

**FRANKLIN COUNTY
COMPREHENSIVE ANNUAL
FINANCIAL REPORT
For the Fiscal Year Ended
June 30, 2019**



Prepared by the
Franklin County Finance Department

Finance Director
Jamie Holtzman

County of Franklin
113 Market Street
Louisburg, NC 27549

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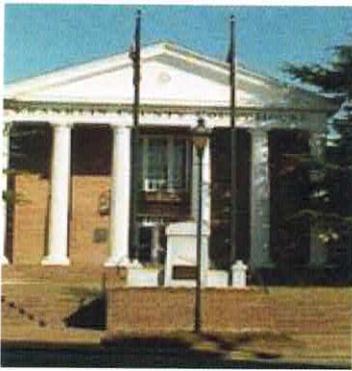
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COUNTY OF FRANKLIN

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December 10, 2019

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, 2019. 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, 2019 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, 2019 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 this single audit provided no instances of material weaknesses in the internal control structure or significant violations 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 68,900. 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.

Radio Upgrade Project

The County upgraded the Public Safety Radio System to include adding two channels, upgrading NSC equipment, upgrading to Phase 2 technology, incorporating the Youngsville site via microwave link, and replaced radio dispatch consoles. The total cost of the project was \$2,613,971 which included \$1,178,092.89 provided via a funding reconsideration that was approved by the NC 911 Board; \$1,204,482 provided via a grant awarded by the NC 911 Board; \$160,196 from Franklin County's 911 Fund balance; \$71,200 from the County. One final payment of \$71,545 remains to be paid to the vendor after final adjustments to the radio dispatch consoles are completed which is expected to be complete by the end of January 2020.

Franklinton & Youngsville Pump Station Replacements

The pump station replacement projects were completed in June 2019. The projects replaced pump stations that were beyond their useful service life. The purpose of the projects were to upgrade old equipment with new and state of the art and energy efficient products. The projects also upgraded our SCADA monitoring capabilities and new back-up generators.

Triangle North Franklin

The Triangle North Franklin project installed a new duplex sewage pump station with back-up generator and odor control system. It also included the installation of approximately 15,000 linear feet of 8” sewer force main. The project was funded through an IDF Grant. The original project cost came in at \$1,329,100.00. Due to site conditions and additional work, there have been 4 change orders bringing the total project cost to \$1,569,748.73. The additional costs are being funded through the Kerr-Tar Regional Economic Development Commission. This project is still on-going and estimated completion is February 2020.

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 April 2019. The funding is for repairs to the wastewater treatment plant, which involves the replacement of the aerobic digester, replacement of the old AAA basin, new blowers and building, and associated appurtenances. The loan amount is for \$8,316,000 with a principal forgiveness of \$217,083. The plans and specifications are being completed to be turned into the state in February 2020 for review with an estimated construction start date of Spring 2021.

Sewer Pump Station Replacement

The County received a 0% loan in the amount of \$1,365,000 from the State Of North Carolina Division of Water Infrastructure in April 2019. The funding is for the replacement of three sewer pump stations in Franklinton (Korea Street, US12A, & Oak Ridge). The pump stations are over 20 years old and have exceeded their useful service lives. The rehabilitation will replace the old analog dialers with SCADA, replace aging pump controls, float switches, and add new energy efficient pumps, emergency by-pass pumping connections, and safety equipment. The plans and specifications are at the state for review with an estimated construction start date of Spring 2021.

Triangle North Executive Airport (TNEA)

Triangle North Executive Airport is the second largest general aviation airport in the State of North Carolina for based aircraft. TNEA continues to blossom in many ways in both infrastructure growth and tenants that call us home. TNEA is at the half way mark of the new Master Layout Plan (MLP) of the airfield per a \$410,000 grant from the N.C. Department of Transportation – Division of Aviation. The MLP will provide TNEA with the knowledge for expansion opportunities to the airfield to include a possible runway extension, terminal placement, road movements and building infrastructure. The runway extension project with the MLP is a long-term project that will continued to be evaluated. The Airport is also beginning the process of design and construction for a new \$1.6 million grant to rehabilitate the airfield with LED lights, signage and infrastructure. Recently, TNEA has been named the home of Civil Air Patrol’s Squadron 145 FLIR camera search and rescue unit that will operate 24/7 to assist the State of North Carolina and Franklin County with search and rescue, disaster recovery and aerial photography from natural disasters. Lastly, TNEA also has added a vital part of aviation to its community with a new FAA avionics lab as well as an expanded flight school and maintenance operation.

Triangle North Franklin Business Park

Triangle North Franklin Business Park (TNF) received designation as an Opportunity Zone increasing the benefits and appeal of investing in or locating at the Business Park. NCDOT hosted the ground-breaking ceremony for the start of the four-laning of US 401 at TNF in early 2019. This road project adds to the benefits of TNF by increasing accessibility. The two existing buildings at TNF have recently sold and the companies are now upfitting the properties for their use. This will bring an estimate of 55 new jobs to Franklin County with a planned date of 2020 for the companies to locate in the buildings.

Triangle North Franklin completed the sewer infrastructure project thanks to the grant received from the Golden LEAF/N.C. Rural Infrastructure Authority. The grant funds, with assistance from the Kerr-Tar Regional Economic Development Corporation, also provided funding for construction of sewer at the Triangle North Executive Airport. Additionally, as part of the Franklin County Comprehensive Development Plan, we are creating a concept of the area as a

business campus with ability to attract commercial as well as industrial businesses. Triangle North Franklin remains the only Triangle North site adjacent to an airport making it uniquely positioned among the Triangle North parks.

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

The Grand Opening for Owens Park was held in July 2019. Amenities currently available at the 167-acre site are a paved ADA accessible one-half mile walking trail, a playground, a stocked fishing pond with ADA dock access, two nature trails and a gravel parking lot. A combined restroom and picnic shelter and three rustic campsites are nearing completion. The County purchased the former Bull Creek Golf and Country Club located northeast of Louisburg in November of 2014. Other facilities at the park include a 3,200 square-foot Parks and Recreation Department Office and two other 4,000 square-foot maintenance buildings as well as four ponds. This purchase was made possible by a gift from the Estate of Edgar H. Owens. Phase 1 of the master plan was developed and approved by the County Commissioners and partially funded by a LWCF \$250,000 federal matching grant the anticipated completion date for all projects in Phase 1 is March 2020. Plans for future phases of the Park are being developed.

Franklin Medical Center

Franklin County and Duke LifePoint Maria Parham LLC entered into a Lease Agreement in October 2017 for the County's hospital facility now being operated as Maria Parham Franklin. The facility began serving patients in October 2018 in its emergency room facility. Renovations and accreditations for the 13 Bed Geriatric Behavioral Health Unit were completed in 2019 making that unit available for patients. In February 2020, construction will be complete on a new 20 Bed Adult Behavioral Health Facility being constructed adjacent to the existing facility. When all phases on the campus are completed, the capital investment is expected to exceed more than \$16 million, which has been made possible by Duke LifePoint Healthcare, the Dorothea Dix Hospital Property Fund, the Golden Leaf Foundation and the North Carolina Department of Commerce

Disaster Preparedness and Recovery Planning

Franklin County made significant progress in gathering data and populating a database to support the County's Disaster Preparedness and Recovery Process. Franklin County is the pilot county working with vendor Builder Services in this effort. All departments participated in providing information and helping to prioritize how functions would be addressed in the event of a disaster. The goal is to recover from a disaster and maintain our continuity of operations in the most cost effective and efficient manner.

Broadband Initiative

In June 2019, the Board of Commissioners approved an Agreement with Open Broadband LLC to support the deployment of broadband internet service in the unserved and underserved areas of Franklin County. The Agreement provides grants of up to \$188,000 annually for four years to Open Broadband based on deployment and performance data. The process was a regional effort with Vance and Granville Counties and included a resident survey and RFP Process to select an ISP willing to help with the County's objectives of improving service availability.

Datacenter Virtualization

Franklin County installed a new virtual computer system in a hardened data facility. This project will provide the County the flexibility to quickly relocate anywhere in the area and maintain continuity of operations. The recovery time objective will now be measured in hours instead of days.

ECONOMIC CONDITIONS AND FINANCIAL OUTLOOK

Franklin County's unemployment rate as of June 30, 2019 was 4.7%. Although the County's economy has traditionally been dependent on agriculture and textiles, today Franklin County enjoys a diverse economic profile: 23% of employment in the County is in manufacturing, 37% is in service producing industries, 19% is in government, 9% is in construction, 38% is in other nonagricultural employment and 1% is in agriculture. Major agricultural commodities include tobacco, grain, livestock and forestry products. ("Summation by industry may not match the total since the totals include the undisclosed data suppressed within the detailed data without revealing those date.") Franklin County is also a proud member of the eleven-county Research Triangle Regional Partnership, which provides us with additional marketing support in connection to attracting new business prospects into the County.

The population of Franklin County has also increased steadily over the last several years. In fact, an average of 6 people, or one and 1/2 household, move into the County every day. The County issued 854 residential building permits during the fiscal year 2019, up from 671 permits in fiscal year 2018. 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, it also requires that we appropriately forecast the need for additional infrastructure and governmental services. In 2015, the County successfully purchased the Town of Franklinton's water and sewer system, and recently completed several treatment plant upgrades. This allowed us to improve and expand to serve more residents. The County currently purchases an average of 2.1 million gallons of water per day from the City of Henderson, and 129,000 gallons per day from the Town of Louisburg, in order to meet daily water needs. With the purchase of the Franklinton Water and Sewer System, the County has acquired a water plant that has the potential of treating 350,000 gallons of water per day. The County also treats an average of 900,000 gallons of waste water per day.

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 \$18.9 million in revenue from the County during the 18-19 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 \$162.2 million. During the last fiscal year, the company provided the county with over \$1.3 million in property tax revenue. Novozymes is also the County's largest Public Utilities customer, averaging 1.137 million gallons per day and \$2,387,653 in annual water sales in addition to \$738,950 in annual sewer sales.

Last year, Novozymes represented 2.89% of the county's tax base. Other companies ranked among the top five tax payers include: KFlex USA (taxable value of 67.2 million), Duke Energy (taxable value of \$63.4 million,) Wake Electric (taxable value of \$30.4 million,) and Palviz America (taxable value of \$19.7 million). These top five companies generated \$2.76 million in property tax revenue, or 6.1% of Franklin County's total property tax base. Franklin County has taken measures to reduce the risk of over-reliance on these few large tax payers, which could potentially negatively impact bond ratings available to the County.

SINGLE AUDIT

As a recipient of federal, state and county assistance, the County also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management and the Finance Department staff of the County. As a part of the County's single audit, described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal and state financial assistance programs, as well as to determine that the County has complied with applicable laws and regulations. The results of the County's single audit for the fiscal year ended June 30, 2019, provided no instances of material weaknesses in the internal control structure or significant violations of applicable laws and regulations.

CASH MANAGEMENT AND RISK MANAGEMENT

Cash Management – Franklin County follows an accounting policy in which all budgeted expenditures must equal estimated revenues. We are proud to report that, due to our diligent discretionary spending practices, the county's actual expenditures for the last fiscal year were less than budget. In fact, the County added to the General Fund a total of \$2,445,945. The County uses a central depository system to pool moneys from all funds and facilitate disbursements and investments. All depositories in excess of amounts insured by the FDIC via the pooling method are collateralized according to North Carolina General Statute 159-31. At the end of the fiscal year, \$315,891 of the bank balance was covered by federal depository insurance, and \$24,914,466 was covered by collateral held under the Pooling Method. In

accordance with North Carolina General Statute 159-30, we invested temporarily idle cash in interest-bearing accounts, principally through the North Carolina Capital Management Trust, BB&T, and First Citizens Bank. At June 30, 2018, the County's deposits had a carrying value of \$24,661,558 and a bank balance of \$25,230,357.

Risk Management – The County participates in two insurance pools developed by the North Carolina Association of County Commissioners which provide coverage for general liability and worker's compensation. The limits of coverage include the following: jail and public safety officers' liability of \$2 million, vehicle liability of \$2 million, and property damage of \$86 million. The County also provides self-insured health and dental benefits administered by Blue Cross/Blue Shield. This year these three insurance coverages cost the county \$9.13 million, an increase of more than \$1.6 million since last year.

In order to help lower insurance costs, reduce workplace safety risks, and promote employee wellness, the County has appointed a Safety and Wellness Officer. The Safety Officer makes periodic on-site inspections, provides employee safety and wellness educations, and makes recommendations to improve safety practices. The County has also established a safety committee that assists the Safety and Wellness Officer to implement new and existing safety measures.

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 20 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,

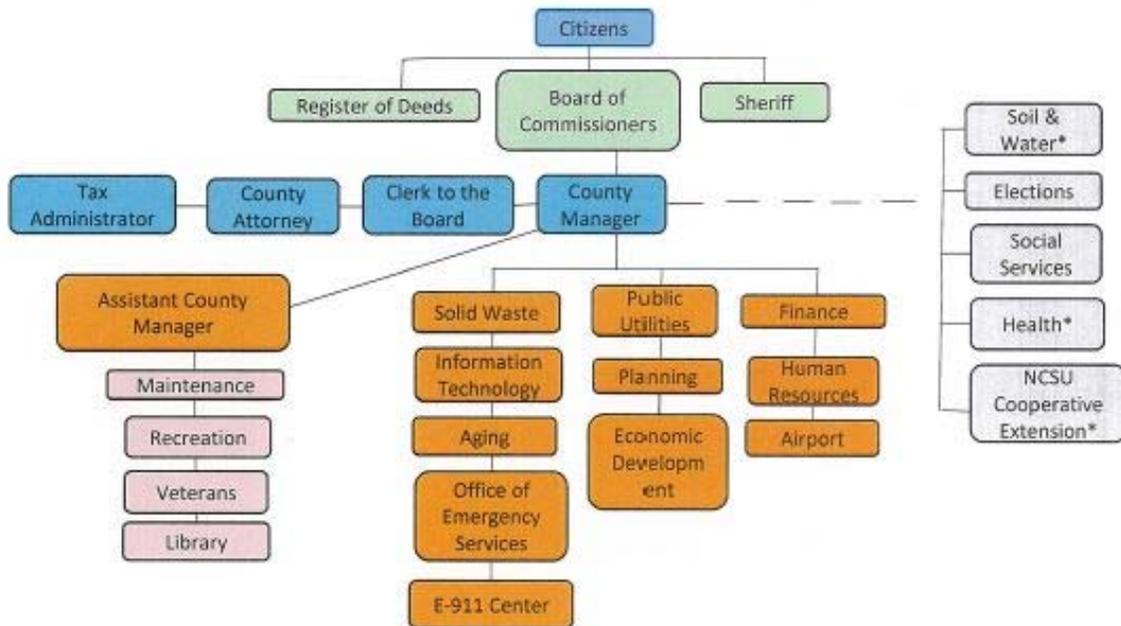


Angela L. Harris
County Manager



Jamie Holtzman
Finance Director

Franklin County Government



Franklin County
Organization Chart
May 2019

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, 2019

**Board of County
Commissioners**

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

County Officials

Angela L Harris
Jamie Holtzman
Pete Tomlinson

County Manager
Finance Director
County Attorney



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Franklin County
North Carolina**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morrill

Executive Director/CEO

FINANCIAL SECTION

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

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

Certified Public Accountants

Curtis G. Van Horne, CPA



America Counts on CPAs

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, 2019 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, 2019, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Franklin County's basic financial statements. The introductory information, combining and individual fund financial statements, budgetary schedules, other schedules, statistical section, as well as the accompanying schedule of expenditures of federal and state awards as required by Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State Single Audit Implementation Act are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements, budgetary schedules, other schedules and the schedule of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures; including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion based on our audit, the procedures performed as described above, the combining and individual fund financial statements, budgetary schedules, other schedules and the schedule of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2019 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

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Certified Public Accountants
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December 10, 2019



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, 2019. 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

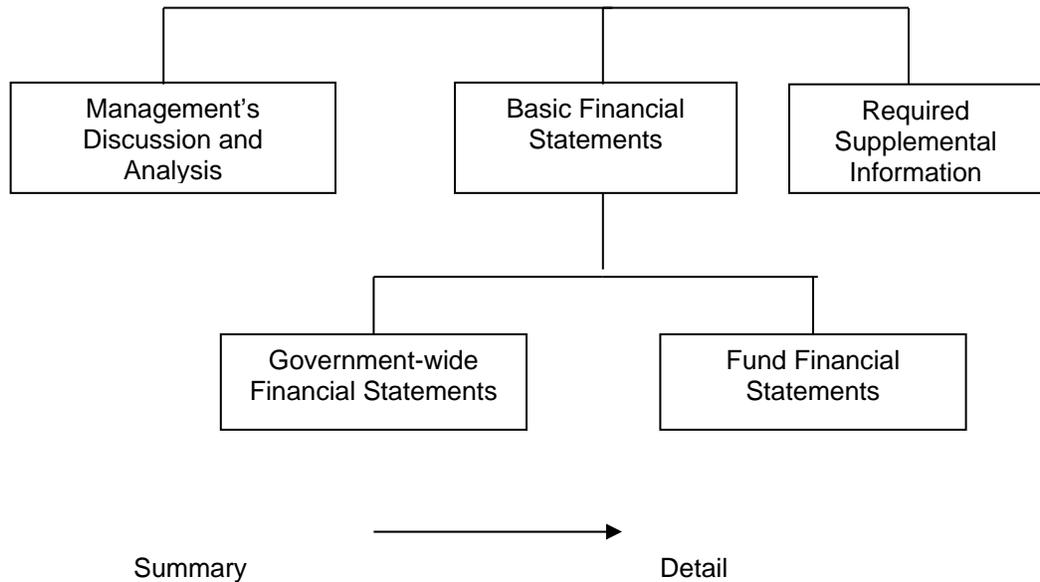
- The County's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$23.16 million. In accordance with North Carolina law, liabilities of the County include long-term debt associated with assets belonging to the Franklin County Board of Education. The amount included in liabilities related to school financing is \$52 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 \$47.96 million, an increase of approximately \$1.69 million from the previous fiscal year where the combined fund balances totaled \$46.24 million. An increase in the amount of \$393,548 was in the Non-major Other Governmental Funds. The General Fund increased by \$2,445,945. Approximately 46 percent of the total fund balance of the General fund or \$22.05 million is available for spending at the government's discretion.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$22.05 million or 27.1 percent of total general fund expenditures for the fiscal year. The portion of the total fund balance that has been designated for subsequent year expenditures is \$4,324,465.
- The County's total long-term debt decreased by \$5,500,497 million 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 2019 for water and sewer service and also solid waste. The final category is component units. Although legally separate from the County the Franklin County Tourism Development Authority is the only component unit to the County. The County exercises control over its Board by appointing seven of its nine board members with the other two members being the Franklin County Finance Director and the Franklin County Economic Development Director. The Franklin County Industrial Facility and Pollution Control Financing Authority had no financial transactions or account balances; therefore, it is not presented in the government-wide combined financial statements.

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

Fund Financial Statements

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

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

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

Proprietary Funds – The County utilizes two proprietary funds. The County uses an Enterprise Fund to report the same functions presented as business-type activities in the government-wide financial statements. The County uses an enterprise fund to account for its water and sewer activity and starting July 1, 2015, the County started using an Enterprise Fund for its Solid Waste operations instead of the

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

Internal Service Funds – These funds are an accounting device used to accumulate and allocate costs internally among the functions of the County. The County currently has one internal service fund called the Insurance Fund. Actual payments for health insurance, property and liability insurance, unemployment charges, and worker’s compensation payments are recorded.

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

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

Required Supplemental Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the County’s progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 82 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as one useful indicator of a government’s financial condition. The County’s assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$23,160,957 as of June 30, 2019. The County’s net position increased by \$9.06 million for the fiscal year ended June 30, 2019. One of the largest portions, \$67,008,668, 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, \$9,498,795, 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 2019 and FYE 2018.

Figure 2

FRANKLIN COUNTY’S NET POSITION

| | Governmental Activities | | Business-type Activities | | Total | |
|-----------------------------------|----------------------------|-----------------|-----------------------------|---------------|---------------|---------------|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Current and other assets | \$ 54,859,708 | \$ 53,334,221 | \$ 9,214,883 | \$ 7,285,785 | \$ 64,074,591 | \$ 60,620,006 |
| Capital assets | 47,481,843 | 46,656,619 | 33,659,722 | 33,336,366 | 81,141,565 | 79,992,985 |
| Total assets | 102,341,551 | 99,990,840 | 42,874,605 | 40,622,151 | 145,216,156 | 140,612,991 |
| Deferred Outflows of Resources | 8,130,616 | 5,807,633 | 512,048 | 355,939 | 8,642,664 | 6,163,572 |
| Long-term liabilities outstanding | 108,768,455 | 111,943,563 | 8,776,932 | 11,102,321 | 117,545,387 | 123,045,884 |
| Other liabilities | 3,283,912 | 3,604,451 | 1,478,465 | 1,720,609 | 4,762,377 | 5,325,060 |
| Total liabilities | 112,052,367 | 115,548,014 | 10,255,397 | 12,822,930 | 122,307,764 | 128,370,944 |
| Deferred Inflows of Resources | 8,114,523 | 4,031,870 | 275,576 | 278,337 | 8,390,099 | 4,310,207 |
| Net Position: | | | | | | |
| Net investment in capital assets | 39,726,457 | 38,912,238 | 27,282,211 | 25,803,183 | 67,008,668 | 64,715,421 |
| Restricted | 9,498,795 | 9,849,114 | - | - | 9,498,795 | 9,849,114 |
| Unrestricted | (58,919,975) | (62,542,763) | 5,573,469 | 2,073,640 | (53,346,506) | (60,469,123) |
| Total Net Position | \$ (9,694,723) | \$ (13,781,411) | \$ 32,855,680 | \$ 27,876,823 | \$ 23,160,957 | \$ 14,095,412 |

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 \$(9.69) million. In the Business-type Activities, the assets exceeded its liabilities by \$32.85 million at June 30, 2019. Net position for Governmental Activities is reported in three categories: Net Investment in capital assets was \$39.73 million; Restricted was \$9.49 million and unrestricted net position was \$(58.92) million. Net position for Business-type Activities is reported in two categories: Net Investment in capital assets was \$27.28 million and unrestricted net position was \$5.57 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, 2019, the county had a negative number of \$58.9 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 \$52 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, 2019, total net position in Governmental Activities increased by \$4.086 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 98.40 percent.
- Continued low cost of debt due to the County's bond rating.
- Conservative revenue projections - \$3,667,328 surplus over budget in the General Fund.
- Controlled departmental spending and conservative budgeting - \$3,291,343 under budget in the General Fund.

Figure 3
FRANKLIN COUNTY'S CHANGES IN NET POSITION

| | Governmental Activities | | Business-type Activities | | Total | |
|---|-------------------------|-----------------|--------------------------|---------------|---------------|---------------|
| | FY 2019 | FY 2018 | FY 2019 | FY 2018 | FY 2019 | FY 2018 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 10,478,068 | \$ 11,473,883 | \$ 15,305,458 | \$ 14,516,451 | \$ 25,783,526 | \$ 25,990,334 |
| Operating grants and contributions | 11,789,150 | 11,399,118 | - | - | 11,789,150 | 11,399,118 |
| Capital grants and contributions | 1,599,806 | 1,720,118 | 1,141,674 | 2,227,039 | 2,741,480 | 3,947,157 |
| General revenues: | | | | | | |
| Property taxes | 50,086,923 | 46,384,286 | - | - | 50,086,923 | 46,384,286 |
| Other taxes | 14,574,414 | 13,700,143 | - | - | 14,574,414 | 13,700,143 |
| Other | 978,212 | 601,394 | 37,841 | 124,166 | 1,016,053 | 725,560 |
| Total revenues | 89,506,573 | 85,278,942 | 16,484,973 | 16,867,656 | 105,991,546 | 102,146,598 |
| Expenses: | | | | | | |
| General Government | 6,374,634 | 6,480,010 | - | - | 6,374,634 | 6,480,010 |
| Public Safety | 32,167,086 | 29,045,089 | - | - | 32,167,086 | 29,045,089 |
| Economic and Physical Development | 3,563,802 | 2,548,230 | - | - | 3,563,802 | 2,548,230 |
| Human Services | 18,917,258 | 17,865,969 | - | - | 18,917,258 | 17,865,969 |
| Cultural and Recreation | 1,776,518 | 1,664,367 | - | - | 1,776,518 | 1,664,367 |
| Education | 20,594,619 | 21,744,539 | - | - | 20,594,619 | 21,744,539 |
| Interest on long-term debt | 1,775,968 | 2,010,655 | - | - | 1,775,968 | 2,010,655 |
| Solid Waste | - | - | 3,984,466 | 4,062,972 | 3,984,466 | 4,062,972 |
| Water and Sewer | - | - | 7,771,650 | 8,753,560 | 7,771,650 | 8,753,560 |
| Total expenses | 85,169,885 | 81,358,859 | 11,756,116 | 12,816,532 | 96,926,001 | 94,175,391 |
| Increase (Decrease) in net position before transfers and special item | 4,336,688 | 3,920,083 | 4,728,857 | 4,051,124 | 9,065,545 | 7,971,207 |
| Special item | - | (12,160,071) | - | - | - | (12,160,071) |
| Transfers | (250,000) | (300,000) | 250,000 | 300,000 | - | - |
| Increase in net position | 4,086,688 | (8,539,988) | 4,978,857 | 4,351,124 | 9,065,545 | (4,188,864) |
| Net Position, July 1, previously reported | (13,781,411) | 18,203,336 | 27,876,823 | 25,220,474 | 14,095,412 | 43,423,810 |
| Restatement | - | (23,444,759) | - | (1,694,775) | - | (25,139,534) |
| Net Position, July 1, as restated | (13,781,411) | (5,241,423) | 27,876,823 | 23,525,699 | 14,095,412 | 18,284,276 |
| Net Position, June 30 | \$ (9,694,723) | \$ (13,781,411) | \$ 32,855,680 | \$ 27,876,823 | \$ 23,160,957 | \$ 14,095,412 |

Governmental activities: Governmental activities increased the County's net position by \$4.086 million. Property Tax Collections totaled \$50.09 million, \$970,339 over budget. Sales Tax revenue was \$246,706 over budget. In addition, Restricted Intergovernmental was \$1,394,634 over budget and Sales and Services was \$458,430 over budget. Public Safety expenditures increased \$3.1 million with the hiring of additional personnel and purchase of additional equipment, Human Services increased \$1.05 million and the Franklin County Board of Education was funded an additional \$1.1 million.

Business-type activities: The net position in Business-type activities increased by \$4.98 million. The Water and Sewer fund accounted for the majority of the increase in net position accounting for \$4.91 million. Water collections increased \$382,261 and sewer collections increased by \$210,405. Operating expenses for the Water and Sewer decreased \$319,700 as a debt was retired in FYE 2019. The Solid Waste Fund had revenue and capital contributions of \$3,841,532 for the year. Operating expenses were \$3,912,172, a decrease of \$273,424 due to a reduction in capital outlay cost.

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 2019, Franklin County's fund balance available (unassigned) in the General Fund was \$22,053,551 while total fund balance reached \$39,212,564. In the fiscal year ended June 30, 2019 the Governing Body of Franklin County had determined that the county goal should be to maintain an available fund balance of 15% of general fund 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 27.1% of general fund expenditures, while total fund balance represents 48.3% of that same amount.

At June 30, 2019, the governmental funds of the County reported a combined fund balance of \$47,958,632. The county's overall fund balance remains strong.

General Fund Budgetary Highlights

During fiscal year 2019, 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 \$4.26 million mainly due to a debt financing and additional appropriated fund balance.

The actual operating revenues for the General Fund were higher than the budgeted amount by \$3,667,328. Ad valorem taxes were over budget by \$970,339; Sales tax revenues were over budget by \$246,706; fees and charges were over budget by \$458,430; and Restricted intergovernmental revenues were over the anticipated budget by \$1,394,634. The County's expenditures were \$3,291,343 less than budgeted. Human Services departments underspent their budgets by \$783,125, General Government activities were under budget by \$551,874, Public Safety departments were under budget by \$1,634,108 and Economic and physical development was under budget by \$184,287.

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 \$5,573,469, an increase of \$4.98 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, 2019, totaled \$81,141,565 (net of accumulated depreciation). These assets include buildings, automotive equipment, office and other equipment, and water and sewer lines.

Major capital asset transactions during the year included:

- \$1,616,371 in vehicles
- \$ 610,350 in building Improvements
- \$560,817 in Equipment

Figure 4

Franklin County's Capital Assets (net of depreciation)

| | Governmental Activities | | Business-type Activities | | Total | |
|----------------------------|-------------------------|----------------------|--------------------------|----------------------|----------------------|----------------------|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2017 |
| Land and Improvements | \$ 14,810,446 | \$ 14,801,185 | \$ 874,212 | \$ 874,212 | \$ 15,684,658 | \$ 15,675,397 |
| Buildings | 15,469,727 | 15,627,836 | - | - | 15,469,727 | 15,627,836 |
| Gas Lines | 160,723 | 168,951 | - | - | 160,723 | 168,951 |
| Plant & Distribution | 103,779 | 107,860 | 28,265,788 | 27,951,481 | 28,369,567 | 28,059,341 |
| Automotive equipment | 2,670,577 | 1,779,974 | 270,943 | 284,137 | 2,941,520 | 2,064,111 |
| Office and other equipment | 13,248,167 | 12,028,967 | 731,053 | 872,061 | 13,979,220 | 12,901,028 |
| Construction in progress | 1,018,424 | 2,141,846 | 3,517,726 | 3,354,475 | 4,536,150 | 5,496,321 |
| Total | \$ 47,481,843 | \$ 46,656,619 | \$ 33,659,722 | \$ 33,336,366 | \$ 81,141,565 | \$ 79,992,985 |

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, 2019, the County's Governmental Activities had total bonded school debt outstanding of \$48,310,619 all of which is backed by the full faith and credit of the County: and \$12,464,179 in installment purchases. In the Business-Type Activities, the County had \$360,000 in outstanding in Federal and State revolving loans and \$6,017,510 in installment loans outstanding at June 30, 2019. 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 | |
|-------------------------------|-------------------------|-----------------------|--------------------------|----------------------|-----------------------|-----------------------|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| General obligation bonds | \$ 48,310,619 | \$ 53,189,580 | \$ - | \$ - | \$ 48,310,619 | \$ 53,189,580 |
| Certificates of Participation | - | - | - | - | - | - |
| Installment Purchases | 12,464,179 | 13,627,246 | 6,017,510 | 6,993,183 | 18,481,689 | 20,620,429 |
| Revolving Loans | - | - | 360,000 | 540,000 | 360,000 | 540,000 |
| Other obligations | 47,993,657 | 45,126,737 | 2,399,422 | 3,569,138 | 50,393,079 | 48,695,875 |
| Total long-term debt | \$ 108,768,455 | \$ 111,943,563 | \$ 8,776,932 | \$ 11,102,321 | \$ 117,545,387 | \$ 123,045,884 |

In fiscal year 2018-2019, the County's total long-term debt decreased by \$5,500,497. The County's payments of principal on debt were the main reason for the county's decrease. The County entered into a \$1.9 million installment loan for vehicle and equipment purchase in FYE 18-19. The County met its obligations in a timely fashion. Eighty-nine 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 \$380,413,216.

Additional information regarding the County's long-term debt can be found in Note III.7.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for Franklin County was 4.7 percent at June 30, 2019 which is higher when compared to last year's rate at 4.0 percent.

Budget Highlights for the Fiscal Year Ending June 30, 2020

- **Governmental Activities:** The County has approved an \$89.65 million General Fund budget for FYE 2020 compared to a \$81.6 million General Fund budget for fiscal year 2018-2019. Additional funds were appropriated for Education (\$3.45 million) and Public Safety (2.8 million). The property tax rate remained at .8050 cents per \$100 dollars of property valuation. The tax base increased 2.5%.
- **Business – type Activities:** The County water rates and sewer rates remained the same as the previous year. The budget for the Water and Sewer Fund for FYE 2020 was set at \$11,240,400 to start the year up from \$11,106,340 in FYE 2019. The Solid Waste budget was set at \$4,471,846 as compared to the budget at \$3,801,756 for FYE 2019. The Solid Waste Availability Fee increased from \$85 to \$90.
- In fiscal year 2020 the Franklin County Board of Commissioners adopted an Unassigned Fund Balance Reserve Policy that establishes the goal to maintain a minimum unassigned fund balance for the General Fund of 18% of budgeted General Fund operating expenditures.

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, 2019

| | Primary Government | | | Component Unit |
|--|------------------------------------|-----------------------------------|----------------------|--|
| | Governmental Activities | Business-type Activity | Total | Franklin County Tourism Development Authority |
| Assets | | | | |
| Cash and cash equivalents | \$ 35,282,804 | \$ 7,551,706 | \$ 42,834,510 | \$ 190,987 |
| Taxes receivable (net) | 1,613,321 | - | 1,613,321 | - |
| Accounts receivable (net) | 748,430 | 2,739,811 | 3,488,241 | - |
| Due from other governments | 5,575,136 | 423,962 | 5,999,098 | - |
| Accrued interest receivable | 292,618 | - | 292,618 | - |
| Inventory | 46,085 | - | 46,085 | - |
| Prepaid items | 842,353 | - | 842,353 | - |
| Net pension asset | 103,380 | - | 103,380 | - |
| Restricted cash and cash equivalents | 8,854,985 | - | 8,854,985 | - |
| Internal balances | 1,500,596 | (1,500,596) | - | - |
| Capital assets: | | | | |
| Land, improvements, and construction in progress | 13,037,549 | 4,391,938 | 17,429,487 | - |
| Other capital assets, net of depreciation | 34,444,294 | 29,267,784 | 63,712,078 | - |
| Total capital assets | 47,481,843 | 33,659,722 | 81,141,565 | - |
| Total assets | 102,341,551 | 42,874,605 | 145,216,156 | 190,987 |
| Deferred Outflows of Resources | 8,130,616 | 512,048 | 8,642,664 | - |
| Liabilities | | | | |
| Accounts payable and accrued expenses | 2,711,637 | 856,642 | 3,568,279 | 5,000 |
| Customer deposits | - | 594,933 | 594,933 | - |
| Accrued interest payable | 572,275 | 26,890 | 599,165 | - |
| Long-term liabilities: | | | | |
| Due within one year | 7,375,530 | 1,184,308 | 8,559,838 | - |
| Due in more than one year | 101,392,925 | 7,592,624 | 108,985,549 | - |
| Total long-term liabilities | 108,768,455 | 8,776,932 | 117,545,387 | - |
| Total liabilities | 112,052,367 | 10,255,397 | 122,307,764 | 5,000 |
| Deferred Inflows of Resources | 8,114,523 | 275,576 | 8,390,099 | - |
| Net Position | | | | |
| Net investment in capital assets | 39,726,457 | 27,282,211 | 67,008,668 | - |
| Restricted for: | | | | |
| State Statute for Stabilization | 7,797,402 | - | 7,797,402 | - |
| Register of Deeds | 96,621 | - | 96,621 | - |
| Public Safety | 434,906 | - | 434,906 | - |
| Economic Development | 54,993 | - | 54,993 | - |
| Cultural and Recreation | 328,746 | - | 328,746 | - |
| Human Services | 109,882 | - | 109,882 | - |
| Capital Reserve | 676,245 | - | 676,245 | - |
| Unrestricted | (58,919,975) | 5,573,469 | (53,346,506) | 185,987 |
| Total net position | \$ (9,694,723) | \$ 32,855,680 | \$ 23,160,957 | \$ 185,987 |

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, 2019

| Functions/Programs | Program Revenues | | | |
|---|-------------------------|-----------------------------|---|---|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Governmental activities: | | | | |
| General government | \$ 6,374,634 | \$ 1,019,022 | \$ 1,454,351 | \$ - |
| Public safety | 32,167,086 | 5,376,986 | 1,803,265 | 484,725 |
| Economic and physical development | 3,563,802 | 890,333 | 37,864 | 179,024 |
| Human services | 18,917,258 | 2,716,411 | 7,588,121 | 711,057 |
| Cultural and recreation | 1,776,518 | 475,316 | 205,549 | 225,000 |
| Education | 20,594,619 | - | 700,000 | - |
| Interest on long-term debt | 1,775,968 | - | - | - |
| Total governmental activities | <u>85,169,885</u> | <u>10,478,068</u> | <u>11,789,150</u> | <u>1,599,806</u> |
| Business-type activity: | | | | |
| Solid Waste | 3,984,466 | 3,667,208 | - | 174,324 |
| Water and Sewer Department | 7,771,650 | 11,638,250 | - | 967,350 |
| Total business-type activities | <u>11,756,116</u> | <u>15,305,458</u> | <u>-</u> | <u>1,141,674</u> |
| Total primary government | <u>\$ 96,926,001</u> | <u>\$ 25,783,526</u> | <u>\$ 11,789,150</u> | <u>\$ 2,741,480</u> |
| Component Unit: | | | | |
| Franklin County Tourism Development Authority | <u>\$ 34,953</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, 2019

| Functions/Programs | Net (Expense) Revenue and Changes in Net Position | | | Component Unit |
|---|--|-----------------------------------|----------------|--|
| | Primary Government | | | Franklin County Tourism Development Authority |
| | Governmental Activities | Business-type Activity | Total | |
| Governmental activities: | | | | |
| General government | \$ (3,901,261) | \$ - | \$ (3,901,261) | |
| Public safety | (24,502,110) | - | (24,502,110) | |
| Economic and physical development | (2,456,581) | - | (2,456,581) | |
| Human services | (7,901,669) | - | (7,901,669) | |
| Cultural and recreation | (870,653) | - | (870,653) | |
| Education | (19,894,619) | - | (19,894,619) | |
| Interest on long-term debt | (1,775,968) | - | (1,775,968) | |
| Total governmental activities | (61,302,861) | - | (61,302,861) | |
| Business-type activity: | | | | |
| Solid Waste | - | (142,934) | (142,934) | |
| Water and Sewer Department | - | 4,833,950 | 4,833,950 | |
| Total business-type activities | - | 4,691,016 | 4,691,016 | |
| Total primary government | (61,302,861) | 4,691,016 | (56,611,845) | |
| Component Unit: | | | | |
| Franklin County Tourism Development Authority | - | - | - | (34,953) |
| General revenues: | | | | |
| Taxes: | | | | |
| Property taxes, levied for general purposes | 50,086,923 | - | 50,086,923 | - |
| Local option sales tax | 13,868,451 | - | 13,868,451 | - |
| Other taxes and licenses | 705,963 | - | 705,963 | 71,343 |
| Investment earnings, unrestricted | 694,726 | 31,235 | 725,961 | - |
| Miscellaneous, unrestricted | 283,486 | 6,606 | 290,092 | - |
| Transfers | (250,000) | 250,000 | - | - |
| Total general revenues and transfers | 65,389,549 | 287,841 | 65,677,390 | 71,343 |
| Change in net position | 4,086,688 | 4,978,857 | 9,065,545 | 36,390 |
| Net position, beginning | (13,781,411) | 27,876,823 | 14,095,412 | 149,597 |
| Net position, ending | \$ (9,694,723) | \$ 32,855,680 | \$ 23,160,957 | \$ 185,987 |

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, 2019

| | <u>Major</u> | | <u>Nonmajor</u> | <u>Total</u> <u>Governmental</u> <u>Funds</u> |
|--|----------------------|---|---|---|
| | <u>General</u> | <u>School</u> <u>Construction</u> <u>Fund</u> | <u>Other</u> <u>Governmental</u> <u>Funds</u> | |
| Assets | | | | |
| Cash and cash equivalents | \$ 33,317,954 | \$ - | \$ 895,152 | \$ 34,213,106 |
| Taxes receivable, net | 1,479,137 | - | 134,184 | 1,613,321 |
| Accounts receivables, net | 722,967 | - | 25,463 | 748,430 |
| Due from other governments | 5,209,167 | 26,081 | 339,888 | 5,575,136 |
| Due from other funds | 1,473,836 | - | - | 1,473,836 |
| Inventory | 46,085 | - | - | 46,085 |
| Restricted assets: | | | | |
| Restricted cash | 1,311,056 | 7,428,135 | 115,794 | 8,854,985 |
| Total assets | <u>\$ 43,560,202</u> | <u>\$ 7,454,216</u> | <u>\$ 1,510,481</u> | <u>\$ 52,524,899</u> |
| Liabilities and Fund Balances | | | | |
| Liabilities: | | | | |
| Accounts payable and accrued liabilities | \$ 1,946,052 | \$ 2,026 | \$ 82,419 | \$ 2,030,497 |
| Total liabilities | <u>1,946,052</u> | <u>2,026</u> | <u>82,419</u> | <u>2,030,497</u> |
| Deferred Inflows of Resources | <u>2,401,586</u> | <u>-</u> | <u>134,184</u> | <u>2,535,770</u> |
| Fund Balances: | | | | |
| Nonspendable: | | | | |
| Inventories | 46,085 | - | - | 46,085 |
| Restricted: | | | | |
| Stabilization by State Statute | 7,405,970 | 26,081 | 365,351 | 7,797,402 |
| Register of Deeds | 96,621 | - | - | 96,621 |
| Fire Protection | - | - | 211,075 | 211,075 |
| Capital Reserve | 676,245 | - | - | 676,245 |
| Public Safety | - | - | 223,831 | 223,831 |
| Cultural and Recreational | - | - | 328,746 | 328,746 |
| Human Services | - | - | 109,882 | 109,882 |
| Economic Development | - | - | 54,993 | 54,993 |
| Committed: | | | | |
| Debt Service | - | 7,426,109 | - | 7,426,109 |
| Revaluation | 538,190 | - | - | 538,190 |
| Assigned: | | | | |
| Subsequent year's expenditures | | | | |
| General Fund | 4,324,465 | - | - | 4,324,465 |
| Cultural and Recreational | 611,158 | - | - | 611,158 |
| Economic Development | 1,754,925 | - | - | 1,754,925 |
| Public Safety | 1,609,956 | - | - | 1,609,956 |
| Human Services | 95,398 | - | - | 95,398 |
| Unassigned: | | | | |
| General Fund | 22,053,551 | - | - | 22,053,551 |
| Total fund balances | <u>39,212,564</u> | <u>7,452,190</u> | <u>1,293,878</u> | <u>47,958,632</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 43,560,202</u> | <u>\$ 7,454,216</u> | <u>\$ 1,510,481</u> | |

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

Franklin County, North Carolina
Balance Sheet
Governmental Funds
June 30, 2019

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. | \$ 47,481,843 |
| Net pension asset | 103,380 |
| Deferred charges related to advance refunding bond issued-included on the government-wide statement of net position but are not current financial resources | 992,857 |
| Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position | 1,831,587 |
| Benefit payments and pension administration costs for LEOSSA are deferred outflows of resources on the Statement of Net Position | 29,975 |
| Contributions for OPEB are deferred outflows of resources on the Statement of Net Position | 403,226 |
| 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. | 1,257,671 |
| Liabilities for deferred inflows of resources reported in the fund statements but not the government wide | 1,613,321 |
| 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: | 292,618 |
| Pension related deferrals | 4,663,331 |
| OPEB related deferrals | (6,982,434) |
| Some liabilities, including bonds payable, are not due and payable in the current year and, therefore, are not reported in the funds | <u>(109,340,730)</u> |
| Net position of governmental activities | <u>\$ (9,694,723)</u> |

Franklin County, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2019

| | Major | | Nonmajor | Total Governmental Funds |
|---|----------------------|---|---|---|
| | General Fund | School Construction Fund | Other Governmental Funds | |
| Revenues | | | | |
| Ad valorem taxes | \$ 45,750,317 | \$ - | \$ 4,107,441 | \$ 49,857,758 |
| Local option sales taxes | 13,868,451 | - | - | 13,868,451 |
| Other taxes | 493,703 | - | 305,557 | 799,260 |
| Restricted intergovernmental | 11,384,194 | - | 956,228 | 12,340,422 |
| Fees, sales and charges | 10,438,785 | - | - | 10,438,785 |
| Investment earnings | 534,586 | 160,543 | - | 695,129 |
| Miscellaneous | 566,949 | - | 711,057 | 1,278,006 |
| Total revenues | <u>83,036,985</u> | <u>160,543</u> | <u>6,080,283</u> | <u>89,277,811</u> |
| Expenditures | | | | |
| Current: | | | | |
| General government | 6,309,190 | - | - | 6,309,190 |
| Public safety | 24,467,199 | - | 4,360,097 | 28,827,296 |
| Economic and physical development | 3,249,591 | - | - | 3,249,591 |
| Human services | 16,712,458 | - | 851,150 | 17,563,608 |
| Cultural and leisure | 1,547,403 | - | - | 1,547,403 |
| Intergovernmental: | | | | |
| Education | 19,287,257 | - | - | 19,287,257 |
| Capital outlay | - | 1,307,363 | 1,475,324 | 2,782,687 |
| Debt service | 9,668,106 | - | - | 9,668,106 |
| Total expenditures | <u>81,241,204</u> | <u>1,307,363</u> | <u>6,686,571</u> | <u>89,235,138</u> |
| Revenues over (under) expenditures | <u>1,795,781</u> | <u>(1,146,820)</u> | <u>(606,288)</u> | <u>42,673</u> |
| Other financing sources (uses) | | | | |
| Transfers to other funds | (1,249,932) | - | - | (1,249,932) |
| Transfers from other funds | 96 | - | 999,836 | 999,932 |
| Issuance of debt | 1,900,000 | - | - | 1,900,000 |
| Total other financing sources (uses) | <u>650,164</u> | <u>-</u> | <u>999,836</u> | <u>1,650,000</u> |
| Net changes in fund balances | 2,445,945 | (1,146,820) | 393,548 | 1,692,673 |
| Fund balances | | | | |
| Beginning of year | 36,746,736 | 8,599,010 | 900,330 | 46,246,076 |
| Increase in reserve for inventory | 19,883 | - | - | 19,883 |
| End of year | <u>\$ 39,212,564</u> | <u>\$ 7,452,190</u> | <u>\$ 1,293,878</u> | <u>\$ 47,958,632</u> |

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

Franklin County, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2019

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

| | |
|--|---------------------|
| Net changes in fund balances - total governmental funds | \$ 1,692,673 |
| 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 | 825,224 |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds | 402,710 |
| Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities | 1,831,587 |
| Benefit payments and administration costs for LEOSSA are deferred outflows of resources on the Statement of Net Position | 29,975 |
| Contributions for OPEB are deferred outflows of resources on the Statement of Net Position | 403,226 |
| The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items. | 5,868,067 |
| 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. | (6,238,594) |
| Inventory not expensed on statement of activities | 19,883 |
| 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 | (748,063) |
| Total changes in net position of governmental activities (Exhibit 2) | <u>\$ 4,086,688</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, 2019

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance With Final Positive (Negative)</u> |
|--|----------------------------|-------------------------|----------------------|--|
| Revenues | | | | |
| Ad valorem taxes | \$ 44,854,977 | \$ 44,779,978 | \$ 45,750,317 | \$ 970,339 |
| Local option sales tax | 9,947,190 | 9,947,190 | 10,193,896 | 246,706 |
| Other taxes | 250,201 | 367,302 | 493,703 | 126,401 |
| Restricted intergovernmental | 9,629,700 | 9,989,560 | 11,384,194 | 1,394,634 |
| Sales and services | 10,029,855 | 9,980,355 | 10,438,785 | 458,430 |
| Investment earnings | 170,000 | 170,000 | 534,586 | 364,586 |
| Miscellaneous | 386,620 | 460,717 | 566,949 | 106,232 |
| Total revenues | <u>75,268,543</u> | <u>75,695,102</u> | <u>79,362,430</u> | <u>3,667,328</u> |
| Expenditures | | | | |
| Current: | | | | |
| General government | 7,716,179 | 6,786,032 | 6,234,158 | 551,874 |
| Public safety | 24,689,198 | 26,101,307 | 24,467,199 | 1,634,108 |
| Economic and physical development | 2,696,103 | 3,433,878 | 3,249,591 | 184,287 |
| Human services | 17,220,192 | 17,495,583 | 16,712,458 | 783,125 |
| Culture and leisure | 1,543,231 | 1,619,150 | 1,547,403 | 71,747 |
| Intergovernmental: | | | | |
| Education | 18,529,011 | 19,287,261 | 19,287,257 | 4 |
| Debt service | 9,228,590 | 9,734,304 | 9,668,106 | 66,198 |
| Total expenditures | <u>81,622,504</u> | <u>84,457,515</u> | <u>81,166,172</u> | <u>3,291,343</u> |
| Revenues under expenditures | <u>(6,353,961)</u> | <u>(8,762,413)</u> | <u>(1,803,742)</u> | <u>6,958,671</u> |
| Other financing sources (uses) | | | | |
| Transfers to other funds | - | (1,424,932) | (1,424,932) | - |
| Transfers from other funds | 3,600,000 | 3,600,000 | 3,600,096 | 96 |
| Debt proceeds | - | 1,900,000 | 1,900,000 | - |
| Appropriated fund balance | 2,753,961 | 4,687,345 | - | (4,687,345) |
| Total other financing sources (uses) - net | <u>6,353,961</u> | <u>8,762,413</u> | <u>4,075,164</u> | <u>(4,687,249)</u> |
| Revenues and other financing sources under expenditures and other financing uses | <u>\$ -</u> | <u>\$ -</u> | <u>2,271,422</u> | <u>\$ 2,271,422</u> |
| Fund balance | | | | |
| Beginning of year, July 1 | | | 35,706,824 | |
| Decrease in reserve for inventory | | | 19,883 | |
| End of year, June 30 | | | <u>\$ 37,998,129</u> | |
| A legally budgeted Capital Reserve Fund and Revaluation Fund is consolidated into the General Fund for reporting purposes: | | | | |
| Sales tax revenue | | | 3,674,555 | |
| Transfer-out to General Fund | | | (3,600,000) | |
| General government expenditures | | | (75,032) | |
| Transfer-in from General Fund | | | 175,000 | |
| Fund Balance, Beginning | | | <u>1,039,912</u> | |
| Fund Balance, Ending (Exhibit 4) | | | <u>\$ 39,212,564</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, 2019

| | <u>Major</u> | <u>Non-Major</u> | <u>Non-Major</u> | |
|--|---------------------------------|-----------------------------|----------------------|--|
| | <u>Enterprise Fund</u> | | <u>Internal</u> | |
| | <u>Water and Sewer Fund</u> | <u>Solid Waste Fund</u> | <u>Total</u> | <u>Service Fund Insurance Fund</u> |
| Assets | | | | |
| Current assets: | | | | |
| Cash and cash equivalents | \$ 7,304,944 | \$ 246,762 | \$ 7,551,706 | \$ 1,069,698 |
| Receivables, net | 2,368,397 | 371,414 | 2,739,811 | - |
| Due from other governments | 370,129 | 53,833 | 423,962 | - |
| Security deposit | - | - | - | 842,353 |
| Total current assets | <u>10,043,470</u> | <u>672,009</u> | <u>10,715,479</u> | <u>1,912,051</u> |
| Noncurrent assets: | | | | |
| Capital assets: | | | | |
| Land, improvements, and construction in | 3,887,182 | 504,756 | 4,391,938 | - |
| Other capital assets, net of depreciation | 28,243,728 | 1,024,056 | 29,267,784 | - |
| Total capital assets | <u>32,130,910</u> | <u>1,528,812</u> | <u>33,659,722</u> | <u>-</u> |
| Total noncurrent assets | <u>32,130,910</u> | <u>1,528,812</u> | <u>33,659,722</u> | <u>-</u> |
| Total assets | <u>\$ 42,174,380</u> | <u>\$ 2,200,821</u> | <u>\$ 44,375,201</u> | <u>\$ 1,912,051</u> |
| Deferred Outflows of Resources | <u>364,751</u> | <u>147,297</u> | <u>512,048</u> | <u>-</u> |
| Liabilities | | | | |
| Current liabilities: | | | | |
| Accounts payable | \$ 523,568 | \$ 238,316 | \$ 761,884 | \$ 681,140 |
| Accrued payroll | 62,827 | 31,931 | 94,758 | - |
| Accrued interest expense | 26,890 | - | 26,890 | - |
| Customer deposits | 594,933 | - | 594,933 | - |
| Due to General Fund | 1,473,836 | - | 1,473,836 | - |
| Compensated absences | 27,970 | 12,549 | 40,519 | - |
| Revolving loans | 180,000 | - | 180,000 | - |
| Installment debt | 898,789 | - | 898,789 | - |
| Post closure liability | - | 65,000 | 65,000 | - |
| Total current liabilities | <u>3,788,813</u> | <u>347,796</u> | <u>4,136,609</u> | <u>681,140</u> |
| Noncurrent liabilities: | | | | |
| Net pension liability | 435,872 | 177,648 | 613,520 | - |
| Compensated absences | 83,910 | 37,648 | 121,558 | - |
| Revolving loans | 180,000 | - | 180,000 | - |
| Installment debt | 5,118,722 | - | 5,118,722 | - |
| Other postemployment benefits | 1,096,049 | 319,681 | 1,415,730 | - |
| Post closure liability | - | 143,094 | 143,094 | - |
| Total noncurrent liabilities | <u>6,914,553</u> | <u>678,071</u> | <u>7,592,624</u> | <u>-</u> |
| Total liabilities | <u>10,703,366</u> | <u>1,025,867</u> | <u>11,729,233</u> | <u>681,140</u> |
| Deferred Inflows of Resources | <u>212,979</u> | <u>62,597</u> | <u>275,576</u> | <u>-</u> |
| Net Position | | | | |
| Net investment in capital assets | 25,753,399 | 1,528,812 | 27,282,211 | - |
| Unrestricted | 5,869,387 | (269,158) | 5,600,229 | 1,230,911 |
| Total net position | <u>\$ 31,622,786</u> | <u>\$ 1,259,654</u> | <u>32,882,440</u> | <u>\$ 1,230,911</u> |
| Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds | | | <u>(26,760)</u> | |
| Net position of business-type activities | | | <u>\$ 32,855,680</u> | |

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

Franklin County, North Carolina
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2019

| | <u>Major</u> | <u>Non-Major</u> | <u>Non-Major</u> | |
|---|-----------------------------|-------------------------|------------------------------|-----------------------|
| | <u>Enterprise Fund</u> | | <u>Internal Service Fund</u> | |
| | <u>Water and Sewer Fund</u> | <u>Solid Waste Fund</u> | <u>Total</u> | <u>Insurance Fund</u> |
| Operating revenues | | | | |
| Charges for water | \$ 7,014,278 | \$ - | \$ 7,014,278 | \$ - |
| Charges for sewer | 2,909,091 | - | 2,909,091 | - |
| Other operating revenues | 1,714,881 | - | 1,714,881 | - |
| Charges for services | - | 3,667,208 | 3,667,208 | 8,152,120 |
| Miscellaneous income | 45,177 | 44,549 | 89,726 | 147,175 |
| Total operating revenues | <u>11,683,427</u> | <u>3,711,757</u> | <u>15,395,184</u> | <u>8,299,295</u> |
| Operating expenses | | | | |
| Salaries and employee benefits | 631,448 | 812,821 | 1,444,269 | - |
| Water purchases | 3,749,649 | - | 3,749,649 | - |
| Other operating expenses | 1,789,188 | 3,011,947 | 4,801,135 | 9,130,491 |
| Depreciation | 1,466,387 | 159,698 | 1,626,085 | - |
| Total operating expenses | <u>7,636,672</u> | <u>3,984,466</u> | <u>11,621,138</u> | <u>9,130,491</u> |
| Operating income | <u>4,046,755</u> | <u>(272,709)</u> | <u>3,774,046</u> | <u>(831,196)</u> |
| Nonoperating revenues (expenses) | | | | |
| Interest earnings | 31,235 | - | 31,235 | 13 |
| Interest expense | (134,978) | - | (134,978) | - |
| Total nonoperating revenue (expenses) - net | <u>(103,743)</u> | <u>-</u> | <u>(103,743)</u> | <u>13</u> |
| Income (loss) before transfers | <u>3,943,012</u> | <u>(272,709)</u> | <u>3,670,303</u> | <u>(831,183)</u> |
| Capital contributions | <u>967,350</u> | <u>174,324</u> | <u>1,141,674</u> | <u>-</u> |
| Transfers | | | | |
| Transfer from General fund | - | 250,000 | 250,000 | - |
| Change in net position | <u>4,910,362</u> | <u>151,615</u> | <u>5,061,977</u> | <u>(831,183)</u> |
| Net position | | | | |
| Total net position, beginning | <u>26,712,424</u> | <u>1,108,039</u> | <u>27,820,463</u> | <u>2,062,094</u> |
| Total net position, ending | <u>\$ 31,622,786</u> | <u>\$ 1,259,654</u> | <u>\$ 32,882,440</u> | <u>\$ 1,230,911</u> |
| Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds | | | <u>(83,120)</u> | |
| Change in net position of business-type activities | | | <u>\$ 4,978,857</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, 2019

| | <u>Major</u> | <u>Non-Major</u> | <u>Non-Major</u> | |
|---|-----------------------------|-------------------------|------------------------------|-----------------------|
| | <u>Enterprise Fund</u> | | <u>Internal Service Fund</u> | |
| | <u>Water and Sewer Fund</u> | <u>Solid Waste Fund</u> | <u>Total</u> | <u>Insurance Fund</u> |
| Cash flows from operating activities | | | | |
| Cash received from customers | \$ 11,229,309 | \$ 3,755,136 | \$ 14,984,445 | \$ 8,299,295 |
| Cash paid for goods and services | (5,847,616) | (2,990,108) | (8,837,724) | (9,022,720) |
| Cash paid to employees for services | (1,873,008) | (914,877) | (2,787,885) | - |
| Customer deposits received | 59,825 | - | 59,825 | - |
| Net cash provided by operating activities | <u>3,568,510</u> | <u>(149,849)</u> | <u>3,418,661</u> | <u>(723,425)</u> |
| Cash flows from noncapital financing activities | | | | |
| Due from other funds | - | (27,713) | (27,713) | - |
| Transfers in | - | 250,000 | 250,000 | - |
| Net cash provided by noncapital financing activities | <u>-</u> | <u>222,287</u> | <u>222,287</u> | <u>-</u> |
| Cash flows from capital and related financing activities | | | | |
| Acquisition and construction of capital assets | (1,949,441) | - | (1,949,441) | - |
| Principal paid on bonds | (1,155,672) | - | (1,155,672) | - |
| Principal paid to General Fund | (736,918) | - | (736,918) | - |
| Interest paid | (134,978) | - | (134,978) | - |
| Capital contributions | 967,350 | 174,324 | 1,141,674 | - |
| Net cash used by capital and related financing activities | <u>(3,009,659)</u> | <u>174,324</u> | <u>(2,835,335)</u> | <u>-</u> |
| Cash flows from investing activities | | | | |
| Interest on investments | 31,235 | - | 31,235 | 13 |
| Net increase in cash and cash equivalents | 590,086 | 246,762 | 836,848 | (723,412) |
| Cash and cash equivalents | | | | |
| Beginning of year, July 1 | 6,714,858 | - | 6,714,858 | 1,793,110 |
| End of year, June 30 | <u>\$ 7,304,944</u> | <u>\$ 246,762</u> | <u>\$ 7,551,706</u> | <u>\$ 1,069,698</u> |

Franklin County, North Carolina
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2019

| | <u>Major</u> | <u>Non-Major</u> | <u>Non-Major</u> | |
|---|---------------------------------------|-----------------------------------|-------------------------|--------------------------------------|
| | <u>Enterprise Fund</u> | | <u>Internal Service</u> | |
| | <u>Water and</u> <u>Sewer Fund</u> | <u>Solid Waste</u> <u>Fund</u> | <u>Total</u> | <u>Fund</u> <u>Insurance Fund</u> |
| Reconciliation of operating income to net cash provided by operating activities: | | | | |
| Operating income | \$ 4,046,755 | \$ (272,709) | \$ 3,774,046 | \$ (831,196) |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | | | |
| Depreciation | 1,466,387 | 159,698 | 1,626,085 | - |
| Landfill closure costs | - | 16,386 | 16,386 | - |
| Changes in assets and liabilities: | | | | |
| (Increase) decrease in accounts receivable | (174,881) | 37,752 | (137,129) | - |
| (Increase) decrease in due from other governments | (279,237) | 5,627 | (273,610) | - |
| (Increase) decrease in security deposit | - | - | - | (123,161) |
| Increase (decrease) in accounts payable and accrued liabilities | (304,743) | 5,453 | (299,290) | 230,932 |
| Increase (decrease) in accrued interest expense | (4,036) | - | (4,036) | - |
| Decrease in accrued vacation pay | 12,014 | 10,060 | 22,074 | - |
| Increase in customer deposits | 59,825 | - | 59,825 | - |
| Increase in accrued payroll | (377) | 1,734 | 1,357 | - |
| (Increase) decrease in deferred outflows of resources-pensions | (120,618) | (35,491) | (156,109) | - |
| Increase in net pension liability | 170,295 | 47,388 | 217,683 | - |
| Decrease in deferred inflows of resources - pensions | (17,702) | 14,941 | (2,761) | - |
| Increase in other postemployment benefits | (1,285,172) | (140,688) | (1,425,860) | - |
| Total adjustments | (478,245) | 122,860 | (355,385) | 107,771 |
| Net cash provided by operating activities | \$ 3,568,510 | \$ (149,849) | \$ 3,418,661 | \$ (723,425) |

**Franklin County, North Carolina
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2019**

| | Agency Funds |
|---|-----------------|
| Assets | |
| Cash and cash equivalents | \$ 178,346 |
| Liabilities and Net Position | |
| Liabilities: | |
| Intergovernmental payable | \$ 13,698 |
| Miscellaneous liabilities | 164,648 |
| Total | 178,346 |
| Net Position | \$ - |

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

**NOTES TO THE BASIC FINANCIAL
STATEMENTS**

**FRANKLIN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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, 2019**

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.

School Construction Fund – This fund is used to account for the construction at the schools.

The County reports the following major enterprise fund:

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

The County reports the following internal service fund:

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

The County reports the following fund types:

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

**FRANKLIN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

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

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

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

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

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

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

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

**FRANKLIN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

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

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

C. Budgetary Data

The County's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, Capital Reserve Fund, Revaluation Fund, four of the special revenue funds (Fire District Fund, DEA Fund, Hospital Fund, and the Emergency Telephone System Fund), the Insurance Fund (an internal service fund), the Water and Sewer Fund and the Solid Waste Fund. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for all of the Capital Projects Funds, one of the special revenue funds, (the Community Development Fund), and the Water and Sewer Capital Project Fund.

All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for the general fund, at the departmental level for the special revenue and enterprise funds, and at the functional level for the Capital Projects Funds. The balances in the Capital Reserve Fund will be appropriated when transferred to a capital projects fund in accordance with the project ordinance adopted for the reserve fund. The County Manager has authority to transfer amounts between objects of expenditures and between departmental appropriations in the same fund without limitation and without a report to the Board of Commissioners.

D. Assets, Liabilities, Deferred Inflows and Outflows, and Fund Equity

1. Deposits and Investments

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

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

**FRANKLIN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

2. Cash and Cash Equivalents

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

3. Restricted Assets

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

| <u>Franklin County Restricted Cash</u> | | |
|---|------------------------------|---------------------|
| Governmental Activities | | |
| General Fund | Tax Revaluation funds | \$ 538,190 |
| General Fund | Register of Deeds funds | 96,621 |
| General Fund | School Capital Reserve funds | 676,245 |
| County Building Fund | Unexpended debt funds | 115,794 |
| School Construction Fund | Unexpended debt funds | <u>7,428,135</u> |
| Total | | <u>\$ 8,854,985</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, 2018. As allowed by state law, the county has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the County’s general fund, ad valorem tax revenues are reported net of such discounts.

5. Allowances for Doubtful Accounts

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

6. Inventories

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

**FRANKLIN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

7. Capital Assets

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

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

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

| | <u>Years</u> |
|-------------------------------|--------------|
| Buildings | 15-30 |
| Furniture and equipment | 5-40 |
| Vehicles | 5 |
| Computer equipment & software | 3-5 |
| Water lines | 15-40 |

8. Deferred Outflows/Inflows of Resources

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

9. Long-term Obligations

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

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

**FRANKLIN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

10. Compensated Absences

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

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

11. Net Position/Fund Balances

Net Position

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

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

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

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

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

**FRANKLIN COUNTY, NORTH CAROLINA
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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 and DEA Fund.

Restricted for Cultural and Recreational-portion of fund balance that can only be used for the purposes of cultural and recreational expenditures.

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

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

Committed Fund Balance-Portion of fund balance that can only be used for specific purpose imposed by majority vote of 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 Debt Service-portion of fund balance that can only be used for Debt Service.

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

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

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

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

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

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

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

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

**FRANKLIN COUNTY, NORTH CAROLINA
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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 goal for the General Fund which instructs management to conduct the business of the County in such a manner that available fund balance is at least equal to or greater than 15% of budgeted expenditures. Any portion of the General Fund balance in excess of 15% of budgeted expenditures may be appropriated for one-time expenditures and may not be used for any purpose that would obligate the County in a future budget.

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 Registers 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 \$(57,653,355) 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) | \$ 78,496,876 |
| Less accumulated depreciation | <u>(31,015,033)</u> |
| Net capital assets | 47,481,843 |
| Net pension asset | 103,380 |

**FRANKLIN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

| | |
|--|------------------------|
| Deferred charges related to advance refunding bond issued-included on the government-wide statement of net position but are not current financial resources | 992,857 |
| Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position | 1,831,587 |
| Benefit payments and pension administration costs for LEOSSA are deferred outflows of resources on the Statement of Net Position | 29,975 |
| Contributions and pension administration costs for OPEB are deferred outflows of resources on the Statement of Net Position | 403,226 |
| Accrued interest receivable less the amount claimed as unearned revenue in the government-wide statements as these funds are unavailable in the fund statements | 292,618 |
| 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 | 1,230,911 |
| Internal payable representing charges in excess of cost to business-type activities – current year | 26,760 |
| Deferred inflows of resources for taxes and special assessments receivable | 1,613,321 |
| Pension related deferrals | 4,663,331 |
| OPEB related deferrals | (6,982,434) |
| 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 | (60,774,798) |
| Compensated absences | (1,787,436) |
| Other postemployment benefits | (36,641,515) |
| Net pension liability-LGERS | (8,117,410) |
| Net pension liability-LEOSSA | (1,447,296) |
| Accrued interest payable | <u>(572,275)</u> |
| Total adjustment | <u>\$ (57,653,355)</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 \$2,394,015 is comprised of the following:

**FRANKLIN COUNTY, NORTH CAROLINA
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FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

| <u>Description</u> | <u>Amount</u> |
|---|---------------------|
| Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities | \$ 4,493,997 |
| 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 | (3,668,774) |
| New debt issued (including premiums) during the year is recorded as a source of funds on the fund statements; it has no effect on the statement of activities – it affects only the government-wide statement of net position | (1,900,000) |
| Principal payments on debt owed are recorded as a use of funds on the fund statements but again affect only the statement of net position in the government-wide statements | 7,768,067 |
| Inventory not expensed on the statement of activities | 19,883 |
| 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 | (831,183) |
| Less: Profit from charges to business-type activities | <u>83,120</u> |
| Net adjustment | (748,063) |
| Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities | 1,831,587 |
| Benefit payments and administration costs for LEOSSA are deferred outflows of resources on the Statement of Net Position | 29,975 |
| Contributions to the OPEB plan are deferred outflows of resources on the Statement of Net Position | 403,226 |
| 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) | 62,568 |
| Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources | 85,661 |
| OPEB expense | (3,759,572) |
| Pension expense | (2,514,792) |
| Amortization of refunding costs | (112,458) |
| Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements | |
| Increase in deferred inflows of resources-taxes receivable-at end of year | 211,095 |
| Increase in accrued interest receivable for taxes at end of year | 18,070 |
| Amortization of bond premium | 173,961 |
| Increase in accrued interest receivable for year | <u>(416)</u> |
| Total adjustment | <u>\$ 2,394,015</u> |

**FRANKLIN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

II. Detail Notes on All Funds

A. Assets

1. Deposits

All of the County’s deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the County’s agents in these unit’s names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer’s agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the County, these deposits are considered to be held by their agents in the entities’ name. The amount of the pledged collateral is based on an approved averaging method for non-interest-bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the County or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The County has no formal policy regarding custodial credit risk for deposits.

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

At June 30, 2019, the County’s deposits had a carrying amount of \$24,661,558 and a bank balance of \$25,230,357. Of the bank balance, \$315,891 was covered by federal depository insurance and \$24,914,466 in interest bearing deposits were covered by collateral held under the Pooling Method.

At June 30, 2019, Franklin County had \$4,090 cash on hand.

At June 30, 2019, the Tourism Development Authority had a carrying amount of \$190,987. This balance is held in trust by Franklin County.

2. Investments

As June 30, 2019, the County’s investment balances were as follows:

| <u>Investment</u> | <u>Valuation Measurement Method</u> | <u>Fair Value</u> | <u>Less than 6 months</u> |
|--|---|-------------------|---------------------------|
| NC Capital Management Trust- Government Portfolio | Fair Value – Level I | \$ 27,202,193 | \$ 27,202,193 |

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

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

**FRANKLIN COUNTY, NORTH CAROLINA
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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 AAA by Standard & Poor’s as of June 30, 2019. 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> |
|--------------------|----------------------|---------------------|----------------------|
| 2016 | \$ 3,621,561 | \$ 1,213,223 | \$ 4,834,784 |
| 2017 | 3,627,806 | 888,812 | 4,516,618 |
| 2018 | 3,429,669 | 531,599 | 3,961,268 |
| 2019 | <u>3,671,249</u> | <u>238,631</u> | <u>3,909,880</u> |
| Total | <u>\$ 14,350,285</u> | <u>\$ 2,872,265</u> | <u>\$ 17,222,550</u> |

4. Receivables

Receivables at the government-wide level at June 30, 2019 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 | \$ 6,510,164 | \$ 1,922,755 | \$ 5,209,167 | \$ 13,642,086 |
| School Construction Fund | - | - | 26,081 | 26,081 |
| Other Governmental | <u>25,463</u> | <u>134,184</u> | <u>339,888</u> | <u>499,535</u> |
| Total receivables | 6,535,627 | 2,056,939 | 5,575,136 | 14,167,702 |
| Allowance for doubtful accounts | <u>(5,787,197)</u> | <u>(151,000)</u> | - | <u>(5,938,197)</u> |
| Total – governmental activities | <u>\$ 748,430</u> | <u>\$ 1,905,939</u> | <u>\$ 5,575,136</u> | <u>\$ 8,229,505</u> |
| Business-type Activities: | | | | |
| Solid Waste | \$ 407,754 | \$ - | \$ 53,833 | \$ 461,587 |
| Water and Sewer | 2,545,447 | - | 370,129 | 2,915,576 |
| Allowance for doubtful accounts | <u>(213,390)</u> | - | - | <u>(213,390)</u> |
| Total – business-type activities | <u>\$ 2,739,811</u> | <u>\$ -</u> | <u>\$ 423,962</u> | <u>\$ 3,163,773</u> |

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

**FRANKLIN COUNTY, NORTH CAROLINA
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| | |
|------------------------|--------------|
| Local option sales tax | \$ 2,481,039 |
| Social Services | 847,881 |
| DMV Collections | 503,716 |
| Sales tax refund | 464,015 |
| Medicaid Hold Harmless | 203,295 |
| Grants | 710,174 |
| EMS Cost Report | 216,032 |
| Miscellaneous | 572,946 |
| Total | \$ 5,999,098 |

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

Direct financing and sales-type leases:

In September 2017, the County entered into a lease with a hospital 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 contemplated to be more than \$6,300,000 for re-opening startup costs. The premises and equipment are leased for an initial term of two years, beginning on the latter of October 1, 2017 or the County's receipt of a no further action letter from the State of North Carolina regarding certain environmental obligations. The hospital has the option to extend the initial term for four additional periods of two years each. 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 hospital agrees to re-open the emergency department within one year of the commencement date and on or before eighteen months after the commencement date to open a 13-bed geriatric behavioral health unit.

5. Capital Assets

Primary Government

Capital asset activity for the year ended June 30, 2019 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 | \$ 11,787,795 | \$ 231,330 | \$ - | \$ 12,019,125 |
| Construction in process | <u>2,141,846</u> | <u>1,475,129</u> | <u>(2,598,551)</u> | <u>1,018,424</u> |
| Total capital assets not being depreciated | <u>13,929,641</u> | <u>1,706,459</u> | <u>(2,598,551)</u> | <u>13,037,549</u> |
| Capital assets being depreciated: | | | | |
| Buildings | 29,080,057 | 610,350 | - | 29,690,407 |
| Waterlines | 163,228 | - | - | 163,228 |
| Gas lines | 411,481 | - | - | 411,481 |
| Land Improvements | 4,747,689 | - | - | 4,747,689 |
| Equipment | 18,197,688 | 3,159,368 | - | 21,357,056 |
| Vehicles | <u>7,656,218</u> | <u>1,616,370</u> | <u>(183,122)</u> | <u>9,089,466</u> |
| Total capital assets being depreciated | <u>60,256,361</u> | <u>5,386,088</u> | <u>(183,122)</u> | <u>65,459,327</u> |

**FRANKLIN COUNTY, NORTH CAROLINA
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| | <u>Beginning Balances</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balances</u> |
|--|-------------------------------|---------------------|---------------------|----------------------------|
| Less accumulated depreciation for: | | | | |
| Buildings | 13,452,221 | 768,459 | - | 14,220,680 |
| Waterlines | 53,368 | 4,081 | - | 59,449 |
| Gas lines | 242,529 | 8,229 | - | 250,758 |
| Land Improvements | 1,734,298 | 222,070 | - | 1,956,368 |
| Equipment | 6,168,721 | 1,940,168 | - | 8,108,889 |
| Vehicles | <u>5,876,244</u> | <u>725,767</u> | <u>(183,122)</u> | <u>6,418,889</u> |
| Total accumulated depreciation | <u>27,529,381</u> | <u>\$ 3,668,774</u> | <u>\$ (183,122)</u> | <u>31,015,033</u> |
| Total capital assets being depreciated, net | <u>32,726,980</u> | | | <u>34,444,294</u> |
| Governmental-type activities capital assets, net | <u>\$ 46,656,621</u> | | | <u>\$ 47,481,843</u> |
| | | | | |
| Business-type activities: | | | | |
| Franklin County Solid Waste Fund | | | | |
| Capital assets not being depreciated: | | | | |
| Land | <u>\$ 504,756</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 504,756</u> |
| Total capital assets not being depreciated | <u>504,756</u> | <u>-</u> | <u>-</u> | <u>504,756</u> |
| Capital assets being depreciated: | | | | |
| Plant and distribution systems | 1,770,066 | - | - | 1,770,066 |
| Furniture and maintenance equipment | 1,487,038 | - | - | 1,487,038 |
| Vehicles | <u>248,268</u> | <u>-</u> | <u>-</u> | <u>248,268</u> |
| Total capital assets being depreciated | <u>3,505,372</u> | <u>-</u> | <u>-</u> | <u>3,505,372</u> |
| Less accumulated depreciation for: | | | | |
| Plant and distribution systems | 1,073,077 | 86,866 | - | 1,159,943 |
| Furniture and maintenance equipment | 1,009,588 | 67,972 | - | 1,077,560 |
| Vehicles | <u>238,953</u> | <u>4,860</u> | <u>-</u> | <u>243,813</u> |
| Total accumulated depreciation | <u>2,321,618</u> | <u>\$ 159,698</u> | <u>\$ -</u> | <u>2,481,316</u> |
| Total capital assets being depreciated, net | <u>1,183,754</u> | | | <u>1,024,056</u> |
| Solid waste capital assets, net | <u>\$ 1,688,510</u> | | | <u>\$ 1,528,812</u> |
| | | | | |
| Franklin County Water & Sewer Fund | | | | |
| Capital assets not being depreciated: | | | | |
| Land | <u>\$ 369,456</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 369,456</u> |
| Construction in progress | <u>3,354,475</u> | <u>1,783,185</u> | <u>(1,619,934)</u> | <u>3,517,726</u> |
| Total capital assets not being depreciated | <u>3,723,931</u> | <u>1,783,185</u> | <u>(1,619,934)</u> | <u>3,887,182</u> |
| Capital assets being depreciated: | | | | |
| Plant and distribution systems | 44,564,525 | 1,641,962 | - | 46,206,487 |
| Furniture and maintenance equipment | 1,553,416 | 64,274 | - | 1,617,690 |
| Vehicles | <u>769,102</u> | <u>79,954</u> | <u>-</u> | <u>849,056</u> |
| Total capital assets being depreciated | <u>46,887,043</u> | <u>1,786,190</u> | <u>-</u> | <u>48,673,233</u> |
| Less accumulated depreciation for: | | | | |
| Plant and distribution systems | 17,310,033 | 1,240,789 | - | 18,550,822 |
| Furniture and maintenance equipment | 1,158,805 | 137,310 | - | 1,296,115 |
| Vehicles | <u>494,280</u> | <u>88,288</u> | <u>-</u> | <u>582,568</u> |
| Total accumulated depreciation | <u>18,963,118</u> | <u>\$ 1,466,387</u> | <u>\$ -</u> | <u>20,429,505</u> |
| Total capital assets being depreciated, net | <u>27,923,925</u> | | | <u>28,243,728</u> |
| Water sewer capital assets, net | <u>31,647,856</u> | | | <u>32,130,910</u> |
| Business-type activities capital assets, net | <u>\$ 33,336,366</u> | | | <u>\$ 33,659,722</u> |

**FRANKLIN COUNTY, NORTH CAROLINA
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Depreciation expense was charged to functions/programs of the primary government as follows:

| | |
|-----------------------------------|---------------------|
| General Government | \$ 259,118 |
| Public Safety | 2,743,713 |
| Economic and Physical Development | 296,106 |
| Human Services | 233,948 |
| Cultural and Recreational | <u>135,889</u> |
| Total Depreciation Expense | <u>\$ 3,668,774</u> |

Construction and Other Commitments

At June 30, 2019, the County was obligated under construction projects as follows:

| <u>Project</u> | <u>Spent-to-date</u> | <u>Remaining Commitment</u> |
|--------------------------------|----------------------|---------------------------------|
| 2017 Youngsville Sewer Upgrade | \$ 1,291,347 | \$ 74,354 |
| Airport Project | 1,523,248 | 62,500 |

B. Liabilities

1. Payables

Payables at the government-wide level at June 30, 2019 were as follows:

| | <u>Vendors</u> | <u>Salaries and Benefits</u> | <u>Total</u> |
|----------------------------------|---------------------|----------------------------------|---------------------|
| Governmental Activities: | | | |
| General | \$ 848,488 | \$ 1,097,564 | \$ 1,946,052 |
| School Construction Fund | 2,026 | - | 2,026 |
| Other Governmental | 82,419 | - | 82,419 |
| Insurance Fund | <u>681,140</u> | <u>-</u> | <u>681,140</u> |
| Total - governmental activities | <u>\$ 1,614,073</u> | <u>\$ 1,097,564</u> | <u>\$ 2,711,637</u> |
| Business-type Activity: | | | |
| Solid Waste Fund | \$ 238,316 | \$ 31,931 | \$ 270,247 |
| Water and Sewer Fund | <u>523,568</u> | <u>62,827</u> | <u>586,395</u> |
| Total – business-type activities | <u>\$ 761,884</u> | <u>\$ 94,758</u> | <u>\$ 856,642</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

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Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

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

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

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, 2019, was 8.5% of compensation for law enforcement officers and 7.75% 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 \$1,964,301 for the year ended June 30, 2019.

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.

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

At June 30, 2019, the County reported a liability of \$8,730,930 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017. The total pension liability was then rolled forward to the measurement date of June 30, 2018 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension liability was based on a projection of the County's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2019, the County's proportion was .36803%, which was an increase of .00689% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2019, the County recognized pension expense of \$2,521,829. At June 30, 2019, 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 | \$ 1,346,975 | \$ 45,198 |
| Changes of assumptions | 2,316,852 | - |
| Net difference between projected and actual earnings on pension plan investments | 1,198,497 | - |
| Changes in proportion and differences between County contributions and proportionate share of contributions | 177,586 | 37,454 |
| County contributions subsequent to the measurement date | <u>1,964,301</u> | <u>-</u> |
| Total | <u>\$ 7,004,211</u> | <u>\$ 82,652</u> |

\$1,964,301 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, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year ended June 30: | |
|---------------------|--------------|
| 2019 | \$ 2,374,727 |
| 2020 | 1,548,562 |
| 2021 | 325,181 |
| 2022 | 708,788 |

Actuarial Assumptions. The total pension liability in the December 31, 2017 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 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, 2017 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. 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, 2018 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 2017 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:

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| | <u>1% Decrease</u> (6.00%) | <u>Discount Rate</u> (7.00%) | <u>1% Increase</u> (8.00%) |
|---|-------------------------------|---------------------------------|-------------------------------|
| County's proportionate share of the net pension liability (asset) | \$ 20,972,451 | \$ 8,730,930 | \$ (1,498,276) |

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

b. Law Enforcement Officers' Special Separation Allowance

1. Plan Description

Franklin County administers a public employee retirement system (the Separation Allowance), a single-employer defined benefit pension plan that provides retirement benefits to the County's qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2017, the Separation Allowance's membership consisted of:

| | |
|--|-----------|
| Retirees receiving benefits | 3 |
| Terminated plan members entitled to but not yet receiving benefits | - |
| Active plan members | <u>84</u> |
| Total | <u>87</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, 2017 valuation. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|------------------|----------------------|
| Inflation | 2.5 percent |
| Salary increases | 3.50 to 7.35 percent |
| Discount rate | 3.64 percent |

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The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2017.

The actuarial assumptions used in the December 31, 2017 valuation were based on results of an experience study completed by the Actuary for the LGERS for the five year period ending December 31, 2014.

Mortality rate

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

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

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

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

4. Contributions

The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions by employees. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The County paid \$38,907 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, 2019, the County reported a total pension liability of \$1,447,296. The total pension liability was measured as of December 31, 2018 based on a December 31, 2017 actuarial valuation. The total pension liability was rolled forward to December 31, 2018 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2019, the County recognized pension expense of \$155,882.

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---|--|
| Differences between expected and actual experience | \$ 100,888 | \$ 46,925 |
| Changes of assumptions | 67,570 | 75,734 |
| County benefit payment and admin expenditures paid subsequent to the measurement date | 29,975 | - |
| Total | <u>\$ 198,433</u> | <u>\$ 122,659</u> |

The County paid \$29,975 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

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recognized as a decrease of the total pension liability in the year ended June 30, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

| | |
|------------|----------|
| 2020 | \$ 8,297 |
| 2021 | 8,297 |
| 2022 | 8,297 |
| 2023 | 9,160 |
| 2024 | 9,517 |
| Thereafter | 2,231 |

Sensitivity of the County's total pension liability to changes in the discount rate. The following presents the County's total pension liability calculated using the discount rate of 3.64 percent, as well as what the County's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.64 percent) or 1-percentage-point higher (4.64 percent) than the current rate:

| | <u>1% Decrease</u> <u>(2.64%)</u> | <u>Discount Rate</u> <u>(3.64%)</u> | <u>1% Increase</u> <u>(4.64%)</u> |
|-------------------------|--------------------------------------|--|--------------------------------------|
| Total pension liability | \$ 1,593,462 | \$ 1,447,296 | \$ 1,315,951 |

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

| | |
|--|---------------------|
| | <u>2019</u> |
| Beginning balance | \$ 1,286,827 |
| Service Cost | 107,536 |
| Interest on the total pension liability | 40,049 |
| Changes of benefit terms | - |
| Differences between expected and actual experience in the measurement of the total pension liability | 120,032 |
| Changes of assumptions or other inputs | (68,241) |
| Benefit payments | (38,907) |
| Other changes | - |
| Ending balance of the total pension liability | <u>\$ 1,447,296</u> |

Changes of assumptions. Changes of assumptions and other inputs reflect a change in the discount rate from 3.16 percent at June 30, 2018 to 3.64 percent at June 30, 2019.

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, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

c. Supplemental Retirement Income Plan for Law Enforcement Officers

Plan Description – The County contributes to the Supplemental Retirement Income Plan (Plan), a defined contributions pension plan administered by the Department of State Treasurer and a Board of Trustees. The

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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, 2019 were \$291,662, which consisted of \$203,351 from the County and \$88,311 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 \$5,376 for the year ended June 30, 2019.

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

At June 30, 2019, the County reported an asset of \$103,380 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2018. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2017. The total pension liability was then rolled forward to the measurement date of June 30, 2018 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, 2019, the County's proportion was .624%, which was an decrease of .005% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2019, the County recognized pension expense of \$12,063. At June 30, 2019, 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 | \$ 911 | \$ 4,719 |
| Changes in assumptions | 4,862 | - |
| Net difference between projected and actual earnings on pension plan investments | 16,478 | - |
| Changes in proportion and differences between County contributions and proportionate share of contributions | 731 | 5,784 |
| County contributions subsequent to the measurement date | <u>5,376</u> | <u>-</u> |
| Total | <u>\$ 28,358</u> | <u>\$ 10,503</u> |

\$5,376 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, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year ended June 30: | |
|---------------------|----------|
| 2020 | \$ 3,456 |
| 2021 | 1,608 |
| 2022 | 4,856 |
| 2023 | 2,559 |

Actuarial Assumptions. The total pension liability in the December 31, 2017 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, 2017 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, 2019 is 1.4%:

The information above is based on 30-year expectations developed with the consulting actuary for the 2017 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) | \$ (81,509) | \$ (103,380) | \$ (121,824) |

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

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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 December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability for LEOSSA was measured as of June 30, 2018, with an actuarial valuation date of December 31, 2017. 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) | \$ 8,730,930 | \$ (103,380) | \$ - | \$ 8,627,550 |
| Proportion of the Net Pension Liability (Asset) | .368% | (.624%) | N/A | N/A |
| Total Pension Liability | - | - | 1,447,296 | 1,447,296 |
| Pension Expense | \$ 2,521,829 | \$ 12,458 | \$ 155,882 | \$ 2,690,169 |

At June 30, 2019, 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 | \$ 1,346,975 | \$ 911 | \$ 100,888 | \$1,448,774 |
| Changes of assumptions | 2,316,852 | 4,862 | 67,570 | 2,389,284 |
| Net difference between projected and actual earnings on pension plan investments | 1,198,497 | 16,478 | - | 1,214,975 |
| Changes in proportion and differences between County contributions and proportionate share of contributions | 177,586 | 731 | - | 178,317 |
| County contributions (LGERS, ROD)/benefit payments (LEOSSA) subsequent to the measurement date | 1,964,301 | 5,376 | 29,975 | 1,999,652 |

Deferred Inflows of Resources

| | | | | |
|---|--------|-------|--------|--------|
| Differences between expected and actual experience | 45,198 | 4,719 | 46,925 | 96,842 |
| Changes of assumptions | - | - | 75,734 | 75,734 |
| Changes in proportion and differences between County contributions and proportionate share of contributions | 37,454 | 5,784 | - | 43,238 |

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, 2019 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 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, 2018 and June 30, 2019, The County contributed \$739 and \$776.25, 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 \$50 for the increased coverage for retiree only coverage. For those that are on Medicare, the County provides a Medicare Supplement that ranges from \$153.25 per month to \$284.75 per month depending on the age of the beneficiary. The Plan member contributes towards the premium based on the age and years of service when retired. The Board of Commissioners may amend the benefit provisions.

For the current year, the County contributed \$418,806.

**FRANKLIN COUNTY, NORTH CAROLINA
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Plan membership. At June 30, 2018, the date of the latest actuarial valuation, the HCB Plan membership consisted of the following:

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

Total OPEB Liability

The County's total OPEB liability of \$38,057,245 was measured as of June 30, 2018 and was determined by an actuarial valuation as of June 30, 2018.

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

| | |
|--|--|
| Inflation | 2.50 percent |
| Real wage growth | 1.00 percent |
| Wage inflation | 3.50 percent |
| Salary increases, including wage inflation | |
| General Employees | 3.50 to 7.75 percent |
| Firefighters | 3.50 to 7.75 percent |
| Law Enforcement Officers | 3.50 to 7.35 percent |
| Discount rate | 3.89 percent |
| Healthcare cost trend rates | |
| Pre-Medicare | 7.25% for 2018 decreasing to an ultimate rate of 4.75% by 2028 |
| Medicare | 5.38% for 2018 decreasing to an ultimate rate of 4.75% by 2022 |

The discount rate is based on the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by The Bond Buyer.

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 used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period January 1, 2010 – December 31, 2014.

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

**FRANKLIN COUNTY, NORTH CAROLINA
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| <u>Changes in the Total OPEB Liability</u> | <u>Total OPEB Liability</u> |
|---|-----------------------------|
| Balance at June 30, 2018 | \$ 39,687,022 |
| Service Cost | 2,280,686 |
| Interest on the total OPEB liability and Cash Flows | 1,401,840 |
| Changes of benefit terms | - |
| Differences between expected and actual experience | (2,943,461) |
| Changes of assumptions or other inputs | (1,744,401) |
| Benefit payments | (624,441) |
| Other changes | - |
| Balance at June 30, 2019 | <u>\$ 38,057,245</u> |

Changes in assumptions and other inputs reflect a change in the discount rate from 3.56% to 3.89%.

Sensitivity of the net OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.89) or 1-percentage-point higher (4.89 percent) than the current discount rate:

| | 1% Decrease <u>(2.89%)</u> | Discount Rate <u>(3.89%)</u> | 1% Increase <u>(4.89%)</u> |
|----------------------|-------------------------------|---------------------------------|-------------------------------|
| Total OPEB liability | \$ 45,218,053 | \$ 38,057,244 | \$ 32,405,221 |

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:

| | <u>1% Decrease</u> | <u>Discount</u> | <u>1% Increase</u> |
|----------------------|--------------------|-----------------|--------------------|
| Total OPEB liability | \$ 31,523,128 | \$ 38,057,244 | \$ 46,571,301 |

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

For the year ended June 30, 2019, the County recognized OPEB expense of \$2,573,312. At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Differences between expected and actual experience | \$ - | \$ 2,754,345 |
| Changes of assumptions | - | 4,497,491 |
| County contributions subsequent to the measurement date | 418,806 | - |
| Total | <u>\$ 418,806</u> | <u>\$ 7,251,836</u> |

\$418,806 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, 2020. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

**FRANKLIN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

| | |
|---------------------|----------------|
| Year ended June 30: | |
| 2019 | \$ (1,109,214) |
| 2020 | (1,109,214) |
| 2021 | (1,109,214) |
| 2022 | (1,109,214) |
| 2023 | (1,109,214) |
| Thereafter | (1,705,766) |

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 \$208,094 reported as accrued landfill closure liability at June 30, 2019 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

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Pensions and OPEB – difference between expected and actual experience | | |
| LGERS | \$ 1,346,975 | \$ 45,198 |
| Register of Deeds | 911 | 4,719 |
| LEOSSA | 100,888 | 46,925 |
| OPEB | - | 2,754,345 |

**FRANKLIN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|---|--|
| Changes of assumptions | | |
| LGERS | 2,316,852 | - |
| Register of Deeds | 4,862 | - |
| LEOSSA | 67,570 | 75,734 |
| OPEB | - | 4,497,491 |
| Pensions – difference between projected and actual investment earnings | | |
| LGERS | 1,198,497 | - |
| Register of Deeds | 16,478 | - |
| Pensions-change in proportion and difference between employer contributions and proportionate share of contributions | | |
| LGERS | 177,586 | 37,454 |
| Register of Deeds | 731 | 5,784 |
| Contributions to plan subsequent to the measurement date | | |
| LGERS | 1,964,301 | - |
| Register of Deeds | 5,376 | - |
| Benefit payments and admin expenditures paid subsequent to the measurement date – LEOSSA | 29,975 | - |
| Benefit payments for the OPEB plan paid subsequent to measurement date | 418,806 | - |
| Charge on refunding of debt | 992,856 | - |
| Prepaid taxes not yet earned (General Fund) | - | 268,362 |
| Deferred homeowner’s monies (General Fund) | - | 654,087 |
| Taxes receivable, net (General Fund) | - | 1,479,137 |
| Special Revenue Fund | <u>-</u> | <u>134,184</u> |
| Total | <u>\$ 8,642,664</u> | <u>\$10,003,420</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 one of the self-funded risk-financing pools administered by the North Carolina Association of County Commissioners (NCACC). Through these pools, the County obtains property coverage equal to replacement cost values of owned property subject to a limit of \$125.5 million for any one occurrence, general, auto, professional, and employment practices liability coverage of \$2 million per occurrence, auto physical damage coverage for owned autos at actual cash value, crime coverage of \$250,000 per occurrence, and workers’ compensation coverage up to the statutory limits. The pools are audited annually by certified public accountants, and the audited financial statements are available to the County upon request. Both of the pools are reinsured through a multi-state public entity captive for single occurrence losses in excess of \$500,000 retention up to a \$2 million limit for liability coverage, and \$1,750,000 of each loss in excess of a \$250,000 per occurrence retention for property, auto physical damage. For workers compensation there is a per occurrence retention of \$750,000. The County provides employee health and dental benefits through a self-insured plan provided by Blue Cross Blue Shield of NC. Claims are administered and paid directly from the plan by Blue Cross Blue Shield of NC. Specific stop-loss is set at \$60,000 per individual health insurance claim with an unlimited lifetime maximum. Aggregate stop-loss is set at the level of 125% with a minimum aggregate attachment point of \$6,516,502 and a contract period maximum of \$1,000,000.

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

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

In accordance with G.S. 159-29, the County's employees who have access to \$100 or more of the County's funds at any given time are performance bonded through a commercial surety bond. The Finance Officer and tax collector are each individually bonded for \$250,000 each. The finance specialist is bonded at \$50,000; the sheriff and the deputy finance collector are 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, 2019, the County was obligated under an operating lease for office space as follows:

Beginning January 1, 2010 through December 31, 2016 at the rate of \$3.50 per square foot plus taxes and insurance/month for certain office space for aging services. Rent expense for the year ended June 30, 2019 was \$38,836.

The County was obligated under various operating leases for properties in Franklin County with a total rental expense for the year ended June 30, 2019 of \$143,577.

At June 30, 2019, the County leased vehicles and equipment with total rental expense of \$25,236.

At June 30, 2019, the County was obligated under operating leases for land as follows:

Nine parcels of land were rented for trash dumping and recycling centers ranging from \$560 to \$13,600 per year. All leases expired June 30, 2019 with options to extend for an additional year. Options were exercised on all of the leases at June 30, 2019. Rent expense for the year ended June 30, 2019 was \$11,890.

At June 30, 2019, the County was obligated under various operating leases for office equipment as follows:

Total lease expense for the year ended June 30, 2019 was \$201,284.

Total operating lease expense for the year ended June 30, 2019, was \$344,861.

**FRANKLIN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Future lease payments total for the years ending June 30:

| | <u>Total</u> |
|-------|-------------------|
| 2020 | \$ 196,901 |
| 2021 | 133,178 |
| 2022 | 104,145 |
| 2023 | 74,567 |
| 2024 | <u>42,000</u> |
| Total | <u>\$ 550,791</u> |

At June 30, 2019, the County was obligated under a commitment as follows:

The County has made and entered into an agreement in January 2017 with Upper Piedmont to transport certain solid waste from the transfer station to a permitted landfill, Upper Piedmont.

At June 30, 2019, 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 current rate is \$4.38 per thousand gallons. The obligation ends September 20, 2017.

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 \$4.16 per thousand gallons. The obligation ends July 1, 2036.

6. Contingent Liabilities

At June 30, 2019, the County was a defendant to various lawsuits. In the opinion of the County's management and the County attorney, the ultimate effect of these legal matters will not have a material adverse effect on the County's financial position.

7. Long-Term Obligations

a. Installment Purchases

Serviced by the County's General Fund:

In December 2011, the County entered an installment contact with Bank of America to refinance old debt in the amount of \$2,038,480. A principal payment of \$290,883 plus interest at 1.81% is due each year in monthly installments until 2018. Principal and interest payments are appropriated when due. This debt was paid off during the fiscal year. \$ -

In December 2011, the County entered into an installment obligation to upgrade the County's E-911 paging system and undergo new debt in the amount of \$6,600,000. A principal amount of \$330,000, plus interest at 2.24% is due in January and July of each year until 2022. Principal and interest payments are appropriated when due. 1,980,000

On June 22, 2010, the County entered into an installment obligation to refinance old debt and issue new debt in the amount of \$12,179,000. A principal payment of \$1,789,000 to \$474,000, plus interest between 3.31% and 3.970% is due June and December of each year until 2025. Principal and interest are appropriated when due. This debt was paid off during the fiscal year. -

**FRANKLIN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
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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. | 1,110,000 |
| In December 2013, the County entered into an installment contract to finance the jail renovations in the amount of \$3,000,000. A principal payment of \$300,000, plus interest at 2.38% is due annually for ten years beginning December 2014. | 1,500,000 |
| 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. | 6,445,490 |
| 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. | <u>1,428,689</u> |
| Total installment obligation debt | <u>\$ 12,464,179</u> |

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. | \$ 3,095,000 |
| \$ 1,299,520 In December 2011, the County entered into an installment agreement to refinance old debt and issue new debt. A principal amount of \$185,974 plus interest at 1.81% is due at year in monthly installments. Principal and interest are appropriated each year until 2018. This debt was paid off during the fiscal year. | - |
| \$ 2,600,000 On April 15, 2015, the County entered into an installment agreement to finance water and sewer improvements. Payments are due on April and October each year in the amount of \$130,000, plus interest of 2.6% until 2025. | 1,560,000 |
| \$ 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. | <u>1,362,511</u> |
| Total installment obligation debt | <u>\$ 6,017,511</u> |

b. General Obligation Indebtedness

All general obligation bonds serviced by the County's General Fund are collateralized by the full faith, credit, and taxing power of the County. Franklin County Water and Sewer Fund issues certificates of participation. These certificates do not constitute a legal or equitable pledge, charge, lien or encumbrance upon any of the County's property or revenue.

The County's long-term indebtedness at June 30, 2019 is comprised of the following:

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

| | |
|---|----------------------|
| \$14,000,000 2009 School Bonds, issued 9/10/2009, with interest semiannually on March 1 and September 1 and principal on March 1 of \$500,000-\$900,000 through 2029, interest at 3.0-4.0% | \$ - |
| \$3,600,000 2010A Qualified School Construction Bonds, issued 1/5/2010, with interest and principal due annually on December 15; principal of \$240,000 through 2024, interest at 2.17% | 1,440,000 |
| \$24,000,000 2010B School Bonds, issued 11/9/2010, with interest semiannually on April 1 and October 1 and principal due on April 1 through 2030, interest payable at 2.0%-4.0% | 13,100,000 |
| \$1,604,000 2015A Refunding Bonds, issued 04/07/16, with interest semiannually on April 1 and October 1 and principal due on April 1 through 2019, interest payable at 1.34%. | - |
| \$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%. | 12,816,000 |
| \$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% | 8,040,000 |
| \$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% | <u>10,830,000</u> |
| Total General Obligation Indebtedness | <u>\$ 46,226,000</u> |

Certificates of Participation:

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%. | \$ 150,000 |
| \$2,100,000 2000 State Revolving Loan, issued 2/19/00 with interest due semiannually on November 1 and May 1 and principal of \$105,000 due May 1 through 2021, interest at 2.6%. | <u>210,000</u> |
| Total Revolving Loans | <u>\$ 360,000</u> |

On June 30, 2019, Franklin County had a legal debt margin of \$380,413,206.

Debt Related to Capital Activities - Of the total Governmental Activities debt listed, only \$6,018,689 relates to assets the County holds title. Unspent restricted cash related to this debt amount to \$290,830.

**FRANKLIN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

8. Changes in Long-Term Debt

The following is a summary of changes in general long-term debt for the year ended June 30, 2019:

| | <u>Balance</u> <u>July 1, 2018</u> | <u>Additions</u> | <u>Retirements</u> | <u>Balance</u> <u>June 30, 2019</u> | <u>Current</u> <u>Portion</u> |
|----------------------------------|---------------------------------------|---------------------|------------------------|--|----------------------------------|
| Governmental Activities: | | | | | |
| General obligation bonds | \$ 50,931,000 | \$ - | \$(4,705,000) | \$ 46,226,000 | \$ 4,518,000 |
| Plus: Premiums on issuance | <u>2,258,580</u> | - | <u>(173,961)</u> | <u>2,084,619</u> | - |
| Total general obligation bonds | 53,189,580 | - | (4,878,961) | 48,310,619 | 4,518,000 |
| Installment purchases | 13,627,246 | 1,900,000 | (3,063,067) | 12,464,179 | 2,410,671 |
| Compensated absences | 1,873,097 | 1,787,436 | (1,873,097) | 1,787,436 | 446,859 |
| Net pension liability (LGERS) | 5,121,379 | 2,996,031 | - | 8,117,410 | - |
| Total pension liability (LEOSSA) | 1,286,827 | 160,469 | - | 1,447,296 | - |
| Net OPEB liability | <u>36,845,434</u> | - | <u>(203,916)</u> | <u>36,641,515</u> | - |
| Total | <u>\$ 111,943,563</u> | <u>\$ 6,843,936</u> | <u>\$ (10,019,041)</u> | <u>\$108,768,455</u> | <u>\$ 7,375,530</u> |
| Business-type Activities: | | | | | |
| Revolving loans | \$ 540,000 | \$ - | \$ (180,000) | \$ 360,000 | \$ 180,000 |
| Installment purchases | 6,993,183 | - | (975,672) | 6,017,511 | 898,789 |
| Landfill Post-closure Costs | 191,708 | 16,386 | - | 208,094 | 65,000 |
| Compensated absences | 140,003 | 162,076 | (140,002) | 162,077 | 40,519 |
| Net pension liability (LGERS) | 395,839 | 217,681 | - | 613,520 | - |
| Net OPEB liability | <u>2,841,588</u> | - | <u>(1,425,858)</u> | <u>1,415,730</u> | - |
| Total | <u>\$ 11,102,321</u> | <u>\$ 396,143</u> | <u>\$ (2,721,532)</u> | <u>\$ 8,776,932</u> | <u>\$ 1,184,308</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.

9. Maturities of Long-Term Obligations

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

Governmental Activities:

| <u>Year Ending June 30,</u> | <u>General Obligation Bonds</u> | | <u>Installment Purchases</u> | |
|-----------------------------|---------------------------------|---------------------|------------------------------|-------------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Principal</u> | <u>Interest</u> |
| 2020 | \$ 4,518,000 | \$ 1,438,681 | \$ 2,410,671 | \$ 217,149 |
| 2021 | 4,393,000 | 1,290,915 | 2,403,861 | 175,695 |
| 2022 | 4,461,000 | 1,147,750 | 2,396,054 | 134,478 |
| 2023 | 4,409,000 | 1,013,409 | 1,225,473 | 97,465 |
| 2024 | 4,374,000 | 684,076 | 1,203,185 | 71,916 |
| 2025-2029 | 17,766,000 | 2,020,440 | 2,824,935 | 100,918 |
| 2030-2034 | 4,025,000 | 636,775 | - | - |
| 2035-2038 | <u>2,280,000</u> | <u>171,000</u> | - | - |
| Total | <u>\$ 46,226,000</u> | <u>\$ 8,403,046</u> | <u>\$ 12,464,179</u> | <u>\$ 797,621</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> |
| 2020 | \$ 6,928,671 | \$ 1,655,830 |
| 2021 | 6,796,861 | 1,466,610 |
| 2022 | 6,857,054 | 1,282,228 |
| 2023 | 5,634,473 | 1,110,874 |
| 2024 | 5,577,185 | 755,992 |
| 2025-2029 | 20,590,935 | 2,121,358 |
| 2030-2034 | 4,025,000 | 636,775 |
| 2035-2038 | <u>2,280,000</u> | <u>171,000</u> |
| Total | <u>\$ 58,690,179</u> | <u>\$ 9,200,667</u> |

Business-type Activities:

| <u>Year Ending June 30,</u> | <u>Revolving Loans</u> | | <u>Installment Purchases</u> | |
|-----------------------------|------------------------|------------------|------------------------------|-------------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Principal</u> | <u>Interest</u> |
| 2020 | \$ 180,000 | \$ 9,360 | \$ 898,789 | \$ 153,475 |
| 2021 | 180,000 | 4,680 | 909,426 | 129,713 |
| 2022 | - | - | 923,889 | 105,625 |
| 2023 | - | - | 939,526 | 81,099 |
| 2024 | - | - | 957,815 | 56,111 |
| 2025-2029 | - | - | <u>1,388,066</u> | <u>42,026</u> |
| Total | <u>\$ 360,000</u> | <u>\$ 14,040</u> | <u>\$ 6,017,511</u> | <u>\$ 568,049</u> |

| <u>Year Ending June 30,</u> | <u>Total Debt Due</u> | |
|-----------------------------|-----------------------|-------------------|
| | <u>Principal</u> | <u>Interest</u> |
| 2020 | \$ 1,078,789 | \$ 162,835 |
| 2021 | 1,089,426 | 134,393 |
| 2022 | 923,889 | 105,625 |
| 2023 | 939,526 | 81,099 |
| 2024 | 957,815 | 56,111 |
| 2025-2029 | <u>1,388,066</u> | <u>42,026</u> |
| Total | <u>\$ 6,377,511</u> | <u>\$ 582,089</u> |

C. Interfund Balances and Activity

Due to/from other funds at June 30, 2019 consists of the following:

Due to General Fund from Water and Sewer Fund to repay borrowed funding \$ 1,473,836

Transfers to/from other funds at June 30, 2019 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 175,000

From the General Fund to the Airport Fund to supplement funding 226,765

From the General Fund to the County Building Project Fund to fund the E911 project 732,467

From the General Fund to the Solid Waste Fund to loan money for supplement funding 250,000

From the Emergency Telephone System Fund to the General Fund for repayment of expenses 96

**FRANKLIN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

| | |
|---|---------------------|
| From the Capital Reserve Fund to the General Fund for the payment of debt service | <u>3,600,000</u> |
| Total transfers to/from other funds | <u>\$ 5,025,028</u> |

D. Net Investment in Capital Assets

| | Governmental <u>Activities</u> | Business-type <u>Activities</u> |
|--|-----------------------------------|------------------------------------|
| Net capital assets | \$ 47,481,843 | \$ 33,659,722 |
| Capital debt calculation: | | |
| Total debt, gross | 58,690,179 | 6,377,511 |
| Less: | | |
| School debt for assets to which the county does not hold title | (52,026,555) | - |
| Unamortized assets related to capital debt | (992,857) | - |
| Add: | | |
| Unamortized liabilities related to capital debt | <u>2,084,619</u> | <u>-</u> |
| Total capital debt | <u>7,755,386</u> | <u>6,377,511</u> |
| Net investment in capital assets | <u>\$ 39,726,457</u> | <u>\$ 27,282,211</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:

| | \$ 39,212,564 |
|--|---------------|
| Less: | |
| Inventories | 46,085 |
| Stabilization by State Statute | 7,405,970 |
| Appropriated fund balance in 2020 budget | 4,324,465 |
| Register of Deeds | 96,621 |
| Capital Reserve | 676,245 |
| Revaluation | 538,190 |
| Cultural and Recreational | 611,158 |
| Economic Development | 1,754,925 |
| Public Safety | 1,609,956 |
| Human Services | 95,398 |
| Working Capital/Fund Balance Goal | 12,668,627 |
| Remaining Fund Balance | \$ 9,384,924 |

Franklin County has a stated minimum fund balance goal for the General Fund which instructs management to conduct the business of the County in such a manner that available fund balance is at least equal to or greater than 15% of budgeted expenditures. Any portion of the General Fund balance in excess of 15% of budgeted expenditures may be appropriated for one-time expenditures and may not be used for any purpose that would obligate the County in a future budget.

**FRANKLIN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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, 2019. The County does not retain an equity interest in the program. Complete financial statements for Cardinal Innovations Health Care Solutions may be obtained from their administrative offices located at 4855 Milestone Avenue, Kannapolis, NC 28081.

The Kerr Area Rural Transportation Authority (K.A.R.T.S.) is an association of five County governments, including Franklin County. K.A.R.T.S. is a joint venture of the participating counties for the purpose of providing a safe, adequate and convenient transportation system for the jurisdictional area creating the authority and its immediate environs. The counties served by K.A.R.T.S. in addition to Franklin County are Granville, Vance, and Warren. Federal, State and local grants and users' fees provide general support of K.A.R.T.S. Each county appoints two members of the Authority management body and this governing body determines the budget and financing requirements of the Authority. The County has an ongoing financial responsibility for the joint venture because K.A.R.T.S. continued existence depends on the participant governments' continued findings. The County contributed \$43,397 to K.A.R.T.S. during the fiscal year ended June 30, 2019. 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, 2019. 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, 2019. 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, 2019. 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 \$31,704 to the Council during the fiscal year ended June 30, 2019.

**FRANKLIN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

VI. Supplemental and Additional Supplemental One-Half of One Percent Local Government Sales and Use Taxes

State law (Chapter 105, Articles 40 and 42, of the North Carolina General Statutes) requires the County to use a portion of the proceeds of its supplemental and additional supplemental sales taxes, or local option sales taxes, for public school capital outlays or to retire public school indebtedness. During the fiscal year ended June 30, 2019, the County reported these local option sales taxes within its Capital Reserve Fund. The County expended the restricted portion of these taxes for public school capital outlays and retirement of public-school debt.

VII. Summary Disclosure of Significant Commitments and Contingencies

Federal and State Assisted Programs

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

VIII. Significant Effects of Subsequent Events

The County has evaluated events and transactions that occurred between June 30, 2019 and December 10, 2019, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements. On October 21, 2019, Franklin County signed a grant agreement with the North Carolina 911 Board for \$3,958,873 in grant funds. The grant is to construct a new facility for the 911 center. The Franklin County Board of Commissioners on October 21, 2019 approved to contribute \$841,501 from the General Fund for the project. On December 2, 2019, the Franklin County Board of Commissioners adopted a bond order authorizing the issuance by the County of \$12,450,000 in General Obligation Refunding Bonds. If the bonds are duly authorized, they will be issued on February 19, 2020 in the aggregate principal amount of \$10,200,000.

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 Six Fiscal Years

| | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---------------|---------------|---------------|---------------|----------------|--------------|
| County's proportion of the net pension liability (asset) | 0.368% | 0.361% | 0.340% | 0.347% | 0.330% | 0.311% |
| County's proportionate share of the net pension liability (asset) | \$ 8,730,930 | \$ 5,517,218 | \$ 7,224,216 | \$ 1,557,674 | \$ (1,947,695) | \$ 3,754,771 |
| County's covered payroll | \$ 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 | 36.83% | 24.44% | 35.99% | 8.91% | -10.49% | 21.59% |
| Plan fiduciary net position as a percentage of the total pension liability | 92.00% | 94.18% | 91.47% | 98.09% | 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 Six Fiscal Years

| | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|--|---------------|---------------|---------------|---------------|---------------|---------------|
| Contractually required contribution | \$ 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 | 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 | \$ 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 | 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 Six Fiscal Years

| | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|--------------|--------------|--------------|--------------|--------------|--------------|
| County's proportion of the net pension liability (asset) | 0.624% | 0.629% | 0.570% | 0.527% | 0.522% | 0.502% |
| County's proportionate share of the net pension liability (asset) | \$ (103,380) | \$ (107,402) | \$ (106,547) | \$ (122,069) | \$ (118,378) | \$ (107,127) |
| County's covered payroll | 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 | -149.15% | -161.41% | -177.09% | -205.48% | -205.98% | -67.19% |
| Plan fiduciary net position as a percentage of the total pension liability | 153.31% | 153.77% | 160.17% | 197.29% | 193.88% | 190.50% |

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

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

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

| | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|--|-------------|-------------|-------------|-------------|-------------|-------------|
| Contractually required contribution | \$ 5,376 | \$ 5,736 | \$ 5,079 | \$ 4,656 | \$ 3,587 | \$ 4,892 |
| Contributions in relation to the contractually required contribution | 5,376 | 5,736 | 5,079 | 4,656 | 3,587 | 4,892 |
| Contribution deficiency (excess) | - | - | - | - | - | - |
| County's covered payroll | \$ 71,151 | \$ 69,314 | \$ 66,539 | \$ 60,165 | \$ 59,406 | \$ 57,472 |
| Contributions as a percentage of covered payroll | 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>2019</u> | <u>2018</u> |
|---|---------------------|---------------------|
| Beginning Balance | \$ 1,286,827 | \$ 1,148,777 |
| Service Cost | 107,536 | 85,086 |
| Interest on the total pension liability | 40,049 | 43,932 |
| Changes of benefit terms | - | - |
| Differences between expected and actual experience in the measurement of the total pension liability | 120,032 | (68,955) |
| Changes of assumptions or other inputs | (68,241) | 99,294 |
| Benefit payments | (38,907) | (21,307) |
| Other changes | - | - |
| Ending balance of the total pension liability | <u>\$ 1,447,296</u> | <u>\$ 1,286,827</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>2019</u> | <u>2018</u> |
|--|--------------|--------------|
| Total pension liability | \$ 1,447,296 | \$ 1,286,827 |
| Covered payroll | \$ 3,985,255 | \$ 3,635,558 |
| Total pension liability as a percentage of covered payroll | 36.32% | 35.40% |

Notes to the schedules:

Granville 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, 2019

| Total OPEB Liability | 2019 | 2018 |
|---|----------------------|----------------------|
| Service Cost | \$ 2,280,686 | \$ 2,543,219 |
| Interest on the total pension liability | 1,401,840 | 1,212,665 |
| Changes of benefit terms | - | - |
| Differences between expected and actual experience | (2,943,461) | (240,810) |
| Changes of assumptions or other inputs | (1,744,401) | (3,951,922) |
| Benefit payments | (624,441) | (325,608) |
| Other changes | | |
| Net change in total OPEB liability | (1,629,777) | (762,456) |
| Total OPEB liability - beginning | 39,687,022 | 40,449,478 |
| Total OPEB liability - ending | <u>\$ 38,057,245</u> | <u>\$ 39,687,022</u> |
| Covered payroll | \$ 23,108,068 | \$ 18,974,045 |
| Total OPEB liability as a percentage of covered payroll | 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 |
|--------------------|-------------|
| 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.
- **School Construction Fund:** This capital projects fund accounts for the construction of school buildings within the County.

Franklin County, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2019
(With Comparative Totals for the Year Ended June 30, 2018)

| | 2019 | | Variance Positive (Negative) | 2018 |
|---------------------------------|---------------|---------------|------------------------------------|---------------|
| | Budget | Actual | | Actual |
| Revenues: | | | | |
| Ad valorem taxes: | | | | |
| Current year taxes | \$ 44,314,978 | \$ 45,368,511 | \$ 1,053,533 | \$ 42,683,786 |
| Delinquent taxes | 615,000 | 503,482 | (111,518) | 631,036 |
| Tax discounts and refunds | (150,000) | (121,676) | 28,324 | (109,249) |
| Total | 44,779,978 | 45,750,317 | 970,339 | 43,205,573 |
| Sales tax revenue | 9,947,190 | 10,193,896 | 246,706 | 9,675,613 |
| Other Tax Revenues | | | | |
| Tax penalties and interest | 275,000 | 444,839 | 169,839 | 360,166 |
| Tax levies, foreclosures, etc. | 50,400 | 6,961 | (43,439) | 975 |
| Kerr Tar Hub tax | 41,902 | 41,903 | 1 | - |
| Total | 367,302 | 493,703 | 126,401 | 361,141 |
| Restricted intergovernmental: | | | | |
| Federal and State grants | 9,028,410 | 10,414,316 | 1,385,906 | 10,028,374 |
| Beer and wine taxes | 245,000 | 251,543 | 6,543 | 247,268 |
| ABC Rehab tax | 16,150 | 18,335 | 2,185 | 17,398 |
| Lottery proceeds | 700,000 | 700,000 | - | 800,060 |
| Total | 9,989,560 | 11,384,194 | 1,394,634 | 11,093,100 |
| Fees, sales and charges: | | | | |
| Court facility fees | 61,500 | 69,115 | 7,615 | 61,487 |
| Building permits | 60,000 | 115,314 | 55,314 | 110,852 |
| Inspection fees | 1,296,000 | 1,324,941 | 28,941 | 1,496,226 |
| Register of deeds fees | 680,000 | 870,981 | 190,981 | 750,797 |
| Recreation reserve fees | - | 387,973 | 387,973 | 212,833 |
| Rents and concessions | 55,925 | 65,700 | 9,775 | 64,230 |
| Health fees | 2,568,128 | 2,410,039 | (158,089) | 2,972,574 |
| Social services fees | 416,156 | 256,570 | (159,586) | 328,807 |
| Aging services | 61,500 | 49,802 | (11,698) | 41,043 |
| Airport | 840,000 | 890,333 | 50,333 | 824,089 |
| Sheriff and jail fees | 1,573,000 | 1,811,116 | 238,116 | 1,829,204 |
| Library fees and donations | 37,500 | 43,180 | 5,680 | 38,532 |
| Ambulance and rescue squad fees | 2,155,986 | 1,960,452 | (195,534) | 2,494,650 |
| Recreation | 45,900 | 44,163 | (1,737) | 45,230 |
| Other | 128,760 | 139,106 | 10,346 | 206,193 |
| Total | 9,980,355 | 10,438,785 | 458,430 | 11,476,747 |
| Investment earnings | 170,000 | 534,586 | 364,586 | 253,281 |
| Miscellaneous: | | | | |
| Donations and private grants | 228,585 | 225,079 | (3,506) | 268,609 |
| Other miscellaneous | 232,132 | 341,870 | 109,738 | 253,549 |
| Total | 460,717 | 566,949 | 106,232 | 522,158 |
| Total revenues | 75,695,102 | 79,362,430 | 3,667,328 | 76,587,613 |

Franklin County, North Carolina
 General Fund
 Schedule of Revenues, Expenditures, and
 Changes in Fund Balances - Budget and Actual
 For the Year Ended June 30, 2019
 (With Comparative Totals for the Year Ended June 30, 2018)

| | 2019 | | Variance Positive (Negative) | 2018 |
|--------------------------------|---------|---------|------------------------------------|---------|
| | Budget | Actual | | Actual |
| Expenditures: | | | | |
| General government: | | | | |
| Governing body: | | | | |
| Salaries and employee benefits | | 223,212 | | 218,666 |
| Other operating expenditures | | 62,117 | | 62,892 |
| Insurance other than property | | 2,575 | | 2,575 |
| Capital outlay | | - | | 738 |
| Total | 295,184 | 287,904 | 7,280 | 284,871 |
| County Manager: | | | | |
| Salaries and employee benefits | | 370,645 | | 336,727 |
| Other operating expenditures | | 35,220 | | 33,579 |
| Capital outlay | | - | | 3,410 |
| Total | 417,408 | 405,865 | 11,543 | 373,716 |
| Finance: | | | | |
| Salaries and employee benefits | | 418,377 | | 346,313 |
| Other operating expenditures | | 45,595 | | 46,100 |
| Capital outlay | | - | | 283 |
| Total | 525,202 | 463,972 | 61,230 | 392,696 |
| Human Resources: | | | | |
| Salaries and employee benefits | | 345,875 | | 310,746 |
| Other operating expenditures | | 69,662 | | 59,334 |
| Capital outlay | | 4,606 | | 1,719 |
| Total | 461,482 | 420,143 | 41,339 | 371,799 |
| Board of Elections: | | | | |
| Salaries and employee benefits | | 267,900 | | 258,931 |
| Other operating expenditures | | 139,067 | | 165,079 |
| Capital outlay | | 2,334 | | - |
| Total | 419,218 | 409,301 | 9,917 | 424,010 |
| Register of Deeds: | | | | |
| Salaries and employee benefits | | 329,451 | | 321,944 |
| Other operating expenditures | | 105,518 | | 81,231 |
| Total | 447,977 | 434,969 | 13,008 | 403,175 |

Franklin County, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2019
(With Comparative Totals for the Year Ended June 30, 2018)

| | 2019 | | Variance Positive (Negative) | 2018 |
|----------------------------------|-----------|-----------|------------------------------------|-----------|
| | Budget | Actual | | Actual |
| Tax Assessor: | | | | |
| Salaries and employee benefits | | 522,140 | | 513,474 |
| Other operating expenditures | | 150,329 | | 148,894 |
| Capital outlay | | 2,970 | | 23,975 |
| Total | 741,825 | 675,439 | 66,386 | 686,343 |
| Tax Collector: | | | | |
| Salaries and employee benefits | | 349,197 | | 340,584 |
| Other operating expenditures | | 129,708 | | 82,117 |
| Capital outlay | | 6,508 | | 2,325 |
| Total | 644,177 | 485,413 | 158,764 | 425,026 |
| Maintenance: | | | | |
| Salaries and employee benefits | | 732,561 | | 719,552 |
| Other operating expenditures | | 391,377 | | 340,292 |
| Capital outlay | | 107,492 | | 64,466 |
| Total | 1,306,451 | 1,231,430 | 75,021 | 1,124,310 |
| Central Services: | | | | |
| Other operating expenditures | 212,525 | 200,882 | 11,643 | 194,277 |
| Court: | | | | |
| Operating expenditures | | 79,986 | | 100,431 |
| Capital outlay | | 13,726 | | 279 |
| Total | 110,000 | 93,712 | 16,288 | 100,710 |
| Capital improvement: | | | | |
| Capital outlay | 631,881 | 623,304 | 8,577 | 225,250 |
| Information technology services: | | | | |
| Salaries and employee benefits | | 316,486 | | 307,851 |
| Other operating expenditures | | 124,847 | | 97,143 |
| Capital outlay | | 6,068 | | 30,055 |
| Total | 505,702 | 447,401 | 58,301 | 435,049 |
| Legal and professional: | | | | |
| Legal and professional | 67,000 | 54,423 | 12,577 | 40,954 |
| Total general government | 6,786,032 | 6,234,158 | 551,874 | 5,482,186 |
| Public safety: | | | | |
| Planning: | | | | |
| Salaries and employee benefits | | 425,278 | | 402,248 |
| Other operating expenditures | | 213,059 | | 78,393 |
| Capital outlay | | 210 | | 1,368 |
| Total | 692,456 | 638,547 | 53,909 | 482,009 |
| Inspections: | | | | |
| Salaries and employee benefits | | 647,901 | | 581,272 |
| Other operating expenditures | | 76,930 | | 62,753 |
| Capital outlay | | 25,889 | | 49,851 |
| Total | 793,531 | 750,720 | 42,811 | 693,876 |

Franklin County, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2019
(With Comparative Totals for the Year Ended June 30, 2018)

| | 2019 | | Variance Positive (Negative) | 2018 |
|--------------------------------|-----------|-----------|------------------------------------|-----------|
| | Budget | Actual | | Actual |
| GIS Mapper Service: | | | | |
| Salaries and employee benefits | | 204,347 | | 201,681 |
| Other operating expenditures | | 39,621 | | 30,777 |
| Capital outlay | | 3,750 | | 2,127 |
| Total | 269,770 | 247,718 | 22,052 | 234,585 |
| Central Services: | | | | |
| Other operating expenditures | 239,837 | 214,240 | 25,597 | 202,959 |
| Sheriff: | | | | |
| Salaries and employee benefits | | 6,189,267 | | 5,971,190 |
| Other operating expenditures | | 1,431,860 | | 1,694,067 |
| Capital outlay | | 947,252 | | 632,780 |
| Total | 9,179,263 | 8,568,379 | 610,884 | 8,298,037 |
| Communications: | | | | |
| Salaries and employee benefits | | 1,419,849 | | 1,332,118 |
| Other operating expenditures | | 282,187 | | 249,478 |
| Capital outlay | | 21,880 | | 19,757 |
| Total | 1,910,381 | 1,723,916 | 186,465 | 1,601,353 |
| Jail: | | | | |
| Salaries and employee benefits | | 2,406,618 | | 2,349,745 |
| Other operating expenditures | | 1,373,528 | | 1,709,223 |
| Capital outlay | | 127,943 | | 60,767 |
| Total | 4,302,990 | 3,908,089 | 394,901 | 4,119,735 |
| Jail-meal operations: | | | | |
| Other operating expenditures | 484,463 | 461,170 | 23,293 | 463,356 |
| Fire protection: | | | | |
| Forest fire control service | 118,899 | 86,606 | 32,293 | 98,929 |
| Rescue and ambulance services: | | | | |
| Salaries and employee benefits | | 5,317,421 | | 4,943,233 |
| Other operating expenditures | | 802,101 | | 831,384 |
| Capital outlay | | 683,034 | | 55,329 |
| Total | 6,957,343 | 6,802,556 | 154,787 | 5,829,946 |
| Emergency management services: | | | | |
| Salaries and employee benefits | | 207,993 | | 218,056 |
| Other operating expenditures | | 29,356 | | 44,389 |
| Capital outlay | | 30,807 | | 2,669 |
| Total | 299,269 | 268,156 | 31,113 | 265,114 |
| Rescue squad contributions: | | | | |
| Rescue units | 118,400 | 118,400 | - | 118,400 |

Franklin County, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2019
(With Comparative Totals for the Year Ended June 30, 2018)

| | 2019 | | Variance Positive (Negative) | 2018 |
|---------------------------------------|------------|------------|------------------------------------|------------|
| | Budget | Actual | | Actual |
| Animal control: | | | | |
| Salaries and employee benefits | | 442,593 | | 427,734 |
| Other operating expenditures | | 150,256 | | 167,506 |
| Capital outlay | | 85,853 | | 1,582 |
| Total | 734,705 | 678,702 | 56,003 | 596,822 |
| Total public safety | 26,101,307 | 24,467,199 | 1,634,108 | 23,005,121 |
| Economic and physical development: | | | | |
| Economic development: | | | | |
| Salaries and employee benefits | | 239,655 | | 252,938 |
| Other operating expenditures | | 91,179 | | 96,818 |
| Company incentives | | 1,341,879 | | 358,240 |
| Capital outlay | | 2,733 | | - |
| Total | 1,757,879 | 1,675,446 | 82,433 | 707,996 |
| Central services: | | | | |
| Other operating expenditures | 42,640 | 32,848 | 9,792 | 27,033 |
| Cooperative extension services: | | | | |
| Salaries and employee benefits | | 55,004 | | 52,306 |
| Other operating expenditures | | 350,349 | | 324,984 |
| Capital outlay | | 31,765 | | 811 |
| Total | 494,324 | 437,118 | 57,206 | 378,101 |
| Soil and water conservation: | | | | |
| Salaries and employee benefits | | 242,562 | | 237,993 |
| Other operating expenditures | | 16,611 | | 18,069 |
| Total | 265,283 | 260,644 | 4,639 | 258,704 |
| Airport operations: | | | | |
| Salaries and employee benefits | | 197,010 | | 216,946 |
| Other operating expenditures | | 189,390 | | 205,509 |
| Fuel purchases | | 455,225 | | 406,859 |
| Capital outlay | | 1,910 | | 1,427 |
| Total | 873,752 | 843,535 | 30,217 | 830,741 |
| Total economic & physical development | 3,433,878 | 3,249,591 | 184,287 | 2,202,575 |

Franklin County, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2019
(With Comparative Totals for the Year Ended June 30, 2018)

| | 2019 | | Variance Positive (Negative) | 2018 |
|--------------------------------|-----------|-----------|------------------------------------|-----------|
| | Budget | Actual | | Actual |
| Human services: | | | | |
| Central services: | | | | |
| Other operating expenditures | 306,719 | 296,441 | 10,278 | 292,038 |
| Health: | | | | |
| Administration: | | | | |
| Salaries and employee benefits | | 816,032 | | 785,374 |
| Other operating expenditures | | 148,478 | | 164,954 |
| Capital outlay | | 57,934 | | 33,731 |
| Total | 1,099,364 | 1,022,444 | 76,920 | 984,059 |
| Clinical health: | | | | |
| Salaries and employee benefits | | 2,087,614 | | 2,014,564 |
| Contractual services | | 18,720 | | 19,371 |
| Other operating expenditures | | 1,205,490 | | 1,106,186 |
| Capital outlay | | 44,151 | | 17,186 |
| Total | 3,407,599 | 3,355,975 | 51,624 | 3,157,307 |
| WIC | | | | |
| Salaries | | 243,237 | | 234,423 |
| Other operating expenditures | | 18,242 | | 24,909 |
| Capital outlay | | 1,574 | | 500 |
| Total | 286,254 | 263,053 | 23,201 | 259,832 |
| Home health: | | | | |
| Salaries and employee benefits | | 465,850 | | 442,787 |
| Other operating expenditures | | 240,878 | | 253,748 |
| Capital outlay | | 20,013 | | 1,093 |
| Total | 815,538 | 726,741 | 88,797 | 697,628 |
| Veterans services: | | | | |
| Salaries and employee benefits | | 75,166 | | 73,120 |
| Other operating expenditures | | 12,773 | | 14,228 |
| Total | 91,414 | 87,939 | 3,475 | 87,348 |
| Social services: | | | | |
| Administration: | | | | |
| Salaries and employee benefits | | 6,207,398 | | 5,944,318 |
| Other operating expenditures | | 463,078 | | 451,936 |
| Professional services | | 147,542 | | 138,742 |
| Capital outlay | | 60,172 | | 131,339 |
| Total | 7,045,643 | 6,878,190 | 167,453 | 6,666,335 |
| Social services programs: | | | | |
| Medicaid | 38,000 | 17,356 | 20,644 | 17,193 |
| Special assistance | 418,000 | 391,940 | 26,060 | 409,858 |
| Foster care | 784,815 | 807,174 | (22,359) | 719,254 |
| Crisis intervention | 585,091 | 539,090 | 46,001 | 493,454 |
| General assistance | 20,000 | 15,380 | 4,620 | 17,706 |
| Day care | 113,375 | 100,019 | 13,356 | 345,302 |
| Other assistance | 628,077 | 452,612 | 175,465 | 488,290 |
| Total | 2,587,358 | 2,323,571 | 263,787 | 2,491,057 |

Franklin County, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2019
(With Comparative Totals for the Year Ended June 30, 2018)

| | 2019 | | Variance Positive (Negative) | 2018 |
|---------------------------------------|-------------|-------------|------------------------------------|------------|
| | Budget | Actual | | Actual |
| DSS Child support: | | | | |
| Salaries and employee benefits | | 595,796 | | 604,442 |
| Other operating expenditures | | 133,293 | | 113,888 |
| Capital outlay | | 3,767 | | - |
| Total | 780,881 | 732,856 | 48,025 | 718,330 |
| Aging: | | | | |
| Salaries and employee benefits | | 570,921 | | 556,166 |
| Other operating expenditures | | 444,913 | | 422,541 |
| Capital outlay | | 9,414 | | 10,249 |
| Total | 1,074,813 | 1,025,248 | 49,565 | 988,956 |
| Total human services | 17,495,583 | 16,712,458 | 783,125 | 16,342,890 |
| Cultural and leisure: | | | | |
| Recreation: | | | | |
| Salaries and employee benefits | | 289,439 | | 297,137 |
| Other operating expenditures | | 254,765 | | 175,608 |
| Capital outlay | | 3,038 | | 21,737 |
| Total | 592,549 | 547,242 | 45,307 | 494,482 |
| Central Services: | | | | |
| Other operating expenditures | 14,400 | 14,400 | - | 14,400 |
| Library: | | | | |
| Salaries and employee benefits | | 767,233 | | 741,740 |
| Other operating expenditures | | 98,628 | | 98,035 |
| Books, magazines & telecommunications | | 93,095 | | 96,881 |
| Capital outlay | | 26,805 | | 12,875 |
| Total | 1,012,201 | 985,761 | 26,440 | 949,531 |
| Total culture and leisure | 1,619,150 | 1,547,403 | 71,747 | 1,458,413 |
| Education: | | | | |
| Education allocations: | | | | |
| Public schools - current | | 16,898,091 | | 16,365,283 |
| Public schools - capital outlay | | 1,999,998 | | 1,400,000 |
| Community colleges - current | | 369,168 | | 369,168 |
| Community colleges - capital outlay | | 20,000 | | 20,000 |
| Total education | 19,287,261 | 19,287,257 | 4 | 18,154,451 |
| Debt service: | | | | |
| Principal retirement | | 7,768,067 | | 7,031,378 |
| Interest and fees | | 1,900,039 | | 1,859,396 |
| Total debt service | 9,734,304 | 9,668,106 | 66,198 | 8,890,774 |
| Total expenditures | 84,457,515 | 81,166,172 | 3,291,343 | 75,536,410 |
| Revenues over (under) expenditures | (8,762,413) | (1,803,742) | 6,958,671 | 1,051,203 |

Franklin County, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2019
(With Comparative Totals for the Year Ended June 30, 2018)

| | 2019 | | Variance Positive (Negative) | 2018 |
|--|-------------|---------------|------------------------------------|---------------|
| | Budget | Actual | | Actual |
| Transfers to other funds: | | | | |
| Fire District Fund | (40,700) | (40,700) | - | (40,700) |
| Revaluation Fund | (175,000) | (175,000) | - | (100,000) |
| Emergency Telephone System Fund | - | - | - | - |
| County Building Project Fund | (732,467) | (732,467) | - | (564,522) |
| Solid Waste Fund | (250,000) | (250,000) | - | (300,000) |
| Hospital Fund | - | - | - | (200,000) |
| Airport Fund | (226,765) | (226,765) | - | (16,670) |
| Total transfers out | (1,424,932) | (1,424,932) | - | (1,221,892) |
| Transfers from other funds: | | | | |
| Capital Reserve Fund | 3,600,000 | 3,600,000 | - | 3,700,000 |
| Emergency Telephone System Fund | - | 96 | (96) | - |
| Total transfers in | 3,600,000 | 3,600,096 | (96) | 3,700,000 |
| Payment to escrow agent-refunding bonds | - | - | - | (9,083,408) |
| Premium on bonds | - | - | - | 1,138,824 |
| Loan proceeds | 1,900,000 | 1,900,000 | - | 8,040,000 |
| Total other financing sources (uses) - net | 4,075,068 | 4,075,164 | (96) | 2,573,524 |
| Revenues and other financing sources over (under) expenditures and other financing uses | (4,687,345) | 2,271,422 | 6,958,767 | 3,624,727 |
| Appropriated fund balance | 4,687,345 | - | (4,687,345) | - |
| Revenues, other financing sources and appropriated fund balance over (under) expenditures and other uses | \$ - | 2,271,422 | \$ 2,271,422 | 3,624,727 |
| Fund balances | | | | |
| Beginning of year, July 1 | | 35,706,824 | | 32,080,013 |
| Increase (decrease) in reserve for inventory | | 19,883 | | 2,084 |
| End of year, June 30 | | \$ 37,998,129 | | \$ 35,706,824 |

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, 2019
(With Comparative Totals for the Year Ended June 30, 2018)

| | 2019 | | Variance Positive (Negative) | 2018 |
|---|--------------|-------------------|------------------------------------|-------------------|
| | Budget | Actual | | Actual |
| Revenues | | | | |
| Sales tax revenue | \$ 3,600,000 | \$ 3,674,555 | \$ 74,555 | \$ 3,413,258 |
| Expenditures | | | | |
| Education | - | - | - | - |
| Other financing sources (uses) | | | | |
| Transfer to General Fund | (3,600,000) | (3,600,000) | - | (3,700,000) |
| Revenues and other financing sources under expenditures and uses | <u>\$ -</u> | 74,555 | <u>\$ 74,555</u> | (286,742) |
| Fund balance | | | | |
| Beginning of year, July 1 | | 601,690 | | 888,432 |
| End of year, June 30 | | <u>\$ 676,245</u> | | <u>\$ 601,690</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, 2019
(With Comparative Totals for the Year Ended June 30, 2018)

| | 2019 | | Variance Positive (Negative) | 2018 |
|---|-------------|-------------------|------------------------------------|-------------------|
| | Budget | Actual | | Actual |
| Revenues | | | | |
| Interest earnings | \$ - | \$ - | \$ - | \$ - |
| Expenditures | | | | |
| General government | | | | |
| Appraisal | 150,000 | 75,032 | 74,968 | 420,218 |
| Other financing sources | | | | |
| Transfer from General Fund | 150,000 | 175,000 | 25,000 | 100,000 |
| Total revenues and other financing sources over expenditures | <u>\$ -</u> | 99,968 | <u>\$ 99,968</u> | (320,218) |
| Fund balance | | | | |
| Beginning of year, July 1 | | 438,222 | | 758,440 |
| End of year, June 30 | | <u>\$ 538,190</u> | | <u>\$ 438,222</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, 2019

| | Project Author- ization | Actual | | Total to Date | Variance Positive (Negative) |
|---|-------------------------------|---------------|-----------------|------------------|------------------------------------|
| | | Prior Year | Current Year | | |
| Revenues | | | | | |
| Interest earnings | \$ 12,500 | \$ 88,435 | \$ 160,543 | \$ 248,978 | \$ 236,478 |
| Miscellaneous | 125,000 | - | - | - | (125,000) |
| Sales tax refund | 137,500 | 88,435 | 160,543 | 248,978 | 111,478 |
| Expenditures | | | | | |
| Bond issuance costs | | 199,740 | - | 199,740 | |
| Construction | | 3,876,178 | 1,307,363 | 5,183,541 | |
| Total expenditures | 11,537,500 | 4,075,918 | 1,307,363 | 5,383,281 | 6,154,219 |
| Total revenues over (under) expenditures | (11,400,000) | (3,987,483) | (1,146,820) | (5,134,303) | (6,042,741) |
| 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 | \$ - | \$ 8,104,588 | (1,146,820) | \$ 6,957,768 | \$ 6,957,768 |
| Fund balance | | | | | |
| Beginning of year, July 1 | | | 8,599,010 | | |
| End of year, June 30 | | | \$ 7,452,190 | | |

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

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

Capital Project Funds

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

- **Airport Projects Fund:** This fund accounts for the construction at the Franklin County Airport.
- **County Building Project Fund:** This fund accounts for renovation of the County buildings.

Franklin County, North Carolina
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2019

| | Special Revenue Funds | | | | | |
|--|-------------------------------|--|---------------------|---|--------------------------|---|
| | Fire District Fund | Emergency Telephone System Fund | DEA Fund | Community Development Fund | Hospital Fund | Total Nonmajor Special Revenue Funds |
| Assets | | | | | | |
| Cash and cash equivalents | \$ 220,482 | \$ 164,896 | \$ 59,364 | \$ 54,993 | \$ 112,382 | \$ 612,117 |
| Accounts receivable, net | - | 25,463 | - | - | - | 25,463 |
| Taxes receivable, net | 134,184 | - | - | - | - | 134,184 |
| Due from other governments | - | 69,905 | 843 | - | 12,000 | 82,748 |
| Restricted assets: | | | | | | |
| Restricted cash | - | - | - | - | - | - |
| Total assets | \$ 354,666 | \$ 260,264 | \$ 60,207 | \$ 54,993 | \$ 124,382 | \$ 854,512 |
| Liabilities and Fund Balances | | | | | | |
| Liabilities: | | | | | | |
| Accounts payable and accrued liabilities | \$ 9,407 | \$ 429 | \$ - | \$ - | \$ 2,500 | \$ 12,336 |
| Total liabilities | 9,407 | 429 | - | - | 2,500 | 12,336 |
| Deferred Inflows of Resources | 134,184 | - | - | - | - | 134,184 |
| Fund balances: | | | | | | |
| Restricted: | | | | | | |
| Stabilization by State Statute | - | 95,368 | 843 | - | 12,000 | 108,211 |
| Fire Protection | 211,075 | - | - | - | - | 211,075 |
| Public Safety | - | 164,467 | 59,364 | - | - | 223,831 |
| Culture and Recreation | - | - | - | - | - | - |
| Human Services | - | - | - | - | 109,882 | 109,882 |
| Economic Development | - | - | - | 54,993 | - | 54,993 |
| Unassigned: | - | - | - | - | - | - |
| Total fund balances | 211,075 | 259,835 | 60,207 | 54,993 | 121,882 | 707,992 |
| Total liabilities, deferred inflows or resources, and fund balances | \$ 354,666 | \$ 260,264 | \$ 60,207 | \$ 54,993 | \$ 124,382 | \$ 854,512 |

Exhibit C-1

| Capital Projects Funds | | | |
|--------------------------------------|---|--|--|
| Airport Projects Fund | County Building Project Fund | Total Nonmajor Capital Projects Funds | Total Nonmajor Governmental Funds |
| \$ 283,035 | \$ - | \$ 283,035 | \$ 895,152 |
| - | - | - | 25,463 |
| - | - | - | 134,184 |
| 21,837 | 235,303 | 257,140 | 339,888 |
| - | 115,794 | 115,794 | 115,794 |
| <u>\$ 304,872</u> | <u>\$ 351,097</u> | <u>\$ 655,969</u> | <u>\$ 1,510,481</u> |
| | | | |
| \$ 49,317 | \$ 20,766 | \$ 70,083 | \$ 82,419 |
| <u>49,317</u> | <u>20,766</u> | <u>70,083</u> | <u>82,419</u> |
| - | - | - | 134,184 |
| | | | |
| 21,837 | 235,303 | 257,140 | 365,351 |
| - | - | - | 211,075 |
| - | - | - | 223,831 |
| 233,718 | 95,028 | 328,746 | 328,746 |
| - | - | - | 109,882 |
| - | - | - | 54,993 |
| - | - | - | - |
| <u>255,555</u> | <u>330,331</u> | <u>585,886</u> | <u>1,293,878</u> |
| | | | |
| <u>\$ 304,872</u> | <u>\$ 351,097</u> | <u>\$ 655,969</u> | <u>\$ 1,510,481</u> |

Franklin County, North Carolina
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2019

| | Special Revenue Funds | | | | | Total Nonmajor Special Revenue Funds |
|---|-------------------------------|--|------------------|---|--------------------------|---|
| | Fire District Fund | Emergency Telephone System Fund | DEA Fund | Community Development Fund | Hospital Fund | |
| Revenues | | | | | | |
| Ad valorem taxes | \$ 4,107,441 | \$ - | \$ - | \$ - | \$ - | \$ 4,107,441 |
| Other taxes and licenses | - | 305,557 | - | - | - | 305,557 |
| Restricted intergovernmental | - | 484,725 | 67,479 | - | - | 552,204 |
| Miscellaneous | - | - | - | - | 711,057 | 711,057 |
| Total revenues | <u>4,107,441</u> | <u>790,282</u> | <u>67,479</u> | <u>-</u> | <u>711,057</u> | <u>5,676,259</u> |
| Expenditures | | | | | | |
| Current: | | | | | | |
| Public safety | 4,127,362 | 219,160 | 13,575 | - | - | 4,360,097 |
| Human services | - | - | - | - | 851,150 | 851,150 |
| Capital outlay | - | 492,038 | - | - | - | 492,038 |
| Total expenditures | <u>4,127,362</u> | <u>711,198</u> | <u>13,575</u> | <u>-</u> | <u>851,150</u> | <u>5,703,285</u> |
| Revenues over (under) expenditures | <u>(19,921)</u> | <u>79,084</u> | <u>53,904</u> | <u>-</u> | <u>(140,093)</u> | <u>(27,026)</u> |
| Other financing sources (uses) | | | | | | |
| Transfers from other funds | 40,700 | (96) | - | - | - | 40,604 |
| Total other financing sources (uses) - net | <u>40,700</u> | <u>(96)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>40,604</u> |
| Net changes in fund balances | 20,779 | 78,988 | 53,904 | - | (140,093) | 13,578 |
| Fund balances | | | | | | |
| Beginning of year, July 1 | 190,296 | 180,847 | 6,303 | 54,993 | 261,975 | 694,414 |
| End of year, June 30 | <u>\$ 211,075</u> | <u>\$ 259,835</u> | <u>\$ 60,207</u> | <u>\$ 54,993</u> | <u>\$ 121,882</u> | <u>\$ 707,992</u> |

| Capital Projects Funds | | | |
|--------------------------------------|---|--|--|
| Airport Projects Fund | County Building Project Fund | Total Nonmajor Capital Projects Funds | Total Nonmajor Governmental Funds |
| \$ - | \$ - | \$ - | \$ 4,107,441 |
| - | - | - | 305,557 |
| 179,024 | 225,000 | 404,024 | 956,228 |
| - | - | - | 711,057 |
| <u>179,024</u> | <u>225,000</u> | <u>404,024</u> | <u>6,080,283</u> |
| - | - | - | 4,360,097 |
| - | - | - | 851,150 |
| 174,648 | 808,638 | 983,286 | 1,475,324 |
| <u>174,648</u> | <u>808,638</u> | <u>983,286</u> | <u>6,686,571</u> |
| 4,376 | (583,638) | (579,262) | (606,288) |
| <u>226,765</u> | <u>732,467</u> | <u>959,232</u> | <u>999,836</u> |
| <u>226,765</u> | <u>732,467</u> | <u>959,232</u> | <u>999,836</u> |
| 231,141 | 148,829 | 379,970 | 393,548 |
| <u>24,414</u> | <u>181,502</u> | <u>205,916</u> | <u>900,330</u> |
| <u>\$ 255,555</u> | <u>\$ 330,331</u> | <u>\$ 585,886</u> | <u>\$ 1,293,878</u> |

Franklin County, North Carolina
Fire District Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2019
(With Comparative Totals for the Year Ended June 30, 2018)

| | 2019 | | Variance Positive (Negative) | 2018 |
|--|------------------|-------------------|------------------------------------|-------------------|
| | Budget | Actual | | Actual |
| Revenues | | | | |
| Ad valorem taxes | \$ 4,186,237 | \$ 4,107,441 | \$ (78,796) | \$ 3,472,297 |
| Expenditures | | | | |
| Public safety | | | | |
| Central Fire District | 290,850 | 290,850 | - | 253,391 |
| Epsom Fire District | 140,500 | 123,580 | 16,920 | 112,000 |
| Gold Sand Fire District | 64,500 | 64,500 | - | 63,000 |
| Justice Fire District | 153,500 | 135,577 | 17,923 | 118,250 |
| Kittrell Fire District | 1,000 | 1,000 | - | 1,000 |
| Pilot Fire District | 375,000 | 356,021 | 18,979 | 224,277 |
| White Level Fire District | 130,500 | 100,384 | 30,116 | 110,202 |
| Brassfield Fire District | - | - | - | - |
| Mitchiners Crossroads Fire District | 199,000 | 199,000 | - | 192,000 |
| Hopkins Fire District | 26,110 | 25,367 | 743 | 16,101 |
| Franklinton Fire District | 279,034 | 279,034 | - | 267,455 |
| Youngsville Fire District | 1,796,743 | 1,796,743 | - | 1,457,288 |
| Bunn Fire District | 689,000 | 689,000 | - | 678,000 |
| Castalia Fire District | 1,200 | 1,200 | - | 1,200 |
| Centerville Fire District | 80,000 | 65,106 | 14,894 | 62,739 |
| Total expenditures | <u>4,226,937</u> | <u>4,127,362</u> | <u>99,575</u> | <u>3,556,903</u> |
| Revenues under expenditures | <u>(40,700)</u> | <u>(19,921)</u> | <u>20,779</u> | <u>(84,606)</u> |
| Other financing sources | | | | |
| Transfer from General Fund | <u>40,700</u> | <u>40,700</u> | <u>-</u> | <u>40,700</u> |
| Revenues and other sources under expenditures | <u>\$ -</u> | <u>20,779</u> | <u>\$ 20,779</u> | <u>(43,906)</u> |
| Fund balances | | | | |
| Beginning of year, July 1 | | <u>190,296</u> | | <u>234,202</u> |
| End of year, June 30 | | <u>\$ 211,075</u> | | <u>\$ 190,296</u> |

Franklin County, North Carolina
Emergency Telephone System Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2019
(With Comparative Totals for the Year Ended June 30, 2018)

| | 2019 | | Variance Positive (Negative) | 2018 |
|--|------------|------------|------------------------------------|------------|
| | Budget | Actual | | Actual |
| Revenues | | | | |
| Other taxes and licenses | | | | |
| E911 fees | \$ 235,726 | \$ 305,557 | \$ 69,831 | \$ 261,244 |
| Restricted intergovernmental | | | | |
| E911 grant | 405,083 | 484,725 | \$ 79,642 | 1,720,118 |
| Total revenues | 640,809 | 790,282 | 149,473 | 1,981,362 |
| Expenditures | | | | |
| Public safety - E911 | | | | |
| Operating expenses | 227,301 | 213,160 | 14,141 | 205,452 |
| Capital outlay | 25,590 | 6,000 | 19,590 | 21,238 |
| Capital outlay | 492,038 | 492,038 | - | 2,035,314 |
| Total expenditures | 744,929 | 711,198 | 33,731 | 2,262,004 |
| Revenues over (under) expenditures | (104,120) | 79,084 | 183,204 | (280,642) |
| Other financing sources (uses) | | | | |
| Transfer from other funds | | | | |
| General Fund | (96) | (96) | - | - |
| Appropriated fund balance | 104,216 | - | (104,216) | - |
| Total | 104,120 | (96) | (104,216) | - |
| Revenues and appropriated fund balance and other sources over expenditures and other uses | \$ - | 78,988 | \$ 78,988 | (280,642) |
| Fund balances | | | | |
| Beginning of year, July 1 | | 180,847 | | 461,489 |
| End of year, June 30 | | \$ 259,835 | | \$ 180,847 |

Explanation for transfers

Transfer out of \$96 to the General Fund to adjust the beginning balance to match the PSAP report

Emergency Telephone System Unspent Balance

Amounts reported above are different from the PSAP Revenue-Expenditure Report because:

| | |
|--|------------|
| Net Change in Fund Balance, reported on Budget to Actual | \$ 78,988 |
| Plus: Transfers to General Fund to adjust fund balance to the proper beginning balance | 96 |
| Net Change per PSAP Revenue-Expenditure Report | 79,084 |
| Beginning Balance, PSAP Revenue-Expenditure Report | 180,751 |
| Ending Balance, PSAP Revenue-Expenditure Report | \$ 259,835 |

Franklin County, North Carolina
DEA Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2019
(With Comparative Totals for the Year Ended June 30, 2018)

| | 2019 | | Variance Positive (Negative) | 2018 |
|---|----------------|------------------|------------------------------------|-----------------|
| | Budget | Actual | | Actual |
| Revenues | | | | |
| Restricted intergovernmental | \$ 10,500 | \$ 67,479 | \$ 56,979 | \$ 8,544 |
| Miscellaneous income | - | - | - | - |
| Total revenues | <u>10,500</u> | <u>67,479</u> | <u>56,979</u> | <u>8,544</u> |
| Expenditures | | | | |
| Public safety | | | | |
| Operating expenses | <u>18,500</u> | <u>13,575</u> | <u>4,925</u> | <u>8,800</u> |
| Revenues over expenditures | <u>(8,000)</u> | <u>53,904</u> | <u>61,904</u> | <u>(256)</u> |
| Appropriated fund balance | <u>8,000</u> | <u>-</u> | <u>(8,000)</u> | <u>-</u> |
| Revenues and appropriated fund balance over expenditures | <u>\$ -</u> | <u>53,904</u> | <u>\$ 53,904</u> | <u>(256)</u> |
| Fund balances | | | | |
| Beginning of year, July 1 | | <u>6,303</u> | | <u>6,559</u> |
| End of year, June 30 | | <u>\$ 60,207</u> | | <u>\$ 6,303</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, 2019

| | 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, 2019**

| | 2019 | | Variance Positive (Negative) | 2018 |
|---|--------------------|-------------------|------------------------------------|-------------------|
| | Budget | Actual | | Actual |
| Revenues | | | | |
| Restricted intergovernmental | | | | |
| Contributions | \$ - | \$ - | \$ - | \$ - |
| Miscellaneous | 707,948 | 711,057 | 3,109 | - |
| Total revenues | <u>707,948</u> | <u>711,057</u> | <u>3,109</u> | <u>-</u> |
| Expenditures | | | | |
| Human Services | 1,995,948 | 851,150 | 1,144,798 | 355,123 |
| Revenues over expenditures | <u>(1,288,000)</u> | <u>(140,093)</u> | <u>1,147,907</u> | <u>(355,123)</u> |
| Other financing sources | | | | |
| Transfers to/from other funds | | | | |
| General Fund | (600,000) | - | 600,000 | - |
| General Fund | 300,000 | - | (300,000) | 200,000 |
| Fund balance appropriated | 1,588,000 | - | (1,588,000) | - |
| | <u>1,888,000</u> | <u>-</u> | <u>(1,288,000)</u> | <u>200,000</u> |
| Revenues and other financing sources over expenditures | <u>\$ -</u> | <u>(140,093)</u> | <u>\$ (140,093)</u> | <u>(155,123)</u> |
| Fund balance | | | | |
| Beginning of year, July 1 | | 261,975 | | 417,098 |
| End of year, June 30 | | <u>\$ 121,882</u> | | <u>\$ 261,975</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, 2019

| | Project Author- ization | Prior Years | Actual Current Year | Total to Date | Variance Positive (Negative) |
|---|-------------------------------|----------------|---------------------------|-------------------|------------------------------------|
| Revenues | | | | | |
| Restricted intergovernmental | | | | | |
| NCDOT project 36237.31.17.1 (MLP) | \$ 369,853 | \$ - | \$ 117,197 | \$ 117,197 | \$ (252,656) |
| NCDOT project 36244.43.10.1 (Airfield Lights) | 1,521,000 | - | 61,827 | 61,827 | (1,459,173) |
| Total revenues | <u>1,890,853</u> | <u>-</u> | <u>179,024</u> | <u>179,024</u> | <u>(1,711,829)</u> |
| Expenditures | | | | | |
| Capital outlay: | | | | | |
| Project No. 36237.31.17.1 | 410,948 | - | 105,955 | 105,955 | 304,993 |
| Project No. 36244.43.10.1 | 1,690,000 | - | 68,693 | 68,693 | 1,621,307 |
| Total expenditures | <u>2,100,948</u> | <u>-</u> | <u>174,648</u> | <u>174,648</u> | <u>1,926,300</u> |
| Revenues under expenditures | <u>(210,095)</u> | <u>-</u> | <u>4,376</u> | <u>4,376</u> | <u>214,471</u> |
| Other financing sources | | | | | |
| Transfer from General fund | 210,095 | - | 226,765 | 226,765 | 16,670 |
| Total | <u>210,095</u> | <u>-</u> | <u>226,765</u> | <u>226,765</u> | <u>16,670</u> |
| Revenues and other financing sources over (under) expenditures | <u>\$ -</u> | <u>\$ -</u> | <u>231,141</u> | <u>\$ 231,141</u> | <u>\$ 231,141</u> |
| Fund balance | | | | | |
| Beginning of year, July 1 | | | <u>24,414</u> | | |
| End of year, June 30 | | | <u>\$ 255,555</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, 2019

| | Project Author- ization | Actual | | Total to Date | Variance Positive (Negative) |
|---|-------------------------------|---------------------|-------------------|---------------------|------------------------------------|
| | | Prior Year | Current Year | | |
| Revenues | | | | | |
| Intergovernmental revenues | \$ 1,213,770 | \$ 534,541 | \$ 225,000 | \$ 759,541 | \$ (454,229) |
| Interest earnings | 95,000 | 13,501 | - | 13,501 | (81,499) |
| Total revenues | <u>1,308,770</u> | <u>548,042</u> | <u>225,000</u> | <u>773,042</u> | <u>(535,728)</u> |
| Expenditures | | | | | |
| Construction | | | | | |
| E911 Facility | 10,672,334 | 10,260,217 | 71,200 | 10,331,417 | 340,917 |
| Owens Park Project | 1,625,037 | 741,261 | 717,193 | 1,458,454 | 166,583 |
| Franklin County Government Facility | 250,000 | - | 20,245 | 20,245 | 229,755 |
| Total | <u>12,547,371</u> | <u>11,001,478</u> | <u>808,638</u> | <u>11,810,116</u> | <u>737,255</u> |
| Total revenues over (under) expenditures | <u>(11,238,601)</u> | <u>(10,453,436)</u> | <u>(583,638)</u> | <u>(11,037,074)</u> | <u>201,527</u> |
| Other financing sources | | | | | |
| Issuance of debt | 8,589,287 | 9,256,000 | - | 9,256,000 | 666,713 |
| Appropriated fund balance | 147,000 | - | - | - | (147,000) |
| Transfer from other funds | | | | | |
| Emergency Telephone System Fund | - | 1,456,005 | - | 1,456,005 | - |
| General Fund | - | 1,440,420 | 732,467 | 2,172,887 | - |
| Total transfers | <u>2,502,314</u> | <u>2,896,425</u> | <u>732,467</u> | <u>3,628,892</u> | <u>1,126,578</u> |
| Total other sources | <u>11,238,601</u> | <u>12,152,425</u> | <u>732,467</u> | <u>12,884,892</u> | <u>1,646,291</u> |
| Total revenues and other financing sources over (under) expenditures | <u>\$ -</u> | <u>\$ 1,698,989</u> | <u>148,829</u> | <u>\$ 1,847,818</u> | <u>\$ 1,847,818</u> |
| Fund balance | | | | | |
| Beginning of year, July 1 | | | <u>181,502</u> | | |
| End of year, June 30 | | | <u>\$ 330,331</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, 2019

| | 2019 | | Variance Positive (Negative) | 2018 |
|---|-------------------|---------------------|------------------------------------|---------------------|
| | Budget | Actual | | Actual |
| Revenues | | | | |
| Operating revenues | | | | |
| Water fees | \$ 6,550,000 | \$ 7,014,278 | \$ 464,278 | \$ 6,632,017 |
| Sewer fees | 2,700,000 | 2,909,091 | 209,091 | 2,698,686 |
| Other charges for services | 803,750 | 1,714,881 | 911,131 | 1,810,983 |
| Total | <u>10,053,750</u> | <u>11,638,250</u> | <u>1,584,500</u> | <u>11,141,686</u> |
| Nonoperating revenues: | | | | |
| Nonoperating grants | - | - | - | 4,400 |
| Interest earnings | - | 31,235 | 31,235 | 35,793 |
| Miscellaneous revenues | - | 45,177 | 45,177 | 37,663 |
| Total | <u>-</u> | <u>76,412</u> | <u>76,412</u> | <u>77,856</u> |
| Total revenues | <u>10,053,750</u> | <u>11,714,662</u> | <u>1,660,912</u> | <u>11,219,542</u> |
| Expenditures - Water Dept | | | | |
| Salaries and employee benefits | 1,442,228 | 1,377,049 | 65,179 | 1,252,668 |
| Water purchases | 3,768,000 | 3,749,649 | 18,351 | 3,609,554 |
| Other operating expenditures | 1,099,269 | 1,011,889 | 87,380 | 883,982 |
| Capital outlay | 19,400 | 16,150 | 3,250 | 24,879 |
| Debt service: | | | | |
| Interest and other charges | 159,697 | 111,118 | 48,579 | 127,635 |
| Debt principal | 888,000 | 888,000 | - | 872,000 |
| Total expenditures - Water | <u>7,376,594</u> | <u>7,153,855</u> | <u>222,739</u> | <u>6,770,718</u> |
| Expenditures - Sewer Dept | | | | |
| Salaries and employee benefits | 587,101 | 495,582 | 91,519 | 439,100 |
| Other operating expenditures | 817,850 | 703,671 | 114,179 | 734,677 |
| Capital outlay | 234,436 | 223,734 | 10,702 | 329,728 |
| Debt service: | | | | |
| Interest and other charges | 29,516 | 23,860 | 5,656 | 36,456 |
| Debt principal | 274,763 | 267,672 | 7,091 | 877,395 |
| Total expenditures - Sewer | <u>1,943,666</u> | <u>1,714,519</u> | <u>229,147</u> | <u>2,417,356</u> |
| Total expenditures | <u>9,320,260</u> | <u>8,868,374</u> | <u>451,886</u> | <u>9,188,074</u> |
| Revenues under expenditures | <u>733,490</u> | <u>2,846,288</u> | <u>2,112,798</u> | <u>2,031,468</u> |
| Other Financing Sources (Uses) | | | | |
| Transfer from (to) Other Funds | | | | |
| Water and Sewer Capital Projects Fund | (1,900,000) | (1,900,000) | - | (1,900,000) |
| Appropriated fund balance | <u>1,166,510</u> | <u>-</u> | <u>(1,166,510)</u> | <u>-</u> |
| Total | <u>(733,490)</u> | <u>(1,900,000)</u> | <u>(1,166,510)</u> | <u>(1,900,000)</u> |
| Revenues and appropriated fund balance under expenditures | <u>\$ -</u> | <u>\$ 946,288</u> | <u>\$ 946,288</u> | <u>\$ 131,468</u> |
| Reconciliation from budgetary basis (modified accrual) to full accrual | | | | |
| Revenues and other financing sources over expenditures | | \$ 946,288 | | \$ 131,468 |
| Reconciling items | | | | |
| Debt proceeds | | - | | - |
| Debt payments | | 1,155,672 | | 1,749,395 |
| Depreciation | | (1,466,387) | | (1,434,669) |
| Capital outlay | | 166,256 | | 358,423 |
| Increase in deferred outflows of resources - pensions | | 120,618 | | (56,453) |
| Increase in net pension liability | | (170,295) | | 69,474 |
| Decrease in deferred inflows of resources - pensions | | 17,702 | | (215,336) |
| Decrease in accrued vacation pay | | (12,014) | | (35,791) |
| Increase in other postemployment benefits | | 1,285,172 | | (529) |
| Restricted intergovernmental revenue from | | | | |
| Water and Sewer Capital Projects Fund | | 967,350 | | 2,014,698 |
| Transfer from Water and Sewer Fund | | 1,900,000 | | 1,900,000 |
| Investment earnings from Water and Sewer Capital Projects Fund | | - | | 225 |
| Total | | <u>3,964,074</u> | | <u>4,349,437</u> |
| Change in net position | | <u>\$ 4,910,362</u> | | <u>\$ 4,480,905</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, 2019

| | Project Author - ization | Actual | | Total to Date | Variance Positive (Negative) |
|--|--------------------------------|---------------------|---------------------|--------------------|------------------------------------|
| | | Prior Year | Current Year | | |
| Revenues | | | | | |
| Restricted intergovernmental: | | | | | |
| State grants | | | | | |
| HUC grant E-HUC-W-15-0004 | \$ 1,879,380 | \$ 1,407,791 | \$ 264,657 | \$ 1,672,448 | \$ (206,932) |
| Triangle North Hub Project | 1,807,000 | 1,103,184 | 702,693 | 1,805,877 | (1,123) |
| Clean Water State Revolving | 8,316,000 | - | - | - | (8,316,000) |
| Investment earnings | - | - | - | - | - |
| Total revenues | <u>12,002,380</u> | <u>2,510,975</u> | <u>967,350</u> | <u>3,478,325</u> | <u>(8,524,055)</u> |
| Expenditures | | | | | |
| Construction | | | | | |
| Franklin sewer HUC grant phase 2 | 1,879,380 | 1,401,495 | 218,440 | 1,619,935 | 259,445 |
| Triangle North Hub Project | 1,807,000 | 1,502,044 | 276,274 | 1,778,318 | 28,682 |
| Youngsville sewer upgrades | 1,910,000 | 450,936 | 1,135,471 | 1,586,407 | 323,593 |
| Sewer plant rehab project | 8,482,320 | - | 153,000 | 153,000 | 8,329,320 |
| Total expenditures | <u>14,078,700</u> | <u>3,354,475</u> | <u>1,783,185</u> | <u>5,137,660</u> | <u>8,941,040</u> |
| Revenues under expenditures | <u>(2,076,320)</u> | <u>(843,500)</u> | <u>(815,835)</u> | <u>(1,659,335)</u> | <u>9,358,025</u> |
| Other financing sources (uses) | | | | | |
| Transfer from Water and Sewer fund | 2,076,320 | - | 1,900,000 | 1,900,000 | (176,320) |
| Total other financing sources (uses) - net | <u>2,076,320</u> | <u>-</u> | <u>1,900,000</u> | <u>1,900,000</u> | <u>(176,320)</u> |
| Revenues, appropriated fund balance, and other financing sources over expenditures and uses | <u>\$ -</u> | <u>\$ (843,500)</u> | <u>\$ 1,084,165</u> | <u>\$ 240,665</u> | <u>\$ 240,665</u> |

Franklin County, North Carolina
Solid Waste Fund
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
For the Year Ended June 30, 2019

| | 2019 | | Variance Positive (Negative) | 2018 |
|---|------------------|-------------------|------------------------------------|---------------------|
| | Budget | Actual | | Actual |
| Revenues | | | | |
| Operating revenues | | | | |
| Solid waste revenue | \$ 2,118,600 | \$ 2,277,196 | \$ 158,596 | \$ 2,117,165 |
| Landfill fees | 1,485,693 | 1,390,012 | (95,681) | 1,257,600 |
| Total | <u>3,604,293</u> | <u>3,667,208</u> | <u>62,915</u> | <u>3,374,765</u> |
| Nonoperating revenues: | | | | |
| Operating grants | 177,263 | 174,324 | (2,939) | 207,941 |
| Miscellaneous revenues | 20,200 | 44,549 | 24,349 | 40,637 |
| Total | <u>197,463</u> | <u>218,873</u> | <u>21,410</u> | <u>248,578</u> |
| Total revenues | <u>3,801,756</u> | <u>3,886,081</u> | <u>84,325</u> | <u>3,623,343</u> |
| Expenditures | | | | |
| Salaries and employee benefits | 960,777 | 916,611 | 44,166 | 841,548 |
| Other operating expenditures | 3,047,101 | 2,990,341 | 56,760 | 2,989,177 |
| Capital outlay | 43,878 | 5,220 | 38,658 | 354,871 |
| Total expenditures | <u>4,051,756</u> | <u>3,912,172</u> | <u>139,584</u> | <u>4,185,596</u> |
| Revenues under expenditures | <u>(250,000)</u> | <u>(26,091)</u> | <u>223,909</u> | <u>(562,253)</u> |
| Other Financing Sources (Uses) | | | | |
| Transfer from (to) Other Funds | | | | |
| General Fund | 250,000 | 250,000 | - | 300,000 |
| Total | <u>250,000</u> | <u>250,000</u> | <u>-</u> | <u>300,000</u> |
| Revenues and appropriated fund balance under expenditures | <u>\$ -</u> | <u>\$ 223,909</u> | <u>\$ 223,909</u> | <u>\$ (262,253)</u> |
| Reconciliation from budgetary basis (modified accrual) to full accrual | | | | |
| Revenues and other financing sources over expenditures | | \$ 223,909 | | \$ (262,253) |
| Reconciling items | | | | |
| Depreciation | | (159,698) | | (179,320) |
| Capital outlay | | - | | 309,370 |
| Increase in deferred outflows of resources - pensions | | 35,491 | | (45,257) |
| Increase in net pension liability | | (47,388) | | 44,810 |
| Decrease in deferred inflows of resources - pensions | | (14,941) | | (39,638) |
| Decrease in accrued vacation pay | | (10,060) | | 1,718 |
| Increase in other postemployment benefits | | 140,688 | | 5,062 |
| Increase in landfill closure | | (16,386) | | 25,879 |
| Total | | <u>(72,294)</u> | | <u>122,624</u> |
| Change in net position | | <u>\$ 151,615</u> | | <u>\$ (139,629)</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, 2019
(With Comparative Totals for the Year Ended June 30, 2018)

| | 2019 | | Variance Positive (Negative) | 2018 |
|---|------------------|---------------------|------------------------------------|---------------------|
| | Budget | Actual | | Actual |
| Revenues | | | | |
| Contributions from employees | \$ 1,150,000 | \$ 1,227,391 | \$ 77,391 | \$ 1,089,985 |
| Contribution from General Fund | 6,450,000 | 6,416,284 | (33,716) | 6,394,392 |
| Contributions from Water & Sewer Fund | 310,000 | 376,868 | 66,868 | 377,287 |
| Contributions from Solid Waste Fund | 137,813 | 131,577 | (6,236) | 121,952 |
| Contributions from Hospital Fund | - | - | - | - |
| Interest earnings | - | 13 | 13 | 10 |
| Miscellaneous | 178,221 | 147,175 | (31,046) | 26,032 |
| Total revenues | <u>8,226,034</u> | <u>8,299,308</u> | <u>73,274</u> | <u>8,009,658</u> |
| Expenditures | | | | |
| Health insurance | 8,725,000 | 8,225,598 | 499,402 | 7,361,249 |
| Property and liability insurance | 325,000 | 289,443 | 35,557 | 276,040 |
| Workers' compensation insurance | 610,721 | 591,653 | 19,068 | 256,273 |
| Unemployment claims | 75,000 | 23,797 | 51,203 | 20,478 |
| Total expenditures | <u>9,735,721</u> | <u>9,130,491</u> | <u>605,230</u> | <u>7,914,040</u> |
| Revenues over (under) expenditures | (1,509,687) | (831,183) | 678,504 | 95,618 |
| Appropriated fund balance | <u>1,509,687</u> | <u>-</u> | <u>(1,509,687)</u> | <u>-</u> |
| Revenues and appropriated fund balance over (under) expenditures | <u>\$ -</u> | <u>(831,183)</u> | <u>\$ (831,183)</u> | <u>95,618</u> |
| Fund balances | | | | |
| Beginning of year, July 1 | | <u>2,062,094</u> | | <u>1,966,476</u> |
| End of year, June 30 | | <u>\$ 1,230,911</u> | | <u>\$ 2,062,094</u> |
| Reconciliation from financial plan basis (modified accrual) to full accrual: | | | | |
| Total revenues | | \$ 8,299,308 | | \$ 8,009,658 |
| Total expenditures | | <u>9,130,491</u> | | <u>7,914,040</u> |
| Change in net position | | <u>\$ (831,183)</u> | | <u>\$ 95,618</u> |

AGENCY FUNDS

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

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

Franklin County, North Carolina
Agency Funds
Combining Statement of Changes in Assets and Liabilities
For the Year Ended June 30, 2019

| | Balance July 1, 2018 | Additions | Deductions | Balance June 30, 2019 |
|----------------------------------|----------------------------|--------------|--------------|-----------------------------|
| Social Services | | | | |
| Assets | | | | |
| Cash and cash equivalents | \$ 80,018 | \$ 226,655 | \$ 264,749 | \$ 41,924 |
| Liabilities | | | | |
| Miscellaneous liabilities | \$ 80,018 | \$ 226,655 | \$ 264,749 | \$ 41,924 |
| Fines and Forfeitures | | | | |
| Assets | | | | |
| Cash and cash equivalents | \$ 12,718 | \$ 276,592 | \$ 275,612 | \$ 13,698 |
| Liabilities | | | | |
| Intergovernmental payable | \$ 12,718 | \$ 276,592 | \$ 275,612 | \$ 13,698 |
| Motor Vehicle Tax | | | | |
| Assets | | | | |
| Cash and cash equivalents | \$ - | \$ 3,047,082 | \$ 3,047,082 | \$ - |
| Liabilities | | | | |
| Miscellaneous liabilities | \$ - | \$ 3,047,082 | \$ 3,047,082 | \$ - |
| Jail Fund | | | | |
| Assets | | | | |
| Cash and cash equivalents | \$ 62,583 | \$ 428,275 | \$ 368,134 | \$ 122,724 |
| Liabilities | | | | |
| Miscellaneous liabilities | \$ 62,583 | \$ 428,275 | \$ 368,134 | \$ 122,724 |
| Totals - All Agency Funds | | | | |
| Assets | | | | |
| Cash and cash equivalents | \$ 155,319 | \$ 3,978,604 | \$ 3,955,577 | \$ 178,346 |
| Liabilities | | | | |
| Miscellaneous liabilities | \$ 142,601 | \$ 3,702,012 | \$ 3,679,965 | \$ 164,648 |
| Intergovernmental payable | 12,718 | 276,592 | 275,612 | 13,698 |
| Total liabilities | \$ 155,319 | \$ 3,978,604 | \$ 3,955,577 | \$ 178,346 |

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
Analysis of Current Tax Levy
County-wide Levy
For the Year Ended June 30, 2019

| | 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 | \$ 4,919,634,886 | 0.8050 | \$ 39,603,061 | \$ 39,603,061 | \$ - |
| Motor vehicles taxed at current year's rate | <u>625,592,422</u> | 0.8050 | <u>5,036,019</u> | <u>-</u> | <u>5,036,019</u> |
| Total | <u>5,545,227,308</u> | | <u>44,639,080</u> | <u>39,603,061</u> | <u>5,036,019</u> |
| Discoveries | 210,222,857 | 0.8050 | 1,692,294 | 1,692,294 | - |
| Abatements | <u>(22,881,242)</u> | 0.8050 | <u>(184,194)</u> | <u>(184,194)</u> | <u>-</u> |
| Total | <u>\$ 5,732,568,923</u> | | 46,147,180 | 41,111,161 | 5,036,019 |
| Less uncollected taxes at June 30, 2019 | | | <u>739,594</u> | <u>734,231</u> | <u>5,363</u> |
| Current year's taxes collected | | | <u>\$ 45,407,586</u> | <u>\$ 40,376,930</u> | <u>\$ 5,030,656</u> |
| Current levy collection percentage | | | <u>98.40%</u> | <u>98.21%</u> | <u>99.89%</u> |

**Franklin County, North Carolina
 Analysis of Current Tax Levy
 County-wide Levy
 For the Year Ended June 30, 2019**

Secondary Market Disclosures:

| | |
|---|------------------|
| Assessed Valuation: | |
| Assessment Ratio ¹ | 100% |
| Real Property | \$ 4,493,848,236 |
| Personal Property | 1,103,798,342 |
| Public Service Companies ² | 134,922,345 |
| Total Assessed Valuation | \$ 5,732,568,923 |
| | |
| Tax Rate per \$100 | 0.805 |
| | |
| Levy (includes discoveries, releases and abatements) ³ | \$ 46,147,180 |

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, 2019:

| | |
|---------------------------|--------------|
| Fire Protection Districts | \$ 4,127,362 |
|---------------------------|--------------|

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, 2019**

| Taxpayer | Type of Business | Assessed Valuation | Percentage of Total Assessed Valuation |
|---|-------------------------|-------------------------------|---|
| Novozymes North America Inc. | Manufacturing | \$ 161,993,618 | 2.83% |
| K-Flex USA LLC | Manufacturing | 67,179,288 | 1.17% |
| Duke Energy Progress, Inc. | Utility | 63,370,806 | 1.11% |
| Wake Electric Membership Corporation | Utility | 30,390,275 | 0.53% |
| Infrastructure Technology Services Inc. | Electrical Contractor | 19,496,470 | 0.34% |
| Palziv North America | Manufacturing | 19,673,374 | 0.34% |
| Walmart Real Estate Business & Trust | REIT | 11,585,630 | 0.20% |
| Ancor Rigid Plastics LLC | Manufacturing | 16,208,155 | 0.28% |
| Carolina Telephone | Utility | 12,422,021 | 0.22% |
| Total | | <u>\$ 414,895,649</u> | <u>7.24%</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 | | | | |
|---|-----------------------|------------------------|----------------------|----------------------|------------------------|
| | 2019 | 2018 | 2017 | 2016 | 2015 |
| Governmental activities | | | | | |
| Net investment in capital assets | \$ 39,726,457 | \$ 38,912,238 | \$ 49,349,124 | \$ 46,734,481 | \$ 33,798,587 |
| Restricted | 9,498,795 | 9,849,114 | 10,863,695 | 13,420,202 | 12,618,500 |
| Unrestricted | (58,919,975) | (62,542,763) | (42,009,483) | (51,142,621) | (60,192,165) |
| Total governmental activities net position | <u>\$ (9,694,723)</u> | <u>\$ (13,781,411)</u> | <u>\$ 18,203,336</u> | <u>\$ 9,012,062</u> | <u>\$ (13,775,078)</u> |
| Business-type activities | | | | | |
| Net investment in capital assets | \$ 27,282,211 | \$ 25,803,183 | \$ 22,062,211 | \$ 20,815,587 | \$ 16,926,449 |
| Unrestricted | 5,573,469 | 2,073,640 | 3,158,263 | 1,432,932 | (321,710) |
| Total business-type activities net position | <u>\$ 32,855,680</u> | <u>\$ 27,876,823</u> | <u>\$ 25,220,474</u> | <u>\$ 22,248,519</u> | <u>\$ 16,604,739</u> |
| Primary government | | | | | |
| Net investment in capital assets | \$ 67,008,668 | \$ 64,715,421 | \$ 71,411,335 | \$ 67,550,068 | \$ 50,725,036 |
| Restricted | 9,498,795 | 9,849,114 | 10,863,695 | 13,420,202 | 12,618,500 |
| Unrestricted | (53,346,506) | (60,469,123) | (38,851,220) | (49,709,689) | (60,513,875) |
| Total primary government net position | <u>\$ 23,160,957</u> | <u>\$ 14,095,412</u> | <u>\$ 43,423,810</u> | <u>\$ 31,260,581</u> | <u>\$ 2,829,661</u> |

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

Table 1

| Fiscal Year Ended | | | | |
|--------------------------|------------------------|------------------------|------------------------|------------------------|
| 2014 | 2013 | 2012 | 2011 | 2010 |
| \$ 33,141,451 | \$ 30,485,649 | \$ 26,677,972 | \$ 25,866,534 | \$ 22,185,107 |
| 10,485,680 | 4,809,599 | 3,912,076 | 6,029,114 | - |
| (64,722,957) | (62,311,839) | (62,555,157) | (66,760,973) | (38,579,992) |
| <u>\$ (21,095,826)</u> | <u>\$ (27,016,591)</u> | <u>\$ (31,965,109)</u> | <u>\$ (34,865,325)</u> | <u>\$ (16,394,885)</u> |
| | | | | |
| \$ 15,622,605 | \$ 13,508,654 | \$ 12,421,870 | \$ 11,252,930 | \$ 10,171,373 |
| 4,020,017 | 4,715,821 | 3,426,618 | 3,731,203 | 4,070,904 |
| <u>\$ 19,642,622</u> | <u>\$ 18,224,475</u> | <u>\$ 15,848,488</u> | <u>\$ 14,984,133</u> | <u>\$ 14,242,277</u> |
| | | | | |
| \$ 48,764,056 | \$ 43,994,303 | \$ 39,099,842 | \$ 37,119,464 | \$ 32,356,480 |
| 10,485,680 | 4,809,599 | 3,912,076 | 6,029,114 | - |
| (60,702,940) | (57,596,018) | (59,128,539) | (63,029,770) | (34,509,088) |
| <u>\$ (1,453,204)</u> | <u>\$ (8,792,116)</u> | <u>\$ (16,116,621)</u> | <u>\$ (19,881,192)</u> | <u>\$ (2,152,608)</u> |

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

| | Fiscal Year Ended | | | | |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|
| | 2019 | 2018 | 2017 | 2016 | 2015 |
| Expenses | | | | | |
| Governmental Activities | | | | | |
| General government | \$ 6,374,634 | \$ 6,480,010 | \$ 5,743,664 | \$ 5,770,373 | \$ 4,683,881 |
| Public Safety | 32,167,086 | 29,045,089 | 25,787,638 | 23,852,535 | 21,980,004 |
| Economic and physical development | 3,563,802 | 2,548,230 | 2,323,762 | 2,497,914 | 5,445,839 |
| Environmental protection | - | - | - | - | 235,498 |
| Human services | 18,917,258 | 17,865,969 | 20,301,413 | 18,588,512 | 17,901,400 |
| Cultural and recreation | 1,776,518 | 1,664,367 | 1,632,077 | 1,555,924 | 1,445,953 |
| Education | 20,594,619 | 21,744,539 | 17,388,641 | 15,962,006 | 15,838,646 |
| Interest on long-term debt | 1,775,968 | 2,010,655 | 2,055,199 | 2,293,631 | 2,962,772 |
| Total governmental activities expenses | 85,169,885 | 81,358,859 | 75,232,394 | 70,520,895 | 70,493,993 |
| Business-type activities | | | | | |
| Solid Waste | 3,984,466 | 4,062,972 | 3,658,116 | 3,434,463 | - |
| Water and Sewer | 7,771,650 | 8,753,560 | 8,087,611 | 7,972,215 | 7,254,705 |
| Total business-type activities expense | 11,756,116 | 12,816,532 | 11,745,727 | 11,406,678 | 7,254,705 |
| Total primary government expenses | 96,926,001 | 94,175,391 | 86,978,121 | 81,927,573 | 77,748,698 |
| Program Revenues | | | | | |
| Governmental activities: | | | | | |
| Charges for services: | | | | | |
| General government | 1,019,022 | 877,248 | 783,678 | 745,315 | 534,892 |
| Public Safety | 5,376,986 | 6,133,527 | 6,034,345 | 5,766,759 | 4,931,717 |
| Economic and physical development | 890,333 | 824,089 | 725,821 | 718,978 | 3,318,708 |
| Human services | 2,716,411 | 3,342,424 | 2,916,453 | 2,482,054 | 1,798,633 |
| Cultural and recreation | 475,316 | 296,595 | 246,500 | 108,465 | 131,376 |
| Operating grants and contributions | 11,789,150 | 11,399,118 | 13,245,719 | 15,245,460 | 12,742,188 |
| Capital Grants and Contributions | 1,599,806 | 1,720,118 | 924,757 | 13,645,950 | 431,926 |
| Total governmental activities program revenues | 23,867,024 | 24,593,119 | 24,877,273 | 38,712,981 | 23,889,440 |
| Business-type activities: | | | | | |
| Charges for services: | | | | | |
| Solid waste | 3,667,208 | 3,374,765 | 3,320,650 | 3,262,994 | - |
| Water and sewer | 11,638,250 | 11,141,686 | 10,322,028 | 9,641,474 | 9,248,628 |
| Operating grants and contributions | - | - | - | - | - |
| Capital Grants and Contributions | 1,141,674 | 2,227,039 | 978,677 | 1,422,261 | 149,932 |
| Total business-type activities program revenues | 16,447,132 | 16,743,490 | 14,621,355 | 14,326,729 | 9,398,560 |
| Total primary government program revenues | 40,314,156 | 41,336,609 | 39,498,628 | 53,039,710 | 33,288,000 |

Table 2

| | | Fiscal Year Ended | | | | | | | |
|----|------------|-------------------|------------|------|------------|------|------------|----|------------|
| | | 2014 | 2013 | 2012 | 2011 | 2010 | | | |
| \$ | 4,598,900 | \$ | 4,674,158 | \$ | 4,508,753 | \$ | 4,481,582 | \$ | 4,888,153 |
| | 21,505,522 | | 20,017,277 | | 19,033,872 | | 20,782,813 | | 18,622,921 |
| | 5,524,498 | | 5,648,305 | | 5,666,603 | | 5,859,582 | | 5,223,772 |
| | - | | - | | - | | - | | - |
| | 17,850,805 | | 17,708,407 | | 17,260,614 | | 17,258,277 | | 16,250,663 |
| | 1,598,599 | | 1,429,624 | | 1,364,329 | | 1,271,427 | | 1,289,122 |
| | 14,613,120 | | 13,775,500 | | 16,132,388 | | 35,878,008 | | 27,490,479 |
| | 2,991,751 | | 3,261,900 | | 3,492,294 | | 3,406,691 | | 3,250,515 |
| | 68,683,195 | | 66,515,171 | | 67,458,853 | | 88,938,380 | | 77,015,625 |
| | - | | - | | - | | - | | - |
| | 6,620,881 | | 6,386,886 | | 6,123,230 | | 6,035,793 | | 6,105,211 |
| | 6,620,881 | | 6,386,886 | | 6,123,230 | | 6,035,793 | | 6,105,211 |
| | 75,304,076 | | 72,902,057 | | 73,582,083 | | 94,974,173 | | 83,120,836 |
| | 578,784 | | 595,586 | | 541,585 | | 554,148 | | 854,040 |
| | 4,861,574 | | 4,389,896 | | 4,948,255 | | 4,037,262 | | 3,697,253 |
| | 3,284,600 | | 3,239,731 | | 3,311,918 | | 3,095,018 | | 3,430,203 |
| | 2,148,552 | | 3,574,833 | | 3,684,215 | | 4,017,056 | | 3,810,360 |
| | 72,065 | | 89,943 | | 77,204 | | 135,234 | | 67,437 |
| | 11,852,730 | | 10,949,922 | | 10,818,184 | | 11,617,566 | | 9,548,527 |
| | 423,335 | | 516,634 | | 278,754 | | 2,261,375 | | 1,717,348 |
| | 23,221,640 | | 23,356,545 | | 23,660,115 | | 25,717,659 | | 23,125,168 |
| | - | | - | | - | | - | | - |
| | 8,538,074 | | 8,863,609 | | 7,340,277 | | 6,306,080 | | 6,082,732 |
| | - | | - | | - | | - | | - |
| | - | | 298,969 | | 87,562 | | 228,185 | | - |
| | 8,538,074 | | 9,162,578 | | 7,427,839 | | 6,534,265 | | 6,082,732 |
| | 31,759,714 | | 32,519,123 | | 31,087,954 | | 32,251,924 | | 29,207,900 |

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

| | Fiscal Year Ended | | | | |
|---|--------------------------|-----------------------|----------------------|----------------------|---------------------|
| | 2019 | 2018 | 2017 | 2016 | 2015 |
| Net (Expense)/Revenue | | | | | |
| Governmental activities | \$ (61,302,861) | \$ (56,765,740) | \$ (50,355,121) | \$ (31,807,914) | \$ (46,604,553) |
| Business-type activities | 4,691,016 | 3,926,958 | 2,875,628 | 2,920,051 | 2,143,855 |
| Total primary government net expense | <u>(56,611,845)</u> | <u>(52,838,782)</u> | <u>(47,479,493)</u> | <u>(28,887,863)</u> | <u>(44,460,698)</u> |
| General Revenues and Other Changes in Net Position | | | | | |
| Governmental activities | | | | | |
| Taxes: | | | | | |
| Property Taxes | 50,086,923 | 46,384,286 | 46,528,850 | 45,412,303 | 41,208,557 |
| Other Taxes | 14,574,414 | 13,700,143 | 12,292,995 | 9,838,229 | 9,605,109 |
| Investment Earnings | 694,726 | 341,386 | 87,968 | 44,840 | 28,065 |
| Miscellaneous - Unrestricted | 283,486 | 260,008 | 951,986 | 807,923 | 181,287 |
| Special item | - | (12,160,071) | - | - | - |
| Transfers | (250,000) | (300,000) | - | - | - |
| Total government activities | <u>65,389,549</u> | <u>48,225,752</u> | <u>59,861,799</u> | <u>56,103,295</u> | <u>51,023,018</u> |
| Business-type activities: | | | | | |
| Investment earnings/Misc. | 37,841 | 124,166 | 96,327 | 61,968 | 41,269 |
| Transfers | 250,000 | 300,000 | - | - | - |
| Total business-type activities | <u>287,841</u> | <u>424,166</u> | <u>96,327</u> | <u>61,968</u> | <u>41,269</u> |
| Total primary government | <u>65,677,390</u> | <u>48,649,918</u> | <u>59,958,126</u> | <u>56,165,263</u> | <u>51,064,287</u> |
| Change in Net Position | | | | | |
| Governmental activities | 4,086,688 | (8,539,988) | 9,506,678 | 24,295,381 | 4,418,465 |
| Business-type activities | 4,978,857 | 4,351,124 | 2,971,955 | 2,982,019 | 2,185,124 |
| Total primary government | <u>\$ 9,065,545</u> | <u>\$ (4,188,864)</u> | <u>\$ 12,478,633</u> | <u>\$ 27,277,400</u> | <u>\$ 6,603,589</u> |

Table 2

| | Fiscal Year Ended | | | | |
|-----------------|--------------------------|--------------|-----------------|----------------|-------------|
| | 2014 | 2013 | 2012 | 2011 | 2010 |
| \$ (45,461,555) | \$ (43,158,626) | (43,798,738) | (63,220,721) | (53,890,457) | |
| 1,917,193 | 2,775,692 | 1,304,609 | 498,472 | (22,479) | |
| (43,544,362) | (40,382,934) | (42,494,129) | (62,722,249) | (53,912,936) | |
| 41,298,278 | 38,983,743 | 37,807,234 | 37,416,033 | 37,246,830 | |
| 8,953,833 | 8,461,911 | 8,286,210 | 7,317,661 | 7,326,661 | |
| 120,977 | 125,310 | 144,169 | 178,881 | 762,901 | |
| 166,619 | 211,280 | 20,726 | 72,989 | 346,728 | |
| - | - | - | - | - | |
| 499,997 | 400,000 | 440,615 | (235,283) | (786,208) | |
| 51,039,704 | 48,182,244 | 46,698,954 | 44,750,281 | 44,896,912 | |
| 951 | 295 | 360 | 8,101 | 16,154 | |
| (499,997) | (400,000) | (440,615) | 235,283 | 786,208 | |
| (499,046) | (399,705) | (440,255) | 243,384 | 802,362 | |
| 50,540,658 | 47,782,539 | 46,258,699 | 44,993,665 | 45,699,274 | |
| 5,578,149 | 5,023,618 | 2,900,216 | (18,470,440) | (8,993,545) | |
| 1,418,147 | 2,375,987 | 864,354 | 741,856 | 779,883 | |
| \$ 6,996,296 | \$ 7,399,605 | \$ 3,764,570 | \$ (17,728,584) | \$ (8,213,662) | |

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

| | Fiscal Year Ended | | | | |
|------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2019 | 2018 | 2017 | 2016 | 2015 |
| General Fund | | | | | |
| Reserved | \$ - | \$ - | \$ - | \$ - | \$ - |
| Unreserved - restricted | - | - | - | - | - |
| Unreserved - Undesignated | - | - | - | - | - |
| Nonspendable | 46,085 | 26,202 | 24,118 | 30,251 | 40,694 |
| Restricted | 8,178,836 | 8,424,546 | 9,135,986 | 9,714,647 | 10,775,010 |
| Assigned | 8,395,902 | 5,958,945 * | 6,025,002 * | 1,800,632 * | 2,887,299 |
| Committed | 538,190 | 438,222 | 758,440 | 741,796 | 692,991 |
| Unassigned | 22,053,551 | 21,898,821 ** | 17,783,339 ** | 15,546,250 ** | 10,466,697 |
| Total general fund | <u>\$ 39,212,564</u> | <u>\$ 36,746,736</u> | <u>\$ 33,726,885</u> | <u>\$ 27,833,576</u> | <u>\$ 24,862,691</u> |
| All other Governmental Funds | | | | | |
| Reserved | \$ - | \$ - | \$ - | \$ - | \$ - |
| Unreserved, reported in: | | | | | |
| Special revenue funds | - | - | - | - | - |
| Capital projects funds | - | - | - | - | - |
| Restricted | 1,319,959 *** | 1,424,568 *** | 1,727,709 *** | 3,705,555 *** | 1,843,490 |
| Committed | 7,426,109 | 8,562,577 | 208,332 | 494,422 | 494,422 |
| Assigned | - | - | - | - | - |
| Unassigned | - | (487,805) | (167,487) | (433,941) | (15,605) |
| Total all other governmental funds | <u>\$ 8,746,068</u> | <u>\$ 9,499,340</u> | <u>\$ 1,768,554</u> | <u>\$ 3,766,036</u> | <u>\$ 2,322,307</u> |

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

Fiscal year 2010 is presented in the Pre-GASB 54 format while fiscal years 2011 through 2019 are presented in the GASB 54 format

Table 3

| Fiscal Year Ended | | | | |
|----------------------|----------------------|----------------------|----------------------|----------------------|
| 2014 | 2013 | 2012 | 2011 | 2010 |
| \$ - | \$ - | \$ - | \$ - | \$ 3,525,597 |
| - | - | - | - | 4,276,748 |
| - | - | - | - | 13,312,790 |
| 60,806 | - | 27,220 | 17,145 | - |
| 5,653,766 | 8,085,472 | 4,874,037 | 3,752,353 | - |
| 5,718,864 | 5,579,298 | 3,863,440 | 4,966,049 | - |
| 667,991 | - | - | - | - |
| 8,832,006 | 12,664,770 | 13,201,066 | 12,757,375 | - |
| <u>\$ 20,933,433</u> | <u>\$ 26,329,540</u> | <u>\$ 21,965,763</u> | <u>\$ 21,492,922</u> | <u>\$ 21,115,135</u> |
| | | | | |
| \$ - | \$ - | \$ - | \$ - | \$ 6,313,368 |
| - | - | - | - | 2,571,326 |
| - | - | - | - | 1,130,004 |
| 4,831,914 | 622,702 | 955,510 | 2,276,761 | - |
| 1,025,062 | 3,211,250 | 3,248,775 | 2,121,012 | - |
| - | 1,332,413 | 2,156,735 | 4,624,788 | - |
| (246,604) | (50,028) | (330,823) | (603,060) | - |
| <u>\$ 5,610,372</u> | <u>\$ 5,116,337</u> | <u>\$ 6,030,197</u> | <u>\$ 8,419,501</u> | <u>\$ 10,014,698</u> |

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

| | Fiscal Year Ended | | | | |
|--|---------------------|----------------------|---------------------|---------------------|-----------------------|
| | 2019 | 2018 | 2017 | 2016 | 2015 |
| Revenues | | | | | |
| Ad Valorem Taxes | \$ 49,857,758 | \$ 46,677,870 | \$ 46,788,595 | \$ 45,395,778 | \$ 41,224,213 |
| Sales Tax | 13,868,451 | 13,088,871 | 12,292,995 | 9,838,229 | 8,903,735 |
| Other taxes and licenses | 799,260 | 622,385 | 722,337 | 737,971 | 896,393 |
| Unrestricted Intergovernmental | - | - | - | - | - |
| Restricted Intergovernmental | 12,340,422 | 12,821,762 | 13,849,965 | 15,369,151 | 12,704,197 |
| Permits and Fees | - | - | - | - | - |
| Sales and service | 10,438,785 | 11,476,747 | 10,709,505 | 9,824,427 | 10,666,244 |
| Investment Earnings | 695,129 | 341,716 | 87,998 | 50,357 | 28,210 |
| Other revenues | 1,278,006 | 522,158 | 547,452 | 388,285 | 505,267 |
| Total revenues | 89,277,811 | 85,551,509 | 84,998,847 | 81,604,198 | 74,928,259 |
| Expenditures | | | | | |
| General government | 6,309,190 | 5,902,404 | 5,683,160 | 5,388,439 | 4,480,127 |
| Public Safety | 28,827,296 | 26,797,514 | 24,968,337 | 22,709,419 | 21,937,502 |
| Economic and Physical development | 3,249,591 | 2,202,575 | 2,084,451 | 2,230,098 | 6,654,528 |
| Human Services | 17,563,608 | 16,698,013 | 18,794,832 | 18,018,799 | 17,668,892 |
| Cultural and recreation | 1,547,403 | 1,458,413 | 1,450,257 | 1,363,550 | 1,287,267 |
| Education | 19,287,257 | 18,154,451 | 17,102,551 | 15,962,006 | 15,908,006 |
| Capital outlay | 2,782,687 | 6,586,299 | 1,848,384 | 627,976 | 4,270,243 |
| Debt service: | 9,668,106 | | | | |
| Principal | - | 7,031,378 | 14,808,883 | 8,883,550 | 7,177,550 |
| Interest and other fees | - | 1,859,396 | 2,469,032 | 2,653,308 | 3,037,428 |
| Total Expenditures | 89,235,138 | 86,690,443 | 89,209,887 | 77,837,145 | 82,421,543 |
| Excess of revenues over (under) expenditures | 42,673 | (1,138,934) | (4,211,040) | 3,767,053 | (7,493,284) |
| Other Financing Sources (Uses) | | | | | |
| Transfers to other funds | (1,249,932) | (1,121,892) | (699,763) | (90,877) | (765,700) |
| Transfers from other funds | 999,932 | 821,892 | 699,763 | 90,877 | 1,675,700 |
| Inc.(Dec) in reserve for inventory | - | - | - | - | - |
| Proceeds from long-term debt | 1,900,000 | 21,270,895 | 8,113,000 | 18,005,000 | 2,150,000 |
| Payment to refunded debt escrow | - | (9,083,408) | - | (16,338,537) | - |
| Total other financing sources (uses) | 1,650,000 | 11,887,487 | 8,113,000 | 1,666,463 | 3,060,000 |
| Net changes in fund balance | \$ 1,692,673 | \$ 10,748,553 | \$ 3,901,960 | \$ 5,433,516 | \$ (4,433,284) |
| Debt service as a percentage of noncapital expenditures | 11.41% | 10.71% | 20.22% | 15.13% | 13.22% |

Table 4

| | | Fiscal Year Ended | | | | | | | |
|----|--------------------|-------------------|--------------------|------|---------------------|------|---------------------|----|---------------------|
| | | 2014 | 2013 | 2012 | 2011 | 2010 | | | |
| \$ | 41,455,270 | \$ | 38,841,282 | \$ | 38,329,055 | \$ | 37,536,902 | \$ | 37,383,075 |
| | 8,146,600 | | 7,644,488 | | 7,358,931 | | 6,446,864 | | 7,326,661 |
| | 1,021,437 | | 942,946 | | 1,006,100 | | 1,114,672 | | 452,625 |
| | - | | - | | - | | - | | 436,869 |
| | 11,762,899 | | 10,987,782 | | 10,616,499 | | 13,278,682 | | 10,489,372 |
| | - | | - | | - | | - | | 1,425,010 |
| | 10,994,928 | | 11,984,301 | | 12,607,499 | | 11,860,295 | | 10,305,981 |
| | 144,476 | | 142,629 | | 143,458 | | 200,150 | | 853,869 |
| | 417,558 | | 479,556 | | 358,755 | | 319,977 | | 339,916 |
| | <u>73,943,168</u> | | <u>71,022,984</u> | | <u>70,420,297</u> | | <u>70,757,542</u> | | <u>69,013,378</u> |
| | 4,364,374 | | 4,426,858 | | 4,107,482 | | 4,079,502 | | 4,585,485 |
| | 21,149,148 | | 19,065,915 | | 18,371,117 | | 20,273,574 | | 18,155,489 |
| | 5,425,898 | | 5,449,774 | | 5,487,835 | | 5,743,666 | | 4,888,291 |
| | 17,409,472 | | 17,001,115 | | 16,549,400 | | 17,011,497 | | 15,933,092 |
| | 1,419,908 | | 1,219,006 | | 1,179,430 | | 1,156,108 | | 1,148,243 |
| | 14,613,120 | | 13,775,500 | | 13,368,084 | | 13,240,333 | | 13,007,248 |
| | 1,986,455 | | 693,883 | | 9,572,995 | | 25,660,883 | | 15,140,139 |
| | 8,127,550 | | 8,072,550 | | 9,272,608 | | 5,995,766 | | 5,134,503 |
| | 3,101,575 | | 3,392,405 | | 3,516,979 | | 3,377,959 | | 3,078,744 |
| | <u>77,597,500</u> | | <u>73,097,006</u> | | <u>81,425,930</u> | | <u>96,539,288</u> | | <u>81,071,234</u> |
| | <u>(3,654,332)</u> | | <u>(2,074,022)</u> | | <u>(11,005,633)</u> | | <u>(25,781,746)</u> | | <u>(12,057,856)</u> |
| | (1,087,108) | | (932,366) | | (1,932,619) | | (1,280,781) | | (4,143,574) |
| | 1,587,105 | | 1,332,366 | | 2,373,234 | | 1,045,498 | | 3,357,366 |
| | - | | - | | - | | (3,259) | | (2,016) |
| | 3,000,000 | | - | | 8,638,480 | | 24,802,878 | | 17,600,000 |
| | - | | - | | - | | - | | - |
| | <u>3,499,997</u> | | <u>400,000</u> | | <u>9,079,095</u> | | <u>24,564,336</u> | | <u>16,811,776</u> |
| \$ | <u>(154,335)</u> | \$ | <u>(1,674,022)</u> | \$ | <u>(1,926,538)</u> | \$ | <u>(1,217,410)</u> | \$ | <u>4,753,920</u> |
| | 15.03% | | 16.08% | | 17.40% | | 10.12% | | 10.35% |

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 |
|--|---------------------------|---|--|-------------------|--|
| 2010 | \$ 4,005,269,997 | \$ 47,490,000 | 1.1857% | 59,201 | 802.18 |
| 2011 | 4,041,492,878 | 69,697,292 | 1.7245% | 60,619 | 1,149.76 |
| 2012 | 4,123,952,206 | 65,686,118 | 1.5928% | 61,651 | 1,065.45 |
| 2013 | 4,210,387,188 | 61,684,945 | 1.4651% | 61,633 | 1,000.84 |
| 2014 | 4,407,282,825 | 57,693,772 | 1.3091% | 62,697 | 920.20 |
| 2015 | 4,403,456,577 | 53,362,598 | 1.2118% | 63,848 | 835.78 |
| 2016 | 4,549,053,063 | 49,587,425 | 1.0901% | 64,220 | 772.15 |
| 2017 | 4,708,966,677 | 45,101,252 | 0.9578% | 65,061 | 693.21 |
| 2018 | 4,824,664,347 | 53,189,580 | 1.1025% | 66,168 | 803.86 |
| 2019 | \$ 5,732,568,923 | \$ 48,310,619 | 0.8427% | 68,900 | 701.17 |

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 |
|--|------------------|------------------------------|-----------------------------------|--|--|
| 2010 | \$ 1,840,000 | \$ 1,560,593 | \$ 3,400,593 | \$ 81,071,234 | 4.19% |
| 2011 | 2,575,000 | 2,141,930 | 4,716,930 | 96,539,288 | 4.89% |
| 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% |

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

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

| | Fiscal Year Ended | | | | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2019 | 2018 | 2017 | 2016 | 2015 |
| Assessed Value of Taxable Property | \$ 5,732,568,923 | \$ 4,824,664,347 | \$ 4,708,966,677 | \$ 4,549,053,063 | \$ 4,403,456,577 |
| Debt Limit - 8 Percent of Assessed Value | <u>458,605,514</u> | <u>385,973,148</u> | <u>376,717,334</u> | <u>363,924,245</u> | <u>352,276,526</u> |
| Gross debt | | | | | |
| Total bonded debt | 48,310,619 | 53,189,580 | 45,101,252 | 49,587,425 | 53,362,598 |
| Authorized and unissued bonds | 11,400,000 | 11,400,000 | 11,400,000 | 11,400,000 | 11,400,000 |
| Lease financing agreements* | 18,481,689 | 20,620,428 | 24,430,285 | 18,647,007 | 21,691,556 |
| Gross Debt | <u>78,192,308</u> | <u>85,210,008</u> | <u>80,931,537</u> | <u>79,634,432</u> | <u>86,454,154</u> |
| Total net debt applicable to limit | <u>78,192,308</u> | <u>85,210,008</u> | <u>80,931,537</u> | <u>79,634,432</u> | <u>86,454,154</u> |
| Legal Debt Margin | <u>\$ 380,413,206</u> | <u>\$ 300,763,140</u> | <u>\$ 295,785,797</u> | <u>\$ 284,289,813</u> | <u>\$ 265,822,372</u> |
| Total net debt applicable to the limit as a percentage of debt limit | 17.05% | 22.08% | 21.48% | 21.88% | 24.54% |

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

Table 7

| Fiscal Year Ended | | | | |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| 2014 | 2013 | 2012 | 2011 | 2010 |
| \$ 4,407,282,825 | \$ 4,210,387,188 | \$ 4,123,952,206 | \$ 4,041,492,878 | \$ 4,005,269,997 |
| 8.00% | 8.00% | 8.00% | 8.00% | 8.00% |
| <u>352,582,626</u> | <u>336,830,975</u> | <u>329,916,176</u> | <u>323,319,430</u> | <u>320,421,600</u> |
| 57,035,000 | 60,985,000 | 64,945,000 | 68,915,000 | 47,490,000 |
| 11,400,000 | 11,400,000 | 11,400,000 | 11,400,000 | 35,400,000 |
| <u>22,566,606</u> | <u>23,968,110</u> | <u>27,856,705</u> | <u>24,520,833</u> | <u>27,941,600</u> |
| <u>91,001,606</u> | <u>96,353,110</u> | <u>104,201,705</u> | <u>104,835,833</u> | <u>110,831,600</u> |
| 91,001,606 | 96,353,110 | 104,201,705 | 104,835,833 | 110,831,600 |
| <u>\$ 261,581,020</u> | <u>\$ 240,477,865</u> | <u>\$ 225,714,471</u> | <u>\$ 218,483,597</u> | <u>\$ 209,590,000</u> |
| 25.81% | 28.61% | 31.58% | 32.42% | 34.59% |

Table 8

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

| | Fiscal Year Ended | | | | | | | | | |
|-----------------------------|-------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 |
| County Direct Rates* | | | | | | | | | | |
| County-wide Rate | 0.8050 | 0.8950 | 0.9250 | 0.9250 | 0.8725 | 0.8725 | 0.8725 | 0.8725 | 0.8725 | 0.8725 |
| Municipality Rates | | | | | | | | | | |
| Town of Bunn | 0.6600 | 0.6600 | 0.6900 | 0.6900 | 0.6900 | 0.6900 | 0.6900 | 0.6900 | 0.6900 | 0.6900 |
| Town of Franklinton | 0.7200 | 0.7200 | 0.7200 | 0.7200 | 0.7200 | 0.6800 | 0.7000 | 0.7000 | 0.6800 | 0.6800 |
| Town of Louisburg | 0.4500 | 0.4500 | 0.5150 | 0.5350 | 0.5350 | 0.5350 | 0.5350 | 0.5350 | 0.5350 | 0.5350 |
| Town of Youngsville | 0.6600 | 0.6600 | 0.6600 | 0.6100 | 0.6100 | 0.5900 | 0.5900 | 0.5900 | 0.5900 | 0.5700 |
| City of Wake Forest | 0.5200 | 0.5200 | 0.5200 | 0.5200 | 0.5200 | 0.5100 | 0.5100 | 0.5100 | 0.5100 | 0.5100 |

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

Note:

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

Source: Franklin County Tax Office

Table 9

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

| Fiscal Year Ended June 30 | Real Property | Personal Property | Public Service Company Property | Total Assessed Value | County Tax Rate | Estimated Actual Taxable Value |
|----------------------------------|----------------------|--------------------------|--|-----------------------------|------------------------|---------------------------------------|
| 2010 | \$ 3,188,474,920 | \$ 687,014,839 | \$ 129,780,238 | \$ 4,005,269,997 | 0.8725 | \$ 34,945,981 |
| 2011 | 3,237,222,509 | 678,256,348 | 126,014,021 | 4,041,492,878 | 0.8725 | 35,262,025 |
| 2012 | 3,300,224,161 | 696,072,343 | 127,655,702 | 4,123,952,206 | 0.8725 | 35,981,483 |
| 2013 | 3,744,041,388 | 336,646,861 | 129,698,939 | 4,210,387,188 | 0.8725 | 36,735,628 |
| 2014 | 3,377,787,188 | 894,126,237 | 135,369,400 | 4,407,282,825 | 0.8725 | 38,453,543 |
| 2015 | 3,424,183,002 | 846,511,805 | 131,360,729 | 4,402,055,536 | 0.8725 | 38,407,935 |
| 2016 | 3,485,395,152 | 924,550,647 | 139,104,264 | 4,549,050,063 | 0.9250 | 42,078,713 |
| 2017 | 4,011,051,588 | 548,676,649 | 149,238,440 | 4,708,966,677 | 0.9250 | 43,557,942 |
| 2018 | 4,113,952,170 | 575,677,095 | 135,035,082 | 4,824,664,347 | 0.8950 | 43,180,746 |
| 2019 | \$ 4,493,848,236 | \$ 1,103,798,342 | \$ 134,922,345 | \$ 5,732,568,923 | 0.8050 | \$ 46,147,180 |

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 |
|----------------------------------|-----------------------|--------------------------------|----------------------------|-----------------------------------|------------------------------|---|-------------------------------------|--|
| 2010 | \$ 34,914,376 | \$ 33,729,914 | 96.61% | \$ 1,133,204 | \$ 34,863,118 | 99.85% | \$ 51,258 | 0.15% |
| 2011 | 35,262,025 | 34,231,511 | 97.08% | 967,883 | 35,199,394 | 93.72% | 62,631 | 6.28% |
| 2012 | 35,981,483 | 35,113,228 | 97.59% | 801,313 | 35,914,541 | 94.84% | 66,942 | 5.16% |
| 2013 | 36,735,628 | 35,765,603 | 97.36% | 886,468 | 36,652,071 | 94.60% | 83,557 | 5.40% |
| 2014 | 38,453,543 | 37,664,398 | 97.95% | 697,929 | 38,362,327 | 95.21% | 91,216 | 4.79% |
| 2015 | 38,420,159 | 37,747,518 | 98.25% | 606,956 | 38,354,474 | 95.28% | 65,685 | 4.72% |
| 2016 | 42,078,741 | 41,472,514 | 98.56% | 519,202 | 41,991,716 | 99.79% | 87,025 | 0.21% |
| 2017 | 43,557,942 | 42,991,906 | 98.70% | 439,057 | 43,430,963 | 99.71% | 126,979 | 0.29% |
| 2018 | 43,180,746 | 42,648,729 | 98.77% | 327,209 | 42,975,938 | 99.53% | 204,808 | 0.47% |
| 2019 | \$ 46,147,180 | \$ 45,407,586 | 98.40% | \$ - | \$ 45,407,586 | 98.40% | \$ 739,594 | 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 | Intergovernmental Revenues | Permit and Fees | Sales and Services | Investment Earnings | Miscellaneous Revenues | Total |
|----------------------------------|-------------------------|------------------|---------------------------------|-----------------------------------|------------------------|---------------------------|----------------------------|-------------------------------|---------------|
| 2010 | \$ 37,383,075 | \$ 7,326,661 | \$ 452,625 | \$ 10,926,241 | \$ 1,425,010 | \$ 10,305,981 | \$ 853,869 | \$ 339,916 | \$ 69,013,378 |
| 2011 | 37,536,902 | 6,446,864 | 1,114,672 | 13,278,681 | 1,186,029 | 10,674,266 | 200,151 | 319,977 | 70,757,542 |
| 2012 | 38,329,055 | 7,358,931 | 1,006,100 | 10,616,499 | 1,515,085 | 11,092,414 | 143,458 | 358,755 | 70,420,297 |
| 2013 | 38,841,282 | 7,644,488 | 942,946 | 10,987,782 | 1,825,000 | 10,159,301 | 142,629 | 479,556 | 71,022,984 |
| 2014 | 41,455,270 | 8,146,600 | 1,021,437 | 11,762,899 | - | 10,994,928 | 144,476 | 417,558 | 73,943,168 |
| 2015 | 41,224,213 | 8,903,735 | 896,393 | 12,704,197 | - | 10,666,244 | 28,210 | 505,267 | 74,928,259 |
| 2016 | 45,395,778 | 9,838,229 | 737,971 | 15,369,151 | - | 9,824,427 | 50,357 | 388,285 | 81,604,198 |
| 2017 | 46,788,595 | 12,292,995 | 722,337 | 13,849,965 | - | 10,709,505 | 87,998 | 547,452 | 84,998,847 |
| 2018 | 46,677,870 | 13,088,871 | 622,385 | 12,821,762 | - | 11,476,747 | 341,716 | 522,158 | 85,551,509 |
| 2019 | \$ 49,857,758 | \$ 13,868,451 | \$ 799,260 | \$ 12,340,422 | \$ - | \$ 10,438,785 | \$ 695,129 | \$ 1,278,006 | \$ 89,277,811 |

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

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

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

| Fiscal Year | Governmental Activities | | | Business-type Activities | | | Total Primary Government |
|-------------|--------------------------|------------------------|-------------------------------|--------------------------|------------------------|-------------------------------|--------------------------|
| | General Obligation Bonds | Installment Financings | Certificates of Participation | Revolving Loans | Installment Financings | Certificates of Participation | |
| 2010 | \$ 47,490,000 | \$ 15,266,600 | \$ 12,675,000 | \$ 1,980,000 | \$ 8,390,900 | \$ 6,750,375 | \$ 90,572,875 |
| 2011 | 68,915,000 | 12,555,833 | 11,965,000 | 1,800,000 | 7,669,500 | 6,158,184 | 107,263,517 |
| 2012 | 65,727,292 | 16,596,705 | 11,260,000 | 1,620,000 | 7,118,533 | 5,549,606 | 106,252,136 |
| 2013 | 61,726,118 | 13,408,110 | 10,560,000 | 1,440,000 | 6,575,533 | 4,923,882 | 97,193,643 |
| 2014 | 57,693,772 | 12,711,606 | 9,855,000 | 1,260,000 | 7,284,225 | 4,279,272 | 91,823,875 |
| 2015 | 53,362,598 | 12,541,556 | 9,150,000 | 1,080,000 | 9,118,610 | 3,616,009 | 87,788,773 |
| 2016 | 49,587,425 | 10,202,007 | 8,445,000 | 900,000 | 7,193,636 | 2,933,631 | 79,261,699 |
| 2017 | 45,101,252 | 16,383,624 | - | 720,000 | 8,046,662 | 515,916 | 70,767,454 |
| 2018 | 53,189,580 | 13,627,246 | - | 540,000 | 6,993,182 | - | 74,350,008 |
| 2019 | \$ 48,310,619 | \$ 12,464,179 | \$ - | \$ 360,000 | \$ 6,017,510 | \$ - | \$ 67,152,308 |

Table 12

| Per Capita Income | Personal Income | Percentage of Personal Income | Population | Debt Per Capita |
|------------------------------|----------------------------|--|-------------------|--------------------------------|
| \$ 21,664 | \$ 1,282,530,464 | 7.0620% | 59,201 | \$ 1,530 |
| 29,228 | 1,756,250,000 | 6.1075% | 60,619 | 1,769 |
| 29,071 | 1,768,529,000 | 6.0079% | 61,651 | 1,723 |
| 29,670 | 1,814,052,000 | 5.3578% | 61,633 | 1,577 |
| 31,063 | 1,909,608,000 | 4.8085% | 62,697 | 1,465 |
| 31,826 | 2,000,599,000 | 4.3881% | 63,848 | 1,375 |
| 31,852 | 2,045,535,440 | 3.8749% | 64,220 | 1,234 |
| 31,855 | 2,072,518,155 | 3.4146% | 65,061 | 1,088 |
| 32,492 | 2,113,968,518 | 3.5171% | 67,011 | 1,110 |
| \$ 36,238 | \$ 2,448,216,000 | 2.7429% | 68,900 | 975 |

Table 13

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

| Fiscal Year Ended June 30 | General Government | Public Safety | Trans- portation | Economic and Physical Development | Human Services | Cultural & Recreation | Education | Capital Outlay | Debt Service | Total |
|----------------------------------|---------------------------|----------------------|-----------------------------|--|---------------------------|--------------------------------------|------------------|---------------------------|-------------------------|---------------|
| 2010 | \$ 4,585,485 | \$ 18,155,489 | \$ - | \$ 4,888,291 | \$ 15,933,092 | \$ 1,148,243 | \$ 13,007,248 | \$ 15,140,139 | \$ 8,213,247 | \$ 81,071,234 |
| 2011 | 4,079,502 | 20,273,574 | - | 5,743,666 | 17,011,497 | 1,156,108 | 13,240,333 | 25,660,883 | 9,373,725 | 96,539,288 |
| 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 |

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, 2019

| | <u>Net General Obligation Bonded debt</u> | <u>Other Debt</u> | <u>Percent Applicable To County</u> | <u>Amount Applicable To County</u> |
|---------------------|---|-------------------|---|--|
| Direct: | | | | |
| Franklin County | \$ 48,310,619 | \$ 18,841,689 | 100.00% | \$ 67,152,308 |
| 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>\$ 48,310,619</u> | | | <u>\$ 67,152,308</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

**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 |
|--|-------------------|----------------------------|----------------------------------|-----------------------|--|------------------------------|------------------------------|
| 2010 | 59,201 | \$ 1,282,530,464 | \$ 21,664 | 38.00 | N/A | 8,437 | 9.90% |
| 2011 | 60,619 | 1,756,250,000 | 29,228 | 38.00 | N/A | 8,599 | 10.10% |
| 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% |

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 2019 | | | Fiscal Year Ending 2010 | | |
|--|--------------------------------|-------------|------------------------------|--------------------------------|-------------|------------------------------|
| | Employees | Rank | % of Total Employment | Employees | Rank | % of Total Employment |
| Novozymes North America | 691 | 1 | 5.60% | 463 | 1 | 3.97% |
| Century Link | 400 | 2 | 3.24% | N/A | N/A | N/A |
| Majestic Kitchen & Bath Creation | 244 | 4 | 1.98% | N/A | N/A | N/A |
| Food Lion LLC | 214 | 5 | 1.73% | 205 | 5 | 1.76% |
| K-Flex USA | 357 | 3 | 2.89% | 225 | 4 | 1.93% |
| ITS (Infrastructure Technology Services) | 190 | 6 | 1.54% | N/A | N/A | N/A |
| Eaton Corporation | 184 | 7 | 1.49% | N/A | N/A | N/A |
| Palziv North America | 168 | 9 | 1.36% | N/A | N/A | N/A |
| Wal-Mart | 176 | 8 | 1.43% | 320 | 8 | 2.74% |
| Captive-Aire Systems | 145 | 10 | 1.17% | 130 | 9 | 1.11% |
| Trulite Glass & Aluminum Solutions | 131 | 11 | 1.06% | N/A | N/A | N/A |
| Maria Parham Franklin | 85 | 10 | 0.69% | N/A | N/A | N/A |
| Embarq | N/A | N/A | N/A | 371 | 2 | 3.18% |
| Franklin Regional | N/A | N/A | N/A | 315 | 3 | 2.70% |
| The Hon Company | N/A | N/A | N/A | 150 | 6 | 1.29% |
| Alcan Packaging/Amcors Rigid Plastics | 120 | 12 | 0.97% | 182 | 7 | 1.56% |
| Southern Lithoplate | 100 | 13 | 0.81% | 130 | 10 | 1.11% |
| Total | <u>3,205</u> | | <u>25.95%</u> | <u>2,491</u> | | <u>21.35%</u> |

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 | | | | | | | | | |
|---|-------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 |
| General Government: | | | | | | | | | | |
| Manager\Administration | 9 | 8 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 6 |
| Information Technology | 4 | 4 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Elections | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Finance Office | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Tax Assessor | 8 | 8 | 8 | 8 | 8 | 8 | 9 | 9 | 9 | 9 |
| Tax Collector | 5 | 5 | 5 | 5 | 5.5 | 5.5 | 6 | 6 | 5 | 6 |
| Register of Deeds | 5 | 5 | 5 | 4 | 4 | 4 | 4 | 4 | 4 | 5 |
| Planning | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Public Buildings-Maintenance | 14 | 14 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 |
| Public Safety: | | | | | | | | | | |
| Inspections | 9 | 9 | 7 | 7 | 6 | 6 | 6 | 6 | 6 | 8 |
| GIS | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Sheriff's Department | 91 | 86 | 80 | 74 | 74 | 74 | 67 | 67 | 59 | 70 |
| Communications - E911 | 23 | 23 | 21 | 20 | 18 | 18 | 17 | 17 | 17 | 18 |
| Jail Operations | 41 | 40 | 38 | 38 | 36 | 35 | 35 | 35 | 33 | 35 |
| Emergency Medical Services | 76 | 76 | 81 | 67 | 67 | 67 | 48 | 48 | 54 | 58 |
| Emergency Management | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Animal Control | 8 | 8 | 7 | 6 | 6 | 6 | 5 | 5 | 5 | 5 |
| Economic and physical development: | | | | | | | | | | |
| Solid Waste-Landfill | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| Soil and Water Conservation | 3 | 3 | 3 | 3 | 3.5 | 3.5 | 4 | 4 | 4 | 4 |
| Airport Operations | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Cooperative Extension | 1 | 1 | 2 | 0 | 0 | 0 | 0 | 0 | 3 | 0 |
| Economic Development | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Human Services: | | | | | | | | | | |
| Health Department | 53 | 52 | 53 | 52 | 51 | 51 | 58 | 58 | 59 | 63 |
| Social Services | 104 | 102 | 93 | 92 | 101 | 102 | 101 | 101 | 97 | 99 |
| Aging Department | 7 | 8 | 8 | 8 | 7 | 7 | 7 | 7 | 9 | 11 |
| Veterans Services | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Cultural and recreation: | | | | | | | | | | |
| Library | 10 | 10 | 10 | 9 | 9 | 9 | 9 | 9 | 9 | 9 |
| Recreation | 5 | 5 | 5 | 5 | 4 | 4 | 4 | 3 | 3 | 3 |
| Water and Sewer Department | 32 | 32 | 30 | 27 | 19 | 18 | 17 | 17 | 16 | 16 |
| Total Full-Time Positions | 540 | 531 | 508 | 477 | 471 | 470 | 449 | 448 | 444 | 472 |

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 | |
| 2010 | 785 | \$ 46,949,529 | 75 | \$ 46,944,565 | \$ 93,894,094 |
| 2011 | 308 | 25,409,475 | 52 | 7,515,455 | 32,924,930 |
| 2012 | 245 | 31,207,903 | 32 | 13,189,120 | 44,397,023 |
| 2013 | 334 | 40,863,520 | 31 | 49,314,386 | 90,177,906 |
| 2014 | 284 | 38,185,847 | 41 | 6,417,889 | 44,603,736 |
| 2015 | 354 | 27,362,527 | 29 | 10,980,666 | 38,343,193 |
| 2016 | 499 | 69,309,377 | 48 | 10,977,039 | 80,286,416 |
| 2017 | 598 | 86,977,852 | 55 | 22,086,450 | 109,064,302 |
| 2018 | 671 | 107,900,443 | 43 | 24,116,582 | 132,017,025 |
| 2019 | 854 | \$ 137,262,880 | 47 | \$ 17,599,681 | \$ 154,862,561 |

SOURCE: Franklin County Planning Department

Table 19

Franklin County, North Carolina
Principal Taxpayers
Current Year and Ten Years Ago
For Fiscal Year Ended 2019

| Taxpayer | 2019 | | | | 2010 | | | |
|--|------|-----------------------|--|---------------------|---------------|-----------------------|--|---------------------|
| | 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 | \$ 161,993,618 | 2.83% | \$ 1,414,236 | 1 | \$ 124,013,060 | 3.10% | \$ 1,020,007 |
| K-Flex USA | 2 | 67,179,288 | 1.17% | 742,540 | - | - | - | - |
| Duke Energy Progress Inc | 3 | 63,370,806 | 1.11% | 596,475 | 2 | 50,135,204 | 1.25% | 412,362 |
| Wake Electric | 4 | 30,390,275 | 0.53% | 271,702 | 4 | 29,528,636 | 0.74% | 242,873 |
| Infrastructure Technology Services, Inc. | 5 | 19,496,470 | 0.34% | 240,276 | - | - | - | - |
| Palziv | 6 | 19,673,374 | 0.34% | 175,585 | - | - | - | - |
| Walmart Real Estate Business & Trust | 7 | 11,585,630 | 0.20% | 145,253 | - | - | - | - |
| Amcor Pharmaceutical | 8 | 16,208,155 | 0.28% | 144,253 | - | - | - | - |
| Carolina Telephone | 9 | 12,422,021 | 0.22% | 123,551 | 3 | 35,975,079 | 0.90% | 295,895 |
| Public Service Company of NC Inc. | 10 | 12,576,012 | 0.22% | 120,209 | - | - | - | - |
| Southern Lithoplate | - | - | - | - | 5 | 13,653,822 | 0.34% | 112,303 |
| Olde Liberty Club | - | - | - | - | 6 | 13,551,556 | 0.34% | 111,462 |
| Franklin Regional | - | - | - | - | 7 | 12,597,692 | 0.31% | 103,616 |
| Harold G. Bagwell | - | - | - | - | 8 | 10,059,457 | 0.25% | 82,739 |
| Sirchie Finger Print Labs | - | - | - | - | 9 | 8,626,188 | 0.22% | 70,950 |
| Fayard Enterprises LLC | - | - | - | - | 10 | 8,069,711 | 0.20% | 66,373 |
| Totals | | <u>\$ 414,895,649</u> | <u>7.24%</u> | <u>\$ 3,974,080</u> | Totals | <u>\$ 306,210,405</u> | <u>7.65%</u> | <u>\$ 2,518,580</u> |

Source: Franklin County Tax Office

Table 20

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

| Fiscal Year Ended June 30 | Special Assessment Billings | Special Assessment Collections |
|--|--|---|
| 2010 | \$ - | \$ - |
| 2011 | - | - |
| 2012 | - | - |
| 2013 | - | - |
| 2014 | - | - |
| 2015 | - | - |
| 2016 | - | - |
| 2017 | - | - |
| 2018 | - | - |
| 2019 | \$ - | \$ - |

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

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

| Function/Program | Fiscal Year Ended | | | | |
|---|--------------------------|-------------|-------------|-------------|-------------|
| | 2019 | 2018 | 2017 | 2016 | 2015 |
| General Government: | | | | | |
| Registered voters | 41,471 | 43,141 | 43,156 | 43,040 | 40,455 |
| New Residential Building Permits | 854 | 671 | 441 | 499 | 190 |
| Land parcels | 40,574 | 39,474 | 39,475 | 38,909 | 38,748 |
| Tax bills mailed | 47,454 | 45,717 | 54,224 | 44,591 | 43,897 |
| Marriage licensed issued | 377 | 330 | 331 | 317 | 357 |
| Public Safety: | | | | | |
| Physical arrests | 1,386 | 3,928 | 884 | 2,148 | 2,077 |
| Ave monthly jail inmate count | 182 | 174 | 183 | 182 | 156 |
| E 911 emergency calls received | 71,688 | 76,260 | 70,044 | 71,514 | 71,330 |
| EMS/Rescue calls made | 8,459 | 10,726 | 9,030 | 8,316 | 5,331 |
| Economic and physical development: | | | | | |
| Tons of trash handled at landfill | 42,691 | 39,837 | 37,918 | 38,020 | 34,180 |
| Aircraft based at county airport | 132 | 124 | 130 | 125 | 125 |
| Human services: | | | | | |
| Number of medicaid eligibles | 13,977 | 13,240 | 9,865 | 14,454 | 11,801 |
| Number of Food Stamp eligibles | 8,195 | 8,944 | 9,465 | 10,112 | 11,112 |
| Number of hospitals | 1 | - | - | - | 1 |
| Number of patient beds | 13 | - | - | - | 2 |
| Cultural and Recreation | | | | | |
| Number of public libraries | 4 | 4 | 4 | 4 | 4 |
| Number of volumes | 113,475 | 108,684 | 112,640 | 106,972 | 103,262 |
| Number of parks and ball fields | 4 | 4 | 4 | 4 | 4 |
| Water and Sewer: | | | | | |
| Number of customers - water | 6,892 | 6,487 | 5,843 | 5,593 | 5,332 |
| Average daily consumption (gals) | 2,732,737 | 3,010,316 | 2,384,323 | 1,900,000 | 2,100,000 |
| Miles of water lines | 207 | 177 | 165 | 192 | 192 |
| Miles of sewer lines | 75 | 69 | 66 | 80 | 80 |

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

Table 21

| Fiscal Year Ended | | | | |
|--------------------------|-------------|-------------|-------------|-------------|
| 2014 | 2013 | 2012 | 2011 | 2010 |
| 40,407 | 39,622 | 40,275 | 36,326 | 36,326 |
| 284 | 245 | 245 | 785 | 785 |
| 38,748 | 38,522 | 38,522 | 39,650 | 39,650 |
| 43,348 | 99,007 | 99,007 | 122,215 | 122,215 |
| 326 | 311 | 303 | 307 | 307 |
| 2,627 | 2,696 | 2,021 | 425 | 425 |
| 168 | 155 | 160 | 150 | 150 |
| 19,846 | 67,756 | 67,756 | 62,563 | 62,563 |
| 5,245 | 4,948 | 4,700 | 6,397 | 6,397 |
| 31,942 | 31,500 | 31,186 | 31,256 | 31,256 |
| 123 | 110 | 102 | 85 | 85 |
| 12,671 | 11,701 | 11,701 | 10,026 | 10,026 |
| 11,461 | 11,355 | 11,355 | 8,815 | 8,815 |
| 1 | 1 | 1 | 1 | 1 |
| 2 | 70 | 70 | 70 | 70 |
| 4 | 4 | 4 | 4 | 4 |
| 143,569 | 105,000 | 105,000 | 89,563 | 89,563 |
| 4 | 4 | 4 | 4 | 4 |
| 3,983 | 3,189 | 3,189 | 2,894 | 2,894 |
| 2,000,000 | 2,058,000 | 2,058,000 | 1,785,000 | 1,785,000 |
| 162 | 161 | 161 | 161 | 161 |
| 62 | 47 | 47 | 46 | 46 |

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

| Function/Program | Fiscal Year Ended | | | | |
|---|-------------------|-----------|-----------|-----------|-----------|
| | 2019 | 2018 | 2017 | 2016 | 2015 |
| General Government: | | | | | |
| County office buildings | 3 | 3 | 3 | 3 | 3 |
| Vehicles | 15 | 14 | 3 | 3 | 3 |
| Public Safety: | | | | | |
| Stations | 5 | 5 | 5 | 5 | 5 |
| Vehicles | 217 | 115 | 120 | 110 | 84 |
| Economic and Physical Development: | | | | | |
| Vehicles | 11 | 18 | 2 | 2 | 2 |
| Buildings | 3 | 3 | 1 | 1 | 1 |
| Cultural and Recreation | | | | | |
| Acreage | 220 | 220 | 220 | 220 | 90 |
| Playgrounds | 7 | 4 | 4 | 4 | 4 |
| Baseball fields | 4 | 4 | 4 | 4 | 4 |
| Softball fields | 3 | 3 | 3 | 3 | 3 |
| Football fields | 1 | 1 | 1 | 1 | 1 |
| Parks buildings | 1 | 1 | 1 | 1 | 1 |
| Library buildings | 4 | 4 | 4 | 4 | 4 |
| Vehicles | 5 | 5 | 4 | 4 | 6 |
| Water and Sewer | | | | | |
| Water mains (miles) | 207 | 177.2 | 195 | 165 | 192 |
| Fire hydrants* | 1025 | 1025 | 1000 | 1000 | 1000 |
| Elevated tanks | 5 | 6 | 6 | 6 | 6 |
| Storage capacity (gallons) | 1,225,000 | 1,290,000 | 1,290,000 | 1,290,000 | 1,250,000 |
| Sewer mains (miles) | 75 | 69 | 50 | 62 | 80 |
| Treatment capacity (gallons) | 4,000,000 | 3,170,620 | 3,000,000 | 4,000,000 | 3,000,000 |

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

Table 22

| Fiscal Year Ended | | | | |
|-------------------|-----------|-----------|-----------|-----------|
| 2014 | 2013 | 2012 | 2011 | 2010 |
| 3 | 3 | 3 | 3 | 3 |
| 3 | 3 | 2 | 2 | 2 |
| 5 | 5 | 5 | 5 | 5 |
| 74 | 74 | 72 | 75 | 75 |
| 2 | 2 | 2 | 2 | 2 |
| 1 | 1 | 1 | 1 | 1 |
| 90 | 90 | 90 | 90 | 90 |
| 4 | 4 | 4 | 4 | 4 |
| 4 | 4 | 4 | 4 | 4 |
| 3 | 3 | 3 | 3 | 3 |
| 1 | 1 | 1 | 1 | 1 |
| 1 | 1 | 1 | 1 | 1 |
| 4 | 4 | 4 | 4 | 4 |
| 6 | 6 | 6 | 6 | 6 |
| 162 | 160 | 160 | 160 | 160 |
| 175 | 175 | 175 | 175 | 175 |
| 3 | 3 | 3 | 3 | 3 |
| 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 |
| 362 | 47 | 45 | 45 | 45 |
| 3,000,000 | 3,000,000 | 3,000,000 | 3,000,000 | 3,000,000 |

Table 23

Franklin County, North Carolina
Other Statistical Information
June 30, 2019

| | |
|---|----------------------|
| Date of establishment | 1,779 |
| Form of government | Commissioner/Manager |
| Employees: | |
| Full-time, regular | 526 |
| Part-time, regular | 281 |
| Franklin County facilities and services | |
| Sheriff protection | |
| Number of stations | 5 |
| Number of deputies and officers | 91 |
| Number of patrol units | 28 |
| Inspections | |
| Residential Building permits issued | 854 |
| Cultural and recreational | |
| Number of libraries | 4 |
| Number of volumes | 113,475 |
| Water and Sewer | |
| Number of customers | 6,908 |
| Average daily consumption (in gallons) | 2,732,737 |
| Miles of water mains | 207 |
| Miles of sanitary sewers | 75 |
| Facilities and services not included in the primary government | |
| Hospitals | |
| Number of hospitals | 1 |
| Number of patient beds | 13 |
| 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 | 2 |
| Swimming Pools - All Private | 5 |

COMPLIANCE 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

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, 2019 and the related notes to the financial statements, which collectively comprises Franklin County's basic financial statements, and have issued our report thereon dated December 10, 2019. The financial statements of Franklin County Tourism Development Authority were not audited in accordance with *Government Auditing Standards*.

Internal Control over Financial Reporting

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

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

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any

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deficiencies in internal control that we consider material weaknesses. 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
December 10, 2019

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

Certified Public Accountants



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Report On Compliance For Each Major Federal Program; Report on 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, 2019. 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 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, 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 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.

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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.

Opinion on Each Major Federal Program

In our opinion, Franklin County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

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 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 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.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. 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 item 2019-1 that we consider to be a significant deficiency.

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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Winston, Williams, Creech, Evans & Company, LLP

Winston, Williams, Creech, Evans & Company, LLP
Certified Public Accountants
Oxford, NC
December 10, 2019

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

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

Independent Auditor's Report

To the Board of County Commissioners
Franklin County, North Carolina

Report on Compliance for Each Major State Program

We have audited the Franklin County, North Carolina, compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of Franklin County's major state programs for the year ended June 30, 2019. 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), and the *State Single Audit Implementation Act*. Those standards, the Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about Franklin County's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

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

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Opinion on Each Major State Program

In our opinion, Franklin County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2019.

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 preceding paragraph 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 over compliance that we consider to be material weaknesses. However, material weaknesses may exist that were not 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 2019-1 that we consider to be a significant deficiency.

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

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

Winston, Williams, Creech, Evans & Company, LLP

Winston, Williams, Creech, Evans & Company, LLP
Certified Public Accountants
Oxford, NC
December 10, 2019

**FRANKLIN COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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 Xno
- Significant Deficiency(s) identified? ___yes Xnone reported

Noncompliance material to financial statements noted? ___yes Xno

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? ___yes Xno
- Significant Deficiency(s) identified? Xyes ___none reported

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

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

Identification of major federal programs:

| | |
|--------------|---|
| <u>CFDA#</u> | <u>Names of Federal Program or Cluster</u> |
| 93.778 | Medical Assistance Program (Title XIX – Medicaid) |

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

Auditee qualified as low-risk auditee? Xyes ___no

**FRANKLIN COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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.

Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act? ___yes X no

Identification of major State programs:

Program Name
Medical Assistance
E-911 Grant Fund
Public School Building Capital Fund
Industrial Development Fund Utility Grant

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: 2019-1

SIGNIFICANT DEFICIENCY

Required verifications and documentation for Eligibility

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

- Age
- Citizenship/Identity
- State residency
- Household composition and relationship
- Living arrangement
- Social Security Number
- Pregnancy (if applicable)
- Disability, Blindness (if applicable)

**FRANKLIN COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

- 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 26 instances of case records not containing the proper verifications or proper computations as required by policy. Three of these files were not reviewed timely. Four case files did not contain the appropriate entries for the level of care as required for living arrangement documentation. One case did not contain the diary re-exam date for the disability determination. Another case did not verify a medical deduction in determining the Patient Monthly Liability (PML). Two case files did not verify real property by running inquiries in the Register of Deeds and the Tax Office data bases. One case did not run OVS (On-line Verification System) for the applicant on the case. One file did not include the spouse's social security disability income at application. One additional case did not accurately calculate self-employment income.

Questioned Costs: There were \$10 in known errors. The known error rate projects or extrapolates to the entire population of claims paid for the year to an estimated \$94,314 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 1,039,483 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 16 of the 101 case files tested.

Effect: Case files not containing all required documentation result in a risk that the County could provide services to individuals not eligible to receive such services or that such individuals could be denied to eligible benefits. Upon notification of the missing documentation or the errors in calculations in the case files, the County was able to obtain documentation and provide corrected calculations to substantiate that the recipients tested were eligible to receive benefits in all but one case and the related claim. That claim totaled \$10.

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

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

Recommendation: We recommend that the County train and monitor employees on the eligibility determination process, specifically those areas noted to have errors above. Files should be reviewed internally to ensure proper documentation is in place for eligibility. NCFast should be reviewed to

**FRANKLIN COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

determine that information gathered during the review is properly input into the system and that system driven calculations are utilizing the available information.

Views of responsible officials and planned corrective actions: The County acknowledges the errors noted and has measures in place through an enhanced Quality Assurance Unit to ensure that both initial and ongoing eligibility for Medicaid is accurate and timely according to policy standards and guidelines.

Section IV – State Award Findings and Questioned Costs

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

SIGNIFICANT DEFICIENCY: Finding 2019-1 also applies to State requirements and State Awards



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**CORRECTIVE ACTION PLAN
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Section II – Financial Statement Findings

None noted.

Section III – Federal Award Findings and Questioned Costs

Finding: 2019-1

Name of contact person: Nicki Perry, Director

Corrective Action: Corrections to the timeliness, living arrangements, dates, verifications, income and budget findings have been completed.

Supervisor has reviewed with staff the errors along with correct policy and keying procedures to ensure future accuracy. Medicaid Supervisor and Quality Assurance Supervisor will conduct monthly second party reviews as well as monthly policy training to improve quality in this area.

Proposed Completion Date: Monday, December 16, 2019

Section IV – State Award Findings and Questioned Costs

Finding 2019-1 also applies to State Awards

“Equal Opportunity Employer”

**FRANKLIN COUNTY, NORTH CAROLINA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Finding: 17-1

Status: See finding 19-1.

Finding: 17-2

Status: See finding 19-1.

Finding: 16-2

Status: See finding 19-1.

Finding: 16-3

Status: See finding 19-1.

Franklin County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2019

| Grantor/Pass-through Grantor/Program Title | Federal CFDA Number | State/ Pass-through Grantor's Number | Federal. (Direct & Pass-through) Expenditures | State Expenditures | Passed-through to Subrecipients |
|--|---------------------------|---|---|-----------------------|---------------------------------------|
| Federal Awards: | | | | | |
| <u>U.S. Dept. of Agriculture</u> | | | | | |
| Passed-through the N.C. Dept. of Health and Human Services: | | | | | |
| Division of Social Services: | | | | | |
| Administration: | | | | | |
| State Administrative Matching Grants for the Supplemental Nutrition Assistance Program | 10.561 | | \$ 610,962 | \$ 1,866 | \$ - |
| Passed-through the N.C. Dept. of Health and Human Services: | | | | | |
| Division of Public Health: | | | | | |
| Administration: | | | | | |
| Special Supplemental Nutrition Program for Women, Infants, & Children (Note 5) | 10.557 | | 248,533 | - | - |
| Total U.S. Dept. of Agriculture | | | 859,495 | 1,866 | - |
| <u>U.S. Dept. of Justice</u> | | | | | |
| Passed-through the N.C. Dept. of Public Safety: | | | | | |
| Edward Byrne Memorial Justice Assistance Grant Program | 16.738 | | 23,101 | - | - |
| Total U.S. Dept. of Justice | | | 23,101 | - | - |
| <u>U.S. Dept. of Transportation</u> | | | | | |
| Passed-through the N.C. Dept. of Transportation: | | | | | |
| Airport Improvement Program | 20.106 | 36237.31.17.1 | 95,361 | - | - |
| Total U.S. Dept. of Transportation | | | 95,361 | - | - |
| <u>U.S. Dept. of Health & Human Services</u> | | | | | |
| Passed-through the Kerr-Tar Council of Governments: | | | | | |
| National Family Caregiver Support, Title III, Part E | 93.052 | | 4,581 | 305 | - |
| 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 | 93.044 | | 124,885 | 7,346 | - |
| Special Programs for the Aging-Title III, Part C-Nutrition Services | 93.045 | | 124,987 | 7,353 | - |
| Nutrition Services Incentive Program | 93.053 | | 12,506 | - | - |
| Total Aging Cluster | | | 262,378 | 14,699 | - |
| Passed-through the Kerr-Tar Council of Governments: | | | | | |
| State Appropriation | | | | | |
| Passed-through the Kerr-Tar Council of Governments: | | | - | 21,385 | - |
| Division of Social Services: | | | | | |
| Social Services Block Grant - In Home Services | | | | | |
| | 93.667 | | 326,348 | 36,768 | - |
| Division of Social Services: | | | | | |
| <u>Temporary Assistance for Needy Families (TANF) Cluster:</u> | | | | | |
| TANF - Work First | 93.558 | | 678,261 | 77 | - |
| Division of Public Health: | | | | | |
| TANF - Work First | | | | | |
| | 93.558 | | 5,319 | - | - |
| Total TANF Cluster | | | 683,580 | 77 | - |
| <u>Foster Care and Adoption Cluster (Note 4 & 5):</u> | | | | | |
| Foster Care-Title IV-E | 93.658 | | 636,758 | 130,288 | - |
| Adoption Assistance | 93.659 | | 7,951 | - | - |
| Total Foster Care and Adoption Cluster (Note 4) | | | 644,709 | 130,288 | - |
| Refugee and Entrant Assistance - Cash and Medical Payments | 93.566 | | 1,101 | - | - |
| Low-Income Home Energy Assistance: | | | | | |
| Administration | | | | | |
| Energy Assistance Payments - Direct Benefit Payments | 93.568 | | 26,818 | - | - |
| Crisis Intervention | 93.568 | | 278,200 | - | - |
| Total Low-Income Home Energy Assistance | | | 267,643 | - | - |
| Promoting Safe and Stable Families | 93.556 | | 20,456 | - | - |
| Stephanie Tubbs Jones Child Welfare Services Program - Permanency Planning - Families for | 93.645 | | (3,862) | - | - |
| Child Support Enforcement | 93.563 | | 580,375 | - | - |
| Chafee Foster Care Independence Program | 93.674 | | 16,457 | 3,567 | - |
| Division of Child Development and Early Education: | | | | | |
| Subsidized Child Care (Note 5) | | | | | |
| <u>Child Care Development Fund Cluster:</u> | | | | | |
| Division of Social Services: | | | | | |
| Child Care Development Mandatory and Match Fund-Administration | | | | | |
| | 93.596 | | 87,796 | - | - |
| Total Subsidized Child Care (Note 4) | | | 87,796 | - | - |
| Passed-through the N.C. Dept. of Health and Human Services: | | | | | |
| Division of Health Benefits | | | | | |
| Division of Social Services: | | | | | |
| Administration: | | | | | |
| Medical Assistance Program (Note 5) | 93.778 | | 1,798,588 | 8,005 | - |
| Total Medical Assistance Program | | | 1,798,588 | 8,005 | - |

Franklin County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2019

| Grantor/Pass-through Grantor/Program Title | Federal CFDA Number | State/ Pass-through Grantor's Number | Federal. (Direct & Pass-through) Expenditures | State Expenditures | Passed-through to Subrecipients |
|--|---------------------------|---|---|-----------------------|---------------------------------------|
| Division of Social Services: | | | | | |
| Administration: | | | | | |
| Children's Health Insurance Program (Note 5) | 93.767 | | 39,021 | - | - |
| Total Children's Health Insurance Program - N.C. Health Choice | | | 39,021 | - | - |
| Passed-through the N.C. Dept of Insurance: | | | | | |
| Division of SHIIP: | | | | | |
| Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluation | 93.779 | | 4,156 | - | - |
| Passed-through the N.C. Dept. of Health and Human Services: | | | | | |
| Division of Public Health: | | | | | |
| Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) | | | | | |
| Aligned Cooperative Agreements | 93.074 | | 30,652 | - | - |
| Project Grants and Cooperative Agreements for Tuberculosis Control Programs | 93.116 | | 2,050 | - | - |
| Family Planning Services | 93.217 | | 29,726 | - | - |
| Immunization Cooperative Agreements | 93.268 | | 15,032 | - | - |
| PPHF Capacity Building Assistance to Strengthen Public Health Immunization | | | | | |
| Infrastructure and Performance financed in part by Prevention and Public Health Funds | 93.539 | | 12,789 | - | - |
| Preventive Health and Health Services Block Grant funded solely with Prevention and Public Health Funds (PPHF) | | | | | |
| Sexually Transmitted Diseases (STD) Prevention and Control Grants | 93.977 | | 100 | - | - |
| Maternal and Child Health Services Block Grant | 93.994 | | 118,950 | 4,059 | - |
| Total U.S. Dept. of Health and Human Services | | | 5,269,192 | 219,153 | - |
| <u>U.S. Dept. of Homeland Security</u> | | | | | |
| Passed-through N.C. Dept. of Public Safety: | | | | | |
| Emergency Management Performance Grant | 97.042 | | 62,524 | - | - |
| Total U.S. Dept. of Homeland Security | | | 62,524 | - | - |
| Total federal awards | | | 6,309,673 | 221,019 | - |
| State Awards: | | | | | |
| <u>NC Department of Agriculture</u> | | | | | |
| Division of Soil and Water Conservation | | | | | |
| Soil & Water Grants | | | - | 26,845 | - |
| <u>N.C. Dept. of Administration</u> | | | | | |
| Veteran Service Program | | | | | |
| Voter ID Equipment | | | - | 2,216 | - |
| Total N.C. Dept. of Administration | | | - | 2,334 | - |
| <u>N.C. Dept. of Cultural and Natural Resources</u> | | | | | |
| Division of State Library | | | | | |
| State Aid to Public Libraries | | | - | 116,326 | - |
| <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 | | | - | 201,527 | - |
| Division of Social Services: | | | | | |
| Extended Foster Care/Max Non IV-E - Direct | | | - | 3,600 | - |
| SFHF Maximization - Direct | | | - | 3,787 | - |
| Foster Care At Risk Maximization - Direct | | | - | 48,244 | - |
| State Foster Home - Direct | | | - | 39,757 | - |
| Energy Neighbors | | | - | 8,562 | - |
| Program Integrity | | | - | 252 | - |
| Child Welfare/CPS | | | - | 20,330 | - |
| Smart Start | | | - | 22,570 | - |
| Total Division of Social Service | | | - | 147,102 | - |
| Division of Public Health: | | | | | |
| Family Planning | | | - | 9,855 | - |
| Maternal Health (HMHC) | | | - | 19,291 | - |
| HIV/STD State | | | - | 500 | - |
| STD Drugs | | | - | 282 | - |
| Food and Lodging Fees | | | - | 7,237 | - |
| Tuberculosis Control | | | - | 15,218 | - |
| CHA/CHIP Peer Review | | | - | 87,805 | - |
| Public Health Nursing | | | - | 1,000 | - |
| General Communicable Disease Control | | | - | 4,342 | - |
| Child Health | | | - | 9,811 | - |
| Women's Health Service Fund | | | - | 8,051 | - |
| School Nurse Funding Initiative | | | - | 150,000 | - |
| Total Division of Public Health | | | - | 313,392 | - |
| Total N.C. Dept. of Health and Human Services | | | - | 662,021 | - |

Franklin County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2019

| Grantor/Pass-through Grantor/Program Title | Federal CFDA Number | State/ Pass-through Grantor's Number | Federal. (Direct & Pass-through) Expenditures | State Expenditures | Passed-through to Subrecipients |
|---|---------------------------|---|---|-----------------------|---------------------------------------|
| <u>N.C. Dept. of Transportation</u> | | | | | |
| <u>Rural Operating Assistance Program (ROAP) Cluster:</u> | | | | | |
| ROAP Employment | | 36236.11.7.1 | - | 15,800 | - |
| ROAP Elderly and Disabled Transportation Assistance Program (EDTAP) | | 36220.10.8.1 | - | 70,676 | 70,676 |
| ROAP Rural General Public Program (RGP) | | 36228.22.8.1 | - | 86,758 | - |
| Total Rural Operating Assistance Program (ROAP) Cluster | | | - | 173,234 | 70,676 |
| Triangle North Executive | | 36244.43.10.1 | - | 61,826 | - |
| Total N.C. Dept. of Transportation | | | - | 235,060 | 70,676 |
| <u>N.C. Dept. of Environmental Quality</u> | | | | | |
| Division of Soil and Water Conservation | | | | | |
| PARTF Grant | | | - | 225,000 | - |
| <u>N.C. Dept. of Public Safety</u> | | | | | |
| Tier II Noncompetitive Grant | | | | | |
| JCPC Grant | | | - | 1,000 | - |
| JCPC Grant | | | - | 151,867 | 151,867 |
| Total N.C. Dept. of Public Safety | | | - | 152,867 | 151,867 |
| <u>NC E911 Board</u> | | | | | |
| E911 Grant | | | | | |
| | | | - | 484,725 | - |
| <u>N.C. Dept. of Public Instruction</u> | | | | | |
| Public School Building Capital Fund | | | | | |
| | | | - | 700,000 | - |
| <u>N.C. Dept. of Commerce</u> | | | | | |
| Industrial Development Fund Utility Grant | | | | | |
| | | | - | 702,693 | - |
| Water Infrastructure Grant | | | | | |
| | | | - | 264,657 | - |
| Total N.C. Dept. of Commerce | | | - | 967,350 | - |
| Total State awards | | | | | |
| | | | - | 3,574,744 | 222,543 |
| Total Federal and State awards | | | | | |
| | | | <u>\$ 6,309,673</u> | <u>\$ 3,795,763</u> | <u>\$ 222,543</u> |

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, 2019. 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,

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

| Program Title | CFDA No. | Federal | State |
|--|----------|------------|------------|
| Special Supplemental Nutrition Program for Women Infant and Children | 10.557 | \$ 739,856 | \$ - |
| Supplemental Nutrition Assistance Program | 10551 | 11,242,782 | - |
| Temporary Assistance for Needy Families | 93.558 | 214,085 | - |
| FDC Payments and Penalties | 93.560 | (85) | (23) |
| Adoption Assistance | 93.659 | 445,472 | 112,957 |
| Foster Care - Title IV-E | 93.658 | 314,615 | 111,687 |
| Indep. Living Transitional | 93.674 | 2,189 | - |
| Medical Assistance Program | 93.778 | 54,003,559 | 27,827,012 |
| Children's Health Insurance Program | 93.767 | 1,794,220 | (2) |
| Adoption Subsidy | | - | 134,224 |
| State / County Special Assistance Program | | - | 386,238 |