3.64 percent at June 30, 2018 (measurement date) to 3.26 percent at June 30, 2019 (measurement date).

Changes in Benefit Terms. Reported compensation adjusted to reflect the assumed rate of pay as of the valuation date.

The plan currently uses mortality tables that vary by age, and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study as of December 31, 2014.

c. Supplemental Retirement Income Plan for Law Enforcement Officers

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

Funding Policy – Article 12E of G.S. Chapter 143 requires the County to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2020 were \$304,065, which consisted of \$210,173 from the County and \$93,892 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 (RODSPF), a noncontributory, cost-sharing, multiple-employer, defined benefit plan administered by the North Carolina Department of State Treasurer. RODSPF provides pension benefits to any eligible county register of deeds who 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. Management of the plan is vested in the LGERs Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Registers of Deeds' Supplemental Pension Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for the Registers of Deeds' Supplemental Pension Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

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Benefits Provided. An individual's benefits for the year are calculated as a share of accumulated contributions available for benefits for that year, subject to certain statutory limits. An individual's eligibility is based on at least 10 years of service as a register of deeds with the individual's share increasing with years of service. Because of the statutory limits noted above, not all contributions available for benefits are distributed.

Contributions. Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County Commission under Article 1 of Chapter 161 of the North Carolina General Statutes. The statutory contribution currently has no relationship to the actuary's required contribution. The actuarially determined contribution this year and for the foreseeable future is zero. Registers of Deeds do not contribute. Contribution provisions are established by General Statute 161-50 and may be amended only by the North Carolina General Assembly. Contributions to the pension plan from the County were \$6,492 for the year ended June 30, 2020.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2020, the County reported an asset of \$111,667 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2019. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2019 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on the County's share of contributions to the pension plan, relative to contributions to the pension plan of all participating RODSPF employers. At June 30, 2020, the County's proportion was .566%, which was an decrease of .056% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2020, the County recognized pension expense of \$4,939. At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Differences between expected and actual experience	\$ -	\$ 5,385
Net difference between projected and actual earnings on pension plan investments	1,143	-
Changes in proportion and differences between County contributions and proportionate share of contributions	8,869	-
County contributions subsequent to the measurement date	<u>6,492</u>	<u>-</u>
Total	<u>\$ 16,504</u>	<u>\$ 5,385</u>

\$6,492 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2021. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2022	\$ 1,029
2023	3,938
2024	1,866
2025	(2,206)

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Actuarial Assumptions. The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.5 to 7.75 percent, including inflation and productivity factor
Investment rate of return	3.75 percent, net of pension plan investment expense, including inflation

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The adopted asset allocation policy for the RODSPF is 100% in the fixed income asset class. The best estimate of arithmetic real rate of return for the fixed income asset class as of June 30, 2020 is 1.4%:

The information above is based on 30-year expectations developed with the consulting actuary for the 2020 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 3.75%. The projection of cash flows used to determine the discount rate assumed that contributions from employers will be made at statutorily required rates. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's proportionate share of the net pension asset to changes in the discount rate. The following presents the County's proportionate share of the net pension asset calculated using the discount rate of 3.75 percent, as well as what the County's proportionate share of the net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (2.75 percent) or 1-percentage-point higher (4.75 percent) than the current rate:

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	<u>1% Decrease</u> <u>(2.75%)</u>	<u>Discount Rate</u> <u>(3.75%)</u>	<u>1% Increase</u> <u>(4.75%)</u>
County's proportionate share of the net pension liability (asset)	\$ (7,523)	\$ 111,667	\$ 2,584

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Comprehensive Annual Financial Report (CAFR) for the State of North Carolina.

e. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability for LGERS and ROD was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability for LEOSSA was measured as of June 30, 2018, with an actuarial valuation date of December 31, 2018. The County's proportion of the net pension liability was based on the County's share of contributions to the pension plan relative to the contribution of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>LGERS</u>	<u>ROD</u>	<u>LEOSSA</u>	<u>Total</u>
Proportionate Share of Net Pension Liability (Asset)	\$ 10,504,218	\$ (111,667)	\$ -	\$ 10,392,551
Proportion of the Net Pension Liability (Asset)	.385%	(.567%)	N/A	N/A
Total Pension Liability	-	-	1,810,373	1,810,373
Pension Expense	\$ 4,750,671	\$ 4,939	\$ 211,134	\$ 4,966,744

At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>LGERS</u>	<u>ROD</u>	<u>LEOSSA</u>	<u>Total</u>
<u>Deferred Outflows of Resources</u>				
Differences between expected and actual experience	\$ 1,798,588	\$ -	\$ 246,232	\$2,044,820
Changes of assumptions	1,712,013	-	104,563	1,816,576
Net difference between projected and actual earnings on pension plan investments	256,213	1,143	-	257,356
Changes in proportion and differences between County contributions and proportionate share of contributions	194,680	8,869	-	203,549
County contributions (LGERS, ROD)/benefit payments (LEOSSA) subsequent to the measurement date	2,316,318	6,492	26,858	2,349,668
<u>Deferred Inflows of Resources</u>				
Differences between expected and actual experience	-	5,385	35,910	41,295
Changes of assumptions	-	-	60,040	60,040
Changes in proportion and differences between County contributions and proportionate share of contributions	17,318	-	-	17,318

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f. Other Postemployment Benefit

Plan Description

Plan Administration: Under a County resolution, Franklin County administers the Healthcare Benefits Plan (HCB Plan) single-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for all retirees of the County who participate in the North Carolina Local Government Employees' Retirement System (System) are eligible to participate in the HCB Plan if they meet one of the following options:

- Option 1: Full-time employees who were hired on or before October 18, 2004, and retire from the System, and have at least twenty years of Franklin County service and are at least age fifty-five, or have thirty years of System service are eligible to participate in the County's HCB Plan. The County will provide group health and dental benefits for retirees until Medicare eligibility age and a Medicare supplement policy upon Medicare eligibility age.
- Option 2: Full-time employees who were hired after October 18, 2004, and retire from the System, and have at least ten years of Franklin County service are eligible to participate in the County's HCB Plan. The County will provide group health and dental benefits for retirees until Medicare eligibility age and a Medicare supplement policy upon Medicare eligibility age.
- Employees hired on or before October 18, 2004 may choose health insurance retirement benefits under Option 1 or Option 2.

The plan, which has a June 30, 2020 end, does not issue a stand-alone report.

Benefits provided: The HCB Plan provided healthcare benefits for retirees. Under Option 1 above, retirees will be provided with only group health and dental benefits until Medicare eligibility age and a Medicare supplement policy upon Medicare eligibility age, at no cost to the retiree. Retirees are responsible for the additional cost of election the High Option.

Retirees who are eligible and elect Option 2, will be provided employee only group health and dental benefits until Medicare eligibility age and a Medicare supplement policy upon Medicare eligibility age. The premium paid by the County is based on the percentage of retirement benefit the retiree will receive from the System. This percentage is applied to the premium in the "Option 2 Premium Basis for Percentage of Retirement Benefit from NC LGERS" table. The percentage (based on the member's age and service at retirement) ranges from 50% at age 51 with twenty years of service to 100% at age 60 with 25 years of service. Law enforcement officers begin at 80% at age 50 with 15 years of service to 100% at age 50 with 30 years of service. Retirees are responsible for the remainder of the Option 2 Premium Basis (including the additional employee only cost if electing the high option) or the remainder of the monthly Medicare supplement policy premiums.

Health care, prescription drugs, vision and dental benefits are provided in the County's HCB Plan. Dental benefits stop upon Medicare eligibility age.

The retiree may continue dependent coverage (and pay the required cost of this coverage) if enrolled in dependent coverage at the time of retirement. Dependent coverage terminates upon the spouse becoming eligible for Medicare.

Contributions: The Board of Commissioners established the contribution requirements of plan members which may be amended by the Board. The Board establishes rates based on an actuarially determined rate. For the year ended June 30, 2019 and June 30, 2020, The County contributed \$776.25 and \$833.33, respectively, per active employee. Plan members contribute to the plan based on number of years of creditable service. The County's contribution is dependent on the employee's number of years of creditable service. If a Plan member elects the

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High Option, they pay \$50 for the increased coverage for retiree only coverage. For those that are on Medicare, the County provides a Medicare Supplement that ranges from \$153.25 per month to \$284.75 per month depending on the age of the beneficiary. The Plan member contributes towards the premium based on the age and years of service when retired. The Board of Commissioners may amend the benefit provisions.

For the current year, the County contributed \$562,184.

Plan membership. At June 30, 2018, the date of the latest actuarial valuation, the HCB Plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefit payments	102
Inactive plan members entitled to but not yet receiving benefit payments	-
Active plan members	<u>530</u>
Total Membership	<u><u>632</u></u>

Total OPEB Liability

The County's total OPEB liability of \$43,822,797 was measured as of June 30, 2019 and was determined by an actuarial valuation as of June 30, 2018.

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50 percent
Real wage growth	1.00 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	
General Employees	3.50 to 7.75 percent
Firefighters	3.50 to 7.75 percent
Law Enforcement Officers	3.50 to 7.35 percent
Municipal Bond Index rate	
Prior Measurement Date	3.89%
Measurement Date	3.50%
Healthcare cost trend rates	
Pre-Medicare Medical and Prescription Drug	7.25% for 2018 decreasing to an ultimate rate of 4.75% by 2028
Medicare Medical and Prescription Drug	5.38% for 2018 decreasing to an ultimate rate of 4.75% by 2022

The Municipal Bond Index rate is equal to the Bond Buyer 20-year General Obligation Bond Index published at the last Thursday of June by The Bond Buyer, and the Municipal Bond Index Rate as of the measurement date as the discount rate used to measure the total OPEB liability.

Mortality rates were based on the RP-2014 mortality tables, with adjustments for LGERS experience and generational mortality improvements using Scale MP-2015.

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The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period January 1, 2010 – December 31, 2014 adopted by the LGERS Board.

The remaining actuarial assumptions used were based on a review of recent plan experience done concurrently with the June 30, 2018 valuation.

<u>Changes in the Total OPEB Liability</u>	<u>Total OPEB Liability</u>
Balance at June 30, 2019	\$ 38,057,244
Service Cost	2,200,266
Interest on the total OPEB liability and Cash Flows	1,472,359
Changes of benefit terms	-
Differences between expected and actual experience	(252,938)
Changes of assumptions or other inputs	2,764,672
Benefit payments	(418,806)
Other changes	-
Balance at June 30, 2020	<u>\$ 43,822,797</u>

Changes in assumptions and other inputs reflect a change in the discount rate from 3.89% to 3.50%.

Sensitivity of the net OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50) or 1-percentage-point higher (4.50 percent) than the current discount rate:

	1% Decrease (2.50%)	Discount Rate (3.50%)	1% Increase (4.50%)
Total OPEB liability	\$ 52,241,230	\$ 43,822,797	\$ 37,210,826

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Discount	1% Increase
Total OPEB liability	\$ 35,834,876	\$ 43,822,797	\$ 54,346,740

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2020, the County recognized OPEB expense of \$2,889,932. At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 2,575,380
Changes of assumptions or other inputs	2,416,915	3,788,364
County contributions subsequent to the measurement date	562,184	-
Total	<u>\$ 2,979,099</u>	<u>\$ 6,363,744</u>

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\$562,184 reported as deferred outflows of resources related to OPEB resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease in the total OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2020	\$ (793,273)
2021	(793,273)
2022	(793,273)
2023	(793,273)
2024	(793,273)
Thereafter	19,536

g. Other Employment Benefits

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

3. Closure and Postclosure Care Costs – Solid Waste Landfill Facility

State and federal laws and regulations require the County to place a final cover on its Solid Waste Landfill Facility when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The Franklin County landfill closed in 1994. The \$214,241 reported as accrued landfill closure liability at June 30, 2020 represents the latest estimate for costs remaining.

The County has met the requirements of a local government financial test that helps determine if a unit is financially able to meet closure and postclosure care requirements. The County budgets annually for postclosure care. In the event a natural occurrence, inflation or any other unforeseen event occurs, the County would appropriate funds from the Solid Waste fund balance and/or increase charges to future solid waste customers.

4. Deferred Outflows and Inflows of Resources

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Pensions and OPEB – difference between expected and actual experience		
LGERS	\$ 1,798,588	\$ -
Register of Deeds	-	5,385
LEOSSA	246,232	35,910

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	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
OPEB	-	2,575,380
Changes of assumptions		
LGERS	1,712,013	-
LEOSSA	104,563	60,040
OPEB	2,416,915	3,788,364
Pensions – difference between projected and actual investment earnings		
LGERS	256,213	-
Register of Deeds	1,143	-
Pensions-change in proportion and difference between employer contributions and proportionate share of contributions		
LGERS	194,680	17,318
Register of Deeds	8,869	-
Contributions to plan subsequent to the measurement date		
LGERS	2,316,318	-
Register of Deeds	6,492	-
Benefit payments and admin expenditures paid subsequent to the measurement date – LEOSSA	26,858	-
Benefit payments for the OPEB plan paid subsequent to measurement date	562,184	-
Charge on refunding of debt	880,398	-
Prepaid taxes not yet earned (General Fund)	-	90,498
Deferred homeowner's monies (General Fund)	-	583,858
Taxes receivable, net (General Fund)	-	1,711,214
Special Revenue Fund	-	177,078
Total	<u>\$ 10,531,466</u>	<u>\$ 9,045,045</u>

5. 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 of the self-funded risk-financing pools administered by the North Carolina Association of County Commissioners (NCACC). 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 workers' compensation coverage up to the statutory limits. The pools are audited annually by certified public accountants, and the audited financial statements are available to the County upon request. Both of the pools are reinsured through a multi-state public entity captive for single occurrence losses in excess of \$500,000 retention up to a \$2 million limit for liability coverage, and \$1,750,000 of each loss in excess of a \$250,000 per occurrence retention for property, auto physical damage. For workers compensation there is a per occurrence retention of \$750,000. The County provides employee health and dental benefits through a self-insured plan provided by Blue Cross Blue Shield of NC. Claims are administered and paid directly from the plan by Blue Cross Blue Shield of NC. Specific stop-loss is set at \$60,000 per individual health insurance claim with an unlimited lifetime maximum. Aggregate stop-loss is set at the level of 125% with a minimum aggregate attachment point of \$7,580,624 and a contract period maximum of \$1,000,000.

**FRANKLIN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

In 1998, the County's group medical coverage went from fully insured to self-insured which is administered by an outside provider. The County also provides self-insured dental to its employees and dependents. There is no limit for in-network services and a \$1,000,000 lifetime limit for out-of-network services for each covered employee/dependent's medical costs. The cost of providing medical coverage to participating employees and dependents is charged to benefiting funds as premiums. These premiums are an estimate of expected average claims per individual.

The County has flood insurance with a \$25,000 deductible subject to a \$10 million annual aggregate for property not located in a special hazard zone for flooding.

In accordance with G.S. 159-29, the County's employees who have access to \$100 or more of the County's funds at any given time are performance bonded through a commercial surety bond. The Finance Officer, Deputy Finance Officer and Tax Collector are each individually bonded for \$250,000 each. The payroll specialist and the deputy tax collector are bonded at \$50,000; the Sheriff is bonded at \$25,000; and the Register of Deeds is bonded at \$10,000. The remaining employees who have access to funds are bonded under a blanket bond for \$250,000.

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

6. Commitments

At June 30, 2020, the County was obligated under an operating lease for office space as follows:

Beginning January 1, 2010 through December 31, 2016 at the rate of \$3.50 per square foot plus taxes and insurance/month for certain office space for aging services. Rent expense for the year ended June 30, 2020 was \$38,836.

The County was obligated under various operating leases for properties in Franklin County with a total rental expense for the year ended June 30, 2020 of \$217,345.

At June 30, 2020, the County leased vehicles and equipment with total rental expense of \$25,236.

At June 30, 2020, 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 \$560 to \$13,600 per year. All leases expired June 30, 2020 with options to extend for an additional year. Options were exercised on all of the leases at June 30, 2020. Rent expense for the year ended June 30, 2020 was \$70,773.

At June 30, 2020, the County was obligated under various operating leases for office equipment as follows:

Total lease expense for the year ended June 30, 2020 was \$195,818.

Total operating lease expense for the year ended June 30, 2020, was \$413,163.

**FRANKLIN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Future lease payments total for the years ending June 30:

	<u>Total</u>
2021	\$ 298,900
2022	176,958
2023	99,628
2024	74,567
2025	<u>52,405</u>
Total	<u>\$ 702,458</u>

At June 30, 2020, the County was obligated under a commitment as follows:

The County has made and entered into an agreement in July 2019 with Republic Services to transport certain solid waste from the transfer station to a permitted landfill, Upper Piedmont. The County began a 5 year relationship with Republic Waste on July 1, 2019 until June 30, 2024 at a rate of \$40 per ton.

The County has made and entered into an agreement in July 2019 with Bowen Company to transport recyclable materials from the transfer station to Sonoco Recycling, LLC in Raleigh. The contract goes until June 30, 2020 at a rate of \$25.97 per ton.

The County has an agreement with Sonoco Recycling LLC for commingled recycling services that was renewed on July 1, 2020 for one year at a price per ton that went from \$100 per ton to \$107.50 per ton.

The County has made and entered into an agreement with Capital Cycle Supply Inc. dba CCS Transport to transport certain solid waste from the convenience sites to the transfer station. The five-year contract was signed on July 1, 2016 in the amount of \$514,524.93.

At June 30, 2020, the County was obligated to purchase water from two local municipalities as follows:

With the Town of Louisburg to purchase at a minimum 80,000 gallons of water per day. The rate at June 30, 2020 is \$4.38 per thousand gallons. The County signed an amendment on August 6, 2020 that they will purchase a minimum of 500,000 gallons per day at \$3.50 per thousand plus the base charge of \$10.01 for a term of one year. This agreement will automatically renew for additional yearly terms.

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 \$4.65 per thousand gallons. The obligation ends July 1, 2038.

7. Contingent Liabilities

At June 30, 2020, the County was a defendant to various lawsuits. On July 24, 2020, PEM Entities, LLC filed a Complaint in federal court against County. PEM wants the Court to invalidate the County's water and sewer allocation ordinance (WSAO) under federal due process and/or equal protection. County has moved to dismiss on the grounds of lack of subject matter jurisdiction. The case will be mediated in January 2021. While County intends to defend vigorously against PEM's claims, it is possible but certainly not probable that County may have a monetary exposure. 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.

**FRANKLIN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

8. Long-Term Obligations

a. Installment Purchases

Serviced by the County's General Fund:

In December 2011, the County entered into an installment obligation to upgrade the County's E-911 paging system and undergo new debt in the amount of \$6,600,000. A principal amount of \$330,000, plus interest at 2.24% is due in January and July of each year until 2022. Principal and interest payments are appropriated when due. \$ 1,320,000

In March 2015, the County entered into an installment obligation to finance the purchase of land and courthouse renovation. A principal payment of \$92,500, plus interest at 2.5% is due March and September of each year until March 2025. Principal and interest are appropriated when due. 925,000

In December 2013, the County entered into an installment contract to finance the jail renovations in the amount of \$3,000,000. A principal payment of \$300,000, plus interest at 2.38% is due annually for ten years beginning December 2014. 1,200,000

In December 2016, the County entered into an installment financing agreement to refund the Series 2007 COPs in the amount of \$9,828,000. Of this amount, \$8,113,000 of the total debt is included in the Governmental Activities. A principal payment of \$1,018,000 to \$755,000, plus interest of 1.89% is due March and September of each year until 2027. 5,642,279

In October 2018, the County entered into an installment financing agreement to finance vehicles in the amount of \$1,900,000. A principal payment of \$462,459 to \$489,943, plus interest of 2.99% is due in June of each year until 2022. 966,229

In May 2020, the County entered into an installment financing agreement to finance vehicles in the amount of \$1,202,663. Payments of \$313,934 which include principal and interest are due annually until May 2024. 1,202,663

Total installment obligation debt \$ 11,256,171

Serviced by the County's Water and Sewer Fund:

\$ 7,215,000 On June 22, 2010, the County entered into an installment obligation to refinance old debt and issue new debt. A principal amount of \$320,000 to \$600,000 plus interest between 3.31% and 3.970% is due June and December of each year until 2025. \$ 2,626,000

\$ 2,600,000 On April 15, 2015, the County entered into an installment agreement to finance water and sewer improvements. Payments are due on April and October each year in the amount of \$130,000, plus interest of 2.6% until 2025. 1,300,000

\$ 1,715,000 In December 2016, the County entered into an installment agreement to refund the Series 2007 COPs. The total debt was for \$9,828,000, of which \$1,715,000 belonged to the business-type activities. Payments are due in March and September each year in the amount of \$1,108,000-\$755,000, plus interest of 1.89% until 2028. 1,192,722

Total installment obligation debt \$ 5,118,722

**FRANKLIN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

b. General Obligation Indebtedness

All general obligation bonds serviced by the County's General Fund are collateralized by the full faith, credit, and taxing power of the County.

The County's long-term indebtedness at June 30, 2020 is comprised of the following:

Serviced by the County's General Fund:

\$ 3,600,000 2010A Qualified School Construction Bonds, issued 1/5/2010, with interest and principal due annually on December 15; principal of \$240,000 through 2024, interest at 2.17%	\$ 1,200,000
\$ 24,000,000 2010B School Bonds, issued 11/9/2010, with interest semiannually on April 1 and October 1 and principal due on April 1 through 2030, interest payable at 2.0%-4.0%	-
\$ 16,401,000 2015B Refunding Bonds, issued 04/07/16, with interest semiannually on February 1 and August 1 and principal due on August 1 through 2027, interest payable at 2.31%.	11,143,000
\$ 8,040,000 2017 Refunding Bonds, issued 11/04/17, with interest semiannually on March 1 and September 1 and principal due on March 1 through 2029, interest payable at 4.00%	7,305,000
\$ 11,400,000 2017 School Bonds, issued 11/07/17, with interest semiannually on March 1 and September 1 and principal due on March 1 through 2038, interest payable at 2.25-4.00%	10,260,000
\$ 9,845,000 2020 Refunding Bonds, issued 02/19/20, with interest semiannually on April 1 and October 1 and principal due on April 1 through 2030, interest payable at 5.00%	<u>9,845,000</u>
Total General Obligation Indebtedness	<u>\$ 39,753,000</u>

c. Revolving Loans

Franklin County Water and Sewer Fund has revolving loans through the NC Department of Environmental Quality.

**FRANKLIN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
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Serviced by the County's Water and Sewer Fund:

Revolving Loans:

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

\$ 2,100,000 2000 State Revolving Loan, issued 2/19/00 with interest due semiannually on November 1 and May 1 and principal of \$105,000 due May 1 through 2021, interest at 2.6%. 105,000

Total Revolving Loans \$ 180,000

On June 30, 2020, Franklin County had a legal debt margin of \$416,583,428.

Debt Related to Capital Activities - Of the total Governmental Activities debt listed, only \$6,178,456 relates to assets the County holds title. Unspent restricted cash related to this debt amount to \$204,945.

d. Debt Commitments and Unused Lines of Credit

Wastewater Treatment Plant Repairs

The County received a 0% loan with partial principal forgiveness from the State of North Carolina Division of Water Infrastructure in September 2019. The funding is for repairs to the waste water treatment plat, which involves the replacement of the aerobic digester, replacement of the old AAA basin, new blowers and building, and associated appurtenances. The loan amount is for \$8,316,000 with a principal forgiveness of \$217, 083 for a 20-year term. The plans and specifications have been reviewed by the State and the bid documents were approved November 30th. The estimated construction start date is Spring 2021. The loan is not shown as debt for the County in these financials since the Promissory Note will not be issued until there is an executed construction contract.

Sewer Pump Station Replacement

The County received a 0% loan in the amount of \$1,365,000 with a 20-year term from the State of North Carolina Division of Water Infrastructure in September 2019. The funding is for the replacement of three sewer pump stations in Franklinton (Korea Street, US12A, & Oak Ridge). The plans and specifications have been approved by the State and bids were received on September 2, 2020. The loan is not shown as debt for the County since the Promissory Note will not be issued until there is an executed construction contract.

9. Changes in Long-Term Debt

The following is a summary of changes in general long-term debt obligations for the fiscal year ended June 30, 2020:

**FRANKLIN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
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	Balance July 1, 2019	Additions	Retirements	Balance June 30, 2020	Current Portion
Governmental Activities:					
General obligation bonds	\$ 46,226,000	\$ 9,845,000	\$ (16,318,000)	\$ 39,753,000	\$ 4,103,000
Plus: Premiums on issuance	<u>2,084,619</u>	<u>2,184,506</u>	<u>(585,693)</u>	<u>3,683,432</u>	-
Total general obligation bonds	48,310,619	12,029,506	(16,903,693)	43,436,432	4,103,000
Installment purchases	12,464,179	1,202,663	(2,410,671)	11,256,171	2,696,748
Compensated absences	1,787,436	1,805,214	(1,787,436)	1,805,214	451,304
Net pension liability (LGERS)	8,117,410	1,562,227	-	9,679,637	-
Total pension liability (LEOSSA)	1,447,296	363,077	-	1,810,373	-
Net OPEB liability	<u>36,641,515</u>	<u>5,494,104</u>	-	<u>42,135,619</u>	-
Total	<u>\$ 108,768,455</u>	<u>\$ 22,456,791</u>	<u>\$ (21,101,800)</u>	<u>\$ 110,123,446</u>	<u>\$ 7,251,052</u>
Business-type Activities:					
Revolving loans	\$ 360,000	\$ -	\$ (180,000)	\$ 180,000	\$ 180,000
Installment purchases	6,017,511	-	(898,789)	5,118,722	909,426
Landfill Post-closure Costs	208,094	6,147	-	214,241	77,000
Compensated absences	162,077	175,589	(162,077)	175,589	43,898
Net pension liability (LGERS)	613,520	211,061	-	824,581	-
Net OPEB liability	<u>1,415,730</u>	<u>271,448</u>	-	<u>1,687,178</u>	-
Total	<u>\$ 8,776,932</u>	<u>\$ 664,245</u>	<u>\$ (1,240,866)</u>	<u>\$ 8,200,311</u>	<u>\$ 1,210,324</u>

Net pension liability, total pension liability, and net other postemployment liability for governmental activities are all typically liquidated in the General Fund. Compensated absences for governmental activities typically have been liquidated in the General Fund and are accounted for on a LIFO basis, assuming that employees are taking leave time as it is earned.

10. Maturities of Long-Term Obligations

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

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>
2021	\$ 4,103,000	\$ 1,452,563	\$ 2,696,748	\$ 225,632
2022	4,226,000	1,254,469	2,694,066	165,048
2023	4,189,000	1,107,878	1,528,702	108,171
2024	4,164,000	766,045	1,511,720	77,315
2025	4,148,000	654,016	881,722	46,780
2026-2030	14,363,000	1,789,911	1,943,213	54,139
2031-2035	2,850,000	513,000	-	-
2036-2038	<u>1,710,000</u>	<u>102,600</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 39,753,000</u>	<u>\$ 7,640,482</u>	<u>\$ 11,256,171</u>	<u>\$ 677,085</u>

**FRANKLIN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
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<u>Year Ending June 30,</u>	<u>Total Debt Due</u>	
	<u>Principal</u>	<u>Interest</u>
2021	\$ 6,799,748	\$ 1,678,195
2022	6,920,066	1,419,517
2023	5,717,702	1,216,049
2024	5,675,720	843,360
2025	5,029,722	700,796
2026-2030	16,306,213	1,844,050
2031-2035	2,850,000	513,000
2036-2038	<u>1,710,000</u>	<u>102,600</u>
Total	<u>\$ 51,009,171</u>	<u>\$ 8,317,567</u>

Business-type Activities:

<u>Year Ending June 30,</u>	<u>Revolving Loans</u>		<u>Installment Purchases</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 180,000	\$ 4,680	\$ 909,426	\$ 129,713
2022	-	-	923,889	105,625
2023	-	-	939,527	81,099
2024	-	-	957,815	56,112
2025	-	-	977,278	30,581
2026-2029	-	-	<u>410,787</u>	<u>11,444</u>
Total	<u>\$ 180,000</u>	<u>\$ 4,680</u>	<u>\$ 5,118,722</u>	<u>\$ 414,574</u>

<u>Year Ending June 30,</u>	<u>Total Debt Due</u>	
	<u>Principal</u>	<u>Interest</u>
2021	\$ 1,089,426	\$ 134,393
2022	923,889	105,625
2023	939,526	81,099
2024	957,815	56,112
2025	977,278	30,581
2026-2029	<u>410,787</u>	<u>11,444</u>
Total	<u>\$ 5,298,722</u>	<u>\$ 419,254</u>

C. Interfund Balances and Activity

Due to/from other funds at June 30, 2020 consists of the following:

Due to General Fund from Water and Sewer Fund to repay borrowed funding \$ 736,918

Transfers to/from other funds at June 30, 2020 consists of the following:

From the General Fund to the Fire District Fund for mutual aid funding \$ 40,700

From the General Fund to the Revaluation Fund to accumulate reserves for the revaluation of real property 100,000

From the General Fund to the Insurance Fund to provide additional funding due to rising costs 2,100,000

From the General Fund to the Airport Fund to supplement funding 73,670

From the General Fund to the County Building Project Fund to fund the E911 project 841,501

From the General Fund to the Solid Waste Fund to loan money for supplement funding 300,000

From the Capital Reserve Fund to the General Fund for the payment of debt service 3,200,000

From the Water and Sewer Fund to the General Fund for indirect costs 117,369

Total transfers to/from other funds \$ 6,773,240

**FRANKLIN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

D. Net Investment in Capital Assets

	Governmental <u>Activities</u>	Business-type <u>Activities</u>
Net capital assets	\$ 46,047,663	\$ 33,273,182
Capital debt calculation:		
Total debt, gross	51,009,171	5,298,722
Less:		
School debt for assets to which the county does not hold title	(44,830,715)	-
Unamortized assets related to capital debt	(880,400)	-
Add:		
Unamortized liabilities related to capital debt	<u>3,683,432</u>	<u>-</u>
Total capital debt	<u>8,981,488</u>	<u>5,298,722</u>
Net investment in capital assets	<u>\$ 37,066,175</u>	<u>\$ 27,974,460</u>

E. Fund Balance

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

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

Total fund balance-General Fund	\$ 40,197,966
Less:	
Inventories	16,928
Stabilization by State Statute	7,346,487
Appropriated fund balance in 2021 budget	4,486,869
Register of Deeds	112,110
Capital Reserve	1,244,204
Revaluation	638,190
Cultural and Recreational	837,238
Economic Development	875,164
Public Safety	1,986,443
Human Services	259,751
Working Capital/Fund Balance Policy	15,221,650
Remaining Fund Balance	<u>\$ 7,172,932</u>

Franklin County has a stated minimum fund balance policy for the General Fund which instructs management to conduct the business of the County in such a manner that unrestricted fund balance is at least equal to or greater than 18% of budgeted expenditures. Any portion of the General Fund balance in excess of 18% of budgeted expenditures may be appropriated for one-time expenditures and may not be used for any purpose that would obligate the County in a future budget.

IV. Joint Ventures

Franklin County participates with Alamance, Cabarrus, Caswell, Chatham, Davidson, Granville, Halifax, Orange, Person, Rowan, Stanly, Union, Vance, and Warren counties in an Area Authority and Managed Care Organization operated by Cardinal Innovations Healthcare Solutions. Each participating government appoints representation on

**FRANKLIN COUNTY, NORTH CAROLINA
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FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

the Oversight Board and has representation on the Board of Directors of Cardinal Innovations. The County contributed \$96,616 to the Area Mental Health during the fiscal year ended June 30, 2020. The County does not retain an equity interest in the program. Complete financial statements for Cardinal Innovations Health Care Solutions may be obtained from their administrative offices located at 4855 Milestone Avenue, Kannapolis, NC 28081.

The Kerr Area Rural Transportation Authority (K.A.R.T.S.) is an association of five County governments, including Franklin County. K.A.R.T.S. is a joint venture of the participating counties for the purpose of providing a safe, adequate and convenient transportation system for the jurisdictional area creating the authority and its immediate environs. The counties served by K.A.R.T.S. in addition to Franklin County are Granville, Vance, and Warren. Federal, State and local grants and users' fees provide general support of K.A.R.T.S. Each county appoints two members of the Authority management body and this governing body determines the budget and financing requirements of the Authority. The County has an ongoing financial responsibility for the joint venture because K.A.R.T.S. continued existence depends on the participant governments' continued findings. The County contributed \$40,581 to K.A.R.T.S. during the fiscal year ended June 30, 2020. 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, 2020. 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 \$369,168 and \$20,000 to the community college for operating and capital purposes, respectively, during the fiscal year ended June 30, 2020. 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, 2020. Complete financial statements for the community college may be obtained from the community college's administrative offices at P.O. Box 917, Henderson, N.C. 27536.

V. Jointly Governed Organization

The Kerr-Tar Council of Government is a voluntary association of five county governments, including Franklin County, established to coordinate federal and State projects of a planning nature in the five-county area in Central North Carolina. Each county appoints one member to the Council's governing body and this governing body selects the management and determines the budget and financing requirements of the Council. The County contributed \$34,391 to the Council during the fiscal year ended June 30, 2020.

VI. 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

**FRANKLIN COUNTY, NORTH CAROLINA
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FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant moneys.

VII. Significant Effects of Subsequent Events

The County has evaluated events and transactions that occurred between June 30, 2020 and December 16, 2020, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements. On August 3, 2020, Franklin County received \$1,352,442 from the second round of Coronavirus Relief Fund. Franklin County and JMD Housing LLC entered into a lease agreement on September 22, 2020 for 35,000 square foot office space at the Franklin Plaza. The lease term is 5 years with three five-year extension options at a monthly rate of \$10,937.50. The County intends to refurbish the space to locate several departments.

REQUIRED SUPPLEMENTAL FINANCIAL DATA

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

- Schedule of County's Proportionate Share of the Net Pension Liability (Asset) - Local Governmental Employees' Retirement System
- Schedule of County Contributions - Local Governmental Employees' Retirement System
- Schedule of County's Proportionate Share of the Net Pension Liability (Asset) - Register of Deeds' Supplemental Pension Fund
- Schedule of County Contributions - Register of Deeds' Supplemental Pension Fund
- Schedule of Changes in Total Pension Liability – Law Enforcement Officers' Special Separation Allowance
- Schedule of Total Pension Liability as a Percentage of Covered Payroll – Law Enforcement Officers' Special Separation Allowance
- Schedule of Changes in Total OPEB Liability and Related Ratios – Healthcare Benefits Plan

Franklin County, North Carolina
Schedule of County's Proportionate Share of the Net Pension Liability (Asset)
Local Governmental Employees' Retirement System
Last Seven Fiscal Years

	2020	2019	2018	2017	2016	2015	2014
County's proportion of the net pension liability (asset)	0.385%	0.368%	0.361%	0.340%	0.347%	0.330%	0.311%
County's proportionate share of the net pension liability (asset)	\$ 10,004,218	\$ 8,730,930	\$ 5,517,218	\$ 7,224,216	\$ 1,557,674	\$ (1,947,695)	\$ 3,754,771
County's covered payroll	\$ 24,952,695	\$ 23,705,340	\$ 22,577,989	\$ 20,070,696	\$ 17,479,751	\$ 18,563,002	\$ 17,391,748
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	40.09%	36.83%	24.44%	35.99%	8.91%	-10.49%	21.59%
Plan fiduciary net position as a percentage of the total pension liability	92.00%	94.18%	91.47%	98.09%	98.79%	102.64%	94.35%

*The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.

Information included above is intended to include ten years; however, only the years above have information available.
Additional years will be included as information becomes available.

Franklin County, North Carolina
Schedule of County Contributions
Local Governmental Employees' Retirement System
Last Seven Fiscal Years

	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 2,316,318	\$ 1,964,301	\$ 1,799,960	\$ 1,691,227	\$ 1,370,323	\$ 1,246,137	\$ 1,322,657
Contributions in relation to the contractually required contribution	2,316,318	1,964,301	1,799,960	1,691,227	1,370,323	1,246,137	1,322,657
Contribution deficiency (excess)	-	-	-	-	-	-	-
County's covered payroll	\$ 25,528,084	\$ 24,952,695	\$ 23,705,340	\$ 22,577,989	\$ 20,070,696	\$ 17,479,751	\$18,620,474
Contributions as a percentage of covered payroll	9.07%	7.87%	7.59%	7.49%	6.83%	7.13%	7.10%

Information included above is intended to include ten years; however, only the years above have information available.
Additional years will be included as information becomes available.

Franklin County, North Carolina
Schedule of County's Proportionate Share of the Net Pension Liability (Asset)
Register of Deeds' Supplemental Pension Fund
Last Seven Fiscal Years

	2020	2019	2018	2017	2016	2015	2014
County's proportion of the net pension liability (asset)	0.566%	0.624%	0.629%	0.570%	0.527%	0.522%	0.502%
County's proportionate share of the net pension liability (asset)	\$ (111,667)	\$ (103,380)	\$ (107,402)	\$ (106,547)	\$ (122,069)	\$ (118,378)	\$ (107,127)
County's covered payroll	71,151	69,314	66,539	60,165	59,406	57,472	55,637
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-156.94%	-149.15%	-161.41%	-177.09%	-205.48%	-205.98%	-192.55%
Plan fiduciary net position as a percentage of the total pension liability	153.31%	153.77%	160.17%	197.29%	193.88%	190.50%	190.50%

*The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.

Information included above is intended to include ten years; however, only the years above have information available.
Additional years will be included as information becomes available.

Franklin County, North Carolina
Schedule of County Contributions
Register of Deeds' Supplemental Pension Fund
Last Seven Fiscal Years

	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 6,492	\$ 5,376	\$ 5,736	\$ 5,079	\$ 4,656	\$ 3,587	\$ 4,892
Contributions in relation to the							
contractually required contribution	6,492	5,376	5,736	5,079	4,656	3,587	4,892
Contribution deficiency (excess)	-	-	-	-	-	-	-
County's covered payroll	\$ 71,217	\$ 71,151	\$ 69,314	\$ 66,539	\$ 60,165	\$ 59,406	\$ 57,472
Contributions as a percentage of covered payroll	9.12%	7.56%	8.28%	7.63%	7.74%	6.04%	2.67%

Information included above is intended to include ten years; however, only the years above have information available.
Additional years will be included as information becomes available.

Franklin County, North Carolina
Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance
Required Supplementary Information

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning Balance	\$ 1,447,296	\$ 1,286,827	\$ 1,148,777	\$ 1,069,258
Service Cost	108,043	107,536	85,086	84,962
Interest on the total pension liability	51,658	40,049	43,932	37,983
Differences between expected and actual experience in the measurement of the total pension liability	196,490	120,032	(68,955)	-
Changes of assumptions or other inputs	63,138	(68,241)	99,294	(32,807)
Benefit payments	(56,252)	(38,907)	(21,307)	(10,619)
Ending balance of the total pension liability	<u>\$ 1,810,373</u>	<u>\$ 1,447,296</u>	<u>\$ 1,286,827</u>	<u>\$ 1,148,777</u>

The amounts presented for each fiscal year were determined as of the prior fiscal year ending December 31.

Information included above is intended to include ten years; however, only the years above have information available. Additional years will be included as information becomes available.

Franklin County, North Carolina
Schedule of Total Pension Liability as a Percentage of Covered Payroll
Law Enforcements Officers' Special Separation Allowance
Required Supplementary Information

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability	\$ 1,810,373	\$ 1,447,296	\$ 1,286,827	\$ 1,148,777
Covered payroll	\$ 4,330,246	\$ 3,985,255	\$ 3,635,558	\$ 3,363,393
Total pension liability as a percentage of covered payroll	41.81%	36.32%	35.40%	34.16%

Notes to the schedules:

Franklin County has no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 73 to pay related benefits.

Information included above is intended to include ten years; however, only the years above have information available. Additional years will be included as information becomes available.

Franklin County, North Carolina
Schedule of Changes in the Total OPEB Liability and Related Ratios
Healthcare Benefits Plan
For the Year Ended June 30, 2020

Total OPEB Liability	2020	2019	2018
Service Cost	\$ 2,200,266	\$ 2,280,686	\$ 2,543,219
Interest on the total pension liability	1,472,359	1,401,840	1,212,665
Differences between expected and actual experience	(252,938)	(2,943,461)	(240,810)
Changes of assumptions or other inputs	2,764,672	(1,744,401)	(3,951,922)
Benefit payments	(418,806)	(624,441)	(325,608)
Net change in total OPEB liability	5,765,553	(1,629,777)	(762,456)
Total OPEB liability - beginning	38,057,245	39,687,022	40,449,478
Total OPEB liability - ending	<u>\$ 43,822,798</u>	<u>\$ 38,057,245</u>	<u>\$39,687,022</u>
	.		
Covered payroll	\$ 23,108,068	\$ 23,108,068	\$18,974,045
Total OPEB liability as a percentage of covered payroll	189.64%	164.69%	209.16%

Notes to Schedule

Changes of assumptions: Changes of assumptions and other inputs reflect the effects of changes in the discount rate of each period. The following are the discount rates used in each period:

Fiscal Year	Rate
2020	3.50%
2019	3.89%
2018	3.56%

Information included above is intended to include ten years; however, only the years above have information available. Additional years will be included as information becomes available.

COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES

MAJOR GOVERNMENTAL FUNDS

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

Franklin County, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2020
(With Comparative Totals for the Year Ended June 30, 2019)

	2020			2019
	Budget	Actual	Variance Positive (Negative)	Actual
Revenues:				
Ad valorem taxes:				
Current year taxes	\$ 46,731,066	\$ 47,458,067	\$ 727,001	\$ 45,368,511
Delinquent taxes	574,000	606,345	32,345	503,482
Tax discounts and refunds	(137,065)	(142,749)	(5,684)	(121,676)
Total	47,168,001	47,921,663	753,662	45,750,317
Sales tax revenue	10,406,063	11,471,921	1,065,858	10,193,896
Other Tax Revenues				
Tax penalties and interest	360,000	267,125	(92,875)	444,839
Tax levies, foreclosures, etc.	25,115	272	(24,843)	236
Total	385,115	267,397	(117,718)	445,075
Restricted intergovernmental:				
Federal and State grants	10,745,764	11,096,204	350,440	10,831,434
Beer and wine taxes	247,000	255,180	8,180	251,543
ABC Rehab tax	18,500	21,582	3,082	18,335
Lottery proceeds	550,000	550,000	-	700,000
Total	11,561,264	11,922,966	361,702	11,801,312
Fees, sales and charges:				
Court facility fees	61,500	64,160	2,660	69,115
Building permits	75,000	116,925	41,925	115,314
Inspection fees	1,041,500	1,504,928	463,428	1,324,941
Register of deeds fees	800,000	932,385	132,385	870,981
Recreation reserve fees	-	352,272	352,272	387,973
Rents and concessions	60,150	64,057	3,907	65,700
Health fees	3,247,266	2,200,678	(1,046,588)	2,025,855
Social services fees	294,338	469,532	175,194	256,370
Aging services	47,800	48,472	672	49,802
Airport	911,500	798,469	(113,031)	890,333
Sheriff and jail fees	1,595,000	2,384,682	789,682	1,811,116
Library fees and donations	41,500	27,699	(13,801)	43,180
Ambulance and rescue squad fees	2,205,000	2,116,719	(88,281)	1,960,452
Recreation	34,400	20,277	(14,123)	44,163
Other	124,000	191,868	67,868	139,106
Total	10,538,954	11,293,123	754,169	10,054,401
Investment earnings	482,000	403,853	(78,147)	534,586

Franklin County, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2020
(With Comparative Totals for the Year Ended June 30, 2019)

	2020		Variance Positive (Negative)	2019
	Budget	Actual		Actual
Miscellaneous:				
Donations and private grants	145,684	173,255	27,571	192,345
Other miscellaneous	199,805	336,608	136,803	390,497
Total	345,489	509,863	164,374	582,842
 Total revenues	 80,886,886	 83,790,786	 2,903,900	 79,362,429
Expenditures:				
General government:				
Governing body:				
Salaries and employee benefits		252,449		223,212
Other operating expenditures		61,971		62,117
Insurance other than property		2,704		2,575
Capital outlay		3,004		-
Total	343,599	320,128	23,471	287,904
County Manager:				
Salaries and employee benefits		401,746		370,645
Other operating expenditures		34,292		35,220
Capital outlay		243		-
Total	439,491	436,281	3,210	405,865
Finance:				
Salaries and employee benefits		389,182		418,377
Other operating expenditures		67,811		45,595
Capital outlay		1,960		-
Total	542,947	458,953	83,994	463,972
Human Resources:				
Salaries and employee benefits		366,333		345,875
Other operating expenditures		61,453		69,662
Capital outlay		7,599		4,606
Total	515,228	435,385	79,843	420,143
Board of Elections:				
Salaries and employee benefits		275,411		267,900
Other operating expenditures		168,136		139,067
Capital outlay		6,004		2,334
Total	529,824	449,551	80,273	409,301

Franklin County, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2020
(With Comparative Totals for the Year Ended June 30, 2019)

	2020			2019
	Budget	Actual	Variance Positive (Negative)	Actual
Register of Deeds:				
Salaries and employee benefits		330,230		329,451
Other operating expenditures		93,354		105,518
Capital outlay		812		-
Total	445,241	424,396	20,845	434,969
Tax Assessor:				
Salaries and employee benefits		525,448		522,140
Other operating expenditures		186,613		150,329
Capital outlay		1,572		2,970
Total	812,640	713,633	99,007	675,439
Tax Collector:				
Salaries and employee benefits		348,520		349,197
Other operating expenditures		92,796		129,708
Capital outlay		1,572		6,508
Total	562,848	442,888	119,960	485,413
Maintenance:				
Salaries and employee benefits		782,036		732,561
Other operating expenditures		437,445		391,377
Capital outlay		49,470		107,492
Total	1,372,969	1,268,951	104,018	1,231,430
Central Services:				
Other operating expenditures	235,381	230,309	5,072	200,882
Court:				
Operating expenditures		88,193		79,986
Capital outlay		4,657		13,726
Total	117,950	92,850	25,100	93,712
Capital improvement:				
Capital outlay	392,000	254,334	137,666	623,304
Information technology services:				
Salaries and employee benefits		327,075		316,486
Other operating expenditures		143,465		124,847
Capital outlay		208,562		6,068
Total	697,295	679,102	18,193	447,401
Legal and professional:				
Legal and professional	66,000	49,853	16,147	54,423
Total general government	7,073,413	6,256,614	816,799	6,234,158

Franklin County, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2020
(With Comparative Totals for the Year Ended June 30, 2019)

	2020			2019
	Budget	Actual	Variance Positive (Negative)	Actual
Public safety:				
Planning:				
Salaries and employee benefits		448,148		425,278
Other operating expenditures		157,151		213,059
Capital outlay		1,909		210
Total	667,367	607,208	60,159	638,547
Inspections:				
Salaries and employee benefits		802,630		647,901
Other operating expenditures		129,182		76,930
Capital outlay		87,911		25,889
Total	1,073,281	1,019,723	53,558	750,720
GIS Mapper Service:				
Salaries and employee benefits		202,563		204,347
Other operating expenditures		40,258		39,621
Capital outlay		769		3,750
Total	278,071	243,590	34,481	247,718
Central Services:				
Other operating expenditures	342,334	320,978	21,356	214,240
Sheriff:				
Salaries and employee benefits		6,556,991		6,189,267
Other operating expenditures		1,398,908		1,431,860
Capital outlay		679,881		947,252
Total	9,137,491	8,635,780	501,711	8,568,379
Communications:				
Salaries and employee benefits		1,443,356		1,419,849
Other operating expenditures		459,014		282,187
Capital outlay		60,483		21,880
Total	2,174,100	1,962,853	211,247	1,723,916
Jail:				
Salaries and employee benefits		2,492,256		2,406,618
Other operating expenditures		1,428,991		1,373,528
Capital outlay		56,426		127,943
Total	4,405,171	3,977,673	427,498	3,908,089
Jail-meal operations:				
Other operating expenditures	484,841	457,087	27,754	461,170
Fire protection:				
Forest fire control service	113,264	90,738	22,526	86,606

Franklin County, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2020
(With Comparative Totals for the Year Ended June 30, 2019)

	2020			2019
	Budget	Actual	Variance Positive (Negative)	Actual
Rescue and ambulance services:				
Salaries and employee benefits		5,430,390		5,317,421
Other operating expenditures		799,533		802,101
Capital outlay		745,581		683,034
Total	7,332,915	6,975,504	357,411	6,802,556
Emergency management services:				
Salaries and employee benefits		190,112		207,993
Other operating expenditures		55,189		29,356
Capital outlay		2,303		30,807
Total	341,561	247,604	93,957	268,156
Rescue squad contributions:				
Rescue units	118,400	116,400	2,000	118,400
Animal control:				
Salaries and employee benefits		507,314		442,593
Other operating expenditures		138,374		150,256
Capital outlay		2,515		85,853
Total	747,434	648,203	99,231	678,702
Total public safety	27,216,230	25,303,341	1,912,889	24,467,199
Economic and physical development:				
Economic development:				
Salaries and employee benefits		267,620		239,655
Other operating expenditures		89,320		91,179
Company incentives		746,344		1,341,879
Capital outlay		1,575		2,733
Total	1,183,112	1,104,859	78,253	1,675,446
Central services:				
Other operating expenditures	445,024	333,024	112,000	32,848
Cooperative extension services:				
Salaries and employee benefits		339,114		297,300
Other operating expenditures		88,531		108,053
Capital outlay		-		31,765
Total	501,431	427,645	73,786	437,118

Franklin County, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2020
(With Comparative Totals for the Year Ended June 30, 2019)

	2020			2019
	Budget	Actual	Variance Positive (Negative)	Actual
Soil and water conservation:				
Salaries and employee benefits		252,371		242,562
Other operating expenditures		16,514		16,611
		-		1,471
Total	275,686	268,885	6,801	260,644
Airport operations:				
Salaries and employee benefits		231,150		197,010
Other operating expenditures		207,123		189,390
Fuel purchases		370,964		455,225
Capital outlay		100,057		1,910
Total	1,103,231	909,294	193,937	843,535
Total economic & physical development	3,508,484	3,043,707	464,777	3,249,591
Human services:				
Central services:				
Other operating expenditures	347,969	331,158	16,811	296,441
Health:				
Administration:				
Salaries and employee benefits		759,109		816,032
Other operating expenditures		156,825		148,478
Capital outlay		520		57,934
Total	1,052,110	916,454	135,656	1,022,444
Clinical health:				
Salaries and employee benefits		2,056,671		2,087,614
Contractual services		16,420		18,720
Other operating expenditures		1,237,927		1,205,490
Capital outlay		24,620		44,151
Total	4,127,034	3,335,638	791,396	3,355,975
WIC				
Salaries		248,991		243,237
Other operating expenditures		24,414		18,242
Capital outlay		4,781		1,574
	297,642	278,186	19,456	263,053
Home health:				
Salaries and employee benefits		485,956		465,850
Other operating expenditures		271,718		240,878
Capital outlay		20,357		20,013
Total	907,179	778,031	129,148	726,741

Franklin County, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2020
(With Comparative Totals for the Year Ended June 30, 2019)

	2020			2019
	Budget	Actual	Variance Positive (Negative)	Actual
Veterans services:				
Salaries and employee benefits		75,687		75,166
Other operating expenditures		13,410		12,773
Total	99,396	89,097	10,299	87,939
Social services:				
Administration:				
Salaries and employee benefits		6,423,661		6,207,398
Other operating expenditures		641,181		482,095
Professional services		155,535		147,542
Capital outlay		59,012		60,172
Total	7,505,167	7,279,389	225,778	6,897,207
Social services programs:				
Medicaid	33,000	10,760	22,240	17,356
Special assistance	361,544	327,821	33,723	391,940
Foster care	936,787	820,007	116,780	807,174
Crisis intervention	584,386	483,468	100,918	539,090
General assistance	20,000	16,070	3,930	15,380
Day care	112,375	110,331	2,044	100,019
Other assistance	656,741	357,735	299,006	452,612
Total	2,704,833	2,126,192	578,641	2,323,571
DSS Child support:				
Salaries and employee benefits		605,068		595,796
Other operating expenditures		116,419		114,276
Capital outlay		-		3,767
Total	747,579	721,487	26,092	713,839
Aging:				
Salaries and employee benefits		555,143		570,921
Other operating expenditures		421,114		444,913
Capital outlay		38,559		9,414
Total	1,128,657	1,014,816	113,841	1,025,248
Total human services	18,917,566	16,870,448	2,047,118	16,712,458
Cultural and leisure:				
Recreation:				
Salaries and employee benefits		328,157		289,439
Other operating expenditures		208,723		254,765
Capital outlay		5,535		3,038
Total	594,906	542,415	52,491	547,242

Franklin County, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2020
(With Comparative Totals for the Year Ended June 30, 2019)

	2020			2019
	Budget	Actual	Variance Positive (Negative)	Actual
Central Services:				
Other operating expenditures	73,900	73,900	-	14,400
Library:				
Salaries and employee benefits		799,413		767,233
Other operating expenditures		105,462		98,628
Books, magazines & telecommunications		129,810		93,095
Capital outlay		23,344		26,805
Total	1,119,361	1,058,029	61,332	985,761
Total culture and leisure	1,788,167	1,674,344	113,823	1,547,403
Education:				
Education allocations:				
Public schools - current		20,349,831		16,898,091
Public schools - capital outlay		2,000,000		1,999,998
Community colleges - current		369,168		369,168
Community colleges - capital outlay		20,000		20,000
Total education	22,738,999	22,738,999	-	19,287,257
Debt service:				
Principal retirement		6,928,671		7,768,068
Interest and fees		1,748,598		1,900,038
Total debt service	9,019,043	8,677,269	341,774	9,668,106
Total expenditures	90,261,902	84,564,722	5,697,180	81,166,172
Revenues over (under) expenditures	(9,375,016)	(773,936)	8,601,080	(1,803,743)
Transfers to other funds:				
Fire District Fund	(40,700)	(40,700)	-	(40,700)
Revaluation Fund	(100,000)	(100,000)	-	(175,000)
Insurance Fund	(2,100,000)	(2,100,000)	-	-
County Building Project Fund	(841,501)	(841,501)	-	(732,467)
Solid Waste Fund	(402,611)	(300,000)	102,611	(250,000)
Airport Fund	(73,670)	(73,670)	-	(226,765)
Total transfers out	(3,558,482)	(3,455,871)	102,611	(1,424,932)
Transfers from other funds:				
Capital Reserve Fund	3,500,000	3,200,000	300,000	3,600,000
Water and Sewer Fund	114,485	117,369	(2,884)	-
Emergency Telephone System Fund	-	-	-	96
Total transfers in	3,614,485	3,317,369	297,116	3,600,096

Franklin County, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2020
(With Comparative Totals for the Year Ended June 30, 2019)

	2020			2019
	Budget	Actual	Variance Positive (Negative)	Actual
Payment to escrow agent-refunding bonds	-	(11,973,131)	(11,973,131)	-
Premium on bonds	-	2,184,506	2,184,506	-
Bond proceeds	-	9,845,000	9,845,000	-
Loan proceeds	1,356,240	1,202,663	(153,577)	1,900,000
Total other financing sources (uses) - net	1,412,243	1,120,536	302,525	4,075,164
Revenues and other financing sources over (under) expenditures and other financing uses	(7,962,773)	346,600	8,309,373	2,271,422
Appropriated fund balance	7,962,773	-	(7,962,773)	-
Revenues, other financing sources and appropriated fund balance over (under) expenditures and other uses	<u>\$ -</u>	346,600	<u>\$ 346,600</u>	2,271,422
Fund balances				
Beginning of year, July 1		37,998,129		35,706,824
Increase (decrease) in reserve for inventory		(29,157)		19,883
End of year, June 30		<u>\$ 38,315,572</u>		<u>\$ 37,998,129</u>

Franklin County, North Carolina
Capital Reserve Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2020
(With Comparative Totals for the Year Ended June 30, 2019)

	2020		Variance	2019
	Budget	Actual	Positive (Negative)	Actual
Revenues				
Sales tax revenue	\$ 3,500,000	\$ 3,767,959	\$ 267,959	\$ 3,674,555
Expenditures				
Education	-	-	-	-
Other financing sources (uses)				
Transfer to General Fund	(3,500,000)	(3,200,000)	300,000	(3,600,000)
Revenues and other financing sources under expenditures and uses	<u>\$ -</u>	<u>567,959</u>	<u>\$ 567,959</u>	<u>74,555</u>
Fund balance				
Beginning of year, July 1		<u>676,245</u>		<u>601,690</u>
End of year, June 30		<u>\$ 1,244,204</u>		<u>\$ 676,245</u>

Franklin County, North Carolina
Revaluation Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2020
(With Comparative Totals for the Year Ended June 30, 2019)

	2020		Variance	2019
	Budget	Actual	Positive (Negative)	Actual
Revenues				
Interest earnings	\$ -	\$ -	\$ -	\$ -
Expenditures				
General government				
Appraisal	100,000	-	100,000	75,032
Other financing sources				
Transfer from General Fund	100,000	100,000	-	175,000
Total revenues and other financing sources over expenditures	<u>\$ -</u>	100,000	<u>\$ 100,000</u>	99,968
Fund balance				
Beginning of year, July 1		<u>538,190</u>		<u>438,222</u>
End of year, June 30		<u>\$ 638,190</u>		<u>\$ 538,190</u>

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

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

Capital Project Funds

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

- **Airport Projects Fund:** This fund accounts for the construction at the Franklin County Airport.
- **County Building Project Fund:** This fund accounts for renovation of the County buildings.
- **School Construction Fund:** This capital projects fund accounts for the construction of school buildings within the County.

Franklin County, North Carolina
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2020

	Special Revenue Funds					
	Fire District Fund	Emergency Telephone System Fund	DEA Fund	Community Development Fund	Hospital Fund	Total Nonmajor Special Revenue Funds
Assets						
Cash and cash equivalents	\$ 59,071	\$ 584,475	\$ 53,254	\$ 54,993	\$ 86,373	\$ 838,166
Accounts receivable, net	-	50,408	-	-	-	50,408
Taxes receivable, net	177,078	-	-	-	-	177,078
Due from other governments	-	16,457	402	-	-	16,859
Restricted assets:						
Restricted cash	-	-	-	-	-	-
Total assets	<u>\$ 236,149</u>	<u>\$ 651,340</u>	<u>\$ 53,656</u>	<u>\$ 54,993</u>	<u>\$ 86,373</u>	<u>\$ 1,082,511</u>
Liabilities and Fund Balances						
Liabilities:						
Accounts payable and accrued liabilities	\$ -	\$ 1,253	\$ -	\$ -	\$ -	\$ 1,253
Total liabilities	<u>-</u>	<u>1,253</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,253</u>
Deferred Inflows of Resources	<u>177,078</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>177,078</u>
Fund balances:						
Restricted:						
Stabilization by State Statute	-	66,865	402	-	-	67,267
Fire Protection	59,071	-	-	-	-	59,071
Public Safety	-	583,222	53,254	-	-	636,476
Education	-	-	-	-	-	-
Human Services	-	-	-	-	86,373	86,373
Economic Development	-	-	-	54,993	-	54,993
Total fund balances	<u>59,071</u>	<u>650,087</u>	<u>53,656</u>	<u>54,993</u>	<u>86,373</u>	<u>904,180</u>
Total liabilities, deferred inflows or resources, and fund balances	<u>\$ 236,149</u>	<u>\$ 651,340</u>	<u>\$ 53,656</u>	<u>\$ 54,993</u>	<u>\$ 86,373</u>	<u>\$ 1,082,511</u>

Exhibit C-1

Capital Projects Funds				
Airport Projects Fund	County Building Project Fund	School Construction Fund	Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
\$ 280,854	\$ -	\$ -	\$ 280,854	\$ 1,119,020
-	-	-	-	50,408
-	-	-	-	177,078
55,424	-	3,531	58,955	75,814
-	1,046,446	1,535,640	2,582,086	2,582,086
<u>\$ 336,278</u>	<u>\$ 1,046,446</u>	<u>\$ 1,539,171</u>	<u>\$ 2,921,895</u>	<u>\$ 4,004,406</u>
\$ 38,740	\$ -	\$ -	\$ 38,740	\$ 39,993
38,740	-	-	38,740	39,993
-	-	-	-	177,078
55,424	-	3,531	58,955	126,222
-	-	-	-	59,071
-	1,046,446	-	1,046,446	1,682,922
-	-	1,535,640	1,535,640	1,535,640
-	-	-	-	86,373
242,114	-	-	242,114	297,107
<u>297,538</u>	<u>1,046,446</u>	<u>1,539,171</u>	<u>2,883,155</u>	<u>3,787,335</u>
<u>\$ 336,278</u>	<u>\$ 1,046,446</u>	<u>\$ 1,539,171</u>	<u>\$ 2,921,895</u>	<u>\$ 4,004,406</u>

Franklin County, North Carolina
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2020

	Special Revenue Funds					
	Fire District Fund	Emergency Telephone System Fund	DEA Fund	Community Development Fund	Hospital Fund	Total Nonmajor Special Revenue Funds
Revenues						
Ad valorem taxes	\$ 4,356,922	\$ -	\$ -	\$ -	\$ -	\$ 4,356,922
Other taxes and licenses	-	604,890	-	-	-	604,890
Restricted intergovernmental	-	177,732	44,289	-	426,987	649,008
Investment earnings	-	-	-	-	-	-
Total revenues	<u>4,356,922</u>	<u>782,622</u>	<u>44,289</u>	<u>-</u>	<u>426,987</u>	<u>5,610,820</u>
Expenditures						
Current:						
Public safety	4,549,626	202,430	50,840	-	-	4,802,896
Human services	-	-	-	-	462,496	462,496
Capital outlay	-	189,940	-	-	-	189,940
Total expenditures	<u>4,549,626</u>	<u>392,370</u>	<u>50,840</u>	<u>-</u>	<u>462,496</u>	<u>5,455,332</u>
Revenues over (under) expenditures	<u>(192,704)</u>	<u>390,252</u>	<u>(6,551)</u>	<u>-</u>	<u>(35,509)</u>	<u>155,488</u>
Other financing sources (uses)						
Transfers from other funds	<u>40,700</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,700</u>
Total other financing sources (uses) - net	<u>40,700</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,700</u>
Net changes in fund balances	<u>(152,004)</u>	<u>390,252</u>	<u>(6,551)</u>	<u>-</u>	<u>(35,509)</u>	<u>196,188</u>
Fund balances						
Beginning of year, July 1	<u>211,075</u>	<u>259,835</u>	<u>60,207</u>	<u>54,993</u>	<u>121,882</u>	<u>707,992</u>
End of year, June 30	<u>\$ 59,071</u>	<u>\$ 650,087</u>	<u>\$ 53,656</u>	<u>\$ 54,993</u>	<u>\$ 86,373</u>	<u>\$ 904,180</u>

Capital Projects Funds				
Airport Projects Fund	County Building Project Fund	School Construction Fund	Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 4,356,922
-	-	-	-	604,890
151,051	-	-	151,051	800,059
-	-	84,569	84,569	84,569
151,051	-	84,569	235,620	5,846,440
-	-	-	-	4,802,896
-	-	-	-	462,496
182,738	125,386	5,997,588	6,305,712	6,495,652
182,738	125,386	5,997,588	6,305,712	11,761,044
(31,687)	(125,386)	(5,913,019)	(6,070,092)	(5,914,604)
73,670	841,501	-	915,171	955,871
73,670	841,501	-	915,171	955,871
41,983	716,115	(5,913,019)	(5,154,921)	(4,958,733)
255,555	330,331	7,452,190	8,038,076	8,746,068
\$ 297,538	\$ 1,046,446	\$ 1,539,171	\$ 2,883,155	\$ 3,787,335

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, 2020
(With Comparative Totals for the Year Ended June 30, 2019)

	2020		Variance	2019
	Budget	Actual	Positive (Negative)	Actual
Revenues				
Ad valorem taxes	\$ 4,528,472	\$ 4,356,922	\$ (171,550)	\$ 4,107,441
Expenditures				
Public safety				
Central Fire District	339,019	338,827	192	290,850
Epsom Fire District	122,000	121,352	648	123,580
Gold Sand Fire District	79,693	79,633	60	64,500
Justice Fire District	145,000	142,700	2,300	135,577
Kittrell Fire District	1,000	1,000	-	1,000
Pilot Fire District	286,000	285,690	310	356,021
White Level Fire District	110,000	100,197	9,803	100,384
Brassfield Fire District	10	9	1	-
Mitchiners Crossroads Fire District	205,522	205,453	69	199,000
Hopkins Fire District	26,110	25,727	383	25,367
Franklinton Fire District	323,591	323,355	236	279,034
Youngsville Fire District	2,062,422	2,061,626	796	1,796,743
Bunn Fire District	797,605	797,055	550	689,000
Castalia Fire District	1,200	1,200	-	1,200
Centerville Fire District	70,000	65,802	4,198	65,106
Total expenditures	4,569,172	4,549,626	19,546	4,127,362
Revenues under expenditures	(40,700)	(192,704)	(152,004)	(19,921)
Other financing sources				
Transfer from General Fund	40,700	40,700	-	40,700
Revenues and other sources under expenditures	\$ -	(152,004)	\$ (152,004)	20,779
Fund balances				
Beginning of year, July 1		211,075		190,296
End of year, June 30		\$ 59,071		\$ 211,075

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, 2020
(With Comparative Totals for the Year Ended June 30, 2019)

	2020		Variance	2019
	Budget	Actual	Positive (Negative)	Actual
Revenues				
Other taxes and licenses				
E911 fees	\$ 297,568	\$ 604,890	\$ 307,322	\$ 305,557
Restricted intergovernmental				
E911 grant	177,732	177,732	-	484,725
Total revenues	<u>475,300</u>	<u>782,622</u>	<u>307,322</u>	<u>790,282</u>
Expenditures				
Public safety - E911				
Operating expenses	235,418	197,197	38,221	213,160
Capital outlay	12,500	5,233	7,267	6,000
Capital outlay	298,927	189,940	108,987	492,038
Total expenditures	<u>546,845</u>	<u>392,370</u>	<u>154,475</u>	<u>711,198</u>
Revenues over (under) expenditures	<u>(71,545)</u>	<u>390,252</u>	<u>461,797</u>	<u>79,084</u>
Other financing sources (uses)				
Transfer from other funds				
General Fund		-	-	(96)
Appropriated fund balance	71,545	-	(71,545)	-
Total	<u>71,545</u>	<u>-</u>	<u>(71,545)</u>	<u>(96)</u>
Revenues and appropriated fund balance and other sources over expenditures and other uses	<u>\$ -</u>	<u>390,252</u>	<u>\$ 390,252</u>	<u>78,988</u>
Fund balances				
Beginning of year, July 1		<u>259,835</u>		<u>180,847</u>
End of year, June 30		<u>\$ 650,087</u>		<u>\$ 259,835</u>

Fund Balance agrees to Balance on the PSAP Revenue-Expenditure Report.

Franklin County, North Carolina
DEA Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2020
(With Comparative Totals for the Year Ended June 30, 2019)

	2020			2019
	Budget	Actual	Variance Positive (Negative)	Actual
Revenues				
Restricted intergovernmental	\$ 12,000	\$ 44,289	\$ 32,289	\$ 67,479
Miscellaneous income	-	-	-	-
Total revenues	<u>12,000</u>	<u>44,289</u>	<u>32,289</u>	<u>67,479</u>
Expenditures				
Public safety				
Operating expenses	<u>53,890</u>	<u>50,840</u>	<u>3,050</u>	<u>13,575</u>
Revenues over expenditures	<u>(41,890)</u>	<u>(6,551)</u>	<u>35,339</u>	<u>53,904</u>
Appropriated fund balance	<u>41,890</u>	<u>-</u>	<u>(41,890)</u>	<u>-</u>
Revenues and appropriated fund balance over expenditures	<u>\$ -</u>	<u>(6,551)</u>	<u>\$ (6,551)</u>	<u>53,904</u>
Fund balances				
Beginning of year, July 1		<u>60,207</u>		<u>6,303</u>
End of year, June 30		<u>\$ 53,656</u>		<u>\$ 60,207</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, 2020

	Project Author- ization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues					
Restricted intergovernmental					
CDBG Grant 11-D-2447	\$ 400,000	\$ 379,503	\$ -	\$ 379,503	\$ (20,497)
NC Housing Funds	170,000	108,544	-	108,544	(61,456)
Total revenues	<u>570,000</u>	<u>488,047</u>	<u>-</u>	<u>488,047</u>	<u>(81,953)</u>
Expenditures					
Economic and physical development					
CDBG Grant 11-D-2447	400,000	391,115	-	391,115	8,885
NC Housing Funds	170,000	98,882	-	98,882	71,118
Total expenditures	<u>570,000</u>	<u>489,997</u>	<u>-</u>	<u>489,997</u>	<u>80,003</u>
Revenues under expenditures	<u>\$ -</u>	<u>\$ (1,950)</u>	<u>-</u>	<u>\$ (1,950)</u>	<u>\$ (1,950)</u>
Fund balance					
Beginning of year, July 1			<u>54,993</u>		
End of year, June 30			<u>\$ 54,993</u>		

Franklin County, North Carolina
Hospital Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and for the Year Ended June 30, 2020

	2020			2019
	Budget	Actual	Variance Positive (Negative)	Actual
Revenues				
Restricted intergovernmental				
Contributions	\$ 1,134,935	\$ 426,987	\$ (707,948)	\$ 711,057
Total revenues	<u>1,134,935</u>	<u>426,987</u>	<u>(707,948)</u>	<u>711,057</u>
Expenditures				
Human Services	<u>2,444,837</u>	<u>462,496</u>	<u>1,982,341</u>	<u>851,150</u>
Revenues over expenditures	<u>(1,309,902)</u>	<u>(35,509)</u>	<u>1,274,393</u>	<u>(140,093)</u>
Other financing sources				
Transfers to/from other funds				
General Fund	(600,000)	-	600,000	-
General Fund	300,000	-	(300,000)	-
Fund balance appropriated	<u>1,609,902</u>	<u>-</u>	<u>(1,609,902)</u>	<u>-</u>
	<u>1,909,902</u>	<u>-</u>	<u>(1,309,902)</u>	<u>-</u>
Revenues and other financing sources over expenditures	<u>\$ -</u>	<u>(35,509)</u>	<u>\$ (35,509)</u>	<u>(140,093)</u>
Fund balance				
Beginning of year, July 1		<u>121,882</u>		<u>261,975</u>
End of year, June 30		<u>\$ 86,373</u>		<u>\$ 121,882</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, 2020

	Project Author- ization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues					
Restricted intergovernmental:					
NCDOT project 36237.31.17.1 (MLP)	\$ 369,853	\$ 117,197	\$ 102,221	\$ 219,418	\$ (150,435)
NCDOT project 36244.43.11.1	513,000	-	-	-	(513,000)
NCDOT project 36244.43.10.1 (Airfield Lights)	1,521,000	61,827	48,830	110,657	(1,410,343)
Total revenues	<u>2,403,853</u>	<u>179,024</u>	<u>151,051</u>	<u>330,075</u>	<u>(2,073,778)</u>
Expenditures					
Capital outlay:					
Project No. 36237.31.17.1	410,948	105,955	49,381	155,336	255,612
Project No. 36244.43.11.1	570,000	-	3,000	3,000	567,000
Project No. 36244.43.10.1	1,690,000	68,693	130,357	199,050	1,490,950
Total expenditures	<u>2,670,948</u>	<u>174,648</u>	<u>182,738</u>	<u>357,386</u>	<u>2,313,562</u>
Revenues under expenditures	<u>(267,095)</u>	<u>4,376</u>	<u>(31,687)</u>	<u>(27,311)</u>	<u>239,784</u>
Other financing sources					
Transfer from General fund	267,095	226,765	73,670	300,435	33,340
Appropriated fund balance	-	-	-	-	-
Total	<u>267,095</u>	<u>226,765</u>	<u>73,670</u>	<u>300,435</u>	<u>33,340</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ 231,141</u>	<u>41,983</u>	<u>\$ 273,124</u>	<u>\$ 273,124</u>
Fund balance					
Beginning of year, July 1			<u>255,555</u>		
End of year, June 30			<u>\$ 297,538</u>		

Franklin County, North Carolina
County Building Project Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and for the Year Ended June 30, 2020

	Project Author- ization	Prior Year	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues					
Restricted intergovernmental revenues					
Owen part project funds	\$ 963,770	\$ 534,541	\$ -	\$ 534,541	\$ (429,229)
PARTF grant	250,000	225,000	-	225,000	(25,000)
NC E911 Board grant	3,958,873	-	-	-	(3,958,873)
Interest earnings	95,000	13,501	-	13,501	(81,499)
Total revenues	5,267,643	773,042	-	773,042	(4,494,601)
Expenditures					
Construction					
E911 Facility	10,672,334	10,331,417	-	10,331,417	340,917
Owens Park Project	1,625,037	1,458,454	77,499	1,535,953	89,084
Franklin County Government Facility	250,000	20,245	25,767	46,012	203,988
E911 PSAP Building Project	5,129,874	-	22,120	22,120	5,107,754
Total	17,677,245	11,810,116	125,386	11,935,502	5,741,743
Total revenues over (under) expenditures	(12,409,602)	(11,037,074)	(125,386)	(11,162,460)	1,247,142
Other financing sources					
Issuance of debt	8,589,287	9,256,000	-	9,256,000	666,713
Appropriated fund balance	147,000	-	-	-	(147,000)
Transfer from other funds					
Emergency Telephone System Fund	1,712,547	1,456,005	-	1,456,005	(256,542)
General Fund	1,960,768	2,172,887	841,501	3,014,388	1,053,620
Total transfers	3,673,315	3,628,892	841,501	4,470,393	797,078
Total other sources	12,409,602	12,884,892	841,501	13,726,393	1,316,791
Total revenues and other financing sources over (under) expenditures	\$ -	\$ 1,847,818	716,115	\$ 2,563,933	\$ 2,563,933
Fund balance					
Beginning of year, July 1			330,331		
End of year, June 30			\$ 1,046,446		

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, 2020

	Project Author- ization	Prior Year	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues					
Interest earnings	\$ 12,500	\$ 248,978	\$ 84,569	\$ 333,547	\$ 321,047
Miscellaneous	125,000	-	-	-	(125,000)
Sales tax refund	137,500	248,978	84,569	333,547	196,047
Expenditures					
Bond issuance costs		199,740	-	199,740	
Construction		5,183,541	5,997,588	11,181,129	
Total expenditures	11,537,500	5,383,281	5,997,588	11,380,869	156,631
Total revenues over (under) expenditures	(11,400,000)	(5,134,303)	(5,913,019)	(11,047,322)	39,416
Other financing sources					
Issuance of debt	11,400,000	11,400,000	-	11,400,000	-
Premium on debt	-	692,071	-	692,071	692,071
Total other sources	11,400,000	12,092,071	-	12,092,071	-
Revenues and other financing sources over (under) expenditures	\$ -	\$ 6,957,768	(5,913,019)	\$ 1,044,749	\$ 1,044,749
Fund balance					
Beginning of year, July 1			7,452,190		
End of year, June 30			\$ 1,539,171		

ENTERPRISE FUND

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

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

Franklin County, North Carolina
Water and Sewer Fund
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
For the Year Ended June 30, 2020

	2020		Variance	2019
	Budget	Actual	Positive (Negative)	Actual
Revenues				
Operating revenues				
Water fees	\$ 7,152,000	\$ 7,403,870	\$ 251,870	\$ 7,014,278
Sewer fees	2,850,000	3,153,933	303,933	2,909,091
Other charges for services	1,238,400	2,829,642	1,591,242	1,714,881
Total	11,240,400	13,387,445	2,147,045	11,638,250
Nonoperating revenues:				
Interest earnings	-	26,421	26,421	31,235
Miscellaneous revenues	-	41,985	41,985	45,177
Total	-	68,406	68,406	76,412
Total revenues	11,240,400	13,455,851	2,215,451	11,714,662
Expenditures - Water Dept				
Salaries and employee benefits	1,138,147	1,135,006	3,141	1,377,049
Water purchases	3,955,000	3,784,847	170,153	3,749,649
Other operating expenditures	1,225,718	1,041,170	184,548	959,941
Capital outlay	130,943	52,287	78,656	16,150
Debt service:				
Interest and other charges	181,758	138,415	43,343	163,066
Debt principal	909,000	909,000	-	888,000
Total expenditures - Water	7,540,566	7,060,725	479,841	7,153,855
Expenditures - Sewer Dept				
Salaries and employee benefits	1,047,277	910,266	137,011	495,582
Other operating expenditures	988,520	740,809	247,711	703,671
Capital outlay	776,492	708,707	67,785	223,734
Debt service:				
Interest and other charges	52,400	19,613	32,787	23,860
Debt principal	342,809	169,789	173,020	267,672
Total expenditures - Sewer	3,207,498	2,549,184	658,314	1,714,519
Total expenditures	10,748,064	9,609,909	1,138,155	8,868,374
Revenues under expenditures	492,336	3,845,942	3,353,606	2,846,288
Other Financing Sources (Uses)				
Transfer from (to) Other Funds				
General Fund	(117,370)	(117,369)	1	-
Water and Sewer Capital Projects Fund	(1,484,390)	(600,000)	884,390	(1,900,000)
Appropriated fund balance	1,109,424	-	(1,109,424)	-
Total	(492,336)	(717,369)	(225,033)	(1,900,000)
Revenues and appropriated fund balance under expenditures	\$ -	\$ 3,128,573	\$ 3,128,573	\$ 946,288
Reconciliation from budgetary basis (modified accrual) to full accrual				
Revenues and other financing sources over expenditures	\$ 3,128,573			\$ 946,288
Reconciling items				
Debt payments	1,078,789			1,155,672
Depreciation	(1,582,558)			(1,466,387)
Capital outlay	701,233			166,256
Increase in deferred outflows of resources - pensions	63,273			120,618
Increase in net pension liability	(124,003)			(170,294)
Decrease in deferred inflows of resources - pensions	17,325			17,702
Decrease in accrued vacation pay	(20,299)			(12,014)
Increase in other postemployment benefits	(244,929)			1,285,172
Restricted intergovernmental revenue from				
Water and Sewer Capital Projects Fund	90,464			967,350
Transfer from Water and Sewer Fund	600,000			1,900,000
Total	579,295			3,964,074
Change in net position	\$ 3,707,868			\$ 4,910,362

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, 2020

	Project Author - ization	Prior Year	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues					
Restricted intergovernmental:					
State grants					
HUC grant E-HUC-W-15-0004	\$ 1,879,380	\$ 1,407,791	\$ -	\$ 1,407,791	\$ (471,589)
Triangle North Hub Project	1,807,000	1,103,184	90,464	1,193,648	(613,352)
Clean Water State Revolving	8,316,000	-	-	-	(8,316,000)
2019 HHPD Rehab Project	50,000	-	-	-	(50,000)
Investment earnings	-	-	-	-	-
Total revenues	12,052,380	2,510,975	90,464	2,601,439	(9,450,941)
Expenditures					
Construction					
Franklin sewer HUC grant phase 2	1,879,380	1,401,495	-	1,401,495	477,885
Triangle North Hub project	1,807,000	1,502,044	110,048	1,612,092	194,908
Youngsville sewer upgrades	1,910,000	450,936	75,554	526,490	1,383,510
Sewer plant rehab project	8,482,320	-	327,075	327,075	8,155,245
2019 HHPD Rehab project	67,500	-	38,967	38,967	28,533
Total expenditures	14,146,200	3,354,475	551,644	3,906,119	10,240,081
Revenues under expenditures	(2,093,820)	(843,500)	(461,180)	(1,304,680)	11,029,221
Other financing sources (uses)					
Transfer from General fund	-	-	-	-	-
Transfer to General fund	-	-	-	-	-
Transfer from Water and Sewer fund	2,093,820	-	600,000	600,000	(1,493,820)
Appropriated fund balance	-	-	-	-	-
Total other financing sources (uses) - net	2,093,820	-	600,000	600,000	(1,493,820)
Revenues, appropriated fund balance, and other financing sources over expenditures and uses	\$ -	\$ (843,500)	\$ 138,820	\$ (704,680)	\$ (704,680)

Franklin County, North Carolina
Solid Waste Fund
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
For the Year Ended June 30, 2020

	2020		Variance	2019
	Budget	Actual	Positive (Negative)	Actual
Revenues				
Operating revenues				
Solid waste revenue	\$ 2,320,196	\$ 2,481,723	\$ 161,527	\$ 2,277,196
Landfill fees	1,536,786	1,503,865	(32,921)	1,390,012
Total	<u>3,856,982</u>	<u>3,985,588</u>	<u>128,606</u>	<u>3,667,208</u>
Nonoperating revenues:				
Operating grants	164,500	179,774	15,274	174,324
Miscellaneous revenues	38,000	54,598	16,598	44,549
Total	<u>202,500</u>	<u>234,372</u>	<u>31,872</u>	<u>218,873</u>
Total revenues	<u>4,059,482</u>	<u>4,219,960</u>	<u>160,478</u>	<u>3,886,081</u>
Expenditures				
Salaries and employee benefits	1,104,425	1,068,237	36,188	916,611
Other operating expenditures	3,277,827	3,106,890	170,937	2,990,341
Capital outlay	89,594	106,912	(17,318)	5,220
Total expenditures	<u>4,471,846</u>	<u>4,282,039</u>	<u>189,807</u>	<u>3,912,172</u>
Revenues under expenditures	<u>(412,364)</u>	<u>(62,079)</u>	<u>350,285</u>	<u>(26,091)</u>
Other Financing Sources (Uses)				
Transfer from (to) Other Funds				
General Fund	412,364	300,000	112,364	250,000
Total	<u>412,364</u>	<u>300,000</u>	<u>112,364</u>	<u>250,000</u>
Revenues and appropriated fund balance under expenditures	<u>\$ -</u>	<u>\$ 237,921</u>	<u>\$ 237,921</u>	<u>\$ 223,909</u>
Reconciliation from budgetary basis (modified accrual) to full accrual				
Revenues and other financing sources over expenditures		\$ 237,921		\$ 223,909
Reconciling items				
Depreciation		(163,770)		(159,698)
Capital outlay		106,912		-
Increase in deferred outflows of resources - pensions		35,565		35,491
Increase in net pension liability		(87,058)		(47,388)
Decrease in deferred inflows of resources - pensions		11,887		(14,941)
Decrease in accrued vacation pay		6,787		(10,060)
Increase in other postemployment benefits		(26,519)		140,688
Increase in landfill closure		(6,147)		(16,386)
Total		<u>(122,343)</u>		<u>(72,294)</u>
Change in net position		<u>\$ 115,578</u>		<u>\$ 151,615</u>

INTERNAL SERVICE FUNDS

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

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

Franklin County, North Carolina
Insurance Fund
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
For the Year Ended June 30, 2020
(With Comparative Totals for the Year Ended June 30, 2019)

	2020			2019
	Budget	Actual	Variance Positive (Negative)	Actual
Revenues				
Contributions from employees	\$ 1,376,810	\$ 1,556,630	\$ 179,820	\$ 1,227,391
Contribution from General Fund	7,162,171	7,239,408	77,237	6,416,284
Contributions from Water & Sewer Fund	394,876	394,876	-	376,868
Contributions from Solid Waste Fund	163,698	163,698	-	131,577
Interest earnings	-	11	11	13
Miscellaneous	-	-	-	147,175
Total revenues	<u>9,097,555</u>	<u>9,354,623</u>	<u>257,068</u>	<u>8,299,308</u>
Expenditures				
Health insurance	10,650,000	9,288,040	1,361,960	8,225,598
Property and liability insurance	325,000	282,059	42,941	289,443
Workers' compensation insurance	425,000	429,097	(4,097)	591,653
Unemployment claims	50,000	19,838	30,162	23,797
Total expenditures	<u>11,450,000</u>	<u>10,019,034</u>	<u>1,430,966</u>	<u>9,130,491</u>
Revenues over (under) expenditures	(2,352,445)	(664,411)	1,688,034	(831,183)
Other Financing Sources (Uses)				
Transfer from (to) Other Funds				
General Fund	2,100,000	2,100,000	-	-
Appropriated fund balance	<u>252,445</u>	<u>-</u>	<u>(252,445)</u>	<u>-</u>
Total	<u>2,352,445</u>	<u>2,100,000</u>	<u>(252,445)</u>	<u>-</u>
Revenues and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>1,435,589</u>	<u>\$ 1,435,589</u>	<u>(831,183)</u>
Fund balances				
Beginning of year, July 1		<u>1,230,911</u>		<u>2,062,094</u>
End of year, June 30		<u>\$ 2,666,500</u>		<u>\$ 1,230,911</u>
Reconciliation from financial plan basis (modified accrual) to full accrual:				
Total revenues		\$ 11,454,623		\$ 8,299,308
Total expenditures		<u>10,019,034</u>		<u>9,130,491</u>
Change in net position		<u>\$ 1,435,589</u>		<u>\$ (831,183)</u>

AGENCY FUNDS

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

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

Franklin County, North Carolina
Agency Funds
Combining Statement of Changes in Assets and Liabilities
For the Year Ended June 30, 2020

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020
Social Services				
Assets				
Cash and cash equivalents	\$ 41,924	\$ 231,813	\$ 224,012	\$ 49,725
Liabilities				
Miscellaneous liabilities	\$ 41,924	\$ 231,813	\$ 224,012	\$ 49,725
Fines and Forfeitures				
Assets				
Cash and cash equivalents	\$ 13,698	\$ 186,958	\$ 193,340	\$ 7,316
Liabilities				
Intergovernmental payable	\$ 13,698	\$ 186,958	\$ 193,340	\$ 7,316
Motor Vehicle Tax				
Assets				
Cash and cash equivalents	\$ -	\$ 3,419,660	\$ 3,325,883	\$ 93,777
Liabilities				
Miscellaneous liabilities	\$ -	\$ 3,419,660	\$ 3,325,883	\$ 93,777
Jail Fund				
Assets				
Cash and cash equivalents	\$ 122,724	\$ 482,865	\$ 514,967	\$ 90,622
Liabilities				
Miscellaneous liabilities	\$ 122,724	\$ 482,865	\$ 514,967	\$ 90,622
Totals - All Agency Funds				
Assets				
Cash and cash equivalents	\$ 178,346	\$ 4,321,296	\$ 4,258,202	\$ 241,440
Liabilities				
Miscellaneous liabilities	\$ 164,648	\$ 4,134,338	\$ 4,064,862	\$ 234,124
Intergovernmental payable	13,698	186,958	193,340	7,316
Total liabilities	\$ 178,346	\$ 4,321,296	\$ 4,258,202	\$ 241,440

OTHER SCHEDULES

This schedule contains additional information required on property taxes.

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

Franklin County, North Carolina
General Fund
Schedule of Ad Valorem Taxes Receivable
For the Year Ended June 30, 2020

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2019</u>	<u>Additions</u>	<u>Collections And Credits</u>	<u>Uncollected Balance June 30, 2020</u>
2019-2020	\$ -	\$ 48,507,455	\$ 47,653,829	\$ 853,626
2018-2019	739,594	-	466,817	272,777
2017-2018	204,808	-	65,701	139,107
2016-2017	126,979	-	31,418	95,561
2015-2016	87,025	-	16,598	70,427
2014-2015	65,685	-	13,210	52,475
2013-2014	91,216	-	7,759	83,457
2012-2013	83,557	-	7,199	76,358
2011-2012	66,942	-	7,364	59,578
2010-2011	62,631	-	6,571	56,060
2009-2010	51,258	-	51,258	-
	<u>\$ 1,579,695</u>	<u>\$ 48,507,455</u>	<u>\$ 48,327,724</u>	<u>1,759,426</u>
Add: receivable for Late Listing and Lien Costs				102,788
Less: allowance for uncollectible accounts:				<u>(151,000)</u>
Ad valorem taxes receivable - net				<u>\$ 1,711,214</u>
Reconcilement with revenues				
Ad valorem taxes - General Fund				<u>\$ 47,921,663</u>
Reconciling items:				
Amounts written off for 2009-2010 levy				46,642
Discounts and adjustments				<u>359,419</u>
Total reconciling items				<u>406,061</u>
Total collections and credits				<u>\$ 48,327,724</u>

Franklin County, North Carolina
Analysis of Current Tax Levy
County-wide Levy
For the Year Ended June 30, 2020

	County-wide			Total Levy	
	Property Valuation	Rate	Amount of Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy					
Property taxed at current year's rate	\$ 5,202,752,422	0.8050	\$ 41,882,157	\$ 41,882,157	\$ -
Motor vehicles taxed at current year's rate	645,035,280	0.8050	5,192,534	-	5,192,534
Total	<u>5,847,787,702</u>		<u>47,074,691</u>	<u>41,882,157</u>	<u>5,192,534</u>
Discoveries	177,983,106	0.8050	1,432,764	1,432,764	-
Abatements	<u>(38,273,913)</u>	0.8050	<u>(308,105)</u>	<u>(308,105)</u>	<u>-</u>
Total	<u>\$ 5,987,496,895</u>		48,199,350	43,006,816	5,192,534
Less uncollected taxes at June 30, 2020			853,626	843,675	9,951
Current year's taxes collected			<u>\$ 47,345,724</u>	<u>\$ 42,163,141</u>	<u>\$ 5,182,583</u>
Current levy collection percentage			<u>98.23%</u>	<u>98.04%</u>	<u>99.81%</u>

**Franklin County, North Carolina
Analysis of Current Tax Levy
County-wide Levy
For the Year Ended June 30, 2020**

Secondary Market Disclosures:

Assessed Valuation:

Assessment Ratio ¹	100%
Real Property	\$ 4,748,776,208
Personal Property	1,103,798,342
Public Service Companies ²	134,922,345
Total Assessed Valuation	<u>\$ 5,987,496,895</u>

Tax Rate per \$100	0.805
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Levy (includes discoveries, releases and abatements) ³	\$ 48,199,350
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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, 2020:

Fire Protection Districts	\$ 4,356,922
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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, 2020**

Taxpayer	Type of Business	Assessed Valuation	Percentage of Total Assessed Valuation
Novozymes North America Inc.	Manufacturing	\$ 177,080,311	2.96%
Duke Energy Progress, Inc.	Utility	69,321,752	1.16%
K-Flex USA LLC	Manufacturing	64,342,088	1.07%
Wake Electric Membership Corporation	Utility	36,113,614	0.60%
Amcor Rigid Plastics LLC	Manufacturing	15,247,736	0.25%
Palziv North America	Manufacturing	18,569,773	0.31%
Captive Aire Systems, Inc.	Manufacturing	16,507,429	0.28%
Walmart Real Estate Business & Trust	REIT	11,585,630	0.19%
Public Service Company of NC, Inc.	Utility	16,583,127	0.28%
Toney Lumber Company, Inc.	Lumber	10,195,895	0.17%
		<u>\$ 448,123,367</u>	<u>7.48%</u>

STATISTICAL SECTION

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

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

	Fiscal Year Ended					
	2020	2019	2018	2017	2016	2015
Governmental activities						
Net investment in capital assets	\$ 37,066,175	\$ 39,726,457	\$ 38,912,238	\$ 49,349,124	\$ 46,734,481	\$ 33,798,587
Restricted	12,490,136	9,498,795	9,849,114	10,863,695	13,420,202	12,618,500
Unrestricted	(61,472,637)	(58,919,975)	(62,542,763)	(42,009,483)	(51,142,621)	(60,192,165)
Total governmental activities net position	<u>\$ (11,916,326)</u>	<u>\$ (9,694,723)</u>	<u>\$ (13,781,411)</u>	<u>\$ 18,203,336</u>	<u>\$ 9,012,062</u>	<u>\$ (13,775,078)</u>
Business-type activities						
Net investment in capital assets	\$ 27,974,460	\$ 27,282,211	\$ 25,803,183	\$ 22,062,211	\$ 20,815,587	\$ 16,926,449
Unrestricted	8,654,170	5,573,469	2,073,640	3,158,263	1,432,932	(321,710)
Total business-type activities net position	<u>\$ 36,628,630</u>	<u>\$ 32,855,680</u>	<u>\$ 27,876,823</u>	<u>\$ 25,220,474</u>	<u>\$ 22,248,519</u>	<u>\$ 16,604,739</u>
Primary government						
Net investment in capital assets	\$ 65,040,635	\$ 67,008,668	\$ 64,715,421	\$ 71,411,335	\$ 67,550,068	\$ 50,725,036
Restricted	12,490,136	9,498,795	9,849,114	10,863,695	13,420,202	12,618,500
Unrestricted	(52,818,467)	(53,346,506)	(60,469,123)	(38,851,220)	(49,709,689)	(60,513,875)
Total primary government net position	<u>\$ 24,712,304</u>	<u>\$ 23,160,957</u>	<u>\$ 14,095,412</u>	<u>\$ 43,423,810</u>	<u>\$ 31,260,581</u>	<u>\$ 2,829,661</u>

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

Table 1

Fiscal Year Ended			
2014	2013	2012	2011
\$ 33,141,451	\$ 30,485,649	\$ 26,677,972	\$ 25,866,534
10,485,680	4,809,599	3,912,076	6,029,114
(64,722,957)	(62,311,839)	(62,555,157)	(66,760,973)
<u>\$ (21,095,826)</u>	<u>\$ (27,016,591)</u>	<u>\$ (31,965,109)</u>	<u>\$ (34,865,325)</u>
\$ 15,622,605	\$ 13,508,654	\$ 12,421,870	\$ 11,252,930
4,020,017	4,715,821	3,426,618	3,731,203
<u>\$ 19,642,622</u>	<u>\$ 18,224,475</u>	<u>\$ 15,848,488</u>	<u>\$ 14,984,133</u>
\$ 48,764,056	\$ 43,994,303	\$ 39,099,842	\$ 37,119,464
10,485,680	4,809,599	3,912,076	6,029,114
(60,702,940)	(57,596,018)	(59,128,539)	(63,029,770)
<u>\$ (1,453,204)</u>	<u>\$ (8,792,116)</u>	<u>\$ (16,116,621)</u>	<u>\$ (19,881,192)</u>

Franklin County, North Carolina
Changes in Net Position
Last Ten Fiscal Years

	Fiscal Year Ended				
	2020	2019	2018	2017	2016
Expenses					
Governmental Activities					
General government	\$ 6,880,898	\$ 6,374,634	\$ 6,480,010	\$ 5,743,664	\$ 5,770,373
Public Safety	34,225,801	32,167,086	29,045,089	25,787,638	23,852,535
Economic and physical development	3,496,662	3,563,802	2,548,230	2,323,762	2,497,914
Environmental protection	-	-	-	-	-
Human services	19,030,711	18,917,258	17,865,969	20,301,413	18,588,512
Cultural and recreation	1,925,535	1,776,518	1,664,367	1,632,077	1,555,924
Education	28,736,589	20,594,619	21,744,539	17,388,641	15,962,006
Interest on long-term debt	1,439,369	1,775,968	2,010,655	2,055,199	2,293,631
Total governmental activities expenses	95,735,565	85,169,885	81,358,859	75,232,394	70,520,895
Business-type activities					
Solid Waste	4,404,382	3,984,466	4,062,972	3,658,116	3,434,463
Water and Sewer	9,721,078	7,771,650	8,753,560	8,087,611	7,972,215
Total business-type activities expense	14,125,460	11,756,116	12,816,532	11,745,727	11,406,678
Total primary government expenses	109,861,025	96,926,001	94,175,391	86,978,121	81,927,573
Program Revenues					
Governmental activities:					
Charges for services:					
General government	1,053,895	1,019,022	877,248	783,678	745,315
Public Safety	6,319,399	5,376,986	6,133,527	6,034,345	5,766,759
Economic and physical development	798,469	890,333	824,089	725,821	718,978
Human services	2,718,682	2,716,411	3,342,424	2,916,453	2,482,054
Cultural and recreation	400,248	475,316	296,595	246,500	108,465
Operating grants and contributions	12,586,629	11,789,150	11,399,118	13,245,719	15,245,460
Capital Grants and Contributions	755,770	1,599,806	1,720,118	924,757	13,645,950
Total governmental activities program revenues	24,633,092	23,867,024	24,593,119	24,877,273	38,712,981
Business-type activities:					
Charges for services:					
Solid waste	3,985,588	3,667,208	3,374,765	3,320,650	3,262,994
Water and sewer	13,387,445	11,638,250	11,141,686	10,322,028	9,641,474
Capital Grants and Contributions	270,238	1,141,674	2,227,039	978,677	1,422,261
Total business-type activities program revenues	17,643,271	16,447,132	16,743,490	14,621,355	14,326,729
Total primary government program revenues	42,276,363	40,314,156	41,336,609	39,498,628	53,039,710

Table 2

Fiscal Year Ended				
2015	2014	2013	2012	2011
\$ 4,683,881	\$ 4,598,900	\$ 4,674,158	\$ 4,508,753	\$ 4,481,582
21,980,004	21,505,522	20,017,277	19,033,872	20,782,813
5,445,839	5,524,498	5,648,305	5,666,603	5,859,582
235,498	-	-	-	-
17,901,400	17,850,805	17,708,407	17,260,614	17,258,277
1,445,953	1,598,599	1,429,624	1,364,329	1,271,427
15,838,646	14,613,120	13,775,500	16,132,388	35,878,008
2,962,772	2,991,751	3,261,900	3,492,294	3,406,691
70,493,993	68,683,195	66,515,171	67,458,853	88,938,380
-	-	-	-	-
7,254,705	6,620,881	6,386,886	6,123,230	6,035,793
7,254,705	6,620,881	6,386,886	6,123,230	6,035,793
77,748,698	75,304,076	72,902,057	73,582,083	94,974,173
534,892	578,784	595,586	541,585	554,148
4,931,717	4,861,574	4,389,896	4,948,255	4,037,262
3,318,708	3,284,600	3,239,731	3,311,918	3,095,018
1,798,633	2,148,552	3,574,833	3,684,215	4,017,056
131,376	72,065	89,943	77,204	135,234
12,742,188	11,852,730	10,949,922	10,818,184	11,617,566
431,926	423,335	516,634	278,754	2,261,375
23,889,440	23,221,640	23,356,545	23,660,115	25,717,659
-	-	-	-	-
9,248,628	8,538,074	8,863,609	7,340,277	6,306,080
149,932	-	298,969	87,562	228,185
9,398,560	8,538,074	9,162,578	7,427,839	6,534,265
33,288,000	31,759,714	32,519,123	31,087,954	32,251,924

Franklin County, North Carolina
Changes in Net Position
Last Ten Fiscal Years

	Fiscal Year Ended				
	2020	2019	2018	2017	2016
Net (Expense)/Revenue					
Governmental activities	\$ (71,102,473)	\$ (61,302,861)	\$ (56,765,740)	\$ (50,355,121)	\$ (31,807,914)
Business-type activities	3,517,811	4,691,016	3,926,958	2,875,628	2,920,051
Total primary government net expense	(67,584,662)	(56,611,845)	(52,838,782)	(47,479,493)	(28,887,863)
General Revenues and Other Changes in Net Position					
Governmental activities					
Taxes:					
Property Taxes	52,569,663	50,086,923	46,384,286	46,528,850	45,412,303
Other Taxes	15,764,887	14,574,414	13,700,143	12,292,995	9,838,229
Investment Earnings	488,752	694,726	341,386	87,968	44,840
Miscellaneous - Unrestricted	240,199	283,486	260,008	951,986	807,923
Special item	-	-	(12,160,071)	-	-
Transfers	(182,631)	(250,000)	(300,000)	-	-
Total government activities	68,880,870	65,389,549	48,225,752	59,861,799	56,103,295
Business-type activities:					
Investment earnings/Misc.	72,508	37,841	124,166	96,327	61,968
Transfers	182,631	250,000	300,000	-	-
Total business-type activities	255,139	287,841	424,166	96,327	61,968
Total primary government	69,136,009	65,677,390	48,649,918	59,958,126	56,165,263
Change in Net Position					
Governmental activities	(2,221,603)	4,086,688	(8,539,988)	9,506,678	24,295,381
Business-type activities	3,772,950	4,978,857	4,351,124	2,971,955	2,982,019
Total primary government	\$ 1,551,347	\$ 9,065,545	\$ (4,188,864)	\$ 12,478,633	\$ 27,277,400

Table 2 (Cont.)

Fiscal Year Ended				
2015	2014	2013	2012	2011
\$ (46,604,553)	\$ (45,461,555)	\$ (43,158,626)	(43,798,738)	(63,220,721)
2,143,855	1,917,193	2,775,692	1,304,609	498,472
(44,460,698)	(43,544,362)	(40,382,934)	(42,494,129)	(62,722,249)
41,208,557	41,298,278	38,983,743	37,807,234	37,416,033
9,605,109	8,953,833	8,461,911	8,286,210	7,317,661
28,065	120,977	125,310	144,169	178,881
181,287	166,619	211,280	20,726	72,989
-	-	-	-	-
-	499,997	400,000	440,615	(235,283)
51,023,018	51,039,704	48,182,244	46,698,954	44,750,281
41,269	951	295	360	8,101
-	(499,997)	(400,000)	(440,615)	235,283
41,269	(499,046)	(399,705)	(440,255)	243,384
51,064,287	50,540,658	47,782,539	46,258,699	44,993,665
4,418,465	5,578,149	5,023,618	2,900,216	(18,470,440)
2,185,124	1,418,147	2,375,987	864,354	741,856
\$ 6,603,589	\$ 6,996,296	\$ 7,399,605	\$ 3,764,570	\$ (17,728,584)

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

	Fiscal Year Ended				
	2020	2019	2018	2017	2016
General Fund					
Nonspendable	\$ 16,928	\$ 46,085	\$ 26,202	\$ 24,118	\$ 30,251
Restricted	8,702,801	8,178,836	8,424,546	9,135,986	9,714,647
Assigned	8,445,465	8,395,902	5,958,945	6,025,002	1,800,632
Committed	638,190	538,190	438,222	758,440	741,796
Unassigned	22,394,582	22,053,551	21,898,821	17,783,339	15,546,250
Total general fund	<u>\$ 40,197,966</u>	<u>\$ 39,212,564</u>	<u>\$ 36,746,736</u>	<u>\$ 33,726,885</u>	<u>\$ 27,833,576</u>
All other Governmental Funds					
Restricted	\$ 3,787,335	\$ 1,319,959	\$ 1,424,568	\$ 1,727,709	\$ 3,705,555
Committed	-	7,426,109	8,562,577	208,332	494,422
Assigned	-	-	-	-	-
Unassigned	-	-	(487,805)	(167,487)	(433,941)
Total all other governmental funds	<u>\$ 3,787,335</u>	<u>\$ 8,746,068</u>	<u>\$ 9,499,340</u>	<u>\$ 1,768,554</u>	<u>\$ 3,766,036</u>

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

Table 3

Fiscal Year Ended					
2015	2014	2013	2012	2011	
\$ 40,694	\$ 60,806	\$ -	\$ 27,220	\$ 17,145	
10,775,010	5,653,766	8,085,472	4,874,037	3,752,353	
2,887,299	5,718,864	5,579,298	3,863,440	4,966,049	
692,991	667,991	-	-	-	
10,466,697	8,832,006	12,664,770	13,201,066	12,757,375	
<u>\$ 24,862,691</u>	<u>\$ 20,933,433</u>	<u>\$ 26,329,540</u>	<u>\$ 21,965,763</u>	<u>\$ 21,492,922</u>	
\$ 1,843,490	\$ 4,831,914	\$ 622,702	\$ 955,510	\$ 2,276,761	
494,422	1,025,062	3,211,250	3,248,775	2,121,012	
-	-	1,332,413	2,156,735	4,624,788	
(15,605)	(246,604)	(50,028)	(330,823)	(603,060)	
<u>\$ 2,322,307</u>	<u>\$ 5,610,372</u>	<u>\$ 5,116,337</u>	<u>\$ 6,030,197</u>	<u>\$ 8,419,501</u>	

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

	Fiscal Year Ended				
	2020	2019	2018	2017	2016
<u>Revenues</u>					
Ad Valorem Taxes	\$ 52,278,585	\$ 49,857,758	\$ 46,677,870	\$ 46,788,595	\$ 45,395,778
Sales Tax	15,239,880	13,868,451	13,088,871	12,292,995	9,838,229
Other taxes and licenses	872,287	799,260	622,385	722,337	737,971
Restricted Intergovernmental	12,723,025	12,340,422	12,821,762	13,849,965	15,369,151
Sales and service	11,293,123	10,438,785	11,476,747	10,709,505	9,824,427
Investment Earnings	488,422	695,129	341,716	87,998	50,357
Other revenues	509,863	1,278,006	522,158	547,452	388,285
Total revenues	<u>93,405,185</u>	<u>89,277,811</u>	<u>85,551,509</u>	<u>84,998,847</u>	<u>81,604,198</u>
<u>Expenditures</u>					
General government	6,256,614	6,309,190	5,902,404	5,683,160	5,388,439
Public Safety	30,106,237	28,827,296	26,797,514	24,968,337	22,709,419
Economic and Physical development	3,043,707	3,249,591	2,202,575	2,084,451	2,230,098
Human Services	17,332,944	17,563,608	16,698,013	18,794,832	18,018,799
Cultural and recreation	1,674,344	1,547,403	1,458,413	1,450,257	1,363,550
Education	22,738,999	19,287,257	18,154,451	17,102,551	15,962,006
Capital outlay	6,495,652	2,782,687	6,586,299	1,848,384	627,976
Debt service:					
Principal	6,928,671	7,768,067	7,031,378	14,808,883	8,883,550
Interest and other fees	1,748,598	1,900,039	1,859,396	2,469,032	2,653,308
Total Expenditures	<u>96,325,766</u>	<u>89,235,138</u>	<u>86,690,443</u>	<u>89,209,887</u>	<u>77,837,145</u>
Excess of revenues over (under) expenditures	<u>(2,920,581)</u>	<u>42,673</u>	<u>(1,138,934)</u>	<u>(4,211,040)</u>	<u>3,767,053</u>
<u>Other Financing Sources (Uses)</u>					
Transfers to other funds	(3,355,871)	(1,249,932)	(1,121,892)	(699,763)	(90,877)
Transfers from other funds	1,073,240	999,932	821,892	699,763	90,877
Inc.(Dec) in reserve for inventory	-	-	-	-	-
Proceeds from long-term debt	13,232,169	1,900,000	21,270,895	8,113,000	18,005,000
Payment to refunded debt escrow	(11,973,131)	-	(9,083,408)	-	(16,338,537)
Total other financing sources (uses)	<u>(1,023,593)</u>	<u>1,650,000</u>	<u>11,887,487</u>	<u>8,113,000</u>	<u>1,666,463</u>
Net changes in fund balance	<u>\$ (3,944,174)</u>	<u>\$ 1,692,673</u>	<u>\$ 10,748,553</u>	<u>\$ 3,901,960</u>	<u>\$ 5,433,516</u>
Debt service as a percentage of noncapital expenditures	9.28%	11.31%	10.71%	20.22%	15.13%

Table 4

Fiscal Year Ended					
2015	2014	2013	2012	2011	
\$ 41,224,213	\$ 41,455,270	\$ 38,841,282	\$ 38,329,055	\$ 37,536,902	
8,903,735	8,146,600	7,644,488	7,358,931	6,446,864	
896,393	1,021,437	942,946	1,006,100	1,114,672	
12,704,197	11,762,899	10,987,782	10,616,499	13,278,682	
10,666,244	10,994,928	11,984,301	12,607,499	11,860,295	
28,210	144,476	142,629	143,458	200,150	
505,267	417,558	479,556	358,755	319,977	
74,928,259	73,943,168	71,022,984	70,420,297	70,757,542	
4,480,127	4,364,374	4,426,858	4,107,482	4,079,502	
21,937,502	21,149,148	19,065,915	18,371,117	20,273,574	
6,654,528	5,425,898	5,449,774	5,487,835	5,743,666	
17,668,892	17,409,472	17,001,115	16,549,400	17,011,497	
1,287,267	1,419,908	1,219,006	1,179,430	1,156,108	
15,908,006	14,613,120	13,775,500	13,368,084	13,240,333	
4,270,243	1,986,455	693,883	9,572,995	25,660,883	
7,177,550	8,127,550	8,072,550	9,272,608	5,995,766	
3,037,428	3,101,575	3,392,405	3,516,979	3,377,959	
82,421,543	77,597,500	73,097,006	81,425,930	96,539,288	
(7,493,284)	(3,654,332)	(2,074,022)	(11,005,633)	(25,781,746)	
(765,700)	(1,087,108)	(932,366)	(1,932,619)	(1,280,781)	
1,675,700	1,587,105	1,332,366	2,373,234	1,045,498	
-	-	-	-	(3,259)	
2,150,000	3,000,000	-	8,638,480	24,802,878	
-	-	-	-	-	
3,060,000	3,499,997	400,000	9,079,095	24,564,336	
\$ (4,433,284)	\$ (154,335)	\$ (1,674,022)	\$ (1,926,538)	\$ (1,217,410)	
13.22%	15.03%	16.08%	17.40%	10.12%	

Table 5

Franklin County, North Carolina
Ratio of Net General Obligation Bonded Debt to Assessed Value and
Net General Obligation Bonded Debt per Capita
Last Ten Fiscal 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
2011	\$	4,041,492,878	\$ 69,697,292	1.7245%	60,619	1,149.76
2012		4,123,952,206	65,686,118	1.5928%	61,651	1,065.45
2013		4,210,387,188	61,684,945	1.4651%	61,633	1,000.84
2014		4,407,282,825	57,693,772	1.3091%	62,697	920.20
2015		4,403,456,577	53,362,598	1.2118%	63,848	835.78
2016		4,549,053,063	49,587,425	1.0901%	64,220	772.15
2017		4,708,966,677	45,101,252	0.9578%	65,061	693.21
2018		4,824,664,347	53,189,580	1.1025%	66,168	803.86
2019		5,732,568,923	48,310,619	0.8427%	68,900	701.17
2020	\$	5,987,496,895	\$ 43,436,432	0.7255%	69,965	620.83

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

Table 6

Franklin County, North Carolina
Ratio of Annual Debt Service Expenditures for General
Obligation Bonded Debt to Total General Governmental Expenditures
Last Ten Fiscal 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
2011	\$ 2,575,000	\$ 2,141,930	\$ 4,716,930	\$ 96,539,288	4.89%
2012	3,970,000	2,506,035	6,476,035	81,425,930	7.95%
2013	3,960,000	2,387,603	6,347,603	73,097,006	8.68%
2014	3,950,000	2,251,095	6,201,095	77,597,500	7.99%
2015	4,290,000	2,123,037	6,413,037	82,421,543	7.78%
*2016	21,739,000	1,736,722	23,475,722	77,837,146	30.16%
2017	4,445,000	1,512,413	5,957,413	89,209,887	6.68%
**2018	13,075,000	1,408,280	14,483,280	86,690,443	16.71%
2019	4,705,000	1,590,925	6,295,925	89,235,138	7.06%
***2020	\$ 16,318,000	\$ 1,244,665	\$ 17,562,665	\$ 96,325,766	18.23%

Note: Includes General, Special Revenue and Capital Projects.

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

* In FY 2015-2016, the county refunded \$18.005 million in GO Bonds

**In FY 2017-2018, the county refunded \$8.8 million in GO Bonds

***In FY 2019-2020, the county refunded \$9.845 million in GO Bonds

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

	Fiscal Year Ended				
	2020	2019	2018	2017	2016
Assessed Value of Taxable Property	\$ 5,987,496,895	\$ 5,732,568,923	\$ 4,824,664,347	\$ 4,708,966,677	\$ 4,549,053,063
	8.00%	8.00%	8.00%	8.00%	8.00%
Debt Limit - 8 Percent of Assessed Value	478,999,752	458,605,514	385,973,148	376,717,334	363,924,245
Gross debt					
Total bonded debt	\$ 43,436,432	48,310,619	53,189,580	45,101,252	49,587,425
Authorized and unissued bonds	2,605,000	11,400,000	11,400,000	11,400,000	11,400,000
Lease financing agreements*	16,374,892	18,481,689	20,620,428	24,430,285	18,647,007
Gross Debt	<u>62,416,324</u>	<u>78,192,308</u>	<u>85,210,008</u>	<u>80,931,537</u>	<u>79,634,432</u>
Total net debt applicable to limit	62,416,324	78,192,308	85,210,008	80,931,537	79,634,432
Legal Debt Margin	\$ 416,583,428	\$ 380,413,206	\$ 300,763,140	\$ 295,785,797	\$ 284,289,813
Total net debt applicable to the limit as a percentage of debt limit	13.03%	17.05%	22.08%	21.48%	21.88%

* In 2015, County only displays general fund debt as utility system is self supporting.

Table 7

Fiscal Year Ended				
2015	2014	2013	2012	2011
\$ 4,403,456,577	\$ 4,407,282,825	\$ 4,210,387,188	\$ 4,123,952,206	\$ 4,041,492,878
8.00%	8.00%	8.00%	8.00%	8.00%
352,276,526	352,582,626	336,830,975	329,916,176	323,319,430
53,362,598	57,035,000	60,985,000	64,945,000	68,915,000
11,400,000	11,400,000	11,400,000	11,400,000	11,400,000
21,691,556	22,566,606	23,968,110	27,856,705	24,520,833
86,454,154	91,001,606	96,353,110	104,201,705	104,835,833
86,454,154	91,001,606	96,353,110	104,201,705	104,835,833
\$ 265,822,372	\$ 261,581,020	\$ 240,477,865	\$ 225,714,471	\$ 218,483,597
24.54%	25.81%	28.61%	31.58%	32.42%

Table 8

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

	Fiscal Year Ended									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
County Direct Rates*										
County-wide Rate	0.8050	0.8050	0.8950	0.9250	0.9250	0.8725	0.8725	0.8725	0.8725	0.8725
Municipality Rates										
Town of Bunn	0.6400	0.6400	0.6600	0.6900	0.6900	0.6900	0.6900	0.6900	0.6900	0.6900
Town of Franklinton	0.7100	0.7200	0.7200	0.7200	0.7200	0.7200	0.6800	0.7000	0.7000	0.6800
Town of Louisburg	0.4500	0.4500	0.4500	0.5150	0.5350	0.5350	0.5350	0.5350	0.5350	0.5350
Town of Youngsville	0.6600	0.6600	0.6600	0.6600	0.6100	0.6100	0.5900	0.5900	0.5900	0.5900
City of Wake Forest	0.4950	0.5200	0.5200	0.5200	0.5200	0.5200	0.5100	0.5100	0.5100	0.5100

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

Note:

All tax rates are expressed in dollars of tax per \$100 of assessed valuation.

Source: Franklin County Tax Office

Table 9

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

Fiscal Year Ended June 30		Real Property	Personal Property	Public Service Company Property		Total Assessed Value	County Tax Rate	Estimated Actual Taxable Value
2011	\$	3,237,222,509	\$ 678,256,348	\$ 126,014,021	\$	4,041,492,878	0.8725	\$ 35,262,025
2012		3,300,224,161	696,072,343	127,655,702		4,123,952,206	0.8725	35,981,483
2013		3,744,041,388	336,646,861	129,698,939		4,210,387,188	0.8725	36,735,628
2014		3,377,787,188	894,126,237	135,369,400		4,407,282,825	0.8725	38,453,543
2015		3,424,183,002	846,511,805	131,360,729		4,402,055,536	0.8725	38,407,935
2016		3,485,395,152	924,550,647	139,104,264		4,549,050,063	0.9250	42,078,713
2017		4,011,051,588	548,676,649	149,238,440		4,708,966,677	0.9250	43,557,942
2018		4,113,952,170	575,677,095	135,035,082		4,824,664,347	0.8950	43,180,746
2019		4,493,848,236	1,103,798,342	134,922,345		5,732,568,923	0.8050	46,147,180
2020	\$	4,648,781,940	\$ 1,192,506,949	\$ 146,208,006	\$	5,987,496,895	0.8050	\$ 48,199,350

Table 10

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

Fiscal Year Ended June 30	Total Tax Levy	Current Tax Collections	% 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
2011	\$ 35,262,025	\$ 34,231,511	97.08%	\$ 974,454	\$ 35,205,965	99.84%	\$ 56,060	6.28%
2012	35,981,483	35,113,228	97.59%	808,677	35,921,905	99.83%	59,578	5.16%
2013	36,735,628	35,765,603	97.36%	893,667	36,659,270	99.79%	76,358	5.40%
2014	38,453,543	37,664,398	97.95%	705,688	38,370,086	99.78%	83,457	4.79%
2015	38,420,159	37,747,518	98.25%	620,166	38,367,684	99.86%	52,475	4.72%
2016	42,078,741	41,472,514	98.56%	535,800	42,008,314	99.83%	70,427	0.17%
2017	43,557,942	42,991,906	98.70%	470,475	43,462,381	99.78%	95,561	0.22%
2018	43,180,746	42,648,729	98.77%	392,910	43,041,639	99.68%	139,107	0.32%
2019	46,147,180	45,407,586	98.40%	466,817	45,874,403	99.41%	272,777	0.59%
2020	\$ 48,199,350	\$ 47,345,724	98.23%	\$ -	\$ 47,345,724	98.23%	\$ 853,626	1.77%

Table 11

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

Fiscal Year Ended June 30	Ad Valorem Taxes	Sales Tax	Other Taxes and Licenses	Intergovern- mental Revenues	Permit and Fees	Sales and Services	Investment Earnings	Miscellaneous Revenues	Total
2011	\$ 37,536,902	\$ 6,446,864	\$ 1,114,672	\$ 13,278,681	\$ 1,186,029	\$ 10,674,266	\$ 200,151	\$ 319,977	\$ 70,757,542
2012	38,329,055	7,358,931	1,006,100	10,616,499	1,515,085	11,092,414	143,458	358,755	70,420,297
2013	38,841,282	7,644,488	942,946	10,987,782	1,825,000	10,159,301	142,629	479,556	71,022,984
2014	41,455,270	8,146,600	1,021,437	11,762,899	-	10,994,928	144,476	417,558	73,943,168
2015	41,224,213	8,903,735	896,393	12,704,197	-	10,666,244	28,210	505,267	74,928,259
2016	45,395,778	9,838,229	737,971	15,369,151	-	9,824,427	50,357	388,285	81,604,198
2017	46,788,595	12,292,995	722,337	13,849,965	-	10,709,505	87,998	547,452	84,998,847
2018	46,677,870	13,088,871	622,385	12,821,762	-	11,476,747	341,716	522,158	85,551,509
2019	49,857,758	13,868,451	799,260	12,340,422	-	10,438,785	695,129	1,278,006	89,277,811
2020	\$ 52,278,585	\$ 15,239,880	\$ 872,287	\$ 12,723,025	\$ -	\$ 11,293,123	\$ 488,422	\$ 509,863	\$ 93,405,185

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

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

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

Fiscal Year	Governmental Activities			Business-type Activities			Total Primary Government
	General Obligation Bonds	Installment Financings	Certificates of Participation	Revolving Loans	Installment Financings	Certificates of Participation	
2011	\$ 68,915,000	\$ 12,555,833	\$ 11,965,000	\$ 1,800,000	\$ 7,669,500	\$ 6,158,184	\$ 107,263,517
2012	65,727,292	16,596,705	11,260,000	1,620,000	7,118,533	5,549,606	106,252,136
2013	61,726,118	13,408,110	10,560,000	1,440,000	6,575,533	4,923,882	97,193,643
2014	57,693,772	12,711,606	9,855,000	1,260,000	7,284,225	4,279,272	91,823,875
2015	53,362,598	12,541,556	9,150,000	1,080,000	9,118,610	3,616,009	87,788,773
2016	49,587,425	10,202,007	8,445,000	900,000	7,193,636	2,933,631	79,261,699
2017	45,101,252	16,383,624	-	720,000	8,046,662	515,916	70,767,454
2018	53,189,580	13,627,246	-	540,000	6,993,182	-	74,350,008
2019	48,310,619	12,464,179	-	360,000	6,017,510	-	67,152,308
2020	\$ 43,436,432	\$ 11,256,171	\$ -	\$ 180,000	\$ 5,118,722	\$ -	\$ 59,991,325

Table 12

Per Capita Income		Personal Income	Percentage of Personal Income	Population	Debt Per Capita
29,228	\$	1,756,250,000	6.1075%	60,619	1,769
29,071		1,768,529,000	6.0079%	61,651	1,723
29,670		1,814,052,000	5.3578%	61,633	1,577
31,063		1,909,608,000	4.8085%	62,697	1,465
31,826		2,000,599,000	4.3881%	63,848	1,375
31,852		2,045,535,440	3.8749%	64,220	1,234
31,855		2,072,518,155	3.4146%	65,061	1,088
32,492		2,113,968,518	3.5171%	67,011	1,110
36,238		2,448,216,000	2.7429%	68,900	975
37,089	\$	2,584,531,000	2.3212%	69,965	857

Table 13

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

Fiscal Year Ended June 30	General Government	Public Safety	Economic and Physical Development	Human Services	Cultural & Recreation	Education	Capital Outlay	Debt Service	Total
2011	\$ 4,079,502	\$ 20,273,574	\$ 5,743,666	\$ 17,011,497	\$ 1,156,108	\$ 13,240,333	\$ 25,660,883	\$ 9,373,725	\$ 96,539,288
2012	4,107,482	18,371,117	5,487,835	16,549,400	1,179,430	13,368,084	9,572,995	12,789,587	81,425,930
2013	4,426,858	19,065,915	5,449,774	17,001,115	1,219,006	13,775,500	693,883	11,464,955	73,097,006
2014	4,364,374	21,149,148	5,425,898	17,409,472	1,419,908	14,613,120	1,986,455	11,229,125	77,597,500
2015	4,480,127	21,937,502	6,654,528	17,668,892	1,287,267	15,908,006	4,270,243	10,214,978	82,421,543
2016	5,388,439	22,709,419	2,230,098	18,018,799	1,363,550	15,962,006	627,976	11,536,858	77,837,145
2017	5,683,160	24,968,337	2,084,451	18,794,832	1,450,257	17,102,551	1,848,384	17,277,915	89,209,887
2018	5,902,404	26,597,514	2,202,575	16,698,013	1,458,413	18,154,451	6,586,299	8,890,774	86,490,443
2019	6,309,190	28,827,296	3,249,591	17,563,608	1,547,403	19,287,257	2,782,687	9,668,106	89,235,138
2020	\$ 6,256,614	\$ 30,106,237	\$ 3,043,707	\$ 17,332,944	\$ 1,674,344	\$ 22,738,999	\$ 6,495,652	\$ 8,677,269	\$ 96,325,766

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

Table 14

Franklin County, North Carolina
Computation of Direct and Underlying Debt
General Obligation Bonds
Fiscal Year ended June 30, 2020

	Net General Obligation Bonded debt	Other Debt	Percent Applicable To County	Amount Applicable To County
Direct:				
Franklin County	\$ 43,436,432	\$ 11,256,171	100.00%	\$ 54,692,603
Underlying:				
Town of Louisburg	-		0.00%	-
Town of Bunn	-		0.00%	-
Town of Youngsville	-		0.00%	-
Town of Franklinton	-		0.00%	-
Subtotal	<u>-</u>			<u>-</u>
Totals	<u><u>\$ 43,436,432</u></u>			<u><u>\$ 54,692,603</u></u>

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

Source: Finance offices for Town of Louisburg, Town of Bunn, Town of Youngsville, and Town of Franklinton

Table 15

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

Fiscal Year Ended June 30	Population	Personal Income	Per Capita Income	Median Age	Education Level in Years of Schooling	School Enrollment	Unemployment Rate
2011	60,619	\$ 1,756,250,000	\$ 29,228	38.00	N/A	8,599	10.10%
2012	61,651	1,768,529,000	29,071	38.00	N/A	8,683	9.30%
2013	61,633	1,814,052,000	29,670	38.00	N/A	8,796	7.60%
2014	62,697	1,909,608,000	31,063	38.00	N/A	8,756	5.70%
2015	63,848	2,000,599,000	31,826	38.00	N/A	8,652	5.40%
2016	64,220	2,045,535,440	31,852	40.00	N/A	8,570	5.00%
2017	65,061	2,072,518,155	31,855	40.00	N/A	8,216	4.30%
2018	67,011	2,113,968,518	32,492	40.00	N/A	8,163	4.00%
2019	68,900	2,448,216,000	36,238	40.00	N/A	8,198	4.70%
2020	69,965	\$ 2,584,531,000	\$ 37,089	41.00	N/A	8,009	7.10%

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

Table 16

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

Employer	Fiscal Year Ending 2020			Fiscal Year Ending 2011		
	Employees	Rank	% of Total Employment	Employees	Rank	% of Total Employment
Novozymes North America	691	1	5.58%	460	1	4.00%
Century Link	400	2	3.23%	308	2	2.68%
K-Flex USA	357	3	2.88%	150	8	1.30%
Majestic Kitchen & Bath Creation	244	4	1.97%	N/A	N/A	N/A
Food Lion LLC	234	5	1.89%	200	5	1.74%
ITS (Infrastructure Technology Services)	190	6	1.53%	N/A	N/A	N/A
Eaton Corporation	184	7	1.49%	184	6	1.60%
Palziv North America	174	8	1.41%	N/A	N/A	N/A
Robling Medical	153	9	1.24%	136	9	1.18%
Wal-Mart	150	10	1.21%	275	4	2.39%
Trulite Glass & Aluminum Solutions	131	11	1.06%	N/A	N/A	N/A
East West Manufacturing	130	12	1.05%	N/A	N/A	N/A
Amcor Rigid Plastics	120	13	0.97%	175	7	1.52%
Louisburg College	113	14	0.91%	N/A	N/A	N/A
Southern Lithoplate	100	15	0.81%	N/A	N/A	N/A
Captive-Aire Systems	98	16	0.79%	130	10	1.13%
Maria Parham Franklin	85	17	0.69%	N/A	N/A	N/A
Embarq	N/A	N/A	N/A	N/A	N/A	N/A
Franklin Regional	N/A	N/A	N/A	275	3	2.39%
The Hon Company	N/A	N/A	N/A	N/A	N/A	N/A
Total	3,554		28.70%	2,293		19.93%

Source: Economic Development Department

Table 17

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

	Fiscal Year Ended									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General Government:										
Manager\Administration	9	9	8	5	5	5	5	5	5	5
Information Technology	4	4	4	3	3	3	3	3	3	3
Elections	3	3	3	3	3	3	3	3	3	3
Finance Office	5	5	5	5	5	5	5	5	5	5
Tax Assessor	8	8	8	8	8	8	8	9	9	9
Tax Collector	5	5	5	5	5	5.5	5.5	6	6	5
Register of Deeds	5	5	5	5	4	4	4	4	4	4
Planning	5	5	5	5	5	5	5	5	5	5
Public Buildings-Maintenance	14	14	14	12	12	12	12	12	12	12
Public Safety:										
Inspections	11	9	9	7	7	6	6	6	6	6
GIS	3	3	3	3	3	3	3	3	3	3
Sheriff's Department	93	91	86	80	74	74	74	67	67	59
Communications - E911	22	23	23	21	20	18	18	17	17	17
Jail Operations	41	41	40	38	38	36	35	35	35	33
Emergency Medical Services	73	76	76	81	67	67	67	48	48	54
Emergency Management	2	3	3	3	3	3	3	3	3	3
Animal Control	10	8	8	7	6	6	6	5	5	5
Economic and physical development:										
Solid Waste-Landfill	8	6	6	6	6	6	6	6	6	6
Soil and Water Conservation	3	3	3	3	3	3.5	3.5	4	4	4
Airport Operations	3	3	3	3	3	3	3	3	3	3
Cooperative Extension	1	1	1	2	0	0	0	0	0	3
Economic Development	3	3	3	3	3	3	3	3	3	3
Human Services:										
Health Department	49	53	52	53	52	51	51	58	58	59
Social Services	102	104	102	93	92	101	102	101	101	97
Aging Department	7	7	8	8	8	7	7	7	7	9
Veterans Services	1	1	1	1	1	1	1	1	1	1
Cultural and recreation:										
Library	10	10	10	10	9	9	9	9	9	9
Recreation	6	5	5	5	5	4	4	4	3	3
Water and Sewer Department	32	32	32	30	27	19	18	17	17	16
Total Full-Time Positions	538	540	531	508	477	471	470	449	448	444

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

Source: Franklin County Finance Office

Table 18

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

Fiscal Year Ended June 30	Residential		Commercial		Total Value
	Number of Permits	Value	Number of Permits	Value	
2011	308	\$ 25,409,475	52	\$ 7,515,455	\$ 32,924,930
2012	245	31,207,903	32	13,189,120	44,397,023
2013	334	40,863,520	31	49,314,386	90,177,906
2014	284	38,185,847	41	6,417,889	44,603,736
2015	354	27,362,527	29	10,980,666	38,343,193
2016	499	69,309,377	48	10,977,039	80,286,416
2017	598	86,977,852	55	22,086,450	109,064,302
2018	671	107,900,443	43	24,116,582	132,017,025
2019	854	137,262,880	47	17,599,681	154,862,561
2020	943	\$ 169,740,843	52	\$ 25,164,238	\$ 194,905,081

SOURCE: Franklin County Planning Department

Table 19

Franklin County, North Carolina
Principal Taxpayers
Current Year and Ten Years Ago
For Fiscal Year Ended 2020

Taxpayer	2020				2011			
	Rank	Assessed Valuation	Percentage of Total Assessed Valuation	Property Taxes Paid	Rank	Assessed Valuation	Percentage of Total Assessed Valuation	Property Taxes Paid
Novozymes North America	1	\$ 177,080,311	3.09%	\$ 1,501,519	1	\$ 124,013,060	3.10%	\$ 1,020,007
Duke Energy Progress Inc	2	69,321,752	1.21%	652,763	2	50,135,204	1.25%	412,362
K-Flex USA	3	64,342,088	1.12%	583,486	-	-	-	-
Wake Electric	4	36,113,614	0.63%	323,958	4	29,528,636	0.74%	242,873
Amcor Rigid Plastics LLC	5	15,247,736	0.27%	250,071	-	-	-	-
Palziv	6	18,569,773	0.32%	165,271	-	-	-	-
Captive Aire Systems Inc.	7	16,507,429	0.29%	145,898	-	-	-	-
Walmart Real Estate Business & Trust	8	11,585,630	0.20%	145,256	-	-	-	-
Public Service Company of NC Inc.	9	16,583,127	0.29%	125,551	-	-	-	-
Toney Lumber Company, Inc.	10	10,195,895	0.18%	124,518	-	-	-	-
Carolina Telephone	-	-	-	-	3	35,975,079	0.90%	295,895
Southern Lithoplate	-	-	-	-	5	13,653,822	0.34%	112,303
Olde Liberty Club	-	-	-	-	6	13,551,556	0.34%	111,462
Franklin Regional	-	-	-	-	7	12,597,692	0.31%	103,616
Harold G. Bagwell	-	-	-	-	8	10,059,457	0.25%	82,739
Sirchie Finger Print Labs	-	-	-	-	9	8,626,188	0.22%	70,950
Fayard Enterprises LLC	-	-	-	-	10	8,069,711	0.20%	66,373
Totals		<u>\$ 435,547,355</u>	<u>7.60%</u>	<u>\$ 4,018,291</u>	Totals	<u>\$ 306,210,405</u>	<u>7.65%</u>	<u>\$ 2,518,580</u>

Source: Franklin County Tax Office

Table 20

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

Fiscal Year Ended June 30	Special Assessment Billings	Special Assessment Collections
2011	\$ -	\$ -
2012	-	-
2013	-	-
2014	-	-
2015	-	-
2016	-	-
2017	-	-
2018	-	-
2019	-	-
2020	\$ -	\$ -

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

Function/Program	Fiscal Year Ended				
	2020	2019	2018	2017	2016
General Government:					
Registered voters	43,001	41,471	43,141	43,156	43,040
New Residential Building Permits	943	854	671	441	499
Land parcels	40,574	39,955	39,474	39,475	38,909
Tax bills mailed	47,454	46,335	45,717	54,224	44,591
Marriage licensed issued	356	377	330	331	317
Public Safety:					
Physical arrests	1,273	1,386	3,928	884	2,148
Ave monthly jail inmate count	173	182	174	183	182
E 911 emergency calls received	78,464	71,688	76,260	70,044	71,514
EMS/Rescue calls made	9,419	8,459	10,726	9,030	8,316
Economic and physical development:					
Tons of trash handled at landfill	42,160	42,691	39,837	37,918	38,020
Aircraft based at county airport	146	132	124	130	125
Human services:					
Number of medicaid eligibles	13,791	13,977	13,240	9,865	14,454
Number of Food Stamp eligibles	9,075	8,195	8,944	9,465	10,112
Number of hospitals	1	1	-	-	-
Number of patient beds	33	13	-	-	-
Cultural and Recreation					
Number of public libraries	4	4	4	4	4
Number of volumes	106,120	113,475	108,684	112,640	106,972
Number of parks and ball fields	4	4	4	4	4
Water and Sewer:					
Number of customers - water	7,542	6,892	6,487	5,843	5,593
Average daily consumption (gals)	2,512,040	2,732,737	3,010,316	2,384,323	1,900,000
Miles of water lines	214	207	177	165	192
Miles of sewer lines	82	75	69	66	80

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

Table 21

Fiscal Year Ended				
2015	2014	2013	2012	2011
40,455	40,407	39,622	40,275	36,326
190	284	245	245	785
38,748	38,748	38,522	38,522	39,650
43,897	43,348	99,007	99,007	122,215
357	326	311	303	307
2,077	2,627	2,696	2,021	425
156	168	155	160	150
71,330	19,846	67,756	67,756	62,563
5,331	5,245	4,948	4,700	6,397
34,180	31,942	31,500	31,186	31,256
125	123	110	102	85
11,801	12,671	11,701	11,701	10,026
11,112	11,461	11,355	11,355	8,815
1	1	1	1	1
2	2	70	70	70
4	4	4	4	4
103,262	143,569	105,000	105,000	89,563
4	4	4	4	4
5,332	3,983	3,189	3,189	2,894
2,100,000	2,000,000	2,058,000	2,058,000	1,785,000
192	162	161	161	161
80	62	47	47	46

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

Function/Program	Fiscal Year Ended				
	2020	2019	2018	2017	2016
General Government:					
County office buildings	3	3	3	3	3
Vehicles	15	15	14	3	3
Public Safety:					
Stations	4	5	5	5	5
Vehicles	220	217	115	120	110
Economic and Physical Development:					
Vehicles	11	11	18	2	2
Buildings	3	3	3	1	1
Cultural and Recreation					
Acreage	220	220	220	220	220
Playgrounds	7	7	4	4	4
Baseball fields	4	4	4	4	4
Softball fields	3	3	3	3	3
Football fields	1	1	1	1	1
Parks buildings	1	1	1	1	1
Library buildings	4	4	4	4	4
Vehicles	5	5	5	4	4
Water and Sewer					
Water mains (miles)	214	207	177.2	195	165
Fire hydrants*	1,090	1025	1025	1000	1000
Elevated tanks	5	5	6	6	6
Storage capacity (gallons)	1,225,000	1,225,000	1,290,000	1,290,000	1,290,000
Sewer mains (miles)	82	75	69	50	62
Treatment capacity (gallons)	4,667,000	4,000,000	3,170,620	3,000,000	4,000,000

* Increase due to Franklinton purchase
Source: Franklin County Finance Office

Table 22

Fiscal Year Ended				
2015	2014	2013	2012	2011
3	3	3	3	3
3	3	3	2	2
5	5	5	5	5
84	74	74	72	75
2	2	2	2	2
1	1	1	1	1
90	90	90	90	90
4	4	4	4	4
4	4	4	4	4
3	3	3	3	3
1	1	1	1	1
1	1	1	1	1
4	4	4	4	4
6	6	6	6	6
192	162	160	160	160
1000	175	175	175	175
6	3	3	3	3
1,250,000	1,000,000	1,000,000	1,000,000	1,000,000
80	362	47	45	45
3,000,000	3,000,000	3,000,000	3,000,000	3,000,000

Table 23

Franklin County, North Carolina
Other Statistical Information
June 30, 2020

Date of establishment	1,779
Form of government	Commissioner/Manager
Employees:	
Full-time, regular	538
Part-time, regular	247
Franklin County facilities and services	
Sheriff protection	
Number of stations	4
Number of deputies and officers	91
Number of patrol units	28
Inspections	
Residential Building permits issued	943
Cultural and recreational	
Number of libraries	4
Number of volumes	106,120
Water and Sewer	
Number of customers	7,558
Average daily consumption (in gallons)	2,512,040
Miles of water mains	214
Miles of sanitary sewers	82
Facilities and services not included in the primary government	
Hospitals	
Number of hospitals	1
Number of patient beds	33
Facilities and services not included in the reporting entity	
Education	
Number of school systems	3
Number of community colleges	1
Number of junior colleges	1
Recreation	
Golf Courses	1
Swimming Pools - All Private	4

COMPLIANCE SECTION

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

Certified Public Accountants



Gary L. Williams, CPA
Carleen P. Evans, CPA
Jennifer T. Reese, CPA
Tara H. Roberson, CPA

Curtis G. Van Horne, CPA

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

Independent Auditor's Report

To the Board of County Commissioners
Franklin County, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, 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, 2020 and the related notes to the financial statements, which collectively comprises Franklin County's basic financial statements, and have issued our report thereon dated December 16, 2020. The financial statements of Franklin County Tourism Development Authority were not audited in accordance with *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Franklin County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinions on the effectiveness of Franklin County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the

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accompanying schedule of findings and questioned costs, Finding 2020-1, that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Franklin County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Governmental Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2020-1.

Franklin County's Response to Findings

Franklin County's responses to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Winston, Williams, Creech, Evans & Company, LLP

Winston, Williams, Creech, Evans & Company, LLP
Certified Public Accountants
Oxford, NC
December 16, 2020

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

Certified Public Accountants



America Counts on CPAs

Gary L. Williams, CPA
Carleen P. Evans, CPA
Jennifer T. Reese, CPA
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**Report On Compliance With Requirements Applicable To Each Major Federal Program
And Internal Control Over Compliance; In accordance with OMB Uniform Guidance; and
the State Single Audit Implementation Act**

Independent Auditor's Report

To the Board of County Commissioners
Franklin County, North Carolina

Report on Compliance for Each Major Federal Program

We have audited Franklin County, North Carolina's compliance with the types of compliance requirements described in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of Franklin County's major federal programs for the year ended June 30, 2020. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Franklin County's major federal programs based on our audit of the types of compliance requirements referred to above. 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the State Single Audit Implementation Act. Those standards, OMB Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Franklin County's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Franklin County's compliance.

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Opinion on Each Major Federal Program

In our opinion, Franklin County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control over Compliance

Management of Franklin County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Franklin County's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the OMB Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2020-2 to be a material weakness.

Franklin County's response to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs and corrective action plan. Franklin County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Winston, Williams, Creech, Evans & Company, LLP

Winston, Williams, Creech, Evans & Company, LLP
Certified Public Accountants
Oxford, NC
December 16, 2020

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

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Report On Compliance For Each Major State Program; Report on Internal Control Over Compliance; In Accordance with the Uniform Guidance; and the State Single Audit Implementation Act

Independent Auditor's Report

To the Board of County Commissioners
Franklin County, North Carolina

Report on Compliance for Each Major State Program

We have audited the Franklin County, North Carolina, compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of Franklin County's major state programs for the year ended June 30, 2020. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Franklin County's major state programs based on our audit of the types of compliance requirements referred to above. 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 Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as described in the *Audit Manual for Governmental Auditors in North Carolina* and the State Single Audit Implementation Act. Those standards, the Uniform Guidance, 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 on compliance for each major state program. However, our audit does not provide a legal determination of Franklin County's compliance.

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Opinion on Each Major State Program

In our opinion, Franklin County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2020.

Report on Internal Control over Compliance

Management of Franklin County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Franklin County's internal control over compliance with the types of requirements that could have a direct and material effect on a major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be a material weakness.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2020-2 to be material weaknesses.

Franklin County's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs and corrective action plan. Franklin County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Winston, Williams, Creech, Evans & Company, LLP

Winston, Williams, Creech, Evans & Company, LLP
Certified Public Accountants
Oxford, NC
December 16, 2020

**FRANKLIN COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Section I. Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance to GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? X yes no
- Significant Deficiency(s) identified? yes X none reported

Noncompliance material to financial statements noted?

 X yes no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? X yes no
- Significant Deficiency(s) identified? yes X no

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

 X yes no

Identification of major federal programs:

CFDA#
93.778

Names of Federal Program or Cluster
Medical Assistance Program (Title XIX – Medicaid)

Dollar threshold used to distinguish between Type A and Type B Programs

\$ 750,000

Auditee qualified as low-risk auditee?

 X yes no

**FRANKLIN COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

State Awards

Internal control over major State programs:

- Material weakness(es) identified? X yes no
- Significant Deficiency(s) identified? yes X none reported

Type of auditor's report issued on compliance for major State programs: Unmodified.

Any audit findings disclosed that are required
to be reported in accordance with the State
Single Audit Implementation Act?

 X yes no

Identification of major State programs:

Program Name

Medical Assistance

E-911 Grant Fund

Public School Building Capital Fund

State Aid to Public Libraries

School Nurse Funding Initiative

Section II – Financial Statement Findings

Finding: 2020-1

MATERIAL NONCOMPLIANCE / MATERIAL WEAKNESS

Excess of Expenditures over Appropriations

Criteria: G.S. 159-28(a) states that no obligation may be incurred in a function accounted for in a fund included in the budget ordinance unless the budget ordinance includes an appropriation authorizing the obligation and an unencumbered balance remains in the appropriation sufficient to pay in the current fiscal year the sums obligated by the transaction for the current fiscal year.

Condition: Franklin County expended \$11,973,131 to refund bonds that were not appropriated in the annual budget ordinance.

Effect: Moneys were spent that had not been obligated and appropriated.

Cause: The County received and expended bond proceeds that had not been budgeted for in the budget ordinance and a budget amendment was not adopted.

Recommendation: Before an obligation is entered to incur an expense that will exceed the amount that was previously approved in the budget ordinance, an amendment to the budget should be adopted.

Views of responsible officials and planned corrective actions: The County agrees with this finding. Budget amendments will be adopted prior to making expenditures that exceed budgeted amounts. All future financings, including refundings, will include the appropriate budget amendment when the financing is approved by the Board of Commissioners.

**FRANKLIN COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Section III – Federal Award Findings and Questioned Costs

US Department of Health and Human Services

Passed-through the NC Dept. of Health and Human Services

Program Name: Medical Assistance Program (Medicaid; Title XIX)

CFDA #: 93.778

Finding: 2020-2

MATERIAL WEAKNESS

Required verifications and documentation for Eligibility

Criteria: Per the North Carolina Medicaid Assistance Program Compliance Supplement, the DSS manuals (Aged, Blind and Disabled manual and the Family and Children Medicaid manual), and Administrative Letters from the Division of Health Benefits case files for individuals or families receiving assistance are required to retain documentation to evidence appropriate eligibility determination, including verifications of and support for:

- Age
- Citizenship/Identity
- State residency
- Household composition and relationship
- Living arrangement
- Social Security Number
- Pregnancy (if applicable)
- Disability, Blindness (if applicable)
- Medicare
- Cooperation with Child Support
- Liquid Assets
- Vehicles and Other Personal Property
- Real Property
- Deductibles
- Income (Self-employment, Other earned income, Unearned income)
- Accurate computation of countable income and resources.
- Reviews/Applications must be completed timely.

The DSS manuals and Administrative letters also provide income maintenance amounts and resource limits for the respective Medicaid program and budget unit size. The computed countable income and resources must be under these limits for the person / family to be eligible for the Medicaid program.

Condition: We noted 17 instances of case records not containing the proper verifications, documentation or computations as required by policy. One case file had no documentation of the applicant paying their fair share of expenses and did not apply the 1/3 reduction. One file contained an error in the date of disability. Three files contained errors related to income policy / income verification. One file did not have the absent parent information documented in evidence. One file concluded and the incorrect aid program was selected. Another file contained an error with AVS (the system used to confirm liquid resources such as bank accounts). One file did not have account ownership documented correctly. There were five instances of vehicles not being documented correctly. Two case files did not have life insurance correct. One case file did not have the reduction of reserves documented accurately to determine the date the applicant became eligible due to being over reserve limit on date of application.

**FRANKLIN COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Questioned Costs: There were \$0 in known errors.

Context: Out of 1,114,072 Medicaid claims paid during the year, we tested the Medicaid certification of eligibility (initial application or recertification of eligibility) that related to the period that included the date of service for the claim being tested for 101 claims. The conditions noted above were noted in 11 of the 101 case files tested.

Effect: Case files not containing all required documentation result in a risk that the County could provide services to individuals not eligible to receive such services or that such individuals could be denied to eligible benefits. Upon notification of the missing documentation or the errors in calculations in the case files, the County was able to obtain documentation and provide corrected calculations to substantiate that the recipients tested were eligible to receive benefits in all but one case and the related claim. That claim totaled \$0.

Identification of a repeat finding: This is a repeat finding from previous audits, 2019-1, 2017-1, 2017-2, 2016-2, and 2016-3.

Cause: The County did not retain required documentation in case files at the time that eligibility was determined. The review performed by the caseworker was ineffective in determining that all required items were retained, that all calculations were accurate, and that all necessary information was entered into NCFast.

Recommendations: We recommend that the County train and monitor employees on the eligibility determination process, specifically those areas noted to have errors above. Files should be reviewed internally to ensure proper documentation is in place for eligibility. NCFast should be reviewed to determine that information gathered during the review is properly input into the system and that system driven calculations are utilizing the available information.

Views of responsible officials and planned corrective actions: The county acknowledges the technical errors noted and has ongoing measures in place to ensure that both initial determination and ongoing redetermination of eligibility for Medicaid is accurate and timely according to policy standards and guidelines. The agency continues to make enhancements to the Quality Assurance Unit to include the recent addition of two lead workers who will assist with training and second party reviews of Medicaid staff and cases. The agency takes pride in the documented improvements noted over the last three years in the Medicaid program. While there are recognized technical errors, 6 or the 17 errors were in 5 cases assigned to 2 caseworkers who are no longer with the agency. In addition, 2 cases noted as having errors are actually only one case but show as two due to the same beneficiary having two claims pulled during the review period.

In regard to the one case found as an eligibility error, the agency continues to work with the beneficiary. In determining initial eligibility for the case, the caseworker determined eligibility using the correct application of policy and took the client's statement regarding excess resources but failed to obtain specific amounts of expenditures in reducing resources. As of the date of this response, the beneficiary has provided documentation for two thirds of the funds but due to her spouse's hospitalization she is unable to return home to provide documents to the agency in order for the agency to resolve the issue of an eligibility error to the satisfaction of the audit.

The agency recognizes the critical importance of ensuring accuracy and fiscal integrity in the Medicaid program and strives to make efforts to ensure that all measures are in place for training, second party reviews, and quality control. However, the agency does acknowledge that there is an element of human error in the daily functions in all program areas.

**FRANKLIN COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Section IV – State Award Findings and Questioned Costs

Program Name: Medical Assistance Program (Medicaid; Title XIX)
CFDA # 93.778

MATERIAL WEAKNESS: Finding 2020-2 also applies to State requirements and State Awards



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**CORRECTIVE ACTION PLAN
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Section II – Financial Statement Findings

Finding: 2020-1

Name of contact person: Jamie Holtzman, Finance Officer

Corrective Action: Finance and County Management officials will review procedures on financings to insure that all necessary budget amendments for the proceeds and expenditures, project budgets, and any required County matches are properly budgeted or amendments are presented and approved as a part of the finance package presented for approval.

Proposed Completion Date: January 11, 2021

Section III – Federal Award Findings and Questioned Costs

Finding: 2020-2

Name of contact person: Amanda Murphy, Economic Programs Administrator

Corrective Action: Corrections to the timeliness, living arrangements, dates, verifications, income, and budget findings have been completed. Supervisors have reviewed with individual staff the errors along with conducting collective unit training on correct policy and keying procedures to ensure future accuracy. The Medicaid Supervisors, Quality Assurance Supervisor, and the newly established lead workers will conduct monthly second party reviews as well as monthly policy training to improve quality in all areas.

Proposed Completion Date: June 30, 2021

Section IV – State Award Findings and Questioned Costs

Finding 2020-2 also applies to State Awards

“Equal Opportunity Employer”

**FRANKLIN COUNTY, NORTH CAROLINA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Finding: 19-1.

Status: See finding 20-2.

Finding: 17-1

Status: See finding 20-2.

Finding: 17-2

Status: See finding 20-2.

Finding: 16-2

Status: See finding 20-2.

Finding: 16-3

Status: See finding 20-2.

Franklin County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2020

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Federal. (Direct & Pass-through) Expenditures	State Expenditures	Passed-through to Subrecipients
Federal Awards:					
<u>U.S. Dept. of Agriculture</u>					
Passed-through the N.C. Dept. of Health and Human Services:					
Division of Social Services:					
Administration:					
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		\$ 613,125	\$ -	\$ -
Passed-through the N.C. Dept. of Health and Human Services:					
Division of Public Health:					
Administration:					
Special Supplemental Nutrition Program for Women, Infants, &					
Total U.S. Dept. of Agriculture	10.557		212,481	-	-
			825,606	-	-
<u>U.S. Dept. of Justice</u>					
Passed-through the N.C. Dept. of Public Safety:					
Edward Byrne Memorial Justice Assistance Grant Program	16.738		20,254	-	-
Total U.S. Dept. of Justice			20,254	-	-
<u>U.S. Dept. of Transportation</u>					
Passed-through the N.C. Dept. of Transportation:					
COVID-19 Airport Improvement Program	20.106	36237.31.18.2	69,000	-	-
Airport Improvement Program	20.106	36237.31.17.1	124,058	-	-
Total U.S. Dept. of Transportation			193,058	-	-
<u>U.S. Dept. of Treasury</u>					
Passed-through the Office of State Budget and Management:					
NC Pandemic Recovery Office					
Coronavirus Relief Fund (Note 6)	21.019	3-37-SBGP-060-2020	31,355	-	-
Total U.S. Dept of Treasury			31,355	-	-
<u>Institute of Museum and Library Services</u>					
Passed -through the NC Department of Natural and Cultural Resources					
Division of State Library					
Grants to States - Library Services and Technology Act	45.310		15,116	-	-
Total Dept of Cultural and Natural Resources			15,116	-	-
<u>U.S. Dept. of Health & Human Services</u>					
Passed-through the Kerr-Tar Council of Governments:					
National Family Caregiver Support, Title III, Part E	93.052		4,065	271	-
Division of Aging and Adult Services:					
<u>Aging Cluster:</u>					
Special Programs for the Aging-Title III,Part B-Grants for Supportive Services and Senior Centers	93.044		90,976	5,352	-
Special Programs for the Aging-Title III, Part C-Nutrition Services	93.045		101,872	5,992	-
Nutrition Services Incentive Program	93.053		14,840	-	-
Total Aging Cluster			207,688	11,344	-
Passed-through the Kerr-Tar Council of Governments:					
State Appropriation			-	21,147	-
Passed-through the Kerr-Tar Council of Governments:					
Division of Social Services:					
Social Services Block Grant - In Home Services	93.667		285,820	53,105	-
Division of Social Services:					
<u>Temporary Assistance for Needy Families (TANF) Cluster</u>					
TANF - Work First	93.558		570,543	-	-
Division of Public Health:					
TANF - Work First	93.558		7,981	-	-
Total TANF Cluster			578,524	-	-
<u>Foster Care and Adoption Cluster (Note 4 & 5):</u>					
Foster Care-Title IV-E	93.658		282,840	21,627	-
Adoption Assistance	93.659		5,659	-	-
Foster Care-Title IV-E - Direct Benefits Payments	93.658		138,608	51,067	-
Total Foster Care and Adoption Cluster (Note 4)			427,107	72,694	-

Franklin County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2020

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Federal. (Direct & Pass-through) Expenditures	State Expenditures	Passed-through to Subrecipients
Refugee and Entrant Assistance - Cash and Medical Payments	93.566		204	-	-
Low-Income Home Energy Assistance:					
Administration	93.568		59,945	-	-
Energy Assistance Payments	93.568		258,924	-	-
Crisis Intervention	93.568		212,782	-	-
Total Low-Income Home Energy Assistance			531,651	-	-
Promoting Safe and Stable Families	93.556		21,191	-	-
Stephanie Tubbs Jones Child Welfare Services Program -					
Permanency Planning - Families for Kids	93.645		31,768	-	-
Child Support Enforcement	93.563		617,113	(509)	-
John H. Chafee Foster Care Program for Successful Transition to					
Adulthood	93.674		7,176	1,794	-
John H. Chafee Foster Care Successful Transition to Adulthood -					
Direct Benefit Payments	93.674		1,500	-	-
Division of Child Development and Early Education:					
Subsidized Child Care (Note 5)					
Child Care Development Fund Cluster:					
Division of Social Services:					
Child Care Development Mandatory and Matching Funds-					
Administration	93.596		98,836	-	-
Total Subsidized Child Care (Note 4)			98,836	-	-
Passed-through the N.C. Dept. of Health and Human Services:					
Division of Health Benefits					
Division of Social Services:					
Administration:					
Medical Assistance Program (Note 5)	93.778		1,889,366	6,402	-
Total Medical Assistance Program			1,889,366	6,402	-
Division of Social Services:					
Administration:					
Children's Health Insurance Program - N. C. Health Choice (Note 5)	93.767		70,274	230	-
Total Children's Health Insurance Program - N.C. Health Choice			70,274	230	-
Health Resources and Services Administration					
COVID-19 Provider Relief Fund	93.498		91,188	-	-
Passed-through the N.C. Dept of Insurance:					
Division of SHIIP:					
Centers for Medicare and Medicaid Services (CMS) Research,					
Demonstrations and Evaluations	93.779		10,096	-	-
Passed-through the N.C. Dept. of Health and Human Services:					
Division of Public Health:					
Hospital Preparedness Program (HPP) and Public Health Emergency					
Preparedness (PHEP) Aligned Cooperative Agreements	93.074		110,058	-	-
Project Grants and Cooperative Agreements for Tuberculosis					
Control Programs	93.116		50	-	-
Family Planning Services	93.217		48,984	-	-
Immunization Cooperative Agreements	93.268		15,032	-	-
Sexually Transmitted Diseases (STD) Prevention and Control Grants	93.977		100	-	-
Preventive Health and Health Services Block Grant	93.991		22,485	-	-
Maternal and Child Health Services Block Grant to the States	93.994		102,306	7,191	-
Total U.S. Dept. of Health and Human Services			5,172,582	173,669	-
<u>U.S. Dept. of Homeland Security</u>					
Emergency Food and Shelter National Board Program	97.024		3,165	-	-
Passed-through N.C. Dept. of Public Safety:					
Division of Emergency Management					
Emergency Management Performance Grants	97.042		38,904	-	-
Total U.S. Dept. of Homeland Security			42,069	-	-
Total federal awards			6,300,040	173,669	-

Franklin County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2020

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Federal. (Direct & Pass-through) Expenditures	State Expenditures	Passed-through to Subrecipients
State Awards:					
<u>NC Department of Agriculture</u>					
Division of Soil and Water Conservation					
Soil & Water Grants		18-024-4024	-	27,235	-
<u>N.C. Dept. of Administration</u>					
Veteran Service Program			-	2,182	-
Total N.C. Dept. of Administration			-	2,182	-
<u>N.C. Dept. of Cultural and Natural Resources</u>					
Division of State Library					
State Aid to Public Libraries			-	115,935	-
<u>N.C. Dept. of Health and Human Services</u>					
Division of Aging and Adult Services:					
State Appropriation - Home Delivered Meals, Access & In-Home Services			-	257,062	-
Division of Social Services:					
Extended Foster Care/Max Non IV-E - Direct			-	17,664	-
State Foster Home Fund (SFHF) Maximization - Direct			-	2,384	-
Foster Care At Risk Maximization - Direct			-	120,951	-
State Foster Home - Direct			-	77,011	-
Energy Neighbors			-	11,795	-
Program Integrity			-	135	-
Child Welfare/CPS			-	29,287	-
Smart Start			-	21,962	-
Total Division of Social Service			-	281,189	-
Division of Public Health:					
Family Planning			-	5,136	-
Maternal Health			-	19,291	-
HIV/STD State			-	500	-
Gonorrhea Partner Services			-	60	-
STD Drugs			-	833	-
Food and Lodging			-	8,440	-
Tuberculosis Control			-	15,218	-
CHA/CHIP Peer Review			-	87,805	-
Healthy Community Activities			-	3,785	-
General Communicable Disease Control			-	4,342	-
Child Health			-	9,811	-
Women's Health Service Fund			-	8,051	-
School Nurse Funding Initiative			-	150,000	-
Total Division of Public Health			-	313,272	-
Total N.C. Dept. of Health and Human Services			-	851,523	-
<u>N.C. Dept. of Transportation</u>					
<u>NC DOT Cluster ROAP/SMAP</u>					
ROAP Work First Transitional Employment	36236.11.8.1		-	18,212	-
ROAP Elderly and Disabled Transportation Assistance Program	36220.10.9.1		-	58,461	58,461
ROAP Rural General Public Program	36228.22.9.1		-	102,376	-
Total ROAP Cluster			-	179,049	58,461
Triangle North Executive	36244.43.10.1		-	48,830	-
Total N.C. Dept. of Transportation			-	227,879	58,461
<u>N.C. Dept. of Public Safety</u>					
Juvenile Crime Prevention Programs			-	167,179	107,758
Total N.C. Dept. of Public Safety			-	167,179	107,758
<u>NC E911 Board</u>					
E911 Grant		G2018B-4	-	177,732	-
<u>N.C. Dept. of Public Instruction</u>					
Public School Building Capital Fund - Lottery Proceeds			-	550,000	-
Total State awards			-	2,119,665	166,219
Total Federal and State awards			\$ 6,300,040	\$ 2,293,334	\$ 166,219

Franklin County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2020

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 (SEFSA) includes the federal and State grant activity of Franklin County, North Carolina, under the programs of the federal government and the State of North Carolina for the year ended June 30, 2020. The information in this SEFSA is presented in accordance with the requirements of *Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of Franklin County, it is not intended to and does not present the financial position, changes in net position or cash flows of Franklin County.

2. Summary of Significant Accounting Policies

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. Indirect Cost Rate

Franklin County has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

4. Cluster of Programs

The following are clustered by the NC Department of Health and Human Services and are treated separately for state audit requirement purposes: Foster Care and Adoption.

5. Benefit Payments Issued by the State

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

Program Title	CFDA No.	Federal	State
Special Supplemental Nutrition Program for Women Infant and Children	10.557	\$ 828,181	\$ -
Supplemental Nutrition Assistance Program	10.551	12,601,305	-
Temporary Assistance for Needy Families	93.558	230,606	-
FDC Payments and Penalties	93.560	(213)	(58)
Adoption Assistance	93.659	508,631	121,047
Foster Care - Title IV-E	93.658	138,608	51,067
Indep. Living Transitional	93.674	1,500	-
Medical Assistance Program	93.778	59,440,448	26,738,542
Children's Health Insurance Program	93.767	1,650,130	132,407
Adoption Subsidy		-	136,696
Extended Foster Care/Max Non IV-E		-	17,664
SFHF Maximization		-	120,951
Foster Care At Risk Maximization		-	2,384
State Foster Home		-	77,011
State / County Special Assistance Program		-	327,345

6. Coronavirus Relief Funds

Franklin County received \$1,383,798 of funding from the Coronavirus Relief Fund (21.019) and is scheduled to receive \$1,352,442 in July 2020. At least twenty-five percent (25%) of the funds are mandated to go to municipalities within Franklin County, at the discretion of the County. Municipalities are to have a plan to spend these funds by September 1, 2020, or any funds received are to be returned to the County. Counties and municipalities are liable to the State for funds not spent in accordance with U.S. Dept. of Treasury, the granting agency, guidelines. According to the Office of State Budget and Management, the State's pass-through agency, municipalities are considered subrecipients of the Counties. However, under state statute, municipalities are liable to the State, not the County, for any misused or misspent funds. CRF must be spent during the period March 1, 2020 to December 30, 2020.