

REVIEWED

By SLGFD at 10:06 am, Jan 04, 2022

**FRANKLIN COUNTY
ANNUAL COMPREHENSIVE
FINANCIAL REPORT
For the Fiscal Year Ended
June 30, 2021**



Prepared by the
Franklin County Finance Department

Finance Director
Jamie Holtzman

County of Franklin
113 Market Street
Louisburg, NC 27549

FRANKLIN COUNTY, NORTH CAROLINA
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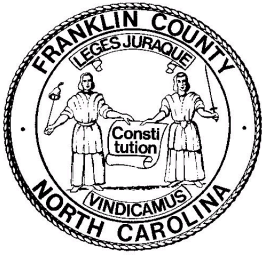
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COUNTY OF FRANKLIN

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November 30, 2021

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, 2021. 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, 2021 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, 2021 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 significant deficiency in internal control structure in determining eligibility for Medicaid and material noncompliance of 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 73,805. 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 and increased the loan by \$3,163,000 in May 2021 due to increased bid amounts. 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 total loan amount is for \$11,479,000 with a principal forgiveness of \$217,083. The project was awarded by the Board of County Commissioners on March 15, 2021 to State Utility Contractors. Construction began on September 13, 2021 with a groundbreaking ceremony on September 24, 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, US 1A, & Oak Ridge). 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. The project is out to bid with a bid date of January 4, 2022.

Water Supply Study

Franklin County presented the results of a Water Supply study to the Board of Commissioners in November 2020. As a recommendation from the Study, the County has secured additional short term water resources including contracts with the Town of Louisburg, City of Henderson and the City of Raleigh. The Agreement with the City of Raleigh includes the construction of a pump station along US 1 at the Wake/Franklin border and that project is underway.

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 received an award of \$89,000 for design and specification preparation with a 35% county match. The final design is anticipated to be complete in December 2021 or January 2022.

Youngsville Main Street Utility Upgrade

The County partnered with the Town of Youngsville to upgrade the utilities while the Town was doing Main Street Improvements with an intergovernmental agreement that was approved at the February 15, 2021 Board of County Commissioners meeting and amended with approval at the August 2, 2021 meeting. The amendment was due to increased bid pricing. The total value of the County's portion of the project is \$1,257,982. The project includes the upgrade of a 6" cast iron water main to an 8" ductile iron water main, relocation of fire hydrants, upgrading sewer and relocating/reconnecting the service laterals. Construction is anticipated to start in Spring of 2022.

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. In addition, the Airport has been awarded an \$12M aviation grant for Airfield Pavement Rehabilitation Construction and a \$1.6M aviation grant for a new access road to the Northern Corporate Hangar Area. The MLP is currently 95% complete awaiting FAA final approval that 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 Airport remains very active in its support of aviation-related activities to include curriculum-based support for 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, the Airport has a diverse base of aircraft-support businesses that include aviation service centers, avionics lab, an aircraft merchant and close to 130 aircraft enthusiast that call us home. At Triangle North Executive Airport, the sky is the limit.

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. Additionally, roadway planning to interior portions of the park has begun, and application to the Golden Leaf foundation for an infrastructure grant to construct an access road submitted in October 2021. The improvements coincide with increased marketing via completed drone imagery and site renderings as well as a newly developed Triangle North website. The sale of four acres adjacent to the Triangle North Executive Airport for relocation of a steel and metal fabrication from

Indiana has occurred, and various other niche industries have begun the process of acreage option for site development.

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

Popularity and use by residents of the 167-acre Owens Park has continued to increase. Public Wi-fi was installed at the Park in the Fall of 2020. A Disc Golf Course has been developed adjacent to the stocked Fishing Hole and has proven to be a popular attraction with tournaments already scheduled in the upcoming year for the course. The addition of directional signs and walking trail markers has enhanced the amenities at the Park. The Park was made possible by a gift from the Estate of Edgar H. Owens and other amenities include a half-mile paved ADA walking trail, a combined restroom/picnic shelter, a landscaped butterfly garden with seating, a playground and three rustic campsites. Future phases of the Park are under development including the completion of the already landscaped amphitheater located adjacent to the Parks and Recreation Department Office.

Maria Parham Franklin

Franklin County and Duke Lifepoint Maria Parham LLC have continued with their Lease Agreement which was entered into 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.

County Facilities

Franklin County has continued to implement the recommendations of the 2019 Facilities Review and Space Assessment Study conducted by Oakley Collier Architects. In December 2020, the Board approved funding to upgrade leased space at Franklin Plaza to create a location for a County Training Room, Aging Department/Louisburg Senior Center, Board of Elections and Veterans Services. Departments began occupying the space in October 2021.

Public Safety Radio System

The County's Public Safety Radio System was upgraded with the purchase of \$5M of subscriber/end-user radios in May 2021. The updated subscriber equipment provides additional features and improved interoperability with neighboring county systems. Installation of the equipment began in July 2021 is scheduled to be completed in December 2021.

Broadband Expansion

In June 2019, Franklin County entered into an Agreement with Open Broadband LLC to provide fixed wireless service to the unserved areas of Franklin County. Open Broadband LLC has continued to expand access to fixed-wireless services around Louisburg, Alert, and White Level. The free public Wi-Fi at Owens Park has been installed and is currently in use. Franklin County continues to closely monitor progress and compliance with the Agreement. In December 2020, CenturyLink (now Lumen) was the recipient of a GREAT Grant from the State of NC to install fiber-to-the home to approximately 2000 homes in Franklin County. The value of the grant is \$3.9M and Franklin County has agreed to the match amount of \$116,990. Installation began in Fall 2020.

Unified Development Ordinance Update

Franklin County adopted an updated Unified Development Ordinance in June 2021. The Ordinance Update was the result of a year long process of review and public involvement including public hearings, meetings and comments received via the County's Planning Department website. The UDO reflects the updates required by NC General Statute 160D and the recommendations from the County's 20-year Comprehensive Development Plan (CDP) that was adopted in June 2020.

ECONOMIC CONDITIONS AND FINANCIAL OUTLOOK

Franklin County's unemployment rate as of June 30, 2021 was 4.9%. Although the County's economy has traditionally been dependent on agriculture and textiles, today Franklin County enjoys a diverse economic profile: 22% of employment in the County is in manufacturing, 45% is in service producing industries, 3% is in wholesale trade, 12% is in retail trade, 4% is in transportation and warehousing, 2% is in finance, insurance, and real estate, 18% is in government, 9% 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 data.") 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 8 people, or three households, move into the County every day. The County issued 1,151 residential building permits during the fiscal year 2021, up from 943 permits in fiscal year 2020. 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 November 2020, Franklin County completed a 30 year Water Supply Study and has begun implementation of the Study recommendations. The County currently purchases an average of 1.922 million gallons of water per day from the City of Henderson, purchases an average of 397,162 gallons per day from the Town of Louisburg, and produces an average of 472,644 gallons per day at our water plant, in order to meet daily water needs. The County also treats an average of 1.237 million gallons of wastewater 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 \$22.1 million in revenue from the County during the 20-21 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 \$191.68 million. During the last fiscal year, the company provided the county with over \$1.6 million in property tax revenue. Novozymes is also the County's largest Public Utilities customer, averaging 1.100 million gallons per day and \$2,308,881 in annual water sales in addition to \$966,276 in annual sewer sales.

Last year, Novozymes represented 3.34% of the County's tax base. Other companies ranked among the top five taxpayers include: Duke Energy (taxable value of \$77.2 million, KFlex USA (taxable value of 64.4 million) Wake Electric (taxable value of \$41.8 million,) and Captive Aire Systems, Inc (taxable value of \$26.1 million). These top five companies generated \$3.56 million in property tax revenue, or 7.00% of Franklin County's total property tax base. Franklin County has taken measures to reduce the risk of over-reliance on these few large taxpayers, 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, 2021, revealed a significant deficiency in internal control structure in determining eligibility for Medicaid and material noncompliance of 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 (LGERS), 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.

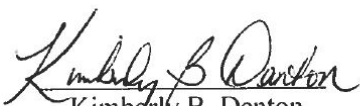
AWARDS AND OTHER INFORMATION

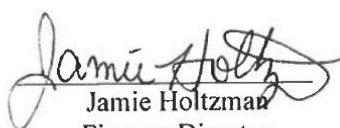
Awards - The Government Finance Officers Association of the United States and Canada (GFOA) has awarded an annual Certificate of Achievement for Excellence in Financial Reporting to Franklin County for the last 22 consecutive years. In order to be awarded a Certificate of Achievement, the entity must 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.

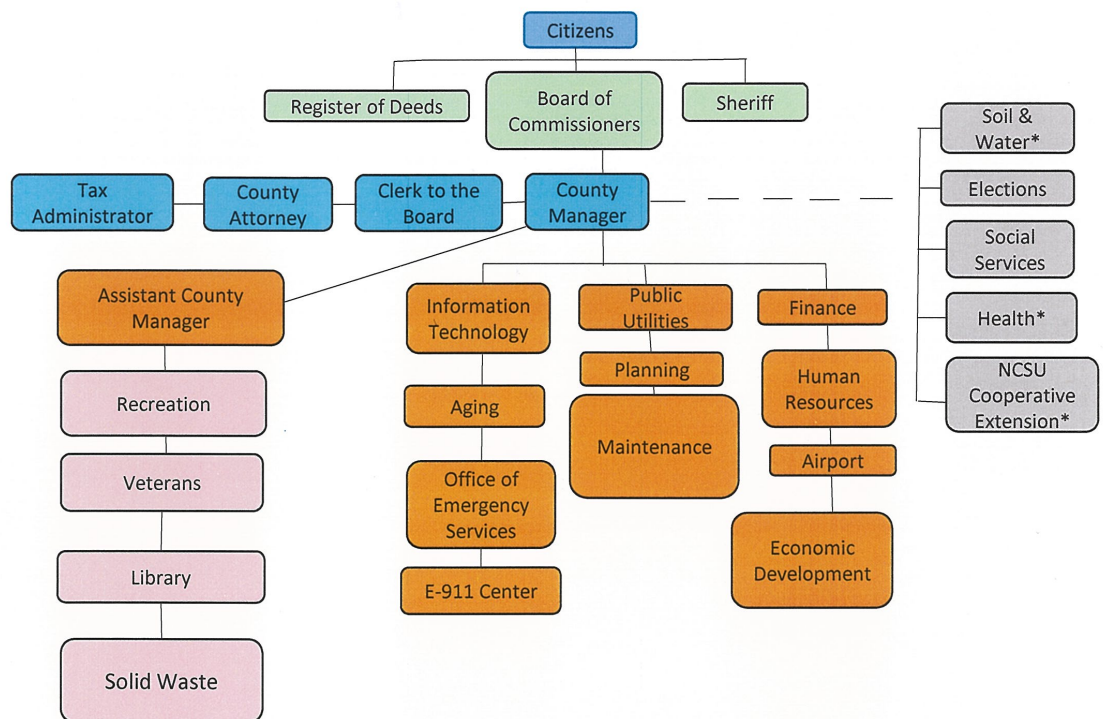
Respectfully submitted,


Kimberly B. Denton
County Manager


Jamie Holtzman
Finance Director



Franklin County Government



Franklin County
Organization Chart
June 2021

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, 2021**

**Board of County
Commissioners**

Michael S. Schriver, Chairperson
David T. Bunn, Vice-Chairperson
Harry L. Foy, Jr.
Cedric K. Jones, Sr.
Kelli A. London
Danny L. Pearce
James M. Speed

County Officials

Kimberly B. Denton
William Doerfer
Jamie Holtzman
C. Boyd Sturges, III

County Manager
Assistant 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, 2020

Christopher P. Morill

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, 2021 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, 2021, 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.

Emphasis of Matter

As discussed in Note VIII to the financial statements, effective July 1, 2020, the entity adopted new accounting guidance promulgated in GASB Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

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 November 30, 2021 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
November 30, 2021



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, 2021. 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

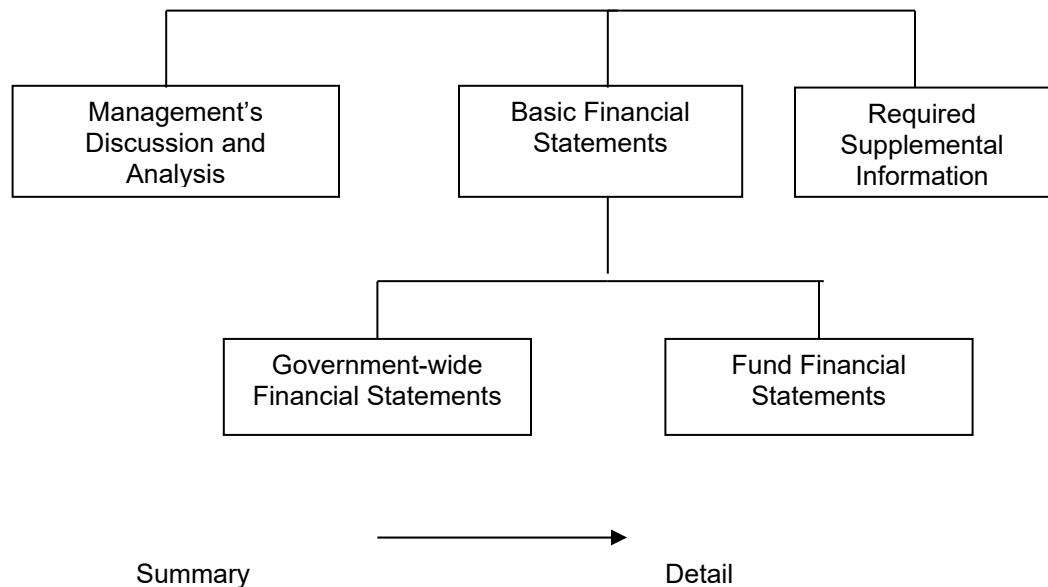
- The County's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$38.89 million. In accordance with North Carolina law, liabilities of the County include long-term debt associated with assets belonging to the Franklin County Board of Education. The amount included in liabilities related to school financing is \$41.79 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 \$52.99 million, a increase of approximately \$8.92 million from the previous fiscal year where the combined fund balances totaled \$44.04 million. A increase in the amount of \$194,690 was in the Non-major Other Governmental Funds. The General Fund increased by \$8,726,312. Approximately 68.3 percent of the total fund balance of the General fund or \$30.43 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 \$30.43 million or 35.28 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 \$3,613,565.
- The County's total long-term debt increased by \$6,153,821 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 2021 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.

Custodial 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 two custodial 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 42-84 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 86 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 \$38,896,262 as of June 30, 2021. The County's net position increased by \$14.12 million for the fiscal year ended June 30, 2021. 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, \$13,462,940, 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 2021 and FYE 2020.

Figure 2

FRANKLIN COUNTY'S NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 67,818,855	\$ 53,697,508	\$ 18,193,149	\$ 12,765,600	\$ 86,012,004	\$ 66,463,108
Capital assets	45,124,069	46,047,663	32,253,713	33,273,182	77,377,782	79,320,845
Total assets	112,942,924	99,745,171	50,446,862	46,038,782	163,389,786	145,783,953
Deferred Outflows of Resources	19,201,109	9,930,661	1,074,893	610,886	20,276,002	10,541,547
Long-term liabilities outstanding	116,493,923	110,123,446	7,983,655	8,200,311	124,477,578	118,323,757
Other liabilities	10,070,109	4,548,242	1,414,811	1,574,363	11,484,920	6,122,605
Total liabilities	126,564,032	114,671,688	9,398,466	9,774,674	135,962,498	124,446,362
Deferred Inflows of Resources	8,474,410	6,910,389	332,618	246,364	8,807,028	7,156,753
Net Position:						
Net investment in capital assets	38,373,840	37,066,175	28,044,417	27,974,460	66,418,257	65,040,635
Restricted	13,462,940	12,490,136	-	-	13,462,940	12,490,136
Unrestricted	(54,731,189)	(61,472,637)	13,746,254	8,654,170	(40,984,935)	(52,818,467)
Total Net Position	\$ (2,894,409)	\$ (11,916,326)	\$ 41,790,671	\$ 36,628,630	\$ 38,896,262	\$ 24,712,304

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 \$(2.89) million. In the Business-type Activities, the assets exceeded its liabilities by \$41.79 million at June 30, 2021. Net position for Governmental Activities is reported in three categories: Net Investment in capital assets was

\$38.37 million; Restricted was \$13.46 million and unrestricted net position was \$(54.73) million. Net position for Business-type Activities is reported in two categories: Net Investment in capital assets was \$28.04 million and unrestricted net position was \$13.75 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, 2021, the county had a negative number of \$54.73 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 \$40.02 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, 2021, total net position in Governmental Activities increased by \$8.96 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 98.4 percent.
- Continued low cost of debt due to the County's bond rating.
- Greater than forecasted Sales and Use Tax Revenue resulting in a \$4,054,236 surplus.
- Controlled departmental spending and conservative budgeting resulting in being \$7,312,840 under budget in the General Fund.

Figure 3
FRANKLIN COUNTY'S CHANGES IN NET POSITION

	Governmental Activities		Business-type Activities		Total	
	FY 2021	FY 2020	FY 2021	FY 2020	FY 2021	FY 2020
Revenues:						
Program revenues:						
Charges for services	\$ 12,494,472	\$ 11,290,693	\$ 19,949,369	\$ 17,373,033	\$ 32,443,841	\$ 28,663,726
Operating grants and contributions	16,025,852	12,586,629	-	-	16,025,852	12,586,629
Capital grants and contributions	1,677,757	755,770	294,001	270,238	1,971,758	1,026,008
General revenues:						
Property taxes	55,936,343	52,569,663	-	-	55,936,343	52,569,663
Other taxes	19,043,524	15,764,887	-	-	19,043,524	15,764,887
Other	200,342	728,951	32,946	72,508	233,288	801,459
Total revenues	105,378,290	93,696,593	20,276,316	17,715,779	125,654,606	111,412,372
Expenses:						
General Government	7,746,571	6,880,898	-	-	7,746,571	6,880,898
Public Safety	39,144,360	34,225,801	-	-	39,144,360	34,225,801
Economic and Physical Development	3,087,869	3,496,662	-	-	3,087,869	3,496,662
Human Services	19,480,317	19,030,711	-	-	19,480,317	19,030,711
Cultural and Recreation	1,905,798	1,925,535	-	-	1,905,798	1,925,535
Education	23,828,738	28,736,589	-	-	23,828,738	28,736,589
Interest on long-term debt	1,370,739	1,439,369	-	-	1,370,739	1,439,369
Solid Waste	-	-	4,218,140	4,404,382	4,218,140	4,404,382
Water and Sewer	-	-	10,745,157	9,721,078	10,745,157	9,721,078
Total expenses	96,564,392	95,735,565	14,963,297	14,125,460	111,527,689	109,861,025
Increase (Decrease) in net position before transfers	8,813,898	(2,038,972)	5,313,019	3,590,319	14,126,917	1,551,347
Transfers	150,978	(182,631)	(150,978)	182,631	-	-
Increase in net position	8,964,876	(2,221,603)	5,162,041	3,772,950	14,126,917	1,551,347
Net Position, July 1	(11,916,326)	(9,694,723)	36,628,630	32,855,680	24,712,304	23,160,957
Restatement	57,041	-	-	-	57,041	-
Net Position, July 1, as restated	(11,859,285)	(9,694,723)	36,628,630	32,855,680	24,769,345	23,160,957
Net Position, June 30	\$ (2,894,409)	\$ (11,916,326)	\$ 41,790,671	\$ 36,628,630	\$ 38,896,262	\$ 24,712,304

Governmental activities: Governmental activities increased the County's net position by \$8.96 million. Property Tax Collections totaled \$50.98 million, \$2,156,159 over budget. Sales Tax revenue was \$4,054,236 over budget. In addition, Sales and Services was \$1,210,553 over budget. Public Safety expenditures decreased \$1.35 million, Human Services increased \$319,041 and the Franklin County Board of Education funding decreased \$156,895.

Business-type activities: The net position in Business-type activities increased by \$5.16 million. The Water and Sewer fund accounted for the majority of the increase in net position accounting for \$4.63 million. Water collections increased \$488,230 and sewer collections increased by \$501,362. Operating expenses for the Water and Sewer increased \$466,414 primarily due to the increase in water purchases and an increase in personnel. The Solid Waste Fund had revenue and capital contributions of \$4,822,200 for the year. Operating expenses were \$4,218,140, a decrease of \$186,242 resulting in a change in net position of \$604,060.

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 2021, Franklin County's fund balance available (unassigned) in the General Fund was \$30,433,126 while total fund balance reached \$48,951,740. 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 49.16% of general fund expenditures, while total fund balance represents 56.75% of that same amount.

At June 30, 2021, the governmental funds of the County reported a combined fund balance of \$52,990,808. The County's overall fund balance remains strong.

General Fund Budgetary Highlights

During fiscal year 2021, 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 \$8.97 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 \$7,218,637. Ad valorem taxes were over budget by \$2,156,159; Sales tax revenues were over budget by \$4,054,236; sales and services were over budget by \$1,210,553; and Restricted intergovernmental revenues were under the anticipated budget by \$2,006. The County's expenditures were \$12,257,442 less than budgeted. Human Services departments underspent their budgets by \$2,905,454, General Government activities were under budget by \$779,976, Public Safety departments were under budget by \$7,863,822 and Economic and physical development was under budget by \$492,778.

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 \$13,898,567, an increase of \$5.24 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, 2021, totaled \$77,377,782 (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:

- \$765,119 in Vehicles
- \$329,779 in Building Improvements
- \$784,600 in Equipment

Figure 4
Franklin County's Capital Assets (net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land and Improvements	\$ 14,641,670	\$ 14,645,873	\$ 874,212	\$ 874,212	\$ 15,515,882	\$ 15,520,085
Buildings	14,178,486	14,960,682	-	-	14,178,486	14,960,682
Gas Lines	144,263	152,493	-	-	144,263	152,493
Plant & Distribution	120,933	131,918	29,274,561	28,632,012	29,395,494	28,763,930
Automotive equipment	2,468,004	2,971,238	654,630	597,328	3,122,634	3,568,566
Office and other equipment	8,727,076	11,668,973	712,018	762,222	9,439,094	12,431,195
Construction in progress	4,843,637	1,516,486	738,292	2,407,408	5,581,929	3,923,894
Total	<u>\$ 45,124,069</u>	<u>\$ 46,047,663</u>	<u>\$ 32,253,713</u>	<u>\$ 33,273,182</u>	<u>\$ 77,377,782</u>	<u>\$ 79,320,845</u>

Additional information on the County's capital assets can be found in Note II.5 of the Basic Financial Statements.

Long-term Debt: As of June 30, 2021, the County's Governmental Activities had total bonded school debt outstanding of \$38,982,194 all of which is backed by the full faith and credit of the County and \$8,559,423 in installment purchases. In the Business-Type Activities, the County had \$1,040,000 in outstanding revenue bonds and \$3,169,296 in installment loans outstanding at June 30, 2021. 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	
	2021	2020	2021	2020	2021	2020
General obligation bonds	\$ 38,982,194	\$ 43,436,432	\$ -	\$ -	\$ 38,982,194	\$ 43,436,432
Revenue bonds	-	-	1,040,000	1,300,000	1,040,000	1,300,000
Installment Purchases	8,559,423	11,256,171	3,169,296	3,818,722	11,728,719	15,074,893
Revolving Loans	-	-	-	180,000	-	180,000
Other obligations	68,952,306	55,430,843	3,774,359	2,901,589	72,726,665	58,332,432
Total long-term debt	<u>\$ 116,493,923</u>	<u>\$ 110,123,446</u>	<u>\$ 7,983,655</u>	<u>\$ 8,200,311</u>	<u>\$ 124,477,578</u>	<u>\$ 118,323,757</u>

In fiscal year 2020-2021, the County's total long-term debt increased by \$6,153,821. The County's increase in postemployment benefits were the main reason for the observed increase. 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 \$455,791,285.

Additional information regarding the County's long-term debt can be found in Note II.8.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for Franklin County was 4.9 percent at June 30, 2021 which is lower when compared to last year's rate at 7.10 percent.

Budget Highlights for the Fiscal Year Ending June 30, 2022

- **Governmental Activities:** The County has approved an \$95.70 million General Fund budget for FYE 2022 compared to a \$88.89 million General Fund budget for fiscal year 2020-2021. The property tax rate was reduced to .7950 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 increased across all rate structures. The budget for the Water and Sewer Fund for FYE 2022 was set at \$15,269,134 to start the year up from \$11,109,137 in FYE 2021. The Solid Waste budget was set at \$4,656,242 as compared to the budget of \$4,534,525 for FYE 2021. The Solid Waste Availability Fee remained the same at \$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, 2021

	Primary Government			Component Unit
	Governmental Activities	Business-type Activity	Total	Franklin County Tourism Development Authority
Assets				
Cash and cash equivalents	\$ 51,602,466	\$ 15,396,602	\$ 66,999,068	\$ 275,222
Taxes receivable (net)	1,938,004	-	1,938,004	-
Accounts receivable (net)	6,548,872	2,840,632	9,389,504	-
Due from other governments	80,765	108,228	188,993	-
Accrued interest receivable	321,536	-	321,536	-
Inventory	44,391	-	44,391	-
Prepaid items	728,464	-	728,464	-
Net pension asset	144,413	-	144,413	-
Restricted cash and cash equivalents	6,257,631	-	6,257,631	-
Internal balances	152,313	(152,313)	-	-
Capital assets:				
Land, improvements, and construction in progress	16,858,082	1,612,504	18,470,586	-
Other capital assets, net of depreciation	28,265,987	30,641,209	58,907,196	-
Total capital assets	45,124,069	32,253,713	77,377,782	-
Total assets	112,942,924	50,446,862	163,389,786	275,222
Deferred Outflows of Resources	19,201,109	1,074,893	20,276,002	-
Liabilities				
Accounts payable and accrued expenses	2,792,521	756,604	3,549,125	25,000
Customer deposits	-	640,391	640,391	-
Accrued interest payable	467,995	17,816	485,811	-
Due to other governments	6,809,593	-	6,809,593	-
Long-term liabilities:				
Due within one year	7,395,915	1,050,290	8,446,205	-
Due in more than one year	109,098,008	6,933,365	116,031,373	-
Total long-term liabilities	116,493,923	7,983,655	124,477,578	-
Total liabilities	126,564,032	9,398,466	135,962,498	25,000
Deferred Inflows of Resources	8,474,410	332,618	8,807,028	-
Net Position				
Net investment in capital assets	38,373,840	28,044,417	66,418,257	-
Restricted for:				
State Statute for Stabilization	6,629,637	-	6,629,637	-
Register of Deeds	101,793	-	101,793	-
Public Safety	3,346,593	-	3,346,593	-
Capital Reserve	2,821,968	-	2,821,968	-
Economic Development	142,598	-	142,598	-
Education	292,591	-	292,591	-
Human Services	127,760	-	127,760	-
Capital Reserve	-	-	-	-
Unrestricted	(54,731,189)	13,746,254	(40,984,935)	250,222
Total net position	\$ (2,894,409)	\$ 41,790,671	\$ 38,896,262	\$ 250,222

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, 2021

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 7,746,571	\$ 1,555,709	\$ 2,531,889	\$ -
Public safety	39,144,360	7,174,163	4,300,053	-
Economic and physical development	3,087,869	1,117,475	9,429	1,652,757
Human services	19,480,317	2,021,443	8,309,540	-
Cultural and recreation	1,905,798	625,682	228,005	25,000
Education	23,828,738	-	646,936	-
Interest on long-term debt	1,370,739	-	-	-
Total governmental activities	<u>96,564,392</u>	<u>12,494,472</u>	<u>16,025,852</u>	<u>1,677,757</u>
Business-type activity:				
Solid Waste	4,218,140	4,545,934	-	189,672
Water and Sewer Department	10,745,157	15,403,435	-	104,329
Total business-type activities	<u>14,963,297</u>	<u>19,949,369</u>	<u>-</u>	<u>294,001</u>
Total primary government	<u>\$ 111,527,689</u>	<u>\$ 32,443,841</u>	<u>\$ 16,025,852</u>	<u>\$ 1,971,758</u>
Component Unit:				
Franklin County Tourism Development Authority	<u>\$ 40,525</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, 2021

Functions/Programs	Net (Expense) Revenue and Changes in Net Position			Franklin County Tourism Development Authority
	Primary Government		Total	
	Governmental Activities	Business-type Activity		
Governmental activities:				
General government	\$ (3,658,973)	\$ -	\$ (3,658,973)	
Public safety	(27,670,144)	-	(27,670,144)	
Economic and physical development	(308,208)	-	(308,208)	
Human services	(9,149,334)	-	(9,149,334)	
Cultural and recreation	(1,027,111)	-	(1,027,111)	
Education	(23,181,802)	-	(23,181,802)	
Interest on long-term debt	(1,370,739)	-	(1,370,739)	
Total governmental activities	(66,366,311)	-	(66,366,311)	
Business-type activity:				
Solid Waste	-	517,466	517,466	
Water and Sewer Department	-	4,762,607	4,762,607	
Total business-type activities	-	5,280,073	5,280,073	
Total primary government	(66,366,311)	5,280,073	(61,086,238)	
Component Unit:				
Franklin County Tourism Development Authority	-	-	-	(40,525)
General revenues:				
Taxes:				
Property taxes, levied for general purposes	55,936,343	-	55,936,343	-
Local option sales tax	18,479,190	-	18,479,190	-
Other taxes and licenses	564,334	-	564,334	76,549
Investment earnings, unrestricted	20,486	21,410	41,896	-
Miscellaneous, unrestricted	179,856	11,536	191,392	-
Transfers	150,978	(150,978)	-	-
Total general revenues and transfers	75,331,187	(118,032)	75,213,155	76,549
Change in net position	8,964,876	5,162,041	14,126,917	36,024
Net position, beginning	(11,916,326)	36,628,630	24,712,304	214,198
Restatement	57,041	-	57,041	-
Net position, beginning, restated	(11,859,285)	36,628,630	24,769,345	214,198
Net position, ending	\$ (2,894,409)	\$ 41,790,671	\$ 38,896,262	\$ 250,222

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, 2021

	Major		Nonmajor	
	General	American Rescue Plan Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 41,795,088	\$ 6,767,747	\$ 1,372,185	\$ 49,935,020
Taxes receivable, net	1,741,761	-	196,243	1,938,004
Accounts receivables, net	6,500,111	-	48,761	6,548,872
Due from other governments	-	-	80,765	80,765
Due from other funds	-	-	-	-
Inventory	44,391	-	-	44,391
Restricted assets:				
Restricted cash	3,661,951	-	2,595,680	6,257,631
Total assets	<u>\$ 53,743,302</u>	<u>\$ 6,767,747</u>	<u>\$ 4,293,634</u>	<u>\$ 64,804,683</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable and accrued liabilities	\$ 2,084,386	\$ 6,767,747	\$ 16,477	\$ 8,868,610
Due to other governments	-	-	41,846	41,846
Total liabilities	<u>2,084,386</u>	<u>6,767,747</u>	<u>58,323</u>	<u>8,910,456</u>
Deferred Inflows of Resources	<u>2,707,176</u>	<u>-</u>	<u>196,243</u>	<u>2,903,419</u>
Fund Balances:				
Nonspendable:				
Inventories	44,391	-	-	44,391
Restricted:				
Stabilization by State Statute	6,500,111	-	129,526	6,629,637
Register of Deeds	101,793	-	-	101,793
Fire Protection	-	-	45,303	45,303
Capital Reserve	2,821,968	-	-	2,821,968
Public Safety	-	-	3,301,290	3,301,290
Education	-	-	292,591	292,591
Human Services	-	-	127,760	127,760
Economic Development	-	-	142,598	142,598
Committed:				
Revaluation	738,190	-	-	738,190
Assigned:				
Subsequent year's expenditures				
General Fund	3,613,565	-	-	3,613,565
Cultural and Recreational	1,224,389	-	-	1,224,389
Economic Development	419,071	-	-	419,071
Public Safety	2,822,343	-	-	2,822,343
Human Services	232,793	-	-	232,793
Unassigned:				
General Fund	30,433,126	-	-	30,433,126
Total fund balances	<u>48,951,740</u>	<u>-</u>	<u>4,039,068</u>	<u>52,990,808</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 53,743,302</u>	<u>\$ 6,767,747</u>	<u>\$ 4,293,634</u>	

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

**Franklin County, North Carolina
Balance Sheet
Governmental Funds
June 30, 2021**

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.	\$ 45,124,069
Net pension asset	144,413
Deferred charges related to advance refunding bond issued-included on the government-wide statement of net position but are not current financial resources	767,942
Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position	2,714,267
Benefit payments and pension administration costs for LEOSSA are deferred outflows of resources on the Statement of Net Position	34,781
Contributions for OPEB are deferred outflows of resources on the Statement of Net Position	522,045
Internal service fund is used by management to charge insurance costs to individual funds; the assets and liabilities of the internal service fund is included in governmental activities in the statement of net assets.	1,856,565
Liabilities for deferred inflows of resources reported in the fund statements but not the government wide	1,938,004
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:	321,536
Pension related deferrals	4,660,595
OPEB related deferrals	2,992,484
Some liabilities, including bonds payable, are not due and payable in the current year and, therefore, are not reported in the funds	<u>(116,961,918)</u>
Net position of governmental activities	<u>\$ (2,894,409)</u>

Franklin County, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2021

	Major		Nonmajor	
	General Fund	American Rescue Plan Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Ad valorem taxes	\$ 50,981,247	\$ -	\$ 4,891,518	\$ 55,872,765
Local option sales taxes	18,479,190	-	-	18,479,190
Other taxes	309,520	-	585,135	894,655
Restricted intergovernmental	12,138,709	-	4,676,759	16,815,468
Fees, sales and charges	12,417,046	-	326,947	12,743,993
Investment earnings	21,674	-	169	21,843
Miscellaneous	488,155	-	-	488,155
Total revenues	94,835,541	-	10,480,528	105,316,069
Expenditures				
Current:				
General government	6,564,164	-	334,263	6,898,427
Public safety	23,957,733	-	7,917,248	31,874,981
Economic and physical development	2,745,055	-	-	2,745,055
Human services	17,189,489	-	250,237	17,439,726
Cultural and leisure	1,845,300	-	-	1,845,300
Intergovernmental:				
Education	22,582,104	-	-	22,582,104
Capital outlay	-	-	4,656,029	4,656,029
Debt service	8,504,423	-	-	8,504,423
Total expenditures	83,388,268	-	13,157,777	96,546,045
Revenues over (under) expenditures	11,447,273	-	(2,677,249)	8,770,024
Other financing sources (uses)				
Transfers to other funds	(2,871,939)	-	-	(2,871,939)
Transfers from other funds	150,978	-	2,871,939	3,022,917
Total other financing sources (uses)	(2,720,961)	-	2,871,939	150,978
Net changes in fund balances	8,726,312	-	194,690	8,921,002
Fund balances				
Beginning of year	40,197,966	-	3,787,337	43,985,303
Restatement-change in accounting principle	-	-	57,041	57,041
Beginning of year, restated	40,197,966	-	3,844,378	44,042,344
Increase in reserve for inventory	27,462	-	-	27,462
End of year	\$ 48,951,740	\$ -	\$ 4,039,068	\$ 52,990,808

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, 2021

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

Net changes in fund balances - total governmental funds	\$ 8,921,002
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	(923,594)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	413,444
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	2,714,267
Benefit payments and administration costs for LEOSA are deferred outflows of resources on the Statement of Net Position	34,781
Contributions for OPEB are deferred outflows of resources on the Statement of Net Position	522,045
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.	6,799,748
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.	(8,657,088)
Inventory not expensed on statement of activities	27,462
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	(887,191)
Total changes in net position of governmental activities (Exhibit 2)	<u>\$ 8,964,876</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, 2021

	Original Budget	Final Budget	Actual	Variance With Final Positive (Negative)
Revenues				
Ad valorem taxes	\$ 47,168,001	\$ 48,825,088	\$ 50,981,247	\$ 2,156,159
Local option sales tax	10,406,063	9,947,190	14,001,426	4,054,236
Other taxes	385,115	330,200	309,520	(20,680)
Restricted intergovernmental	11,078,471	12,140,715	12,138,709	(2,006)
Sales and services	10,535,833	11,206,493	12,417,046	1,210,553
Investment earnings	482,000	350,000	21,674	(328,326)
Miscellaneous	295,480	339,454	488,155	148,701
Total revenues	<u>80,350,963</u>	<u>83,139,140</u>	<u>90,357,777</u>	<u>7,218,637</u>
Expenditures				
Current:				
General government	8,039,739	7,344,140	6,564,164	779,976
Public safety	26,173,470	31,821,555	23,957,733	7,863,822
Economic and physical development	3,358,197	3,237,833	2,745,055	492,778
Human services	18,574,999	20,094,943	17,189,489	2,905,454
Culture and leisure	1,741,706	2,044,540	1,845,300	199,240
Intergovernmental:				
Education	22,738,999	22,582,104	22,582,104	-
Debt service	9,019,043	8,520,595	8,504,423	16,172
Total expenditures	<u>89,646,153</u>	<u>95,645,710</u>	<u>83,388,268</u>	<u>12,257,442</u>
Revenues under expenditures	<u>(9,295,190)</u>	<u>(12,506,570)</u>	<u>6,969,509</u>	<u>19,476,079</u>
Other financing sources (uses)				
Transfers to other funds	-	(2,971,939)	(2,971,939)	-
Transfers from other funds	3,614,485	3,050,978	3,050,978	-
Debt proceeds	1,356,240	4,588,298	-	(4,588,298)
Appropriated fund balance	4,324,465	7,839,233	-	(7,839,233)
Total other financing sources (uses) - net	<u>9,295,190</u>	<u>12,506,570</u>	<u>79,039</u>	<u>(12,427,531)</u>
Revenues and other financing sources under expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>7,048,548</u>	<u>\$ 7,048,548</u>
Fund balance				
Beginning of year, July 1			38,315,572	
Decrease in reserve for inventory			27,462	
End of year, June 30			<u>45,391,582</u>	
A legally budgeted Capital Reserve Fund and Revaluation Fund is consolidated into the General Fund for reporting purposes:				
Sales tax revenue			4,477,764	
Transfer-out to General Fund			(2,900,000)	
General government expenditures			-	
Transfer-in from General Fund			100,000	
Fund Balance, Beginning			1,882,394	
Fund Balance, Ending (Exhibit 4)			<u>\$ 48,951,740</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, 2021

	Major			Major
	Enterprise Fund			Internal Service Fund
	Water and Sewer Fund	Solid Waste Fund	Total	Insurance Fund
Assets				
Current assets:				
Cash and cash equivalents	\$ 14,418,867	\$ 977,735	\$ 15,396,602	\$ 1,667,446
Receivables, net	2,257,473	583,159	2,840,632	-
Due from other governments	45,549	62,679	108,228	-
Security deposit	-	-	-	728,464
Total current assets	16,721,889	1,623,573	18,345,462	2,395,910
Noncurrent assets:				
Capital assets:				
Land, improvements, and construction in	1,107,748	504,756	1,612,504	-
Other capital assets, net of depreciation	29,778,508	862,701	30,641,209	-
Total capital assets	30,886,256	1,367,457	32,253,713	-
Total noncurrent assets	30,886,256	1,367,457	32,253,713	-
Total assets	\$ 47,608,145	\$ 2,991,030	\$ 50,599,175	\$ 2,395,910
Deferred Outflows of Resources	823,004	251,889	1,074,893	-
Liabilities				
Current liabilities:				
Accounts payable	\$ 365,025	\$ 268,577	\$ 633,602	\$ 691,658
Accrued payroll	86,224	36,778	123,002	-
Accrued interest expense	17,816	-	17,816	-
Customer deposits	640,391	-	640,391	-
Compensated absences	30,253	11,148	41,401	-
Revenue bonds	260,000	-	260,000	-
Installment debt	663,889	-	663,889	-
Post closure liability	-	85,000	85,000	-
Total current liabilities	2,063,598	401,503	2,465,101	691,658
Noncurrent liabilities:				
Net pension liability	742,212	334,330	1,076,542	-
Compensated absences	90,760	33,443	124,203	-
Revenue bonds	780,000	-	780,000	-
Installment debt	2,505,407	-	2,505,407	-
Other postemployment benefits	2,001,101	321,703	2,322,804	-
Post closure liability	-	124,409	124,409	-
Total noncurrent liabilities	6,119,480	813,885	6,933,365	-
Total liabilities	8,183,078	1,215,388	9,398,466	691,658
Deferred Inflows of Resources	284,378	48,240	332,618	-
Net Position				
Net investment in capital assets	26,676,960	1,367,457	28,044,417	-
Unrestricted	13,286,733	611,834	13,898,567	1,704,252
Total net position	\$ 39,963,693	\$ 1,979,291	41,942,984	\$ 1,704,252
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			(152,313)	
Net position of business-type activities			\$ 41,790,671	

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, 2021

	Major			Major
	Enterprise Fund			Internal Service Fund
	Water and Sewer Fund	Solid Waste Fund	Total	Insurance Fund
Operating revenues				
Charges for water	\$ 7,892,100	\$ -	\$ 7,892,100	\$ -
Charges for sewer	3,655,295	-	3,655,295	-
Other operating revenues	3,856,040	-	3,856,040	-
Charges for services	-	4,545,934	4,545,934	9,789,277
Miscellaneous income	-	86,594	86,594	-
Total operating revenues	<u>15,403,435</u>	<u>4,632,528</u>	<u>20,035,963</u>	<u>9,789,277</u>
Operating expenses				
Salaries and employee benefits	2,797,022	1,014,765	3,811,787	-
Water purchases	3,839,019	-	3,839,019	-
Other operating expenses	2,296,027	3,044,006	5,340,033	10,751,540
Depreciation	<u>1,683,462</u>	<u>159,369</u>	<u>1,842,831</u>	<u>-</u>
Total operating expenses	<u>10,615,530</u>	<u>4,218,140</u>	<u>14,833,670</u>	<u>10,751,540</u>
Operating income	<u>4,787,905</u>	<u>414,388</u>	<u>5,202,293</u>	<u>(962,263)</u>
Nonoperating revenues (expenses)				
Interest earnings	21,410	-	21,410	15
Interest expense	<u>(129,627)</u>	<u>-</u>	<u>(129,627)</u>	<u>-</u>
Total nonoperating revenue (expenses) - net	<u>(108,217)</u>	<u>-</u>	<u>(108,217)</u>	<u>15</u>
Income (loss) before transfers	<u>4,679,688</u>	<u>414,388</u>	<u>5,094,076</u>	<u>(962,248)</u>
Capital contributions	<u>104,329</u>	<u>189,672</u>	<u>294,001</u>	<u>-</u>
Transfers				
Transfer to General Fund	(150,978)	-	(150,978)	-
Transfer from General fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>(150,978)</u>	<u>-</u>	<u>(150,978)</u>	<u>-</u>
Change in net position	<u>4,633,039</u>	<u>604,060</u>	<u>5,237,099</u>	<u>(962,248)</u>
Net position				
Total net position, beginning	<u>35,330,654</u>	<u>1,375,231</u>	<u>36,705,885</u>	<u>2,666,500</u>
Total net position, ending	<u>\$ 39,963,693</u>	<u>\$ 1,979,291</u>	<u>41,942,984</u>	<u>\$ 1,704,252</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			<u>(75,058)</u>	
Change in net position of business-type activities			<u>\$ 5,162,041</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, 2021

	Major			Major
	Enterprise Fund			Internal Service Fund
	Water and Sewer Fund	Solid Waste Fund	Total	Insurance Fund
Cash flows from operating activities				
Cash received from customers	\$ 15,468,087	\$ 4,581,352	\$ 20,049,439	\$ 9,789,277
Cash paid for goods and services	(6,267,105)	(3,078,300)	(9,345,405)	(10,297,807)
Cash paid to employees for services	(2,252,192)	(1,039,845)	(3,292,037)	-
Customer deposits received	(17,932)	-	(17,932)	-
Net cash provided by operating activities	6,930,858	463,207	7,394,065	(508,530)
Cash flows from noncapital financing activities				
Transfers in	-	-	-	-
Transfers out	(150,978)	-	(150,978)	-
Net cash provided by noncapital financing activities	(150,978)	-	(150,978)	-
Cash flows from capital and related financing activities				
Acquisition and construction of capital assets	(768,490)	(54,873)	(823,363)	-
Principal paid on bonds	(1,089,426)	-	(1,089,426)	-
Principal paid to General Fund	(736,918)	-	(736,918)	-
Interest paid	(129,627)	-	(129,627)	-
Capital contributions	104,329	189,672	294,001	-
Net cash used by capital and related financing activities	(2,620,132)	134,799	(2,485,333)	-
Cash flows from investing activities				
Interest on investments	21,410	-	21,410	15
Net increase in cash and cash equivalents	4,181,158	598,006	4,779,164	(508,515)
Cash and cash equivalents				
Beginning of year, July 1	10,237,709	379,729	10,617,438	2,175,961
End of year, June 30	\$ 14,418,867	\$ 977,735	\$ 15,396,602	\$ 1,667,446

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, 2021

	Major			Major
	Enterprise Fund			Internal Service Fund
	Water and Sewer Fund	Solid Waste Fund	Total	Insurance Fund
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	\$ 4,787,905	\$ 414,388	\$ 5,202,293	\$ (962,263)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	1,683,462	159,369	1,842,831	-
Landfill closure costs	-	(4,832)	(4,832)	-
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	62,424	(46,921)	15,503	-
(Increase) decrease in due from other governments	2,228	(4,255)	(2,027)	-
(Increase) decrease in security deposit	-	-	-	488,680
Increase (decrease) in accounts payable and accrued liabilities	(127,519)	(29,462)	(156,981)	(34,947)
Increase (decrease) in accrued interest expense	(4,540)	-	(4,540)	-
Decrease in accrued vacation pay	(11,166)	1,181	(9,985)	-
Increase in customer deposits	(17,932)	-	(17,932)	-
Increase in accrued payroll	19,792	109	19,901	-
(Increase) decrease in deferred outflows of resources-pensions	(394,980)	(69,027)	(464,007)	-
Increase in net pension liability	182,337	69,624	251,961	-
Decrease in deferred inflows of resources - pensions	88,724	(2,470)	86,254	-
Increase in other postemployment benefits	660,123	(24,497)	635,626	-
Total adjustments	2,142,953	48,819	2,191,772	453,733
Net cash provided by operating activities	\$ 6,930,858	\$ 463,207	\$ 7,394,065	\$ (508,530)

Franklin County, North Carolina
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2021

	Custodial Funds
Assets	
Cash and cash equivalents	\$ 157,075
Taxes receivable for other governments, net	154,037
Total assets	<u>\$ 311,112</u>
Liabilities and Net Position	
Liabilities	
Due to other individuals or governments	<u>\$ 50,758</u>
Net Position	
Restricted for:	
Individuals, organizations, and other governments	260,354
Total fiduciary net position	<u>\$ 260,354</u>

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

Franklin County, North Carolina
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
June 30, 2021

	Custodial Funds
Additions	
Ad valorem taxes collected for other governments	\$ 3,361,223
Collections on behalf of inmates	614,689
Total additions	<u>3,975,912</u>
Deductions	
Tax distributions to other governments	3,448,661
Payments on behalf of inmates	598,994
Total deductions	<u>4,047,655</u>
Net increase (decrease) in fiduciary net position	(71,743)
Net position - beginning of year	-
Restatement	<u>332,097</u>
Net position - beginning of year, as restated	<u>332,097</u>
Net position - ending	<u><u>\$ 260,354</u></u>

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

**NOTES TO THE BASIC FINANCIAL
STATEMENTS**

**FRANKLIN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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, 2021**

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.

American Rescue Plan Fund – This special revenue fund is used to account for the funding from the American Rescue Plan.

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.

Solid Waste Fund – This fund is used to account for the operations of solid waste within the County.

The County reports the following major internal service fund:

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

The County reports the following fund types:

Custodial Funds – Custodial funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds. Custodial funds are used to account for assets the County holds on behalf of others that meet certain criteria. The County maintains the following custodial funds: the Municipal Tax Fund which accounts for ad valorem and vehicle

**FRANKLIN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

property taxes that are billed and collected by the County for various municipalities within the County but that are not revenues to the County and the Jail Inmate Fund, which holds cash deposits made to inmates as payment for work performed while incarcerated as well as cash collections for the benefit of inmates from their friends and families.

Non-major Funds. The County maintains twelve legally budgeted funds. The Fire District Fund, Emergency Telephone System Fund, DEA Fund, Community Development Fund, Hospital Fund, Cares Act Grant Fund, Representative Payee Fund, Fines and Forfeitures Fund, and Deed of Trust 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.

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

**FRANKLIN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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 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, nine of the special revenue funds (Fire District Fund, DEA Fund, Emergency Telephone System Fund, American Rescue Plan Fund, Hospital Fund, Cares Act Grant Fund, Representative Payee Fund, Fines and Forfeitures Fund, and Deed of Trust 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 and TDA 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.

**FRANKLIN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

The 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 authorized by G.S. 159-30(c)(8). The NCCMT Government Portfolio is a 2a-7 fund which invests in treasuries and government agencies and is rated AAAM by S&P and AAMf by Moody Investor Services. The NCCMT Government Portfolio is reported at fair value.

2. Cash and Cash Equivalents

The County pools moneys from several 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 Tax Revaluation, Register of Deeds and School Capital Reserve funds in the General Fund are also presented as restricted assets.

Franklin County Restricted Cash

Governmental Activities		
General Fund	Tax Revaluation funds	\$ 738,190
General Fund	Register of Deeds funds	101,793
General Fund	School Capital Reserve funds	2,821,968
County Building Fund	Unexpended debt funds	2,303,089
School Construction Fund	Unexpended debt funds	292,591
Total		<u>\$ 6,257,631</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, 2020. 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.

**FRANKLIN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

6. Inventories

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

7. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets 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.

**FRANKLIN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

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

**FRANKLIN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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.

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 in the Hospital Fund and Representative Payee Fund.

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.

**FRANKLIN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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 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 unassigned fund balance is at least equal to or greater than 18% of budgeted general fund operating expenditures.

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 \$(55,885,217) 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)	\$ 85,297,108
Less accumulated depreciation	<u>(40,173,039)</u>
Net capital assets	45,124,069
 Net pension asset	 144,413

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Deferred charges related to advance refunding bond issued-included on the government-wide statement of net position but are not current financial resources	767,942
Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position	2,714,267
Benefit payments and pension administration costs for LEOSSA are deferred outflows of resources on the Statement of Net Position	34,781
Contributions and pension administration costs for OPEB are deferred outflows of resources on the Statement of Net Position	522,045
Accrued interest receivable less the amount claimed as unearned revenue in the government-wide statements as these funds are unavailable in the fund statements	321,536
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	1,704,252
Internal payable representing charges in excess of cost to business-type activities – current year	152,313
Deferred inflows of resources for taxes and special assessments receivable	1,938,004
Pension related deferrals	4,660,595
OPEB related deferrals	2,992,484
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	(47,541,617)
Compensated absences	(1,903,397)
Other postemployment benefits	(52,203,116)
Net pension liability-LGERS	(12,296,647)
Net pension liability-LEOSSA	(2,549,146)
Accrued interest payable	<u>(467,995)</u>
Total adjustment	<u>\$ (55,885,217)</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 \$43,874 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	\$ 4,765,105
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	(5,684,019)
Cost of disposed capital asset not recorded in the fund statements	(4,680)
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	6,799,748
Inventory not expensed on the statement of activities	27,462
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	(962,248)
Less: Profit from charges to business-type activities	<u>75,057</u>
Net adjustment	(887,191)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	2,714,267
Benefit payments and administration costs for LEOSSA are deferred outflows of resources on the Statement of Net Position	34,781
Contributions to the OPEB plan are deferred outflows of resources on the Statement of Net Position	522,045
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)	95,155
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	(98,183)
OPEB expense	(3,791,853)
Pension expense	(4,749,750)
Amortization of refunding costs	(112,457)
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	49,712
Increase in accrued interest receivable for taxes at end of year	13,866
Amortization of bond premium	351,238
Increase in accrued interest receivable for year	<u>(1,372)</u>
Total adjustment	<u>\$ 43,874</u>

**FRANKLIN COUNTY, NORTH CAROLINA
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II. Detail Notes on All Funds

A. Assets

1. Deposits

All of the County's and TDA'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 and TDA'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 and TDA, 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 and the TDA 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 and TDA rely 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, 2021, the County's deposits had a carrying amount of \$19,704,222 and a bank balance of \$20,636,499. Of the bank balance, \$315,917 was covered by federal depository insurance and \$20,320,582 in interest bearing deposits were covered by collateral held under the Pooling Method.

At June 30, 2021, Franklin County had \$3,887 cash on hand.

At June 30, 2021, the Tourism Development Authority had a carrying amount of \$275,222. This balance is held in trust by Franklin County.

2. Investments

As June 30, 2021, the County's investment balances were as follows:

		Valuation		
<u>Investment</u>		<u>Measurement Method</u>	<u>Fair Value</u>	<u>Less than 6 months</u>
NC Capital Management Trust-				
Government Portfolio		Fair Value – Level I	\$ 53,705,665	\$ 53,705,665

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 and AAA-mf by Moody's Investor Service.

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All investments of the County 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 2: 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, 2021. 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>
2018	\$ 3,472,104	\$ 1,163,155	\$ 4,635,259
2019	3,710,072	927,518	4,637,590
2020	3,841,720	595,467	4,437,187
2021	3,898,066	253,374	4,151,440
Total	<u>\$ 14,921,962</u>	<u>\$ 2,939,514</u>	<u>\$ 17,861,476</u>

4. Receivables

Receivables at the government-wide level at June 30, 2021 were as follows:

	<u>Accounts</u>	<u>Ad Valorem Taxes & Related Accrued Interest</u>	<u>Due from Other Governments</u>	<u>Total</u>
Governmental Activities:				
General	\$ 9,673,167	\$ 2,214,297	\$ 4,506,203	\$ 16,393,667
Other Governmental	48,761	196,243	-	245,004
Total receivables	9,721,928	2,410,540	4,506,203	16,638,671
Allowance for doubtful accounts	(7,598,494)	(151,000)	-	(7,598,494)
Total – governmental activities	<u>\$ 2,123,434</u>	<u>\$ 2,259,540</u>	<u>\$ 4,506,203</u>	<u>\$ 8,889,177</u>
Business-type Activities:				
Solid Waste	\$ 643,637	\$ -	\$ 45,549	\$ 689,186
Water and Sewer	2,461,117	-	62,679	2,523,796
Allowance for doubtful accounts	(264,122)	-	-	(264,122)
Total – business-type activities	<u>\$ 2,840,632</u>	<u>\$ -</u>	<u>\$ 108,228</u>	<u>\$ 2,948,860</u>

**FRANKLIN COUNTY, NORTH CAROLINA
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Due from other governments that is owed to the County consists of the following:

Social Services	\$ 357,141
Local Option Sales Tax	3,240,297
Health Department	99,531
Sales tax refund	375,485
Medicaid Hold Harmless	489,872
Other	<u>52,105</u>
Total	<u>\$ 4,614,431</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 2 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, 2021 was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental-type activities:				
Capital assets not being depreciated:				
Land	\$ 12,019,125	\$ -	\$ (4,680)	\$ 12,014,445
Construction in process	<u>1,516,486</u>	<u>3,517,091</u>	<u>(189,940)</u>	<u>4,843,637</u>
Total capital assets not being depreciated	<u>13,535,611</u>	<u>3,517,091</u>	<u>(194,520)</u>	<u>16,858,082</u>
Capital assets being depreciated:				
Buildings	30,027,423	71,330	-	30,098,753
Waterlines	197,749	-	-	197,749
Gas lines	411,481	-	-	411,481
Land Improvements	4,806,912	234,884	-	5,041,796
Equipment	22,003,386	619,644	-	22,623,030
Vehicles	<u>9,839,171</u>	<u>512,096</u>	<u>(285,050)</u>	<u>10,066,217</u>
Total capital assets being depreciated	<u>67,286,122</u>	<u>1,437,954</u>	<u>(285,050)</u>	<u>68,439,026</u>

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	Beginning <u>Balances</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balances</u>
Less accumulated depreciation for:				
Buildings	15,066,741	853,526	-	15,920,267
Waterlines	65,831	10,985	-	76,816
Gas lines	258,988	8,230	-	267,218
Land Improvements	2,180,164	234,407	-	2,414,571
Equipment	10,334,413	3,561,541	-	13,895,954
Vehicles	6,867,933	1,015,330	(285,050)	7,598,213
Total accumulated depreciation	<u>34,774,070</u>	<u>\$ 5,684,019</u>	<u>\$ (285,050)</u>	<u>40,173,039</u>
Total capital assets being depreciated, net	<u>32,512,052</u>			<u>28,265,987</u>
Governmental-type activities capital assets, net	<u>\$ 46,047,663</u>			<u>\$ 45,124,069</u>
Business-type activities:				
<u>Franklin County Solid Waste Fund</u>				
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	1,776,859	-	-	1,776,859
Furniture and maintenance equipment	1,587,157	25,607	(125,894)	1,486,870
Vehicles	248,268	29,266	(73,436)	204,098
Total capital assets being depreciated	<u>3,612,284</u>	<u>54,873</u>	<u>(199,330)</u>	<u>3,467,827</u>
Less accumulated depreciation for:				
Plant and distribution systems	1,246,866	87,545	-	1,334,411
Furniture and maintenance equipment	1,149,953	66,459	(125,894)	1,090,518
Vehicles	248,268	5,365	(73,436)	180,197
Total accumulated depreciation	<u>2,645,087</u>	<u>\$ 159,369</u>	<u>\$ (199,330)</u>	<u>2,605,126</u>
Total capital assets being depreciated, net	<u>967,197</u>			<u>862,701</u>
Solid waste capital assets, net	<u>\$ 1,471,953</u>			<u>\$ 1,367,457</u>
<u>Franklin County Water & Sewer Fund</u>				
Capital assets not being depreciated:				
Land	\$ 369,456	\$ -	\$ -	\$ 369,456
Construction in progress	2,407,408	318,250	(1,987,366)	738,292
Total capital assets not being depreciated	<u>2,776,864</u>	<u>318,250</u>	<u>(1,987,366)</u>	<u>1,107,748</u>
Capital assets being depreciated:				
Plant and distribution systems	47,933,551	2,074,500	-	50,008,051
Furniture and maintenance equipment	1,758,804	139,349	-	1,898,153
Vehicles	1,344,072	223,757	-	1,567,829
Total capital assets being depreciated	<u>51,036,427</u>	<u>2,437,606</u>	<u>-</u>	<u>53,474,033</u>
Less accumulated depreciation for:				
Plant and distribution systems	19,831,533	1,344,405	-	21,175,938
Furniture and maintenance equipment	1,433,786	148,701	-	1,582,487
Vehicles	746,744	190,356	-	937,100
Total accumulated depreciation	<u>22,012,063</u>	<u>\$ 1,683,462</u>	<u>\$ -</u>	<u>23,695,525</u>
Total capital assets being depreciated, net	<u>29,024,365</u>			<u>29,778,508</u>
Water sewer capital assets, net	<u>31,801,229</u>			<u>30,886,256</u>
Business-type activities capital assets, net	<u>\$ 33,273,182</u>			<u>\$ 32,253,713</u>

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

General Government	\$ 319,811
Public Safety	4,595,207
Economic and Physical Development	310,826
Human Services	321,411
Cultural and Recreational	<u>136,764</u>
Total Depreciation Expense	<u>\$ 5,684,019</u>

Construction and Other Commitments

The Airfield Lighting Rehabilitation project and Franklin Plaza Fit-up Project were both under construction but not complete as of June 30, 2021. All other current projects are in the design or engineering stages.

B. Liabilities

1. Payables

Payables at the government-wide level at June 30, 2021 were as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Total</u>
Governmental Activities:			
General	\$ 903,151	\$ 1,181,235	\$ 2,084,386
American Rescue Plan Fund	6,767,747	-	6,767,747
Other Governmental	58,323	-	58,323
Insurance Fund	<u>691,658</u>	<u>-</u>	<u>691,658</u>
Total - governmental activities	<u>\$ 8,420,879</u>	<u>\$ 1,181,235</u>	<u>\$ 9,602,114</u>
Business-type Activity:			
Solid Waste Fund	\$ 268,577	\$ 36,778	\$ 305,355
Water and Sewer Fund	<u>365,025</u>	<u>86,224</u>	<u>451,249</u>
Total – business-type activities	<u>\$ 633,602</u>	<u>\$ 123,002</u>	<u>\$ 756,604</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

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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.

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, 2021, was 10.70% of compensation for law enforcement officers and 10.15% 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 \$2,706,245 for the year ended June 30, 2021.

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, 2021, the County reported a liability of \$13,373,189 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2020 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net

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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, 2021, the County's proportion was .37424% (measured as of June 30, 2020), which was an decrease of .0104% from its proportion as of June 30, 2020 (measured as of June 30, 2019).

For the year ended June 30, 2021, the County recognized pension expense of \$4,595,375. At June 30, 2021, 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	\$ 1,688,799	\$ -
Changes of assumptions	995,228	-
Net difference between projected and actual earnings on pension plan investments	1,881,919	-
Changes in proportion and differences between County contributions and proportionate share of contributions	125,076	156,931
County contributions subsequent to the measurement date	<u>2,706,245</u>	<u>-</u>
Total	<u>\$ 7,397,267</u>	<u>\$ 156,931</u>

\$2,706,245 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, 2022. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2022	\$ 1,305,443
2023	1,696,121
2024	975,575
2025	556,952

Actuarial Assumptions. The total pension liability in the December 31, 2019 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, 2019 valuation were based on the results of an actuarial experience study as of December 31, 2014.

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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, 2021 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 2016 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.

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 (6.00%)</u>	<u>Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
County's proportionate share of the net pension liability (asset)	\$ 27,132,744	\$ 13,373,189	\$ 1,938,032

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Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Annual Comprehensive Financial Report 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, 2019, the Separation Allowance's membership consisted of:

Retirees receiving benefits	4
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>88</u>
Total	<u>92</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.

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, 2019 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	3.25-7.75% per annum
Discount rate	1.93 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, 2019 valuation were based on results of an experience study completed by the Actuary for the LGERS for the five-year period ending December 31, 2019.

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Mortality rate

Mortality Assumption: All mortality rates use Pub-2010 amount-weighted tables.

Mortality Projection: All mortality rates are projected from 2010 using generational improvement with Scale MP-2019.

Deaths After Retirement (Healthy): Mortality rates are based on the Safety Mortality Table for Retirees. Rates for all members are multiplied by 97% and set forward by 1 year.

Deaths After Retirement (Disabled Members at Retirement): Mortality rates are based on the Non-Safety Mortality Table for Disabled Retirees. Rates are set back 3 years for all ages.

Deaths After Retirement (Survivors of Deceased Members): Mortality rates are based on the Below-Median Teachers Mortality Table for Contingent Survivors. Rates for male members are set forward 3 years. Rates for female members are set forward 1 year. Because the contingent survivor tables have no rates prior to age 45, the Below-Median Teachers Mortality Table for Employees is used for ages less than 45.

Deaths Prior to Retirement: Mortality rates are based on the Safety Mortality Table for Employees.

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 \$60,502 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, 2021, the County reported a total pension liability of \$2,549,146. The total pension liability was measured as of December 31, 2020 based on a December 31, 2019 actuarial valuation. The total pension liability was rolled forward to the measurement date of December 31, 2020 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2021, the County recognized pension expense of \$324,812.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 195,086	\$ 105,480
Changes of assumptions	684,937	44,346
County benefit payment and admin expenditures paid subsequent to the measurement date	34,781	-
Total	<u>\$ 914,804</u>	<u>\$ 149,826</u>

The County paid \$34,781 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, 2022. Other amounts

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reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2022	\$ 150,761
2023	151,624
2024	151,981
2025	144,695
2026	106,097
Thereafter	25,039

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 1.93 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 (.93 percent) or 1-percentage-point higher (2.93 percent) than the current rate:

	1% Decrease (.93%)	Discount Rate (1.93%)	1% Increase (2.93%)
Total pension liability	\$ 2,803,144	\$ 2,549,146	\$ 2,320,033

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

	<u>2021</u>
Beginning balance	\$ 1,810,373
Service Cost	115,130
Interest on the total pension liability	58,032
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	(95,934)
Changes of assumptions or other inputs	722,047
Benefit payments	(60,502)
Other changes	-
Ending balance of the total pension liability	<u>\$ 2,549,146</u>

Changes of assumptions. Changes of assumptions and other inputs reflect a change in the discount rate from 3.26 percent at December 31, 2019 (measurement date) to 1.93 percent at December 31, 2020 (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, 2019 valuation were based on the results of an actuarial experience study as of December 31, 2019.

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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, 2021 were \$306,744, which consisted of \$221,887 from the County and \$84,857 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.

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 \$8,022 for the year ended June 30, 2021.

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

At June 30, 2021, the County reported an asset of \$144,413 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2020. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2020 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, 2021, the County's proportion was .63013%, which was an increase of .0645% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the County recognized pension expense of \$(4,285). At June 30, 2021, 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	\$ -	\$ 2,943
Net difference between projected and actual earnings on pension plan investments	-	12,357
Changes in proportion and differences between County contributions and proportionate share of contributions	5,668	8,166
County contributions subsequent to the measurement date	<u>8,022</u>	<u>-</u>
Total	<u>\$ 13,690</u>	<u>\$ 23,466</u>

\$8,022 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, 2022. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2022	\$ (3,397)
2023	(5,711)
2024	(5,577)
2025	(3,113)

Actuarial Assumptions. The total pension liability in the December 31, 2019 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

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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, 2019 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, 2021 is 1.4%:

The information above is based on 30-year expectations developed with the consulting actuary for the 2021 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:

	<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)	\$ 122,661	\$ 144,413	\$ 162,819

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

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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 June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. The total pension liability for LEOSSA was measured as of December 31, 2020, with an actuarial valuation date of December 31, 2019. 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)	\$ 13,373,189	\$ (144,413)	\$ -	\$ 13,228,776
Proportion of the Net Pension Liability (Asset)	.37424%	.63013%	N/A	N/A
Total Pension Liability	-	-	2,549,146	2,549,146
Pension Expense	\$ 4,595,375	\$ (4,285)	\$ 324,812	\$ 4,915,902

At June 30, 2021, 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	\$ 1,688,799	\$ -	\$ 195,086	\$ 1,883,885
Changes of assumptions	995,228	-	684,937	1,680,165
Net difference between projected and actual earnings on pension plan investments	1,881,919	-	-	1,881,919
Changes in proportion and differences between County contributions and proportionate share of contributions	125,076	5,668	-	130,744
County contributions (LGERS, ROD)/benefit payments (LEOSSA) subsequent to the measurement date	2,706,245	8,022	34,781	2,749,048

Deferred Inflows of Resources

Differences between expected and actual experience	-	2,943	105,480	108,423
Net difference between projected and actual earnings on pension plan investments	-	12,357	-	12,357
Changes of assumptions	-	-	44,346	44,346
Changes in proportion and differences between County contributions and proportionate share of contributions	156,931	8,166	-	165,097

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

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(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, 2020 and June 30, 2021, The County contributed \$833.33 and \$833.34, 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 High Option, they pay \$100 for the increased coverage for retiree only coverage. For those that are on Medicare, the County provides a Medicare Supplement that ranges from \$99.75 per month to \$303.75 per month depending on the age and sex 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 \$522,045.

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Plan membership. At June 30, 2020, the date of the latest actuarial valuation, the HCB Plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefit payments	115
Inactive plan members entitled to but not yet receiving benefit payments	-
Active plan members	<u>541</u>
Total Membership	<u>656</u>

Total OPEB Liability

The County's total OPEB liability of \$54,525,920 was measured as of June 30, 2020 and was determined by an actuarial valuation as of June 30, 2020.

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2020 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	3.50%
Measurement Date	2.21%
Healthcare cost trend rates	
Pre-Medicare Medical and Prescription Drug	7.00% for 2020 decreasing to an ultimate rate of 4.50% by 2030
Medicare Medical and Prescription Drug	5.25% for 2020 decreasing to an ultimate rate of 4.50% by 2024
Dental	4.00%

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.

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2020 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, 2020 valuation.

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<u>Changes in the Total OPEB Liability</u>	<u>Total OPEB Liability</u>
Balance at June 30, 2020	\$ 43,822,797
Service Cost	2,433,572
Interest on the total OPEB liability and Cash Flows	1,609,219
Changes of benefit terms	-
Differences between expected and actual experience	(2,627,238)
Changes of assumptions or other inputs	9,849,754
Benefit payments	(562,184)
Other changes	-
Balance at June 30, 2021	<u>\$ 54,525,920</u>

Changes in assumptions and other inputs reflect a change in the discount rate from 3.50% to 2.21%.

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 (1.21) or 1-percentage-point higher (3.21 percent) than the current discount rate:

	1% Decrease <u>(1.21%)</u>	Discount Rate <u>(2.21%)</u>	1% Increase <u>(3.21%)</u>
Total OPEB liability	\$ 65,708,045	\$ 54,525,920	\$ 45,863,979

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 <u></u>	Discount <u></u>	1% Increase <u></u>
Total OPEB liability	\$ 44,393,672	\$ 54,525,920	\$ 68,020,569

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

For the year ended June 30, 2021, the County recognized OPEB expense of \$4,190,334. At June 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Differences between expected and actual experience	\$ -	\$ 4,432,153
Changes of assumptions or other inputs	10,649,614	3,079,237
County contributions subsequent to the measurement date	532,685	-
Total	<u>\$ 11,182,299</u>	<u>\$ 7,511,390</u>

\$522,045 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, 2022. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

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Year ended June 30:	
2022	\$ 137,463
2023	137,463
2024	137,463
2025	137,463
2026	650,125
Thereafter	1,938,247

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 \$132,409 reported as accrued landfill closure liability at June 30, 2021 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 Resources	Deferred Inflows of Resources
Pensions and OPEB – difference between expected and actual experience		
LGERS	\$ 1,688,799	\$ -
Register of Deeds	-	2,943
LEOSSA	195,086	105,480
OPEB	-	4,432,153
Changes of assumptions		
LGERS	995,228	-
LEOSSA	684,937	44,346
OPEB	10,649,614	3,079,237

**FRANKLIN COUNTY, NORTH CAROLINA
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	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pensions – difference between projected and actual investment earnings		
LGERS	1,881,919	-
Register of Deeds	-	12,357
Pensions-change in proportion and difference between employer contributions and proportionate share of contributions		
LGERS	125,076	156,931
Register of Deeds	5,668	8,166
Contributions to plan subsequent to the measurement date		
LGERS	2,706,245	-
Register of Deeds	8,022	-
Benefit payments and admin expenditures paid subsequent to the measurement date – LEOSSA	34,781	-
Benefit payments and admin expenditures for the OPEB plan paid subsequent to measurement date	532,685	-
Charge on refunding of debt	767,942	-
Prepaid taxes not yet earned (General Fund)	-	155,831
Deferred homeowner's monies (General Fund)	-	809,584
Taxes receivable, net (General Fund)	-	1,741,761
Special Revenue Fund	-	196,243
Total	<u>\$ 20,276,002</u>	<u>\$ 8,807,028</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 \$80,000 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 \$7,759,021 and a contract period maximum of \$1,000,000.

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

**FRANKLIN COUNTY, NORTH CAROLINA
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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, 2021, the County was obligated under an operating lease for office space as follows:

Beginning January 1, 2010 through December 31, 2016, the County made lease payments 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, 2021 was \$38,438.

Beginning August 1, 2020 through July 31, 2025, the County made lease payments at the rate of \$3.75 per square foot plus taxes and insurance/month for certain office space for multiple County departments. Rent expense for the year ended June 30, 2021 was \$98,438.

The County was obligated under various operating leases for properties in Franklin County with a total rental expense for the year ended June 30, 2021 of \$243,843.

At June 30, 2021, the County leased vehicles and equipment with total rental expense of \$18,088.

At June 30, 2021, 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 \$3,600 per year. All leases expired June 30, 2021 with options to extend for an additional year. Options were exercised on all of the leases at June 30, 2021. Rent expense for the year ended June 30, 2021 was \$11,830.

At June 30, 2021, the County was obligated under various operating leases for office equipment as follows:

Total lease expense for the year ended June 30, 2021 was \$192,662.

Total operating lease expense for the year ended June 30, 2021, was \$436,505.

Future lease payments total for the years ending June 30:

	<u>Total</u>
2022	\$ 203,183
2023	173,004
2024	150,842
2025	140,438
2026	<u>35,000</u>
Total	<u>\$ 576,077</u>

**FRANKLIN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
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At June 30, 2021, 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 2020 with Stella Environmental Services formerly, Bowen Company, to transport recyclable materials from the transfer station to Sonoco Recycling, LLC in Raleigh. The contract goes until June 30, 2021 at a rate of \$26.00 per ton.

The County has an agreement with Sonoco Recycling LLC for commingled recycling services that was renewed on July 1, 2021 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, 2021, 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 \$4.37 per thousand gallons. The obligation ends July 1, 2038.

7. Contingent Liabilities

At June 30, 2021, the County was a defendant to various lawsuits. On July 24, 2020, PEM Entities, LLC filed a complaint in federal court against the County. PEM wants the Court to invalidate the County's water and sewer allocation ordinance (WSAO) under federal due process and/or equal protection. The court dismissed all claims on the lack of subject matter jurisdiction. PEM has appealed to the U.S. Fourth Circuit Court of Appeals. The matter has been fully briefed and the County is awaiting a decision. The chances of an adverse outcome are remote, and the County does not expect an adverse outcome would be material. Cadet Construction Company filed a complaint in Franklin County Superior Court against the County. Cadet Construction has sued the County for monies owed for work on the Owens Park Project. Franklin County takes the position they are not owed any additional money. 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.

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.

\$ 660,000

**FRANKLIN COUNTY, NORTH CAROLINA
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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. 740,000

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. 900,000

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. 4,859,704

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. 489,943

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. 909,776

Total installment obligation debt \$ 8,559,423

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. \$ 2,142,000

\$ 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. 1,027,296

Total installment obligation debt \$ 3,169,296

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, 2021 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% \$ 960,000

**FRANKLIN COUNTY, NORTH CAROLINA
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\$ 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%.	9,495,000
\$ 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%	6,570,000
\$ 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%	9,690,000
\$ 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>8,935,000</u>
Total General Obligation Indebtedness	<u>\$ 35,650,000</u>

c. Revenue Bonds

Serviced by the County's Water and Sewer Fund:

\$ 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.	<u>\$ 1,040,000</u>
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The County is in compliance with the covenants as to rates, fees, rentals and charges in Section 704 of the Bond Order, authorizing the issuance of the Water and Sewer Revenue Bonds, Series 2015. Section 704(a) of the Bond Order requires the debt service coverage ratio to be no less than 1.20 times the coverage. The debt service coverage ratio calculation for the year ended June 30, 2021, is as follows:

**RATE COVENANT CALCULATION
(Section 704(a) of Trust Agreement)**

Calculation of Revenues

Operating Revenues	\$ 15,403,435
Deduct revenues derived from capacity fees or system development fees deposited into capital project funds or capital reserve funds	(2,920,495)
Non-operating revenues (include realized gains and losses on investments in W&S operating fund but exclude unrealized gains and losses on such investments and exclude any gain or loss resulting from extinguishment of debt or sale or other disposition of capital assets. Also, do not take into account any interest expense deduction)	<u>21,410</u>
Total Revenues	<u>12,522,350</u>

Calculation of Current Expenses

Total operating expenses	10,615,530
Minus depreciation expense or amortizing of financing expense	(1,683,462)

**FRANKLIN COUNTY, NORTH CAROLINA
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Minus any accrued expenses for other post-retirement benefits not resulting in	
(1) the actual payment of benefits to retirees or	
(2) the depositing of funds into an irrevocable trust for the purpose of making	
future payment of benefits to retirees	(-)
Total Current Expenses	<u>8,932,068</u>
Income Available for Debt Service (Revenues less Current Expenses)	3,590,282
15% of the Unrestricted Net Assets (unrestricted net position of the Water and	
Sewer Fund) as of the last day of the prior fiscal year	1,324,222

Long-Term Debt Service Requirements

Debt service (principal and interest) on Parity Indebtedness (Series 2015 Bonds)	296,782
Debt service (principal and interest) on Subordinated Indebtedness (Federal and	
State Clean Water Loans), if any	184,680
Debt service (principal and interest) on System G.O. Indebtedness (general	
obligation debt to fund W&S improvements and paid from water and sewer	
revenues), if any	-

Debt Service Coverage Calculations

1. Coverage of Parity Indebtedness Only

Income Available for Debt Service	3,590,282
Plus 15% of the Unrestricted Net Assets (unrestricted net position of the Water and	
Sewer Fund) as of the last day of the prior fiscal year	1,324,222
Total (A)	4,914,504
Debt service (principal and interest) on Parity Indebtedness (Series 2015 Bonds)	296,782
(B)	
Coverage Ratio (A/B) ¹	<u>16.56</u> x

2. Coverage of Parity Indebtedness, Subordinated Indebtedness and System G.O. Indebtedness

Income Available for Debt Service (A)	4,914,504
Total debt service (principal and interest) on Parity Indebtedness, Subordinated	
Indebtedness	<u>481,462</u>
and System G.O. Indebtedness (C)	
Coverage Ratio (A/C) ²	<u>10.21</u> x

¹ Not less than 1.20 times coverage required by Trust Agreement.

² Not less than 1.00 times coverage required by Trust Agreement.

d. 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
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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%. \$ -

\$ 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%. -

Total Revolving Loans \$ -

On June 30, 2021, Franklin County had a legal debt margin of \$455,791,285.

Debt Related to Capital Activities - Of the total Governmental Activities debt listed, only \$3,699,719 relates to assets the County holds title. Unspent restricted cash related to this debt amounts to \$292,591.

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 and increased the loan by \$3,163,000 in May 2021 due to increased bid amounts. 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 total loan amount is for \$11,479,000 with a principal forgiveness of \$217,083 for a 20 year term. The project was awarded by the Board of County Commissioners on March 15, 2021 to State Utility Contractors. Construction began on September 13, 2021 with a groundbreaking ceremony on September 24, 2021. The Promissory Note has not been issued.

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. The project is out to bid with a bid date of January 4, 2022. 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.

Communications Lease Purchase Agreement

The County entered into an agreement on June 8, 2021 to purchase radio subscriber units in the amount of \$4,588,297.82. The term of the financing is for 59 months with 10 semi-annual payments of \$485,794.38. The County did not take possession of the equipment until after July 1, 2021.

**FRANKLIN COUNTY, NORTH CAROLINA
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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, 2021:

	Balance July 1, 2020	Additions	Retirements	Balance June 30, 2021	Current Portion
Governmental Activities:					
General obligation bonds	\$ 39,753,000	\$ -	\$ (4,103,000)	\$ 35,650,000	\$ 4,226,000
Plus: Premiums on issuance	<u>3,683,432</u>	-	<u>(351,238)</u>	<u>3,332,194</u>	-
Total general obligation bonds	43,436,432	-	(4,454,238)	38,982,194	4,226,000
Installment purchases	11,256,171	-	(2,696,748)	8,559,423	2,694,066
Compensated absences	1,805,214	1,903,397	(1,805,214)	1,903,397	475,849
Net pension liability (LGERS)	9,679,637	2,617,010	-	12,296,647	-
Total pension liability (LEOSSA)	1,810,373	738,773	-	2,549,146	-
Net OPEB liability	<u>42,135,619</u>	<u>10,067,497</u>	-	<u>52,203,116</u>	-
Total	<u>\$110,123,446</u>	<u>\$ 15,326,677</u>	<u>\$ (8,956,200)</u>	<u>\$116,493,923</u>	<u>\$ 7,395,915</u>
Business-type Activities:					
Revolving loans	\$ 180,000	\$ -	\$ (180,000)	\$ -	\$ -
Revenue bonds	1,300,000	-	(260,000)	1,040,000	260,000
Installment purchases	3,818,722	-	(649,426)	3,169,296	663,889
Landfill Post-closure Costs	214,241	-	(4,832)	209,409	85,000
Compensated absences	175,589	165,604	(175,589)	165,604	41,401
Net pension liability (LGERS)	824,581	251,961	-	1,076,542	-
Net OPEB liability	<u>1,687,178</u>	<u>635,626</u>	-	<u>2,322,804</u>	-
Total	<u>\$ 8,200,311</u>	<u>\$ 1,053,191</u>	<u>\$ (1,269,847)</u>	<u>\$ 7,983,655</u>	<u>\$ 1,050,290</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:

Year Ending June 30,	General Obligation Bonds		Installment Purchases	
	Principal	Interest	Principal	Interest
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	766,044	1,511,720	77,315
2025	4,148,000	654,016	881,722	46,780
2026	3,881,000	541,966	673,608	30,361
2027-2031	11,052,000	1,384,746	1,269,605	23,777
2032-2036	2,850,000	427,500	-	-
2037-2038	<u>1,140,000</u>	<u>51,300</u>	-	-
Total	<u>\$ 35,650,000</u>	<u>\$ 6,187,919</u>	<u>\$ 8,559,423</u>	<u>\$ 451,452</u>

**FRANKLIN COUNTY, NORTH CAROLINA
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<u>Year Ending June 30,</u>	<u>Total Debt Due</u>	
	<u>Principal</u>	<u>Interest</u>
2022	\$ 6,920,066	\$ 1,419,517
2023	5,717,702	1,216,049
2024	5,675,720	843,359
2025	5,029,722	700,796
2026	4,554,608	572,327
2027-2031	12,321,605	1,408,523
2032-2036	2,850,000	427,500
2037-2038	1,140,000	51,300
Total	<u>\$ 44,209,423</u>	<u>\$ 6,639,371</u>

Business-type Activities:

<u>Year Ending June 30,</u>	<u>Revenue Bonds</u>		<u>Installment Purchases</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 260,000	\$ 29,039	\$ 663,889	\$ 76,586
2023	260,000	21,295	679,527	59,804
2024	260,000	13,551	697,815	42,560
2025	260,000	5,808	717,278	24,774
2026	-	-	142,392	6,418
2027-2029	-	-	268,395	5,026
Total	<u>\$ 1,040,000</u>	<u>\$ 69,693</u>	<u>\$ 3,169,296</u>	<u>\$ 215,168</u>

<u>Year Ending June 30,</u>	<u>Total Debt Due</u>	
	<u>Principal</u>	<u>Interest</u>
2022	\$ 923,889	\$ 105,625
2023	939,527	81,099
2024	957,815	56,111
2025	977,278	30,582
2026	142,392	6,418
2027-2029	268,395	5,026
Total	<u>\$ 4,209,296</u>	<u>\$ 284,861</u>

C. Interfund Balances and Activity

Transfers to/from other funds at June 30, 2021 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 Airport Fund to fund Airport projects	20,526
From the General Fund to the County Building Project Fund to fund the Franklin Plaza Fit-Up Project and the Franklin County Government Facility Project	2,810,713
From the Capital Reserve Fund to the General Fund to reimburse for school debt payments	2,900,000
From the Water and Sewer Fund to the General Fund for indirect costs	150,978
From the Water and Sewer Fund to the Water and Sewer Capital Projects Fund for the Youngsville Main Street Rehabilitation Project and other Capital Projects	<u>1,773,929</u>
Total transfers to/from other funds	<u>\$ 7,796,846</u>

**FRANKLIN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

D. Net Investment in Capital Assets

	Governmental <u>Activities</u>	Business-type <u>Activities</u>
Net capital assets	\$ 45,124,069	\$ 32,253,713
Capital debt calculation:		
Total debt, gross	44,209,423	4,209,296
Less:		
School debt for assets to which the county does not hold title	(40,023,446)	-
Unamortized assets related to capital debt	(767,942)	-
Add:		
Unamortized liabilities related to capital debt	3,332,194	-
Total capital debt	<u>6,750,229</u>	<u>4,209,296</u>
Net investment in capital assets	<u>\$ 38,373,840</u>	<u>\$ 28,044,417</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	\$ 48,951,740
Less:	
Inventories	44,391
Stabilization by State Statute	6,500,111
Appropriated fund balance in 2022 budget	3,613,565
Register of Deeds	101,793
Capital Reserve	2,821,968
Revaluation	738,190
Cultural and Recreational	1,224,389
Economic Development	419,071
Public Safety	2,822,343
Human Services	232,793
Working Capital/Fund Balance Policy	17,751,177
Remaining Fund Balance	<u>\$ 12,681,949</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 unassigned fund balance is at least equal to or greater than 18% of budgeted general fund operating expenditures.

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 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, 2021. The County does not retain an equity

**FRANKLIN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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 \$45,819 to K.A.R.T.S. during the fiscal year ended June 30, 2021. 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, 2021. 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, 2021. 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, 2021. 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, 2021.

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

**FRANKLIN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Coronavirus Disease (COVID-19)

During the fiscal year 2020, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic has had significant effects on global markets, supply chains, businesses, and communities. Specific to the County, COVID-19 is expected to impact various parts of its fiscal year 2021-22 operations and financial results. Management believes the County is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as events associated with the pandemic continue to develop.

VII. Significant Effects of Subsequent Events

The County has evaluated events and transactions that occurred between June 30, 2021 and November 30, 2021, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements. There were no events that occurred during this time that were deemed to be significant enough to be disclosed.

VIII. Change in Accounting Principle

The County implemented Governmental Accounting Standards Board (GASB) Statement No. 84, Fiduciary Activities, effective July 1, 2020. The statement establishes criteria for identifying fiduciary activities of all state and local governments and provides guidance on how to report fiduciary activities within the financial statements. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The statement also describes four fiduciary funds that should be reported if criteria outlined in the statement are met: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. The use of agency funds was eliminated. The statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources.

As part of implementing the statement, the County performed a comprehensive review of its fiduciary relationships and applied the criteria within the guidance. As a result, fund balance and net position were restated as follows:

Governmental Activities Net Position – Increase (Decrease)	Nonmajor Special Revenue Fund Balance – Increase (Decrease)	Fiduciary Net Position - Custodial Fund – Increase (Decrease)
---------------------------------------------------------------------------	-------------------------------------------------------------------------------	---------------------------------------------------------------------------------

\$	-	\$	-	\$	90,622
----	---	----	---	----	--------

Cash related to funds held on behalf of incarcerated inmates was reclassified out of the Agency Fund into a newly created Jail Inmate Custodial Fund. The portion of liabilities in the Agency Fund representing net cash available at the beginning of the year was restated as fund balance.

	-	-		241,475
--	---	---	--	---------

Cash, taxes receivable and liabilities related to ad valorem and vehicle property taxes collected by the County on behalf of various municipalities were reclassified out of the Agency Fund into a newly created Municipal Tax Custodial Fund. The portion of liabilities attributable to taxes receivable at the beginning of the year were restated as custodial net position.

**FRANKLIN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Governmental Activities Net Position – Increase (Decrease)	Nonmajor Special Revenue Fund Balance – Increase (Decrease)	Fiduciary Net Position - Custodial Fund – Increase (Decrease)
49,725	49,725	-
7,316	7,316	-
-	-	-
<u>\$ 57,041</u>	<u>\$ 57,041</u>	<u>\$ 332,097</u>

Cash received under the Social Security Administration's Representative Payee Program net of liabilities owed for payments on behalf of beneficiaries were reclassified out of the Agency Fund into a newly created Representative Payee Special Revenue Fund. The portion of liabilities in the Agency Fund representing net cash available at the beginning of the year were restated as fund balance.

Cash and receivables from fines and forfeitures net of liabilities were reclassified out of the Agency Fund into a newly created Fines and Forfeitures Special Revenue Fund. The portion of liabilities in the Agency Fund representing receivables that were uncollected at the beginning of the year were restated as fund balance.

Cash and liabilities related to deed of trust fees collected required to be remitted to the State of North Carolina were reclassified out of the General Fund into a newly created Deed of Trust Special Revenue Fund. The reclassification did not result in a restatement of fund balance.

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 Eight Fiscal Years

	2021	2020	2019	2018	2017	2016	2015	2014
County's proportion of the net pension liability (asset)	0.374%	0.385%	0.368%	0.361%	0.340%	0.347%	0.330%	0.311%
County's proportionate share of the net pension liability (asset)	\$ 13,373,189	\$ 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	\$ 25,528,084	\$ 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	52.39%	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	88.61%	90.86%	91.63%	94.18%	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 Eight Fiscal Years

	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 2,706,245	\$ 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	2,706,245	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	\$ 26,344,352	\$ 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	10.27%	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 Eight Fiscal Years

	2021	2020	2019	2018	2017	2016	2015	2014
County's proportion of the net pension liability (asset)	0.630%	0.566%	0.624%	0.629%	0.570%	0.527%	0.522%	0.502%
County's proportionate share of the net pension liability (asset)	\$ (144,413)	\$ (111,667)	\$ (103,380)	\$ (107,402)	\$ (106,547)	\$ (122,069)	\$ (118,378)	\$ (107,127)
County's covered payroll	71,217	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	-202.78%	-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	173.62%	153.31%	153.77%	160.17%	197.29%	193.88%	190.50%	188.75%

*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 Eight Fiscal Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 8,022	\$ 6,492	\$ 5,376	\$ 5,736	\$ 5,079	\$ 4,656	\$ 3,587	\$ 4,892
Contributions in relation to the								
contractually required contribution	<u>8,022</u>	<u>6,492</u>	<u>5,376</u>	<u>5,736</u>	<u>5,079</u>	<u>4,656</u>	<u>3,587</u>	<u>4,892</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
County's covered payroll	\$ 73,540	\$ 71,217	\$ 71,151	\$ 69,314	\$ 66,539	\$ 60,165	\$ 59,406	\$ 57,472
Contributions as a percentage of covered payroll	10.91%	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>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning Balance	\$ 1,810,373	\$ 1,447,296	\$ 1,286,827	\$ 1,148,777	\$ 1,069,258
Service Cost	115,130	108,043	107,536	85,086	84,962
Interest on the total pension liability	58,032	51,658	40,049	43,932	37,983
Differences between expected and actual experience in the measurement of the total pension liability	(95,934)	196,490	120,032	(68,955)	-
Changes of assumptions or other inputs	722,047	63,138	(68,241)	99,294	(32,807)
Benefit payments	(60,502)	(56,252)	(38,907)	(21,307)	(10,619)
Ending balance of the total pension liability	<u>\$ 2,549,146</u>	<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>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability	\$ 2,549,146	\$ 1,810,373	\$ 1,447,296	\$ 1,286,827	\$ 1,148,777
Covered payroll	\$ 4,339,625	\$ 4,330,246	\$ 3,985,255	\$ 3,635,558	\$ 3,363,393
Total pension liability as a percentage of covered payroll	58.74%	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, 2021

Total OPEB Liability	2021	2020	2019	2018
Service Cost	\$ 2,433,572	\$ 2,200,266	\$ 2,280,686	\$ 2,543,219
Interest on the total pension liability	1,609,219	1,472,359	1,401,840	1,212,665
Differences between expected and actual experience	(2,627,238)	(252,938)	(2,943,461)	(240,810)
Changes of assumptions or other inputs	9,849,753	2,764,672	(1,744,401)	(3,951,922)
Benefit payments	(562,184)	(418,806)	(624,441)	(325,608)
Net change in total OPEB liability	10,703,122	5,765,553	(1,629,777)	(762,456)
Total OPEB liability - beginning	43,822,798	38,057,245	39,687,022	40,449,478
Total OPEB liability - ending	<u>\$ 54,525,920</u>	<u>\$ 43,822,798</u>	<u>\$ 38,057,245</u>	<u>\$ 39,687,022</u>
Covered payroll	\$ 24,162,003	\$ 23,108,068	\$ 23,108,068	\$ 18,974,045
Total OPEB liability as a percentage of covered payroll	225.58%	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
2021	2.21%
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.
- **American Rescue Plan Fund:** This fund is used to account for the grant funding and expenditures associated with the American Rescue Plan.

Franklin County, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2021
(With Comparative Totals for the Year Ended June 30, 2020)

	2021			2020
	Budget	Actual	Variance Positive (Negative)	Actual
Revenues:				
Ad valorem taxes:				
Current year taxes	\$ 48,516,088	\$ 50,333,920	\$ 1,817,832	\$ 47,458,067
Delinquent taxes	444,000	697,992	253,992	606,345
Tax discounts and refunds	(135,000)	(50,665)	84,335	(142,749)
Total	48,825,088	50,981,247	2,156,159	47,921,663
Sales tax revenue	9,947,190	14,001,426	4,054,236	11,471,921
Other Tax Revenues				
Tax penalties and interest	330,000	309,248	(20,752)	267,125
Tax levies, foreclosures, etc.	200	272	72	272
Total	330,200	309,520	(20,680)	267,397
Restricted intergovernmental:				
Federal and State grants	11,475,215	11,460,221	(14,994)	11,096,204
Beer and wine taxes	247,000	254,814	7,814	255,180
ABC Rehab tax	18,500	23,674	5,174	21,582
Lottery proceeds	400,000	400,000	-	550,000
Total	12,140,715	12,138,709	(2,006)	11,922,966
Fees, sales and charges:				
Court facility fees	61,000	51,067	(9,933)	64,160
Building permits	90,000	200,843	110,843	116,925
Inspection fees	1,318,274	2,130,330	812,056	1,504,928
Register of deeds fees	900,000	1,366,577	466,577	932,385
Recreation reserve fees	-	586,251	586,251	352,272
Rents and concessions	60,925	64,954	4,029	64,057
Health fees	3,270,494	1,437,157	(1,833,337)	2,200,678
Social services fees	557,500	564,507	7,007	469,532
Aging services	21,900	19,779	(2,121)	48,472
Airport	885,000	937,739	52,739	798,469
Sheriff and jail fees	1,710,000	2,805,107	1,095,107	2,384,682
Library fees and donations	37,500	10,045	(27,455)	27,699
Ambulance and rescue squad fees	2,135,000	1,925,908	(209,092)	2,116,719
Recreation	36,900	29,386	(7,514)	20,277
Other	122,000	287,396	165,396	191,867
Total	11,206,493	12,417,046	1,210,553	11,293,122
Investment earnings	350,000	21,674	(328,326)	403,853

Franklin County, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2021
(With Comparative Totals for the Year Ended June 30, 2020)

	2021			2020
	Budget	Actual	Variance Positive (Negative)	Actual
Miscellaneous:				
Donations and private grants	170,173	148,795	(21,378)	173,255
Other miscellaneous	169,281	339,360	170,079	336,608
Total	339,454	488,155	148,701	509,863
 Total revenues	 83,139,140	 90,357,777	 7,218,637	 83,790,785
Expenditures:				
General government:				
Governing body:				
Salaries and employee benefits		263,387		252,449
Other operating expenditures		58,914		61,971
Insurance other than property		2,704		2,704
Capital outlay		941		3,004
Total	365,350	325,946	39,404	320,128
County Manager:				
Salaries and employee benefits		382,824		401,746
Other operating expenditures		25,770		34,292
Capital outlay		1,573		243
Total	467,080	410,167	56,913	436,281
Finance:				
Salaries and employee benefits		415,963		389,182
Other operating expenditures		80,690		67,811
Capital outlay		4,137		1,960
Total	527,229	500,790	26,439	458,953
Human Resources:				
Salaries and employee benefits		428,806		366,333
Other operating expenditures		73,721		61,453
Capital outlay		9,963		7,599
Total	557,988	512,490	45,498	435,385
Board of Elections:				
Salaries and employee benefits		308,905		275,411
Other operating expenditures		374,782		168,136
Capital outlay		5,426		6,004
Total	764,723	689,113	75,610	449,551

Franklin County, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2021
(With Comparative Totals for the Year Ended June 30, 2020)

	2021		2020
	Budget	Actual	Variance Positive (Negative) Actual
Register of Deeds:			
Salaries and employee benefits		352,920	330,230
Other operating expenditures		133,137	93,354
Capital outlay		-	812
Total	496,798	486,057	10,741
Tax Assessor:			
Salaries and employee benefits		552,155	525,448
Other operating expenditures		184,223	186,613
Capital outlay		2,790	1,572
Total	839,586	739,168	100,418
Tax Collector:			
Salaries and employee benefits		402,659	348,520
Other operating expenditures		77,853	92,796
Capital outlay		3,924	1,572
Total	601,723	484,436	117,287
Maintenance:			
Salaries and employee benefits		796,886	782,036
Other operating expenditures		440,802	437,445
Capital outlay		43,434	49,470
Total	1,445,747	1,281,122	164,625
Central Services:			
Other operating expenditures	190,940	176,431	14,509
Court:			
Operating expenditures		92,463	88,193
Capital outlay		6,577	4,657
Total	119,950	99,040	20,910
Capital improvement:			
Capital outlay	286,000	242,803	43,197
Information technology services:			
Salaries and employee benefits		348,920	327,075
Other operating expenditures		186,167	143,465
Capital outlay		35,927	208,562
Total	616,526	571,014	45,512
Legal and professional:			
Legal and professional	64,500	45,587	18,913
Total general government	7,344,140	6,564,164	779,976
			6,256,614

**Franklin County, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2021
(With Comparative Totals for the Year Ended June 30, 2020)**

	2021		2020
	Budget	Actual	Variance Positive (Negative) Actual
Public safety:			
Planning:			
Salaries and employee benefits		460,584	448,148
Other operating expenditures		248,635	157,151
Capital outlay		1,952	1,909
Total	759,103	711,171	47,932
Inspections:			
Salaries and employee benefits		855,168	802,630
Other operating expenditures		129,374	129,182
Capital outlay		86,538	87,911
Total	1,156,001	1,071,080	84,921
GIS Mapper Service:			
Salaries and employee benefits		203,970	202,563
Other operating expenditures		36,241	40,258
Capital outlay		1,535	769
Total	296,816	241,746	55,070
Central Services:			
Other operating expenditures	343,296	252,224	91,072
Sheriff:			
Salaries and employee benefits		6,410,521	6,556,991
Other operating expenditures		1,430,346	1,398,908
Capital outlay		218,444	679,881
Total	8,727,795	8,059,311	668,484
Communications:			
Salaries and employee benefits		1,415,433	1,443,356
Other operating expenditures		620,945	459,014
Capital outlay		116,798	60,483
Total	7,097,778	2,153,176	4,944,602
Jail:			
Salaries and employee benefits		2,479,007	2,492,256
Other operating expenditures		1,667,167	1,428,991
Capital outlay		18,812	56,426
Total	4,583,981	4,164,986	418,995
Jail-meal operations:			
Other operating expenditures	497,211	408,892	88,319
Fire protection:			
Forest fire control service	134,224	99,347	34,877

Franklin County, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2021
(With Comparative Totals for the Year Ended June 30, 2020)

	2021		2020
	Budget	Actual	Variance Positive (Negative) Actual
Rescue and ambulance services:			
Salaries and employee benefits		4,666,405	5,430,390
Other operating expenditures		917,273	799,533
Capital outlay		214,864	745,581
Total	7,014,335	5,798,542	1,215,793
Emergency management services:			
Salaries and employee benefits		99,443	190,112
Other operating expenditures		36,715	55,189
Capital outlay		17,530	2,303
Total	285,487	153,688	131,799
Rescue squad contributions:			
Rescue units	118,400	118,400	-
Animal control:			
Salaries and employee benefits		552,028	507,314
Other operating expenditures		158,322	138,374
Capital outlay		14,820	2,515
Total	807,128	725,170	81,958
Total public safety	31,821,555	23,957,733	7,863,822
Economic and physical development:			
Economic development:			
Salaries and employee benefits		360,092	267,620
Other operating expenditures		101,068	89,320
Company incentives		458,009	746,344
Capital outlay		-	1,575
Total	1,146,985	919,169	227,816
Central services:			
Other operating expenditures	202,640	111,940	90,700
Cooperative extension services:			
Salaries and employee benefits		362,677	339,114
Other operating expenditures		61,724	88,531
Capital outlay		1,016	-
Total	508,555	425,417	83,138

Franklin County, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2021
(With Comparative Totals for the Year Ended June 30, 2020)

	2021		2020
	Budget	Actual	Variance Positive (Negative) Actual
Soil and water conservation:			
Salaries and employee benefits		255,615	252,371
Other operating expenditures		15,720	16,514
Total	276,667	271,335	5,332
Airport operations:			
Salaries and employee benefits		248,791	231,150
Other operating expenditures		241,338	207,123
Fuel purchases		503,050	370,964
Capital outlay		24,015	100,057
Total	1,102,986	1,017,194	85,792
Total economic & physical development	3,237,833	2,745,055	492,778
3,043,707			
Human services:			
Central services:			
Other operating expenditures	312,840	198,305	114,535
331,158			
Health:			
Administration:			
Salaries and employee benefits		835,042	759,109
Other operating expenditures		150,225	156,825
Capital outlay		4,904	520
Total	1,084,029	990,171	93,858
Clinical health:			
Salaries and employee benefits		2,106,098	2,056,671
Contractual services		18,865	16,420
Other operating expenditures		1,387,755	1,237,927
Capital outlay		73,419	24,620
Total	4,754,561	3,586,137	1,168,424
3,335,638			
WIC			
Salaries		244,823	248,991
Other operating expenditures		64,327	24,414
Capital outlay		4,463	4,781
Total	346,689	313,613	33,076
278,186			
Home health:			
Salaries and employee benefits		549,451	485,956
Other operating expenditures		265,009	271,718
Capital outlay		7,609	20,357
Total	933,195	822,069	111,126
778,031			

Franklin County, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2021
(With Comparative Totals for the Year Ended June 30, 2020)

	2021			2020
			Variance Positive (Negative)	
	Budget	Actual		Actual
Veterans services:				
Salaries and employee benefits		77,594		75,687
Other operating expenditures		11,832		13,410
Capital outlay		231		-
Total	100,908	89,657	11,251	89,097
Social services:				
Administration:				
Salaries and employee benefits		6,599,476		6,423,661
Other operating expenditures		539,724		641,181
Professional services		175,720		155,535
Capital outlay		18,622		59,012
Total	7,697,100	7,333,542	363,558	7,279,389
Social services programs:				
Medicaid	35,600	10,124	25,476	10,760
Special assistance	360,000	260,291	99,709	327,821
Foster care	785,100	518,810	266,290	820,007
Crisis intervention	689,685	599,406	90,279	483,468
General assistance	21,500	19,248	2,252	16,070
Day care	112,375	106,043	6,332	110,331
Emergency food and shelter	55,226	34,395	20,831	-
Other assistance	622,354	277,286	345,068	357,735
Total	2,681,840	1,825,603	856,237	2,126,192
DSS Child support:				
Salaries and employee benefits		645,558		605,068
Other operating expenditures		117,267		116,419
Total	791,749	762,825	28,924	721,487
Aging:				
Salaries and employee benefits		561,973		555,143
Other operating expenditures		526,608		421,114
Capital outlay		178,986		38,559
Total	1,392,032	1,267,567	124,465	1,014,816
Total human services	20,094,943	17,189,489	2,905,454	16,870,448

Franklin County, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2021
(With Comparative Totals for the Year Ended June 30, 2020)

	2021		2020
	Budget	Actual	Variance Positive (Negative) Actual
Cultural and leisure:			
Recreation:			
Salaries and employee benefits		372,757	328,157
Other operating expenditures		195,882	208,723
Capital outlay		2,101	5,535
Total	656,034	570,740	85,294
Central Services:			
Other operating expenditures	147,787	147,787	-
Library:			
Salaries and employee benefits		805,858	799,413
Other operating expenditures		106,505	105,462
Books, magazines & telecommunications		104,212	129,810
Capital outlay		110,198	23,344
Total	1,240,719	1,126,773	113,946
Total culture and leisure	2,044,540	1,845,300	199,240
Education:			
Education allocations:			
Public schools - current		21,192,936	20,349,831
Public schools - capital outlay		1,000,000	2,000,000
Community colleges - current		369,168	369,168
Community colleges - capital outlay		20,000	20,000
Total education	22,582,104	22,582,104	-
Debt service:			
Principal retirement		6,799,748	6,928,671
Interest and fees		1,704,675	1,748,598
Total debt service	8,520,595	8,504,423	16,172
Total expenditures	95,645,710	83,388,268	12,257,442
Revenues over (under) expenditures	(12,506,570)	6,969,509	19,476,079

Franklin County, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2021
(With Comparative Totals for the Year Ended June 30, 2020)

	2021			2020
	Budget	Actual	Variance Positive (Negative)	Actual
Transfers to other funds:				
Fire District Fund	(40,700)	(40,700)	-	(40,700)
Revaluation Fund	(100,000)	(100,000)	-	(100,000)
Insurance Fund	-	-	-	(2,100,000)
County Building Project Fund	(2,810,713)	(2,810,713)	-	(841,501)
Solid Waste Fund	-	-	-	(300,000)
Airport Fund	(20,526)	(20,526)	-	(73,670)
Total transfers out	(2,971,939)	(2,971,939)	-	(3,455,871)
Transfers from other funds:				
Capital Reserve Fund	2,900,000	2,900,000	-	3,200,000
Water and Sewer Fund	150,978	150,978	-	117,369
Total transfers in	3,050,978	3,050,978	-	3,317,369
Payment to escrow agent-refunding bonds	-	-	-	(11,973,131)
Premium on bonds	-	-	-	2,184,506
Financing proceeds	4,588,298	-	(4,588,298)	-
Bond proceeds	-	-	-	9,845,000
Loan proceeds	-	-	-	1,202,663
Total other financing sources (uses) - net	4,667,337	79,039	(4,588,298)	1,120,536
Revenues and other financing sources over (under) expenditures and other financing uses	(7,839,233)	7,048,548	14,887,781	346,600
Appropriated fund balance	7,839,233	-	(7,839,233)	-
Revenues, other financing sources and appropriated fund balance over (under) expenditures and other uses	<u>\$ -</u>	7,048,548	<u>\$ 7,048,548</u>	346,600
Fund balances				
Beginning of year, July 1		38,315,572		37,998,129
Increase (decrease) in reserve for inventory		27,462		(29,157)
End of year, June 30		<u>\$ 45,391,582</u>		<u>\$ 38,315,572</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, 2021
(With Comparative Totals for the Year Ended June 30, 2020)

	2021		Variance	2020
	Budget	Actual	Positive (Negative)	Actual
Revenues				
Sales tax revenue	\$ 2,900,000	\$ 4,477,764	\$ 1,577,764	\$ 3,767,959
Expenditures				
Education	-	-	-	-
Other financing sources (uses)				
Transfer to General Fund	(2,900,000)	(2,900,000)	-	(3,200,000)
Revenues and other financing sources under expenditures and uses	<u>\$ -</u>	<u>1,577,764</u>	<u>\$ 1,577,764</u>	<u>567,959</u>
Fund balance				
Beginning of year, July 1		<u>1,244,204</u>		<u>676,245</u>
End of year, June 30		<u>\$ 2,821,968</u>		<u>\$ 1,244,204</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, 2021
(With Comparative Totals for the Year Ended June 30, 2020)

	2021		Variance	2020
	Budget	Actual	Positive (Negative)	Actual
Revenues				
Interest earnings	\$ -	\$ -	\$ -	\$ -
Expenditures				
General government				
Appraisal	100,000	-	100,000	-
Other financing sources				
Transfer from General Fund	100,000	100,000	-	100,000
Total revenues and other financing sources over expenditures	<u>\$ -</u>	100,000	<u>\$ 100,000</u>	100,000
Fund balance				
Beginning of year, July 1		<u>638,190</u>		<u>538,190</u>
End of year, June 30		<u>\$ 738,190</u>		<u>\$ 638,190</u>

Franklin County, North Carolina
American Rescue Plan Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2021

	2021		Variance
	Project Ordinance	Actual	Positive (Negative)
Revenues			
Restricted intergovernmental	\$ -	\$ -	\$ -
Total revenues	-	-	-
Expenditures			
Public safety			
Operating expenses	-	-	-
Revenues over expenditures	\$ -	-	\$ -
Fund balances			
Beginning of year, July 1		-	
End of year, June 30		\$ -	

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.
- **Cares Act Grant Fund:** This fund accounts for money received from the Cares Act.
- **Representative Payee 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.
- **Deed of Trust Fund:** This fund is used to account for deed of trust fees collected by the Register of Deeds that are required to be remitted to the State.

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, 2021

	Special Revenue Funds						
	Fire District Fund	Emergency Telephone System Fund	DEA Fund	Community Development Fund	Hospital Fund	Cares Act Grant Fund	Representative Payee Fund
Assets							
Cash and cash equivalents	\$ 45,303	\$ 922,816	\$ 91,862	\$ 54,993	\$ 86,373	\$ -	\$ 41,387
Accounts receivable, net	-	48,761	-	-	-	-	-
Taxes receivable, net	196,243	-	-	-	-	-	-
Due from other governments	-	8,943	778	-	-	-	-
Restricted assets:							
Restricted cash	-	-	-	-	-	-	-
Total assets	<u>\$ 241,546</u>	<u>\$ 980,520</u>	<u>\$ 92,640</u>	<u>\$ 54,993</u>	<u>\$ 86,373</u>	<u>\$ -</u>	<u>\$ 41,387</u>
Liabilities and Fund Balances							
Liabilities:							
Accounts payable and accrued liabilities	\$ -	\$ 8,868	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other governments	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>8,868</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources	196,243	-	-	-	-	-	-
Fund balances:							
Restricted:							
Stabilization by State Statute	-	57,704	778	-	-	-	-
Fire Protection	45,303	-	-	-	-	-	-
Public Safety	-	913,948	91,862	-	-	-	-
Education	-	-	-	-	-	-	-
Human Services	-	-	-	-	86,373	-	41,387
Economic Development	-	-	-	54,993	-	-	-
Total fund balances	<u>45,303</u>	<u>971,652</u>	<u>92,640</u>	<u>54,993</u>	<u>86,373</u>	<u>-</u>	<u>41,387</u>
Total liabilities, deferred inflows or resources, and fund balances	<u>\$ 241,546</u>	<u>\$ 980,520</u>	<u>\$ 92,640</u>	<u>\$ 54,993</u>	<u>\$ 86,373</u>	<u>\$ -</u>	<u>\$ 41,387</u>

Exhibit C-1

Capital Projects Funds					
Fines and Forfeitures Fund	Deed of Trust Fund	Airport Projects Fund	County Building Project Fund	School Construction Fund	Total Nonmajor Governmental Funds
\$ 34,815	\$ 7,031	\$ 87,605	\$ -	\$ -	\$ 1,372,185
-	-	-	-	-	48,761
-	-	-	-	-	196,243
-	-	65,356	5,688	-	80,765
-	-	-	2,303,089	292,591	2,595,680
<u>\$ 34,815</u>	<u>\$ 7,031</u>	<u>\$ 152,961</u>	<u>\$ 2,308,777</u>	<u>\$ 292,591</u>	<u>\$ 4,293,634</u>
\$ -	\$ -	\$ -	\$ 7,609	\$ -	\$ 16,477
34,815	7,031	-	-	-	41,846
<u>34,815</u>	<u>7,031</u>	<u>-</u>	<u>7,609</u>	<u>-</u>	<u>58,323</u>
-	-	-	-	-	196,243
-	-	65,356	5,688	-	129,526
-	-	-	-	-	45,303
-	-	-	2,295,480	-	3,301,290
-	-	-	-	292,591	292,591
-	-	-	-	-	127,760
-	-	87,605	-	-	142,598
<u>-</u>	<u>-</u>	<u>152,961</u>	<u>2,301,168</u>	<u>292,591</u>	<u>4,039,068</u>
<u>\$ 34,815</u>	<u>\$ 7,031</u>	<u>\$ 152,961</u>	<u>\$ 2,308,777</u>	<u>\$ 292,591</u>	<u>\$ 4,293,634</u>

Franklin County, North Carolina
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2021

	Special Revenue Funds						
	Fire District Fund	Emergency Telephone System Fund	DEA Fund	Community Development Fund	Hospital Fund	Cares Act Grant Fund	Representative Payee Fund
Revenues							
Ad valorem taxes	\$ 4,891,518	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other taxes and licenses	-	585,135	-	-	-	-	-
Restricted intergovernmental	-	-	52,217	-	-	2,704,886	241,899
Fees, sales, and charges	-	-	-	-	-	-	-
Investment earnings	-	-	-	-	-	-	-
Total revenues	4,891,518	585,135	52,217	-	-	2,704,886	241,899
Expenditures							
Current:							
General Government	-	-	-	-	-	-	-
Public safety	4,945,986	253,143	13,233	-	-	2,704,886	-
Human services	-	-	-	-	-	-	250,237
Capital outlay	-	10,427	-	-	-	-	-
Total expenditures	4,945,986	263,570	13,233	-	-	2,704,886	250,237
Revenues over (under) expenditures	(54,468)	321,565	38,984	-	-	-	(8,338)
Other financing sources (uses)							
Transfers from other funds	40,700	-	-	-	-	-	-
Total other financing sources (uses) - net	40,700	-	-	-	-	-	-
Net changes in fund balances	(13,768)	321,565	38,984	-	-	-	(8,338)
Fund balances							
Beginning of year, July 1	59,071	650,087	53,656	54,993	86,373	-	-
Restatement-change in accounting principle	-	-	-	-	-	-	49,725
Beginning of year, restated	59,071	650,087	53,656	54,993	86,373	-	49,725
End of year, June 30	\$ 45,303	\$ 971,652	\$ 92,640	\$ 54,993	\$ 86,373	\$ -	\$ 41,387

Exhibit C-2

Capital Projects Funds					
Fines and Forfeitures Fund	Deed of Trust Fund	Airport Projects Fund	County Building Project Fund	School Construction Fund	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,891,518
-	-	-	-	-	585,135
-	-	1,652,757	25,000	-	4,676,759
246,936	80,011	-	-	-	326,947
-	-	-	115	54	169
246,936	80,011	1,652,757	25,115	54	10,480,528
254,252	80,011	-	-	-	334,263
-	-	-	-	-	7,917,248
-	-	-	-	-	250,237
-	-	1,817,862	1,581,106	1,246,634	4,656,029
254,252	80,011	1,817,862	1,581,106	1,246,634	13,157,777
(7,316)	-	(165,105)	(1,555,991)	(1,246,580)	(2,677,249)
-	-	20,526	2,810,713	-	2,871,939
-	-	20,526	2,810,713	-	2,871,939
(7,316)	-	(144,579)	1,254,722	(1,246,580)	194,690
-	-	297,540	1,046,446	1,539,171	3,787,337
7,316	-	-	-	-	57,041
7,316	-	297,540	1,046,446	1,539,171	3,844,378
\$ -	\$ -	\$ 152,961	\$ 2,301,168	\$ 292,591	\$ 4,039,068

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, 2021
(With Comparative Totals for the Year Ended June 30, 2020)

	2021		Variance	2020
	Budget	Actual	Positive (Negative)	Actual
Revenues				
Ad valorem taxes	\$ 4,948,936	\$ 4,891,518	\$ (57,418)	\$ 4,356,922
Expenditures				
Public safety				
Central Fire District	337,405	337,402	3	338,827
Epsom Fire District	149,229	149,226	3	121,352
Gold Sand Fire District	72,141	72,139	2	79,633
Justice Fire District	150,735	150,727	8	142,700
Kittrell Fire District	1,000	1,000	-	1,000
Pilot Fire District	322,634	310,798	11,836	285,690
White Level Fire District	123,794	123,792	2	100,197
Brassfield Fire District	-	-	-	9
Mitchiners Crossroads Fire District	205,700	205,675	25	205,453
Hopkins Fire District	28,159	28,045	114	25,727
Franklinton Fire District	413,455	413,454	1	323,355
Youngsville Fire District	2,231,788	2,200,173	31,615	2,061,626
Bunn Fire District	881,201	881,162	39	797,055
Castalia Fire District	1,200	1,200	-	1,200
Centerville Fire District	71,195	71,193	2	65,802
Total expenditures	4,989,636	4,945,986	43,650	4,549,626
Revenues under expenditures	(40,700)	(54,468)	(13,768)	(192,704)
Other financing sources				
Transfer from General Fund	40,700	40,700	-	40,700
Revenues and other sources under expenditures	\$ -	(13,768)	\$ (13,768)	(152,004)
Fund balances				
Beginning of year, July 1		59,071		211,075
End of year, June 30		\$ 45,303		\$ 59,071

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, 2021
(With Comparative Totals for the Year Ended June 30, 2020)

	2021		Variance	2020
	Budget	Actual	Positive (Negative)	Actual
Revenues				
Other taxes and licenses				
E911 fees	\$ 384,550	\$ 585,135	\$ 200,585	\$ 604,891
Restricted intergovernmental				
E911 grant	-	-	-	177,732
Total revenues	<u>384,550</u>	<u>585,135</u>	<u>200,585</u>	<u>782,623</u>
Expenditures				
Public safety - E911				
Operating expenses	242,555	177,391	65,164	197,197
Capital outlay	94,045	75,752	18,293	5,233
Capital outlay	47,950	10,427	37,523	189,940
Total expenditures	<u>384,550</u>	<u>263,570</u>	<u>120,980</u>	<u>392,370</u>
Revenues over (under) expenditures	<u>\$ -</u>	321,565	<u>\$ 321,565</u>	390,253
Fund balances				
Beginning of year, July 1		<u>650,087</u>		<u>259,834</u>
End of year, June 30		<u>\$ 971,652</u>		<u>\$ 650,087</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, 2021
(With Comparative Totals for the Year Ended June 30, 2020)

	2021		Variance	2020
	Budget	Actual	Positive (Negative)	Actual
Revenues				
Restricted intergovernmental	\$ 10,832	\$ 52,217	\$ 41,385	\$ 44,289
Total revenues	<u>10,832</u>	<u>52,217</u>	<u>41,385</u>	<u>44,289</u>
Expenditures				
Public safety				
Operating expenses	<u>15,832</u>	<u>13,233</u>	<u>2,599</u>	<u>50,840</u>
Revenues over expenditures	<u>(5,000)</u>	<u>38,984</u>	<u>43,984</u>	<u>(6,551)</u>
Appropriated fund balance	<u>5,000</u>	<u>-</u>	<u>(5,000)</u>	<u>-</u>
Revenues and appropriated fund balance over expenditures	<u>\$ -</u>	<u>38,984</u>	<u>\$ 38,984</u>	<u>(6,551)</u>
Fund balances				
Beginning of year, July 1		<u>53,656</u>		<u>60,207</u>
End of year, June 30		<u>\$ 92,640</u>		<u>\$ 53,656</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, 2021**

	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, 2021

	2021			2020
	Budget	Actual	Variance Positive (Negative)	Actual
Revenues				
Restricted intergovernmental				
Contributions	\$ -	\$ -	\$ -	\$ 426,987
Total revenues	-	-	-	426,987
Expenditures				
Human Services	-	-	-	462,496
Revenues over expenditures	-	-	-	(35,509)
Other financing sources				
Transfers to/from other funds				
General Fund	-	-	-	-
General Fund	-	-	-	-
Fund balance appropriated	-	-	-	-
	-	-	-	-
Revenues and other financing sources over expenditures	\$ -	-	\$ -	(35,509)
Fund balance				
Beginning of year, July 1		86,373		121,882
End of year, June 30		\$ 86,373		\$ 86,373

Franklin County, North Carolina
Cares Act Grant Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2021

	2021		Variance Positive (Negative)
	Budget	Actual	
Revenues			
Restricted intergovernmental	\$ 2,704,886	\$ 2,704,886	\$ -
Total revenues	<u>2,704,886</u>	<u>2,704,886</u>	<u>-</u>
Expenditures			
Public safety			
Operating expenses	<u>2,704,886</u>	<u>2,704,886</u>	<u>-</u>
Revenues over expenditures	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balances			
Beginning of year, July 1		<u>-</u>	
End of year, June 30		<u>\$ -</u>	

Franklin County, North Carolina
Representative Payee Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2021

	2021		Variance Positive (Negative)
	Budget	Actual	
Revenues			
Restricted intergovernmental	\$ 261,667	\$ 241,899	\$ (19,768)
Total revenues	<u>261,667</u>	<u>241,899</u>	<u>(19,768)</u>
Expenditures			
Human services			
Payments made for the benefit of beneficiaries	261,667	250,237	11,430
Total expenditures	<u>261,667</u>	<u>250,237</u>	<u>11,430</u>
Revenues over (under) expenditures	<u>-</u>	<u>(8,338)</u>	<u>(8,338)</u>
Other financing sources (uses)			
Transfer from other funds			
General Fund	-	-	-
Appropriated fund balance	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and appropriated fund balance and other sources over expenditures and other uses	<u>\$ -</u>	<u>(8,338)</u>	<u>\$ (8,338)</u>
Fund balances			
Beginning of year, July 1		-	
Prior period restatement-change in accounting principle		<u>49,725</u>	
Beginning, as restated		<u>49,725</u>	
End of year, June 30		<u>\$ 41,387</u>	

Franklin County, North Carolina
Fines and Forfeitures Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2021

	2021		Variance
	Budget	Actual	Positive (Negative)
Revenues			
Fees, sales and charges			
Penalties, fines and forfeitures	\$ 292,122	\$ 246,936	\$ (45,186)
Total revenues	<u>292,122</u>	<u>246,936</u>	<u>(45,186)</u>
Expenditures			
General government			
Payments of penalties, fines and forfeitures to			
the Franklin County Board of Education	<u>292,122</u>	<u>254,252</u>	<u>37,870</u>
Total expenditures	<u>292,122</u>	<u>254,252</u>	<u>37,870</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>(7,316)</u>	<u>\$ (7,316)</u>
Fund balances			
Beginning of year, July 1		-	
Prior period restatement-change in accounting principle		<u>7,316</u>	
Beginning, as restated		<u>7,316</u>	
End of year, June 30		<u>\$ -</u>	

Franklin County, North Carolina
Deed of Trust Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2021

	2021		Variance
	Budget	Actual	Positive (Negative)
Revenues			
Fees, sales, and charges			
Register of Deeds	\$ 82,000	\$ 80,011	\$ (1,989)
Total revenues	82,000	80,011	(1,989)
Expenditures			
General government			
Payments of fees collected ot the State of North Carolina	82,000	80,011	1,989
Total expenditures	82,000	80,011	1,989
Revenues over (under) expenditures	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balances			
Beginning of year, July 1		-	
End of year, June 30		<u>\$ -</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, 2021**

	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	\$ 219,418	\$ 119,075	\$ 338,493	\$ (31,360)
NCDOT project 36244.43.11.1	513,000	-	226,641	226,641	(286,359)
NCDOT project 36244.43.10.1 (Airfield Lights)	1,555,699	110,657	1,307,041	1,417,698	(138,001)
Total revenues	<u>2,438,552</u>	<u>330,075</u>	<u>1,652,757</u>	<u>1,982,832</u>	<u>(455,720)</u>
Expenditures					
Capital outlay:					
Project No. 36237.31.17.1	410,948	155,336	132,305	287,641	123,307
Project No. 36244.43.11.1	570,000	3,000	220,642	223,642	346,358
Project No. 36244.43.10.1	1,728,555	199,050	1,464,915	1,663,965	64,590
Total expenditures	<u>2,709,503</u>	<u>357,386</u>	<u>1,817,862</u>	<u>2,175,248</u>	<u>534,255</u>
Revenues under expenditures	<u>(270,951)</u>	<u>(27,311)</u>	<u>(165,105)</u>	<u>(192,416)</u>	<u>78,535</u>
Other financing sources					
Transfer from General fund	270,951	250,425	20,526	270,951	-
Appropriated fund balance	-	-	-	-	-
Total	<u>270,951</u>	<u>250,425</u>	<u>20,526</u>	<u>270,951</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ 223,114</u>	<u>(144,579)</u>	<u>\$ 78,535</u>	<u>\$ 78,535</u>
Fund balance					
Beginning of year, July 1			<u>297,540</u>		
End of year, June 30			<u>\$ 152,961</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, 2021

	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	\$ 25,000	\$ 559,541	\$ (404,229)
PARTF grant	250,000	225,000	-	225,000	(25,000)
NC E911 Board grant	3,958,873	-	-	-	(3,958,873)
Interest earnings	-	13,501	115	13,616	13,616
Total revenues	<u>5,172,643</u>	<u>773,042</u>	<u>25,115</u>	<u>798,157</u>	<u>(4,374,486)</u>
Expenditures					
Construction					
Franklin Plaza Fit-up Project	2,201,500	-	976,856	976,856	1,224,644
Owens Park Project	1,625,037	1,535,953	850	1,536,803	88,234
Franklin County Government Facility	859,213	46,012	226,094	272,106	587,107
E911 PSAP Building Project	5,129,874	22,120	377,306	399,426	4,730,448
Total	<u>9,815,624</u>	<u>1,604,085</u>	<u>1,581,106</u>	<u>3,185,191</u>	<u>6,630,433</u>
Total revenues over (under) expenditures	<u>(4,642,981)</u>	<u>(831,043)</u>	<u>(1,555,991)</u>	<u>(2,387,034)</u>	<u>2,255,947</u>
Other financing sources					
Issuance of debt	-	-	-	-	-
Appropriated fund balance	-	-	-	-	-
Transfer from other funds					
Emergency Telephone System Fund	329,500	329,500	-	329,500	-
General Fund	4,313,481	1,502,768	2,810,713	4,313,481	-
Total transfers	<u>4,642,981</u>	<u>1,832,268</u>	<u>2,810,713</u>	<u>4,642,981</u>	<u>-</u>
Total other sources	<u>4,642,981</u>	<u>1,832,268</u>	<u>2,810,713</u>	<u>4,642,981</u>	<u>-</u>
Total revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ 1,001,225</u>	<u>1,254,722</u>	<u>\$ 2,255,947</u>	<u>\$ 2,255,947</u>
Fund balance					
Beginning of year, July 1			<u>1,046,446</u>		
End of year, June 30			<u>\$ 2,301,168</u>		

Franklin County, North Carolina
School Construction Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and for the Year Ended June 30, 2021

	Project Author- ization	Prior Year	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues					
Interest earnings	\$ 12,500	\$ 333,547	\$ 54	\$ 333,601	\$ 321,101
Miscellaneous	125,000	-	-	-	(125,000)
Sales tax refund	137,500	333,547	54	333,601	196,101
Expenditures					
Bond issuance costs		199,740	-	199,740	
Construction		11,181,129	1,246,634	12,427,763	
Total expenditures	11,537,500	11,380,869	1,246,634	12,627,503	(1,090,003)
Total revenues over (under) expenditures	(11,400,000)	(11,047,322)	(1,246,580)	(12,293,902)	1,286,104
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	<u>\$ -</u>	<u>\$ 1,044,749</u>	(1,246,580)	<u>\$ (201,831)</u>	<u>\$ (201,831)</u>
Fund balance					
Beginning of year, July 1			1,539,171		
End of year, June 30			<u>\$ 292,591</u>		

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, 2021

	2021		Variance	2020
	Budget	Actual	Positive (Negative)	Actual
Revenues				
Operating revenues				
Water fees	\$ 6,794,522	\$ 7,892,100	\$ 1,097,578	\$ 7,403,870
Sewer fees	2,890,457	3,655,295	764,838	3,153,933
Other charges for services	3,560,000	3,856,040	296,040	2,829,642
Total	13,244,979	15,403,435	2,158,456	13,387,445
Nonoperating revenues:				
Interest earnings	-	21,410	21,410	26,421
Miscellaneous revenues	45,000	-	(45,000)	41,985
Total	45,000	21,410	(23,590)	68,406
Total revenues	13,289,979	15,424,845	2,134,866	13,455,851
Expenditures - Water Dept				
Salaries and employee benefits	1,393,269	1,256,733	136,536	1,135,006
Water purchases	3,948,000	3,839,019	108,981	3,784,847
Other operating expenditures	1,629,088	1,473,329	155,759	1,041,170
Capital outlay	284,830	278,096	6,734	229,893
Debt service:				
Interest and other charges	151,216	108,648	42,568	138,415
Debt principal	924,000	924,000	-	909,000
Total expenditures - Water	8,330,403	7,879,825	450,578	7,238,331
Expenditures - Sewer Dept				
Salaries and employee benefits	1,082,168	1,015,250	66,918	910,266
Other operating expenditures	1,018,328	796,855	221,473	740,809
Capital outlay	218,457	197,988	20,469	531,101
Debt service:				
Interest and other charges	60,677	20,979	39,698	19,613
Debt principal	338,274	165,426	172,848	169,789
Total expenditures - Sewer	2,717,904	2,196,498	521,406	2,371,578
Total expenditures	11,048,307	10,076,323	971,984	9,609,909
Revenues under expenditures	2,241,672	5,348,522	3,106,850	3,845,942
Other Financing Sources (Uses)				
Transfer from (to) Other Funds				
General Fund	(150,978)	(150,978)	-	(117,369)
Water and Sewer Capital Projects Fund	(4,813,929)	(1,773,929)	3,040,000	(600,000)
Appropriated fund balance	2,723,235	-	(2,723,235)	-
Total	(2,241,672)	(1,924,907)	316,765	(717,369)
Revenues and appropriated fund balance under expenditures	<u>\$ -</u>	<u>\$ 3,423,615</u>	<u>\$ 3,423,615</u>	<u>\$ 3,128,573</u>
Reconciliation from budgetary basis (modified accrual) to full accrual				
Revenues and other financing sources over expenditures		\$ 3,423,615		\$ 3,128,573
Reconciling items				
Debt payments		1,089,426		1,078,789
Depreciation		(1,683,462)		(1,582,558)
Capital outlay		450,240		701,233
Increase in deferred outflows of resources - pensions		394,980		63,274
Increase in net pension liability		(182,337)		(124,003)
Decrease in deferred inflows of resources - pensions		(88,724)		17,325
Decrease in accrued vacation pay		11,166		(20,299)
Increase in other postemployment benefits		(660,123)		(244,929)
Restricted intergovernmental revenue from				
Water and Sewer Capital Projects Fund		104,329		90,464
Transfer from Water and Sewer Fund		1,773,929		600,000
Total		1,209,424		579,295
Change in net position		<u>\$ 4,633,039</u>		<u>\$ 3,707,868</u>

Franklin County, North Carolina
Water and Sewer Capital Projects Fund
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
From Inception and for the Year Ended June 30, 2021

	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	79,000	1,182,184	(624,816)
2019 HHPD Rehab Project	50,000	-	25,329	25,329	(24,671)
Total revenues	<u>3,736,380</u>	<u>2,510,975</u>	<u>104,329</u>	<u>2,615,304</u>	<u>(1,121,076)</u>
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	99,000	1,601,044	205,956
Youngsville sewer upgrades	1,910,000	450,936	-	450,936	1,459,064
Sewer plant rehab project	11,645,320	-	61,100	61,100	11,584,220
Lift station project	1,392,300	-	122,359	122,359	1,269,941
Youngsville Main Street utilities rehab project	1,099,809	-	1,750	1,750	1,098,059
Wall Road Water Supply Pump Station project	235,000	-	-	-	235,000
AMI/AMR Engineering cost	228,000	-	-	-	228,000
2019 HHPD Rehab project	67,500	-	34,041	34,041	33,459
Total expenditures	<u>20,264,309</u>	<u>3,354,475</u>	<u>318,250</u>	<u>3,672,725</u>	<u>16,591,584</u>
Revenues under expenditures	<u>(16,527,929)</u>	<u>(843,500)</u>	<u>(213,921)</u>	<u>(1,057,421)</u>	<u>32,062,092</u>
Other financing sources (uses)					
Transfer from Water and Sewer fund	1,773,929	-	1,773,929	1,773,929	-
Loan Proceeds	1,910,000	-	-	-	(1,910,000)
Loan Proceeds-Franklinton Lift Project	1,365,000	-	-	-	(1,365,000)
Loan Proceeds-Clean Water State Revolving	11,479,000	-	-	-	(11,479,000)
Total other financing sources (uses) - net	<u>16,527,929</u>	<u>-</u>	<u>1,773,929</u>	<u>1,773,929</u>	<u>(14,754,000)</u>
Revenues, appropriated fund balance, and other financing sources over expenditures and uses	<u>\$ -</u>	<u>\$ (843,500)</u>	<u>\$ 1,560,008</u>	<u>\$ 716,508</u>	<u>\$ 716,508</u>

Franklin County, North Carolina
Solid Waste Fund
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
For the Year Ended June 30, 2021

	2021		Variance	2019
	Budget	Actual	Positive (Negative)	Actual
Revenues				
Operating revenues				
Solid waste revenue	\$ 2,797,505	\$ 2,862,994	\$ 65,489	\$ 2,481,723
Landfill fees	1,515,000	1,682,940	167,940	1,503,865
Total	<u>4,312,505</u>	<u>4,545,934</u>	<u>233,429</u>	<u>3,985,588</u>
Nonoperating revenues:				
Operating grants	188,020	189,672	1,652	179,774
Miscellaneous revenues	34,000	86,594	52,594	54,598
Total	<u>222,020</u>	<u>276,266</u>	<u>54,246</u>	<u>234,372</u>
Total revenues	<u>4,534,525</u>	<u>4,822,200</u>	<u>287,675</u>	<u>4,219,960</u>
Expenditures				
Salaries and employee benefits	1,068,512	1,039,954	28,558	1,068,237
Other operating expenditures	3,380,050	3,029,350	350,700	3,106,890
Capital outlay	85,963	74,361	11,602	106,912
Total expenditures	<u>4,534,525</u>	<u>4,143,665</u>	<u>390,860</u>	<u>4,282,039</u>
Revenues under expenditures	<u>-</u>	<u>678,535</u>	<u>678,535</u>	<u>(62,079)</u>
Other Financing Sources (Uses)				
Transfer from (to) Other Funds				
General Fund	-	-	-	300,000
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>300,000</u>
Revenues and appropriated fund balance under expenditures	<u>\$ -</u>	<u>\$ 678,535</u>	<u>\$ 678,535</u>	<u>\$ 237,921</u>
Reconciliation from budgetary basis (modified accrual) to full accrual				
Revenues and other financing sources over expenditures		\$ 678,535		\$ 237,921
Reconciling items				
Depreciation		(159,369)		(163,770)
Capital outlay		54,873		106,912
Increase in deferred outflows of resources - pensions		69,027		35,565
Increase in net pension liability		(69,624)		(87,058)
Decrease in deferred inflows of resources - pensions		2,470		11,887
Decrease in accrued vacation pay		(1,181)		6,787
Increase in other postemployment benefits		24,497		(26,519)
Increase in landfill closure		4,832		(6,147)
Total		<u>(74,475)</u>		<u>(122,343)</u>
Change in net position		<u>\$ 604,060</u>		<u>\$ 115,578</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, 2021
(With Comparative Totals for the Year Ended June 30, 2020)

	2021		Variance	2020
	Budget	Actual	Positive (Negative)	Actual
Revenues				
Contributions from employees	\$ 1,404,346	\$ 1,421,061	\$ 16,715	\$ 1,556,630
Contribution from General Fund	8,131,195	7,745,956	(385,239)	7,239,408
Contributions from Water & Sewer Fund	474,504	474,504	-	394,876
Contributions from Solid Waste Fund	160,031	147,756	(12,275)	163,698
Interest earnings	-	15	15	11
Total revenues	<u>10,170,076</u>	<u>9,789,292</u>	<u>(380,784)</u>	<u>9,354,623</u>
Expenditures				
Health insurance	10,099,531	10,040,164	59,367	9,288,040
Property and liability insurance	317,098	302,942	14,156	282,059
Workers' compensation insurance	397,947	397,911	36	429,097
Unemployment claims	30,500	10,523	19,977	19,838
Total expenditures	<u>10,845,076</u>	<u>10,751,540</u>	<u>93,536</u>	<u>10,019,034</u>
Revenues over (under) expenditures	(675,000)	(962,248)	(287,248)	(664,411)
Other Financing Sources (Uses)				
Transfer from (to) Other Funds				
General Fund	-	-	-	2,100,000
Appropriated fund balance	<u>675,000</u>	-	<u>(675,000)</u>	-
Total	<u>675,000</u>	-	<u>(675,000)</u>	<u>2,100,000</u>
Revenues and appropriated fund balance over (under) expenditures	<u>\$ -</u>	(962,248)	<u>\$ (962,248)</u>	1,435,589
Fund balances				
Beginning of year, July 1		<u>2,666,500</u>		<u>1,230,911</u>
End of year, June 30		<u>\$ 1,704,252</u>		<u>\$ 2,666,500</u>
Reconciliation from financial plan basis (modified accrual) to full accrual:				
Total revenues		\$ 9,789,292		\$ 9,354,623
Total expenditures		<u>10,751,540</u>		<u>10,019,034</u>
Change in net position		<u>\$ (962,248)</u>		<u>\$ (664,411)</u>

CUSTODIAL FUNDS

Custodial funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds. These funds are used to account for assets the County holds on behalf of others that meet certain criteria.

- **Municipal Tax Fund:** This fund is used to account for the proceeds of the Ad Valorem and vehicle 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
Combining Statement of Fiduciary Net Position
Custodial Funds
June 30, 2021

	Municipal Tax Fund	Jail Inmate Fund	Total Custodial Funds
Assets			
Cash and cash equivalents	\$ 50,758	\$ 106,317	\$ 157,075
Taxes receivable for other governments, net	154,037	-	154,037
Total assets	<u>204,795</u>	<u>106,317</u>	<u>311,112</u>
Net Position			
Liabilities:			
Due to other individuals or governments	50,758	-	50,758
Total liabilities	<u>50,758</u>	<u>-</u>	<u>50,758</u>
Net Position			
Restricted for:			
Individuals, organizations, and other governments	154,037	106,317	260,354
Total net position	<u>\$ 154,037</u>	<u>\$ 106,317</u>	<u>\$ 260,354</u>

Franklin County, North Carolina
Combining Statement of Changes in Fiduciary Net Position
Custodial Funds
June 30, 2021

	Municipal Tax Fund	Jail Inmate Fund	Total Custodial Funds
Additions			
Ad valorem taxes collected for other governments	\$ 3,361,223	\$ -	\$ 3,361,223
Collections on behalf of inmates	-	614,689	614,689
Total additions	<u>3,361,223</u>	<u>614,689</u>	<u>3,975,912</u>
Deductions			
Tax distributions to other governments	3,448,661	-	3,448,661
Payments on behalf of inmates	-	598,994	598,994
Total deductions	<u>3,448,661</u>	<u>598,994</u>	<u>4,047,655</u>
Net increase (decrease) in fiduciary net position	(87,438)	15,695	(71,743)
Net position - beginning of year	-	-	-
Restatement	<u>241,475</u>	<u>90,622</u>	<u>332,097</u>
Net position - beginning of year, as restated	<u>241,475</u>	<u>90,622</u>	<u>332,097</u>
Net position - ending	<u><u>\$ 154,037</u></u>	<u><u>\$ 106,317</u></u>	<u><u>\$ 260,354</u></u>

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, 2021

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2020</u>	<u>Additions</u>	<u>Collections And Credits</u>	<u>Uncollected Balance June 30, 2021</u>
2020-2021	\$ -	\$ 51,510,691	\$ 50,690,096	\$ 820,595
2019-2020	853,626	-	537,115	316,511
2018-2019	272,777	-	103,319	169,458
2017-2018	139,107	-	33,504	105,603
2016-2017	95,561	-	15,214	80,347
2015-2016	70,427	-	10,209	60,218
2014-2015	52,475	-	6,269	46,206
2013-2014	83,457	-	3,961	79,496
2012-2013	76,358	-	3,001	73,357
2011-2012	59,578	-	2,158	57,420
2010-2011	56,060	-	56,060	-
	<u>\$ 1,759,426</u>	<u>\$ 51,510,691</u>	<u>\$ 51,460,906</u>	<u>1,809,211</u>
Add: receivable for Late Listing and Lien Costs				83,550
Less: allowance for uncollectible accounts:				<u>(151,000)</u>
Ad valorem taxes receivable - net				<u>\$ 1,741,761</u>
Reconciliation with revenues				
Ad valorem taxes - General Fund				<u>\$ 50,981,247</u>
Reconciling items:				
Amounts written off for 2010-2011 levy				54,700
Discounts and adjustments				<u>424,959</u>
Total reconciling items				<u>479,659</u>
Total collections and credits				<u>\$ 51,460,906</u>

Franklin County, North Carolina
 Analysis of Current Tax Levy
 County-wide Levy
 For the Year Ended June 30, 2021

	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	\$ 5,426,642,582	0.8050	\$ 43,684,473	\$ 43,684,473	\$ -
Motor vehicles taxed at current year's rate	760,021,491	0.8050	6,118,173	-	6,118,173
Total	6,186,664,073		49,802,646	43,684,473	6,118,173
Discoveries	212,179,503	0.8050	1,708,045	1,708,045	-
Abatements	(22,003,602)	0.8050	(177,129)	(177,129)	-
Total	\$ 6,376,839,974		51,333,562	45,215,389	6,118,173
Less uncollected taxes at June 30, 2021			820,595	811,299	9,296
Current year's taxes collected			\$ 50,512,967	\$ 44,404,090	\$ 6,108,877
Current levy collection percentage			98.40%	98.21%	99.85%

**Franklin County, North Carolina
Analysis of Current Tax Levy
County-wide Levy
For the Year Ended June 30, 2021**

Secondary Market Disclosures:

Assessed Valuation:

Assessment Ratio ¹	100%
Real Property	\$ 5,671,554,781
Personal Property	555,540,623
Public Service Companies ²	149,744,570
Total Assessed Valuation	<u>\$ 6,376,839,974</u>

Tax Rate per \$100	0.805
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Levy (includes discoveries, releases and abatements) ³	\$ 51,333,562
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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, 2021:

Fire Protection Districts	\$ 4,516,363
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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, 2021**

Taxpayer	Type of Business	Assessed Valuation	Percentage of Total Assessed Valuation
Novozymes North America Inc.	Manufacturing	\$ 439,702,185	6.90%
Duke Energy Progress, Inc.	Utility	146,302,730	2.29%
K-Flex USA LLC	Manufacturing	133,322,755	2.09%
Wake Electric Membership Corporation	Utility	76,387,081	1.20%
Captive Aire Systems, Inc.	Manufacturing	42,152,166	0.66%
PRTI, Inc.	Manufacturing	10,036,794	0.16%
Palziv North America	Manufacturing	36,885,860	0.58%
Walmart Real Estate Business & Trust	REIT	11,585,630	0.18%
Amcor Rigid Plastics LLC	Manufacturing	46,113,411	0.72%
Public Service Company of NC, Inc.	Utility	28,953,246	0.45%
		<u>\$ 984,017,870</u>	<u>15.43%</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				
	2021	2020	2019	2018	2017
Governmental activities					
Net investment in capital assets	\$ 38,373,840	\$ 37,066,175	\$ 39,726,457	\$ 38,912,238	\$ 49,349,124
Restricted	13,462,940	12,490,136	9,498,795	9,849,114	10,863,695
Unrestricted	<u>(54,731,189)</u>	<u>(61,472,637)</u>	<u>(58,919,975)</u>	<u>(62,542,763)</u>	<u>(42,009,483)</u>
Total governmental activities net position	<u>\$ (2,894,409)</u>	<u>\$ (11,916,326)</u>	<u>\$ (9,694,723)</u>	<u>\$ (13,781,411)</u>	<u>\$ 18,203,336</u>
Business-type activities					
Net investment in capital assets	\$ 28,044,417	\$ 27,974,460	\$ 27,282,211	\$ 25,803,183	\$ 22,062,211
Unrestricted	<u>13,746,254</u>	<u>8,654,170</u>	<u>5,573,469</u>	<u>2,073,640</u>	<u>3,158,263</u>
Total business-type activities net position	<u>\$ 41,790,671</u>	<u>\$ 36,628,630</u>	<u>\$ 32,855,680</u>	<u>\$ 27,876,823</u>	<u>\$ 25,220,474</u>
Primary government					
Net investment in capital assets	\$ 66,418,257	\$ 65,040,635	\$ 67,008,668	\$ 64,715,421	\$ 71,411,335
Restricted	13,462,940	12,490,136	9,498,795	9,849,114	10,863,695
Unrestricted	<u>(40,984,935)</u>	<u>(52,818,467)</u>	<u>(53,346,506)</u>	<u>(60,469,123)</u>	<u>(38,851,220)</u>
Total primary government net position	<u>\$ 38,896,262</u>	<u>\$ 24,712,304</u>	<u>\$ 23,160,957</u>	<u>\$ 14,095,412</u>	<u>\$ 43,423,810</u>

Table 1

Fiscal Year Ended				
2016	2015	2014	2013	2012
\$ 46,734,481	\$ 33,798,587	\$ 33,141,451	\$ 30,485,649	\$ 26,677,972
13,420,202	12,618,500	10,485,680	4,809,599	3,912,076
(51,142,621)	(60,192,165)	(64,722,957)	(62,311,839)	(62,555,157)
<u>\$ 9,012,062</u>	<u>\$ (13,775,078)</u>	<u>\$ (21,095,826)</u>	<u>\$ (27,016,591)</u>	<u>\$ (31,965,109)</u>
\$ 20,815,587	\$ 16,926,449	\$ 15,622,605	\$ 13,508,654	\$ 12,421,870
1,432,932	(321,710)	4,020,017	4,715,821	3,426,618
<u>\$ 22,248,519</u>	<u>\$ 16,604,739</u>	<u>\$ 19,642,622</u>	<u>\$ 18,224,475</u>	<u>\$ 15,848,488</u>
\$ 67,550,068	\$ 50,725,036	\$ 48,764,056	\$ 43,994,303	\$ 39,099,842
13,420,202	12,618,500	10,485,680	4,809,599	3,912,076
(49,709,689)	(60,513,875)	(60,702,940)	(57,596,018)	(59,128,539)
<u>\$ 31,260,581</u>	<u>\$ 2,829,661</u>	<u>\$ (1,453,204)</u>	<u>\$ (8,792,116)</u>	<u>\$ (16,116,621)</u>

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

	Fiscal Year Ended				
	2021	2020	2019	2018	2017
Expenses					
Governmental Activities					
General government	\$ 7,746,571	\$ 6,880,898	\$ 6,374,634	\$ 6,480,010	\$ 5,743,664
Public Safety	39,144,360	34,225,801	32,167,086	29,045,089	25,787,638
Economic and physical development	3,087,869	3,496,662	3,563,802	2,548,230	2,323,762
Environmental protection	-	-	-	-	-
Human services	19,480,317	19,030,711	18,917,258	17,865,969	20,301,413
Cultural and recreation	1,905,798	1,925,535	1,776,518	1,664,367	1,632,077
Education	23,828,738	28,736,589	20,594,619	21,744,539	17,388,641
Interest on long-term debt	1,370,739	1,439,369	1,775,968	2,010,655	2,055,199
Total governmental activities expenses	96,564,392	95,735,565	85,169,885	81,358,859	75,232,394
Business-type activities					
Solid Waste	4,218,140	4,404,382	3,984,466	4,062,972	3,658,116
Water and Sewer	10,745,157	9,721,078	7,771,650	8,753,560	8,087,611
Total business-type activities expense	14,963,297	14,125,460	11,756,116	12,816,532	11,745,727
Total primary government expenses	111,527,689	109,861,025	96,926,001	94,175,391	86,978,121
Program Revenues					
Governmental activities:					
Charges for services:					
General government	1,555,709	1,053,895	1,019,022	877,248	783,678
Public Safety	7,174,163	6,319,399	5,376,986	6,133,527	6,034,345
Economic and physical development	1,117,475	798,469	890,333	824,089	725,821
Human services	2,021,443	2,718,682	2,716,411	3,342,424	2,916,453
Cultural and recreation	625,682	400,248	475,316	296,595	246,500
Operating grants and contributions	16,025,852	12,586,629	11,789,150	11,399,118	13,245,719
Capital Grants and Contributions	1,677,757	755,770	1,599,806	1,720,118	924,757
Total governmental activities program revenues	30,198,081	24,633,092	23,867,024	24,593,119	24,877,273
Business-type activities:					
Charges for services:					
Solid waste	4,545,934	3,985,588	3,667,208	3,374,765	3,320,650
Water and sewer	15,403,435	13,387,445	11,638,250	11,141,686	10,322,028
Capital Grants and Contributions	294,001	270,238	1,141,674	2,227,039	978,677
Total business-type activities program revenues	20,243,370	17,643,271	16,447,132	16,743,490	14,621,355
Total primary government program revenues	50,441,451	42,276,363	40,314,156	41,336,609	39,498,628

Table 2

Fiscal Year Ended				
2016	2015	2014	2013	2012
\$ 5,770,373	\$ 4,683,881	\$ 4,598,900	\$ 4,674,158	\$ 4,508,753
23,852,535	21,980,004	21,505,522	20,017,277	19,033,872
2,497,914	5,445,839	5,524,498	5,648,305	5,666,603
-	235,498	-	-	-
18,588,512	17,901,400	17,850,805	17,708,407	17,260,614
1,555,924	1,445,953	1,598,599	1,429,624	1,364,329
15,962,006	15,838,646	14,613,120	13,775,500	16,132,388
2,293,631	2,962,772	2,991,751	3,261,900	3,492,294
70,520,895	70,493,993	68,683,195	66,515,171	67,458,853
3,434,463	-	-	-	-
7,972,215	7,254,705	6,620,881	6,386,886	6,123,230
11,406,678	7,254,705	6,620,881	6,386,886	6,123,230
81,927,573	77,748,698	75,304,076	72,902,057	73,582,083
745,315	534,892	578,784	595,586	541,585
5,766,759	4,931,717	4,861,574	4,389,896	4,948,255
718,978	3,318,708	3,284,600	3,239,731	3,311,918
2,482,054	1,798,633	2,148,552	3,574,833	3,684,215
108,465	131,376	72,065	89,943	77,204
15,245,460	12,742,188	11,852,730	10,949,922	10,818,184
13,645,950	431,926	423,335	516,634	278,754
38,712,981	23,889,440	23,221,640	23,356,545	23,660,115
3,262,994	-	-	-	-
9,641,474	9,248,628	8,538,074	8,863,609	7,340,277
1,422,261	149,932	-	298,969	87,562
14,326,729	9,398,560	8,538,074	9,162,578	7,427,839
53,039,710	33,288,000	31,759,714	32,519,123	31,087,954

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

	Fiscal Year Ended				
	2021	2020	2019	2018	2017
Net (Expense)/Revenue					
Governmental activities	\$ (66,366,311)	\$ (71,102,473)	\$ (61,302,861)	\$ (56,765,740)	\$ (50,355,121)
Business-type activities	5,280,073	3,517,811	4,691,016	3,926,958	2,875,628
Total primary government net expense	(61,086,238)	(67,584,662)	(56,611,845)	(52,838,782)	(47,479,493)
General Revenues and Other Changes in Net Position					
Governmental activities					
Taxes:					
Property Taxes	55,936,343	52,569,663	50,086,923	46,384,286	46,528,850
Other Taxes	19,043,524	15,764,887	14,574,414	13,700,143	12,292,995
Investment Earnings	20,486	488,752	694,726	341,386	87,968
Miscellaneous - Unrestricted	179,856	240,199	283,486	260,008	951,986
Special item	-	-	-	(12,160,071)	-
Transfers	150,978	(182,631)	(250,000)	(300,000)	-
Total government activities	75,331,187	68,880,870	65,389,549	48,225,752	59,861,799
Business-type activities:					
Investment earnings/Misc.	32,946	72,508	37,841	124,166	96,327
Transfers	(150,978)	182,631	250,000	300,000	-
Total business-type activities	(118,032)	255,139	287,841	424,166	96,327
Total primary government	75,213,155	69,136,009	65,677,390	48,649,918	59,958,126
Change in Net Position					
Governmental activities	8,964,876	(2,221,603)	4,086,688	(8,539,988)	9,506,678
Business-type activities	5,162,041	3,772,950	4,978,857	4,351,124	2,971,955
Total primary government	<u>\$ 14,126,917</u>	<u>\$ 1,551,347</u>	<u>\$ 9,065,545</u>	<u>\$ (4,188,864)</u>	<u>\$ 12,478,633</u>

Fiscal Year Ended				
2016	2015	2014	2013	2012
\$ (31,807,914)	\$ (46,604,553)	\$ (45,461,555)	\$ (43,158,626)	(43,798,738)
2,920,051	2,143,855	1,917,193	2,775,692	1,304,609
(28,887,863)	(44,460,698)	(43,544,362)	(40,382,934)	(42,494,129)
45,412,303	41,208,557	41,298,278	38,983,743	37,807,234
9,838,229	9,605,109	8,953,833	8,461,911	8,286,210
44,840	28,065	120,977	125,310	144,169
807,923	181,287	166,619	211,280	20,726
-	-	-	-	-
-	-	499,997	400,000	440,615
56,103,295	51,023,018	51,039,704	48,182,244	46,698,954
61,968	41,269	951	295	360
-	-	(499,997)	(400,000)	(440,615)
61,968	41,269	(499,046)	(399,705)	(440,255)
56,165,263	51,064,287	50,540,658	47,782,539	46,258,699
24,295,381	4,418,465	5,578,149	5,023,618	2,900,216
2,982,019	2,185,124	1,418,147	2,375,987	864,354
\$ 27,277,400	\$ 6,603,589	\$ 6,996,296	\$ 7,399,605	\$ 3,764,570

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

		Fiscal Year Ended				
		2021	2020	2019	2018	2017
General Fund						
	Nonspendable	\$ 44,391	\$ 16,928	\$ 46,085	\$ 26,202	\$ 24,118
	Restricted	9,423,872	8,702,801	8,178,836	8,424,546	9,135,986
	Assigned	8,312,161	8,445,465	8,395,902	5,958,945	6,025,002
	Committed	738,190	638,190	538,190	438,222	758,440
	Unassigned	30,433,126	22,394,582	22,053,551	21,898,821	17,783,339
Total general fund		<u>\$ 48,951,740</u>	<u>\$ 40,197,966</u>	<u>\$ 39,212,564</u>	<u>\$ 36,746,736</u>	<u>\$ 33,726,885</u>
All other Governmental Funds						
	Restricted	\$ 4,039,068	\$ 3,787,335	\$ 1,319,959	\$ 1,424,568	\$ 1,727,709
	Committed	-	-	7,426,109	8,562,577	208,332
	Assigned	-	-	-	-	-
	Unassigned	-	-	-	(487,805)	(167,487)
Total all other governmental funds		<u>\$ 4,039,068</u>	<u>\$ 3,787,335</u>	<u>\$ 8,746,068</u>	<u>\$ 9,499,340</u>	<u>\$ 1,768,554</u>

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

Table 3

Fiscal Year Ended				
2016	2015	2014	2013	2012
\$ 30,251	\$ 40,694	\$ 60,806	\$ -	\$ 27,220
9,714,647	10,775,010	5,653,766	8,085,472	4,874,037
1,800,632	2,887,299	5,718,864	5,579,298	3,863,440
741,796	692,991	667,991	-	-
15,546,250	10,466,697	8,832,006	12,664,770	13,201,066
<u>\$ 27,833,576</u>	<u>\$ 24,862,691</u>	<u>\$ 20,933,433</u>	<u>\$ 26,329,540</u>	<u>\$ 21,965,763</u>
\$ 3,705,555	\$ 1,843,490	\$ 4,831,914	\$ 622,702	\$ 955,510
494,422	494,422	1,025,062	3,211,250	3,248,775
-	-	-	1,332,413	2,156,735
(433,941)	(15,605)	(246,604)	(50,028)	(330,823)
<u>\$ 3,766,036</u>	<u>\$ 2,322,307</u>	<u>\$ 5,610,372</u>	<u>\$ 5,116,337</u>	<u>\$ 6,030,197</u>

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

	Fiscal Year Ended				
	2021	2020	2019	2018	2017
<u>Revenues</u>					
Ad Valorem Taxes	\$ 55,872,765	\$ 52,278,585	\$ 49,857,758	\$ 46,677,870	\$ 46,788,595
Sales Tax	18,479,190	15,239,880	13,868,451	13,088,871	12,292,995
Other taxes and licenses	894,655	872,287	799,260	622,385	722,337
Restricted Intergovernmental	16,815,468	12,723,025	12,340,422	12,821,762	13,849,965
Sales and service	12,743,993	11,293,123	10,438,785	11,476,747	10,709,505
Investment Earnings	21,843	488,422	695,129	341,716	87,998
Other revenues	488,155	509,863	1,278,006	522,158	547,452
Total revenues	105,316,069	93,405,185	89,277,811	85,551,509	84,998,847
<u>Expenditures</u>					
General government	6,898,427	6,256,614	6,309,190	5,902,404	5,683,160
Public Safety	31,874,981	30,106,237	28,827,296	26,797,514	24,968,337
Economic and Physical development	2,745,055	3,043,707	3,249,591	2,202,575	2,084,451
Human Services	17,439,726	17,332,944	17,563,608	16,698,013	18,794,832
Cultural and recreation	1,845,300	1,674,344	1,547,403	1,458,413	1,450,257
Education	22,582,104	22,738,999	19,287,257	18,154,451	17,102,551
Capital outlay	4,656,029	6,495,652	2,782,687	6,586,299	1,848,384
Debt service:					
Principal	6,799,748	6,928,671	7,768,067	7,031,378	14,808,883
Interest and other fees	1,704,675	1,748,598	1,900,039	1,859,396	2,469,032
Total Expenditures	96,546,045	96,325,766	89,235,138	86,690,443	89,209,887
Excess of revenues over (under) expenditures	8,770,024	(2,920,581)	42,673	(1,138,934)	(4,211,040)
<u>Other Financing Sources (Uses)</u>					
Transfers to other funds	(2,871,939)	(3,355,871)	(1,249,932)	(1,121,892)	(699,763)
Transfers from other funds	3,022,917	1,073,240	999,932	821,892	699,763
Proceeds from long-term debt	-	13,232,169	1,900,000	21,270,895	8,113,000
Payment to refunded debt escrow	-	(11,973,131)	-	(9,083,408)	-
Total other financing sources (uses)	150,978	(1,023,593)	1,650,000	11,887,487	8,113,000
Net changes in fund balance	\$ 8,921,002	\$ (3,944,174)	\$ 1,692,673	\$ 10,748,553	\$ 3,901,960
Debt service as a percentage of noncapital expenditures	9.27%	9.28%	11.31%	10.71%	20.22%

Table 4

Fiscal Year Ended				
2016	2015	2014	2013	2012
\$ 45,395,778	\$ 41,224,213	\$ 41,455,270	\$ 38,841,282	\$ 38,329,055
9,838,229	8,903,735	8,146,600	7,644,488	7,358,931
737,971	896,393	1,021,437	942,946	1,006,100
15,369,151	12,704,197	11,762,899	10,987,782	10,616,499
9,824,427	10,666,244	10,994,928	11,984,301	12,607,499
50,357	28,210	144,476	142,629	143,458
388,285	505,267	417,558	479,556	358,755
81,604,198	74,928,259	73,943,168	71,022,984	70,420,297
5,388,439	4,480,127	4,364,374	4,426,858	4,107,482
22,709,419	21,937,502	21,149,148	19,065,915	18,371,117
2,230,098	6,654,528	5,425,898	5,449,774	5,487,835
18,018,799	17,668,892	17,409,472	17,001,115	16,549,400
1,363,550	1,287,267	1,419,908	1,219,006	1,179,430
15,962,006	15,908,006	14,613,120	13,775,500	13,368,084
627,976	4,270,243	1,986,455	693,883	9,572,995
8,883,550	7,177,550	8,127,550	8,072,550	9,272,608
2,653,308	3,037,428	3,101,575	3,392,405	3,516,979
77,837,145	82,421,543	77,597,500	73,097,006	81,425,930
3,767,053	(7,493,284)	(3,654,332)	(2,074,022)	(11,005,633)
(90,877)	(765,700)	(1,087,108)	(932,366)	(1,932,619)
90,877	1,675,700	1,587,105	1,332,366	2,373,234
18,005,000	2,150,000	3,000,000	-	8,638,480
(16,338,537)	-	-	-	-
1,666,463	3,060,000	3,499,997	400,000	9,079,095
\$ 5,433,516	\$ (4,433,284)	\$ (154,335)	\$ (1,674,022)	\$ (1,926,538)
15.13%	13.22%	15.03%	16.08%	17.40%

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
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
2021	\$ 6,376,839,974	\$ 38,982,194	0.6113%	73,805	528.18

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
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%
2021	\$ 4,103,000	\$ 1,452,563	\$ 5,555,563	\$ 96,564,392	5.75%

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				
	2021	2020	2019	2018	2017
Assessed Value of Taxable Property	\$ 6,376,839,974	\$ 5,987,496,895	\$ 5,732,568,923	\$ 4,824,664,347	\$ 4,708,966,677
	8.00%	8.00%	8.00%	8.00%	8.00%
Debt Limit - 8 Percent of Assessed Value	<u>510,147,198</u>	<u>478,999,752</u>	<u>458,605,514</u>	<u>385,973,148</u>	<u>376,717,334</u>
Gross debt					
Total bonded debt	\$ 40,022,194	\$ 43,436,432	48,310,619	53,189,580	45,101,252
Authorized and unissued bonds	2,605,000	2,605,000	11,400,000	11,400,000	11,400,000
Lease financing agreements*	11,728,719	16,374,892	18,481,689	20,620,428	24,430,285
Gross Debt	<u>54,355,913</u>	<u>62,416,324</u>	<u>78,192,308</u>	<u>85,210,008</u>	<u>80,931,537</u>
Total net debt applicable to limit	<u>54,355,913</u>	<u>62,416,324</u>	<u>78,192,308</u>	<u>85,210,008</u>	<u>80,931,537</u>
Legal Debt Margin	<u>\$ 455,791,285</u>	<u>\$ 416,583,428</u>	<u>\$ 380,413,206</u>	<u>\$ 300,763,140</u>	<u>\$ 295,785,797</u>
Total net debt applicable to the limit as a percentage of debt limit	10.65%	13.03%	17.05%	22.08%	21.48%

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

Table 7

Fiscal Year Ended				
2016	2015	2014	2013	2012
\$ 4,549,053,063 8.00%	\$ 4,403,456,577 8.00%	\$ 4,407,282,825 8.00%	\$ 4,210,387,188 8.00%	\$ 4,123,952,206 8.00%
363,924,245	352,276,526	352,582,626	336,830,975	329,916,176
49,587,425	53,362,598	57,035,000	60,985,000	64,945,000
11,400,000	11,400,000	11,400,000	11,400,000	11,400,000
18,647,007	21,691,556	22,566,606	23,968,110	27,856,705
79,634,432	86,454,154	91,001,606	96,353,110	104,201,705
79,634,432	86,454,154	91,001,606	96,353,110	104,201,705
\$ 284,289,813	\$ 265,822,372	\$ 261,581,020	\$ 240,477,865	\$ 225,714,471
21.88%	24.54%	25.81%	28.61%	31.58%

Table 8

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

	Fiscal Year Ended									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
County Direct Rates*										
County-wide Rate	0.8050	0.8050	0.8050	0.8950	0.9250	0.9250	0.8725	0.8725	0.8725	0.8725
Municipality Rates										
Town of Bunn	0.6400	0.6400	0.6400	0.6600	0.6900	0.6900	0.6900	0.6900	0.6900	0.6900
Town of Franklinton	0.7100	0.7100	0.7200	0.7200	0.7200	0.7200	0.7200	0.6800	0.7000	0.7000
Town of Louisburg	0.4500	0.4500	0.4500	0.4500	0.5150	0.5350	0.5350	0.5350	0.5350	0.5350
Town of Youngsville	0.6550	0.6600	0.6600	0.6600	0.6600	0.6100	0.6100	0.5900	0.5900	0.5900
City of Wake Forest	0.4950	0.4950	0.5200	0.5200	0.5200	0.5200	0.5200	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
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		5,119,440,658	478,205,920	134,922,345		5,732,568,923	0.8050	46,147,180
2020		5,293,817,220	547,471,669	146,208,006		5,987,496,895	0.8050	48,199,350
2021	\$	5,671,554,781	\$ 555,540,623	\$ 149,744,570	\$	6,376,839,974	0.8050	\$ 51,333,562

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
2012	\$ 35,981,483	\$ 35,113,228	97.59%	\$ 810,835	\$ 35,924,063	99.84%	\$ 57,420	5.16%
2013	36,735,628	35,765,603	97.36%	896,668	36,662,271	99.80%	73,357	5.40%
2014	38,453,543	37,664,398	97.95%	709,649	38,374,047	99.79%	79,496	4.79%
2015	38,420,159	37,747,518	98.25%	626,435	38,373,953	99.88%	46,206	4.72%
2016	42,078,741	41,472,514	98.56%	546,009	42,018,523	99.86%	60,218	0.14%
2017	43,557,942	42,991,906	98.70%	485,689	43,477,595	99.82%	80,347	0.18%
2018	43,180,746	42,648,729	98.77%	426,414	43,075,143	99.76%	105,603	0.24%
2019	46,147,180	45,407,586	98.40%	570,136	45,977,722	99.63%	169,458	0.37%
2020	48,199,350	47,345,724	98.23%	537,115	47,882,839	99.34%	316,511	0.66%
2021	\$ 51,333,562	\$ 50,512,967	98.40%	\$ -	\$ 50,512,967	98.40%	\$ 820,595	1.60%

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	Sales and Services	Investment Earnings	Miscellaneous Revenues	Total
2012	\$ 38,329,055	\$ 7,358,931	\$ 1,006,100	\$ 10,616,499	\$ 12,607,499	\$ 143,458	\$ 358,755	\$ 70,420,297
2013	38,841,282	7,644,488	942,946	10,987,782	11,984,301	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
2021	\$ 55,872,765	\$ 18,479,190	\$ 894,655	\$ 16,815,468	\$ 12,743,993	\$ 21,843	\$ 488,155	\$ 105,316,069

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			
	General Obligation Bonds	Installment Financings	Certificates of Participation	Revolving Loans	Revenue Bonds	Installment Financings	Certificates of Participation
2012	\$ 65,727,292	\$ 16,596,705	\$ 11,260,000	\$ 1,620,000	\$ -	\$ 7,118,533	\$ 5,549,606
2013	61,726,118	13,408,110	10,560,000	1,440,000	-	6,575,533	4,923,882
2014	57,693,772	12,711,606	9,855,000	1,260,000	-	7,284,225	4,279,272
2015	53,362,598	12,541,556	9,150,000	1,080,000	2,600,000	6,518,610	3,616,009
2016	49,587,425	10,202,007	8,445,000	900,000	2,340,000	4,853,636	2,933,631
2017	45,101,252	16,383,624	-	720,000	2,080,000	5,966,662	515,916
2018	53,189,580	13,627,246	-	540,000	1,820,000	5,173,182	-
2019	48,310,619	12,464,179	-	360,000	1,560,000	4,457,510	-
2020	43,436,432	11,256,171	-	180,000	1,300,000	3,818,722	-
2021	\$ 38,982,194	\$ 8,559,423	\$ -	\$ -	\$ 1,040,000	\$ 3,169,296	\$ -

Table 12

	Total Primary Government	Per Capita Income	Personal Income	Percentage of Personal Income	Population	Debt Per Capita
\$	106,252,136	\$ 29,071	\$ 1,768,529,000	6.0079%	61,651	1,723
	97,193,643	29,670	1,814,052,000	5.3578%	61,633	1,577
	91,823,875	31,063	1,909,608,000	4.8085%	62,697	1,465
	85,188,773	31,826	2,000,599,000	4.2582%	63,848	1,334
	76,921,699	31,852	2,045,535,440	3.7605%	64,220	1,198
	70,767,454	31,855	2,072,518,155	3.4146%	65,061	1,088
	74,350,008	32,492	2,113,968,518	3.5171%	67,011	1,110
	67,152,308	36,238	2,448,216,000	2.7429%	68,900	975
	59,991,325	37,089	2,584,531,000	2.3212%	69,965	857
\$	51,750,913	\$ 39,490	\$ 2,837,729,000	1.8237%	73,805	701

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
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
2021	\$ 6,898,427	\$ 31,874,981	\$ 2,745,055	\$ 17,439,726	\$ 1,845,300	\$ 22,582,104	\$ 4,656,029	\$ 8,504,423	\$ 96,546,045

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, 2021

	Net General Obligation Bonded debt	Other Debt	Percent Applicable To County	Amount Applicable To County
Direct:				
Franklin County	\$ 38,982,194	\$ 12,768,719	100.00%	\$ 51,750,913
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>\$ 38,982,194</u></u>			<u><u>\$ 51,750,913</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
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%
2021	73,805	\$ 2,837,729,000	\$ 39,490	41.00	N/A	7,918	3.70%

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 2021			Fiscal Year Ending 2012		
	Employees	Rank	% of Total Employment	Employees	Rank	% of Total Employment
Novozymes North America	691	1	5.58%	460	1	5.18%
Century Link	400	2	3.23%	308	2	3.47%
K-Flex USA	357	3	2.88%	150	8	1.69%
Majestic Kitchen & Bath Creation	244	4	1.97%	N/A	N/A	N/A
Food Lion LLC	214	5	1.73%	200	5	2.25%
Robling Medical	200	6	1.61%	136	9	1.53%
Palziv North America	194	7	1.57%	N/A	N/A	N/A
ITS (Infrastructure Technology Services)	190	8	1.53%	N/A	N/A	N/A
Eaton Corporation	184	9	1.49%	186	6	2.10%
Captive-Aire Systems	175	10	1.41%	130	10	1.46%
Wal-Mart	150	11	1.21%	220	4	2.48%
Trulite Glass & Aluminum Solutions	131	12	1.06%	N/A	N/A	N/A
East West Manufacturing	130	13	1.05%	N/A	N/A	N/A
Amcort Rigid Plastics	120	14	0.97%	185	7	2.08%
Louisburg College	113	15	0.91%	N/A	N/A	N/A
Southern Lithoplate	100	16	0.81%	N/A	N/A	N/A
Maria Parham Franklin	100	17	0.81%	N/A	N/A	N/A
Embarq	85	18	N/A	N/A	N/A	N/A
Franklin Regional	N/A	N/A	N/A	275	3	3.10%
The Hon Company	N/A	N/A	N/A	N/A	N/A	N/A
Total	3,778		29.82%	2,250		25.34%

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									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
General Government:										
Manager\Administration	9	9	9	8	5	5	5	5	5	5
Information Technology	4	4	4	4	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	8	9	9
Tax Collector	6	5	5	5	5	5	5.5	5.5	6	6
Register of Deeds	5	5	5	5	5	4	4	4	4	4
Planning	5	5	5	5	5	5	5	5	5	5
Public Buildings-Maintenance	15	14	14	14	12	12	12	12	12	12
Public Safety:										
Inspections	13	11	9	9	7	7	6	6	6	6
GIS	3	3	3	3	3	3	3	3	3	3
Sheriff's Department	95	93	91	86	80	74	74	74	67	67
Communications - E911	23	22	23	23	21	20	18	18	17	17
Jail Operations	42	41	41	40	38	38	36	35	35	35
Emergency Medical Services	79	73	76	76	81	67	67	67	48	48
Emergency Management	2	2	3	3	3	3	3	3	3	3
Animal Control	10	10	8	8	7	6	6	6	5	5
Economic and physical development:										
Solid Waste-Landfill	8	8	6	6	6	6	6	6	6	6
Soil and Water Conservation	3	3	3	3	3	3	3.5	3.5	4	4
Airport Operations	4	3	3	3	3	3	3	3	3	3
Cooperative Extension	1	1	1	1	2	0	0	0	0	0
Economic Development	3	3	3	3	3	3	3	3	3	3
Human Services:										
Health Department	57	49	53	52	53	52	51	51	58	58
Social Services	107	102	104	102	93	92	101	102	101	101
Aging Department	7	7	7	8	8	8	7	7	7	7
Veterans Services	1	1	1	1	1	1	1	1	1	1
Cultural and recreation:										
Library	10	10	10	10	10	9	9	9	9	9
Recreation	6	6	5	5	5	5	4	4	4	3
Water and Sewer Department	38	32	32	32	30	27	19	18	17	17
Total Full-Time Positions	572	538	540	531	508	477	471	470	449	448

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	
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
2021	1151	\$ 215,470,307	110	\$ 42,836,788	\$ 258,307,095

SOURCE: Franklin County Planning Department

Table 19

**Franklin County, North Carolina
Principal Taxpayers
Current Year and Ten Years Ago
For Fiscal Year Ended 2021**

Taxpayer	2021				2012			
	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	\$ 177,267,894	3.09%	\$ 1,543,109	1	\$ 136,231,996	3.40%	\$ 1,122,342
Duke Energy Progress Inc	2	71,129,780	1.24%	672,045	2	51,270,770	1.28%	419,956
K-Flex USA	3	62,246,657	1.09%	588,619	-	-	-	-
Wake Electric	4	38,056,115	0.66%	342,374	4	29,324,440	0.73%	254,988
Captive Aire Systems Inc.	5	21,153,173	0.37%	188,348	-	-	-	-
PRTI, Inc.	6	5,018,397	0.09%	174,543	-	-	-	-
Palziv	7	18,442,930	0.32%	164,603	-	-	-	-
Walmart Real Estate Business & Trust	8	11,585,630	0.20%	145,268	9	9,118,605	0.23%	77,054
Amcor Rigid Plastics LLC	9	15,371,137	0.27%	137,572	-	-	-	-
Public Service Company of NC Inc.	10	14,157,024	0.25%	135,509	-	-	-	-
Carolina Telephone	-	-	-	-	3	30,813,161	0.77%	288,525
Amcor Pharmaceutical	-	-	-	-	5	12,818,503	0.32%	111,841
Southern Lithoplate	-	-	-	-	6	12,485,556	0.31%	112,518
Franklin Regional	-	-	-	-	7	12,117,007	0.30%	112,028
Harold G. Bagwell	-	-	-	-	8	10,059,457	0.25%	87,769
Fifth Third Bank	-	-	-	-	10	8,905,383	0.22%	76,645
Totals		<u>\$ 434,428,737</u>	<u>7.58%</u>	<u>\$ 4,091,990</u>	Totals	<u>\$ 313,144,878</u>	<u>7.81%</u>	<u>\$ 2,663,666</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	
2012	\$	-	\$	-
2013		-		-
2014		-		-
2015		-		-
2016		-		-
2017		-		-
2018		-		-
2019		-		-
2020		-		-
2021	\$	230,215	\$	179,736

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

Function/Program	Fiscal Year Ended				
	2021	2020	2019	2018	2017
General Government:					
Registered voters	46,395	43,001	41,471	43,141	43,156
New Residential Building Permits	1,151	943	854	671	441
Land parcels	41,643	40,574	39,955	39,474	39,475
Tax bills mailed	48,424	47,454	46,335	45,717	54,224
Marriage licensed issued	474	356	377	330	331
Public Safety:					
Physical arrests	932	1,273	1,386	3,928	884
Ave monthly jail inmate count	137	173	182	174	183
E 911 emergency calls received	68,230	78,464	71,688	76,260	70,044
EMS/Rescue calls made	9,819	9,419	8,459	10,726	9,030
Economic and physical development:					
Tons of trash handled at landfill	44,379	42,160	42,691	39,837	37,918
Aircraft based at county airport	118	146	132	124	130
Human services:					
Number of medicaid eligibles	19,290	13,791	13,977	13,240	9,865
Number of Food Stamp eligibles	10,636	9,075	8,195	8,944	9,465
Number of hospitals	1	1	1	-	-
Number of patient beds	33	33	13	-	-
Cultural and Recreation					
Number of public libraries	4	4	4	4	4
Number of volumes	111,265	106,120	113,475	108,684	112,640
Number of parks and ball fields	4	4	4	4	4
Water and Sewer:					
Number of customers - water	8,229	7,542	6,892	6,487	5,843
Average daily consumption (gals)	2,669,708	2,512,040	2,732,737	3,010,316	2,384,323
Miles of water lines	219	214	207	177	165
Miles of sewer lines	85	82	75	69	66

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

Table 21

Fiscal Year Ended				
2016	2015	2014	2013	2012
43,040	40,455	40,407	39,622	40,275
499	190	284	245	245
38,909	38,748	38,748	38,522	38,522
44,591	43,897	43,348	99,007	99,007
317	357	326	311	303
2,148	2,077	2,627	2,696	2,021
182	156	168	155	160
71,514	71,330	19,846	67,756	67,756
8,316	5,331	5,245	4,948	4,700
38,020	34,180	31,942	31,500	31,186
125	125	123	110	102
14,454	11,801	12,671	11,701	11,701
10,112	11,112	11,461	11,355	11,355
-	1	1	1	1
-	2	2	70	70
4	4	4	4	4
106,972	103,262	143,569	105,000	105,000
4	4	4	4	4
5,593	5,332	3,983	3,189	3,189
1,900,000	2,100,000	2,000,000	2,058,000	2,058,000
192	192	162	161	161
80	80	62	47	47

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

Function/Program	Fiscal Year Ended				
	2021	2020	2019	2018	2017
General Government:					
County office buildings	3	3	3	3	3
Vehicles	14	15	15	14	3
Public Safety:					
Stations	4	4	5	5	5
Vehicles	243	220	217	115	120
Economic and Physical Development:					
Vehicles	12	11	11	18	2
Buildings	3	3	3	3	1
Cultural and Recreation					
Acreage	220	220	220	220	220
Playgrounds	7	7	7	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	5	4
Water and Sewer					
Water mains (miles)	219	214	207	177.2	195
Fire hydrants*	1,140	1,090	1025	1025	1000
Elevated tanks	5	5	5	6	6
Storage capacity (gallons)	1,225,000	1,225,000	1,225,000	1,290,000	1,290,000
Sewer mains (miles)	85	82	75	69	50
Treatment capacity (gallons)	5,517,000	4,667,000	4,000,000	3,170,620	3,000,000

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

Table 22

Fiscal Year Ended				
2016	2015	2014	2013	2012
3	3	3	3	3
3	3	3	3	2
5	5	5	5	5
110	84	74	74	72
2	2	2	2	2
1	1	1	1	1
220	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
4	6	6	6	6
165	192	162	160	160
1000	1000	175	175	175
6	6	3	3	3
1,290,000	1,250,000	1,000,000	1,000,000	1,000,000
62	80	362	47	45
4,000,000	3,000,000	3,000,000	3,000,000	3,000,000

Table 23

Franklin County, North Carolina
Other Statistical Information
June 30, 2021

Date of establishment	1,779
Form of government	Commissioner/Manager
Employees:	
Full-time, regular	541
Part-time, regular	248
Franklin County facilities and services	
Sheriff protection	
Number of stations	4
Number of deputies and officers	93
Number of patrol units	28
Inspections	
Residential Building permits issued	1,151
Cultural and recreational	
Number of libraries	4
Number of volumes	106,120
Water and Sewer	
Number of customers	8,229
Average daily consumption (in gallons)	2,669,708
Miles of water mains	219
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	3

COMPLIANCE SECTION

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

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

Independent Auditor's Report

To the Board of County Commissioners
Franklin County, North Carolina

We have audited, 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, 2021 and the related notes to the financial statements, which collectively comprises Franklin County's basic financial statements, and have issued our report thereon dated November 30, 2021. 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) as a basis for designing 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. Given these limitations, during our audit we did not identify any

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deficiencies in internal control that we consider material weakness. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

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
November 30, 2021

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

Certified Public Accountants



America Counts on CPAs

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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, 2021. 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 federal and State statutes, regulations, and the terms and conditions of its federal awards 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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Basis for Qualified Opinion on Medical Assistance

As described in the accompanying schedule of findings and questioned costs, Franklin County did not comply with requirements regarding CFDA 93.778 Medical Assistance as described in finding number 2021-1 for Eligibility. Compliance with such requirements is necessary, in our opinion, for Franklin County to comply with the requirements applicable to that program.

Qualified Opinion on Medical Assistance

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, 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 Medical Assistance for the year ended June 30, 2021.

Unmodified Opinion on Each of the Other 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 other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2021.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2021-1. Our opinion on each major federal program is not modified with respect to these matters.

Franklin County's response to the noncompliance findings 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.

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 *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. 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2021-1 that we consider to be significant deficiencies.

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
November 30, 2021

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

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Report On Compliance With Requirements Applicable To Each Major State Program And 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, 2021. 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 state statutes, regulations, and the terms and conditions of its state awards 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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Basis for Qualified Opinion on Medical Assistance

As described in the accompanying schedule of findings and questioned costs, Franklin County did not comply with requirements regarding Medical Assistance as described in finding number 2021-1 for Eligibility. Compliance with such requirements is necessary, in our opinion, for Franklin County to comply with the requirements applicable to that program.

Qualified Opinion on Medical Assistance

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, 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 Medical Assistance for the year ended June 30, 2021.

Unmodified Opinion on Each of the Other Major State Programs

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 other major state programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2021.

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2021-1. Our opinion on each major state program is not modified with respect to these matters.

Franklin County's response to the noncompliance findings 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.

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.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or 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. 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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. However, we did identify certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2021-1 that we consider to be significant deficiencies.

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
November 30, 2021

**FRANKLIN COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

Noncompliance material to financial statements noted? Yes X no

Federal Awards

Internal control over major federal programs:

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

Type of auditor's report issued on compliance for major federal programs: Unmodified, for all federal programs except for Medical Assistance Program, which was modified.

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:

<u>CFDA#</u>	<u>Names of Federal Program or Cluster</u>
93.778	Medical Assistance Program (Medicaid; Title XIX)
21.019	Coronavirus Relief Fund
20.106	Airport Improvement Program

Dollar threshold used to distinguish between Type A and Type B Programs \$ 750,000

Auditee qualified as low-risk auditee? yes X no

**FRANKLIN COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

State Awards

Internal control over major State programs:

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

Type of auditor's report issued on compliance for major State programs: Unmodified, for all State programs except for Medical Assistance Program, which was modified.

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
Coronavirus Relief Fund
Public School Building Capital Fund
State Aid to Airports Program
School Nurse Funding Initiative

Section II – Financial Statement Findings

None noted.

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: 2021-1

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

**FRANKLIN COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

- 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 9 instances of case records not containing the proper verifications, documentation or computations as required by policy. Two case files did not have vehicles entered into NC Fast. One case file did not have vehicle ownership correctly listed in NC Fast. One casefile did not properly end date vehicles of a spouse in a long-term care case. Another vehicle case had an OVS that returned with in-progress on the DMV section and there was no follow-up performed by the County. Two cases had errors with documentation of the ownership of bank accounts. Two files also had exparte reviews that were not properly closed by the County.

Questioned Costs: There were \$201 in known errors. The known error rate projects or extrapolates to the entire population of claims paid for the year to an estimated \$1,126,955 in questioned costs for these cases. These questioned costs are for claims paid to beneficiaries and are not reported on the County's Schedule of Expenditures of Federal and State Awards. The claims are paid directly by the State of North Carolina to the providers or the beneficiaries. Beneficiary eligibility is determined by the county and claim eligibility is determined by the State. The claim payments are reported on the State's Schedule of Expenditures and Federal Awards only.

Context: Out of 1,264,975 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 6 of the 101 case files tested.

Effect: Case files not containing all required documentation results in a risk that services could be provided to individuals not eligible and that individuals could be denied benefits for which they are eligible. 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 claims. Those claims totaled \$210.

Identification of a repeat finding: Missing documentation/information has been a finding in previous audits, 2020-2, 2019-1, 2017-1, 2017-2, 2016-2, and 2016-3. There has been improvement in this area in the last four years.

Cause: Missing information could result in improper determination of eligibility. The eligibility determination by the caseworker in four of the six cases failed to ensure that all required items were retained, that all calculations were accurate, and that all necessary information was entered into NC FAST. In two of the six cases, processes and procedures were not followed to properly close a case and accept the decision rendered in the eligibility determination. However, there is no state generated report for those type of cases in order that counties are alerted of the need to close.

**FRANKLIN COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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. NC FAST 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. The County needs to train caseworkers on the need to respond timely and appropriately to cases received from Social Security.

Views of responsible officials and planned corrective actions: The county acknowledges the technical, internal control, and compliance errors noted and has ongoing measures in place to ensure that both initial determination and ongoing redetermination in timeliness and accuracy of eligibility determination is in the Medicaid program. The agency has measures in place with the Quality Assurance unit, who is solely dedicated to second party reviews to identify any errors and determine needed training and/or supervision for staff. Two cases noted as having errors are SDX cases (cases that Social Services evaluates for other Medicaid programs when client's Supplemental Security Income (SSI) is terminated; SSI cases are administered by Social Security Administration) that were placed on hold and did not close correctly after evaluating for Medicaid. The state acknowledges there is no report for counties to view for any holds on SDX cases. SDX cases are not assigned to caseworkers within Department of Social Services.

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 as noted in the 6 files with findings.

Section IV – State Award Findings and Questioned Costs

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

MATERIAL WEAKNESS: Finding 2021-1 also applies to State requirements and State Awards



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**CORRECTIVE ACTION PLAN
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Section II – Financial Statement Findings

None noted.

Section III – Federal Award Findings and Questioned Costs

Finding: 2021-1

Name of contact person: Amanda Murphy, Economic Programs Administrator

Corrective Action: Corrections to the income, resources, and policy 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 and Quality Assurance Supervisor will continue to conduct monthly second party reviews as well as monthly policy training to improve quality in all areas.

Proposed Completion Date: June 2022

Section IV – State Award Findings and Questioned Costs

Finding 2021-1 also applies to State Awards

**FRANKLIN COUNTY, NORTH CAROLINA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Finding 20-2

Status: See finding 21-1

Finding: 19-1.

Status: See finding 21-1.

Finding: 17-1

Status: See finding 21-1.

Finding: 17-2

Status: See finding 21-1.

Finding: 16-2

Status: See finding 21-1.

Finding: 16-3

Status: See finding 21-1.

Franklin County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2021

Grantor/Pass-through Grantor/Program Title	Federal AL#/ CFDA Number	State/ Pass-through Grantor's Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Provided 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: <u>Supplemental Nutrition Assistance Program Cluster:</u> Administration: State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		\$ 646,280	\$ -	\$ -
Passed-through the N.C. Dept. of Health and Human Services: Division of Public Health: Administration: Special Supplemental Nutrition Program for Women, Infants, & Children	10.557		256,781	-	-
Total U.S. Dept. of Agriculture			903,061	-	-
<u>U.S. Dept. of Justice</u>					
Passed-through the N.C. Dept. of Public Safety: Coronavirus Emergency Supplemental Funding	16.034		24,676	-	-
<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	1,303,714	-	-
Airport Improvement Program	20.106	36237.31.17.1	119,075	-	-
Total U.S. Dept. of Transportation			1,422,789	-	-
<u>U.S. Dept. of Treasury</u>					
Passed-through the Office of State Budget and Management: NC Pandemic Recovery Office Division of Public Health Coronavirus Relief Fund	21.019		86,596	-	-
Board of Elections Coronavirus Relief Fund	21.019		27,700	-	-
Office of the Governor Coronavirus Relief Fund	21.019		2,704,886	-	684,204
Total U.S. Dept of Treasury			2,819,182	-	684,204
<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		66,709	-	-
<u>Election Assistance Commission</u>					
Passed-through the N.C. Dept. of Administration HAVA Election Security Grant	90.404		171,339	-	-
<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 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	93.052		3,701	247	-
Special Programs for the Aging-Title III, Part C-Nutrition Services	93.044		207,488	10,765	-
Nutrition Services Incentive Program	93.045		70,777	636	-
Total Aging Cluster	93.053		7,629	-	-
Passed-through the Kerr-Tar Council of Governments: State Appropriation			285,894	11,401	-
Passed-through the Kerr-Tar Council of Governments: Division of Social Services: Social Services Block Grant - In Home Services	93.667		257,916	47,549	-
Division of Social Services: <u>Temporary Assistance for Needy Families (TANF) Cluster:</u> TANF - Work First	93.558		518,220	-	-
Total TANF Cluster			518,220	-	-

Franklin County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2021

Grantor/Pass-through Grantor/Program Title	Federal AL#/ CFDA Number	State/ Pass-through Grantor's Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Provided to Subrecipients
<u>Foster Care and Adoption Cluster (Note 4 & 5):</u>					
Foster Care-Title IV-E	93.658		286,798	19,287	-
Adoption Assistance	93.659		7,261	-	-
Foster Care-Title IV-E - Direct Benefits Payments	93.658		226,992	68,971	-
Total Foster Care and Adoption Cluster (Note 4)			521,051	88,258	-
Refugee and Entrant Assistance - Cash and Medical Payments	93.566		349	-	-
Low-Income Home Energy Assistance:					
Administration	93.568		41,731	-	-
Energy Assistance Payments	93.568		438,776	-	-
Crisis Intervention	93.568		155,883	-	-
Total Low-Income Home Energy Assistance			636,390	-	-
Promoting Safe and Stable Families	93.556		16,092	-	-
Stephanie Tubbs Jones Child Welfare Services Program -					
Permanency Planning - Families for Kids	93.645		16,092	-	-
Child Support Enforcement	93.563		610,950	509	-
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674		9,701	121	-
Division of Child Development and Early Education:					
Subsidized Child Care (Note 4)					
<u>Child Care Development Fund Cluster:</u>					
Division of Social Services:					
Child Care Development Mandatory and Matching Funds- Administration	93.596		94,540	-	-
Total Subsidized Child Care (Note 4)			94,540	-	-
Passed-through the N.C. Dept. of Health and Human Services:					
Division of Health Benefits					
Division of Social Services:					
<u>Medicaid Cluster:</u>					
Administration:					
Medical Assistance Program (Note 5)	93.778		1,849,434	9,357	-
Total Medical Assistance Program			1,849,434	9,357	-
Division of Social Services:					
Administration:					
Children's Health Insurance Program - N. C. Health Choice (Note 5)	93.767		50,405	(147)	-
Total Children's Health Insurance Program - N.C. Health Choice			50,405	(147)	-
Passed-through the N.C. Dept of Insurance:					
Division of SHIIP:					
CDAP-State Health Insurance Assistance Program	93.324		6,612	-	-
Passed-through the N.C. Dept. of Health and Human Services:					
Division of Public Health:					
Public Health Emergency Preparedness	93.069		16,695	-	-
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116		29	-	-
Family Planning Services	93.217		43,866	-	-
Immunization Cooperative Agreements	93.268		242,279	-	-
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323		143,758	-	-
COVID-19-Public Health Emergency Response					
Cooperative Agreement for Emergency Response					
Public Health Crisis Response	93.354		2,496	-	-
Sexually Transmitted Diseases (STD) Prevention and Control Grants	93.977		100	-	-
Preventive Health and Health Services Block Grant	93.991		30,607	-	-
Maternal and Child Health Services Block Grant to the States	93.994		91,799	5,898	-
Total U.S. Dept. of Health and Human Services			5,442,364	163,193	-
<u>U.S. Dept. of Homeland Security</u>					
Emergency Food and Shelter National Board Program	97.024		27,613	-	-
Passed-through N.C. Dept. of Environmental Quality					
HHPD Grant	97.041		25,329	-	-
Passed-through N.C. Dept. of Public Safety:					
Division of Emergency Management					
Emergency Management Performance Grants	97.042		39,378	-	-
Total U.S. Dept. of Homeland Security			92,320	-	-
Total federal awards			10,949,052	163,193	684,204

Franklin County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2021

Grantor/Pass-through Grantor/Program Title	Federal AL#/ CFDA Number	State/ Pass-through Grantor's Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Provided to Subrecipients
State Awards:					
<u>NC Department of Agriculture</u>					
Division of Soil and Water Conservation					
Soil & Water Grants		18-024-4024	-	26,880	-
<u>N.C. Dept. of Administration</u>					
Veteran Service Program			-	2,084	-
<u>N.C. Dept. of Cultural and Natural Resources</u>					
Division of State Library					
State Aid to Public Libraries			-	115,296	-
<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			-	305,813	-
Division of Social Services:					
Extended Foster Care/Max Non IV-E - Direct			-	16,156	-
State Foster Home Fund (SFHF) Maximization - Direct			-	27,077	-
Foster Care At Risk Maximization - Direct			-	474	-
State Foster Home - Direct			-	24,697	-
Foster Care Stipend - Direct			-	25,900	-
Energy Neighbors			-	14,676	-
Child Welfare/CPS			-	24,441	-
APS/CPS Care COVID 19			-	13,763	-
Smart Start			-	23,270	-
Total Division of Social Services			-	170,454	-
Division of Public Health:					
Aid to Counties			-	87,805	-
Family Planning			-	12,707	-
Maternal Health			-	16,095	-
HIV/STD State			-	400	-
STD Drugs			-	30	-
Food and Lodging			-	7,897	-
Tuberculosis Control			-	15,218	-
Healthy Community Activities			-	3,747	-
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			-	316,103	-
Total N.C. Dept. of Health and Human Services			-	792,370	-
<u>N.C. Dept. of Transportation</u>					
Highway Construction Program					
Franklin EMS Station		72.1082	-	17,047	-
State Aid to Airports Program					
Triangle North Executive		36244.43.10.1	-	229,968	-
Total N.C. Dept. of Transportation			-	247,015	-
<u>N.C. Dept. of Environmental Quality</u>					
Division of Waste Management					
Electronics Mgt. Program			-	2,628	-
Scrap Tire Grant			-	72	-
Total N.C. Dept. of Environmental Quality			-	2,700	-
<u>N.C. Dept. of Public Safety</u>					
Juvenile Crime Prevention Programs			-	182,693	114,482
<u>N.C. Dept. of Public Instruction</u>					
Public School Building Capital Fund - Lottery Proceeds			-	400,000	-
Total State awards			-	1,769,038	114,482
Total Federal and State awards			\$ 10,949,052	\$ 1,932,231	\$ 798,686

Franklin County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2021

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, 2021. 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	\$ 753,167	\$ -
Supplemental Nutrition Assistance Program	10.551	22,836,497	-
Temporary Assistance for Needy Families	93.558	204,195	-
Adoption Assistance	93.659	578,650	107,952
Foster Care - Title IV-E	93.658	226,992	68,971
Medical Assistance Program	93.778	71,707,385	27,724,367
Children's Health Insurance Program	93.767	1,628,144	323,110
Adoption Subsidy		-	114,833
Extended Foster Care/Max Non IV-E		-	12,756
Extended Foster Care Stipend		-	3,400
SFHF Maximization		-	27,077
Foster Care At Risk Maximization		-	474
Foster Care Stipend		-	25,900
State Foster Home		-	24,697
State / County Special Assistance Program		-	385,969