

**FRANKLIN COUNTY  
COMPREHENSIVE ANNUAL  
FINANCIAL REPORT  
For the Fiscal Year Ended  
June 30, 2018**



Prepared by the  
Franklin County Finance Department

Interim Finance Director  
Charles Murray, Jr.

County of Franklin  
113 Market Street  
Louisburg, NC 27549

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# **INTRODUCTORY SECTION**



## COUNTY OF FRANKLIN

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113 Market Street ● Louisburg, N.C. 27549  
Office (919) 496-5994 ● Fax (919) 496-2683  
[www.franklincountync.us](http://www.franklincountync.us)

December 28, 2018

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, 2018. 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, and 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., 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, 2018 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, 2018 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 require 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 67,011. 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 make up 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 de Hart Botanical Garden at Louisburg College, the historical Laurel Mill site, Hill Ridge and Volmer 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 1<sup>st</sup> 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 1<sup>st</sup>, and the Board must hold a public hearing on the proposal and adopt a formal budget by June 30<sup>th</sup>. 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 signed 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 we undertook over the last year that prove our ongoing commitment to the citizens of Franklin County.

### **E911 Infrastructure Improvement Project**

The County borrowed \$2.7 million in December 2008 for this project. The project is being completed to help enhance the county's paging capability to volunteer fire and rescue departments in responding to fire and rescue calls, increase EMS and Sheriff Communication and other public safety agencies in the county. After further consultation with the County's engineer, the county decided to enhance coverage further for a total cost of \$10.25 million. This enhancement should provide pager service coverage 95 percent of the time in 95 percent of each fire district. On February 19, 2018 the project was officially completed and included upgrading the portable XG-75 radios to portable XL-200 radios.

### **Radio Upgrade Project**

The County began a radio upgrade project in May 2018 that will upgrade the existing system to Phase 2 technology, add two additional channels to the system, incorporate the Youngsville site via Microwave Link and upgrade NSC equipment and Radio Dispatch Consoles. The total cost of this project is estimated at \$2,681,970 which includes \$1,178,092 funding reconsideration approved from the NC 911 Board \$1,204,482 grant awarded by the NC 911 Board and \$160,196 from the Franklin County's 911 Fund Balance. The remaining \$139,200 will come from the County. The anticipated completion date for this project is May 2019.

### **Franklin Sewer Rehab**

A sewer rehab project was completed in July 2018 using HUC grants (\$2,456,980). This project in conjunction with pump station replacements would help reduce sanitary sewer overflows. In August 2018 the County received notice of being awarded a grant for \$217,083 and a 0% interest loan for 20 years to perform repairs at the wastewater treatment plant and to replace three pump stations in the Franklinton area. The total estimated cost of the projects is \$9,681,000. The project is scheduled to start design in spring 2019 with construction beginning in 2020.

### **Triangle North Executive Airport**

Airport capacity and infrastructure growth continue to proceed forward. TNEA has begun implementation of a Master Layout Plan of the airfield per a grant from the N.C. Department of Transportation – Division of Aviation. This is the first step in a large project scope that will expand the runway by 1,000 feet as part of a separate \$12.1 million grant. Construction on the runway extension is expected to take 5 years to complete. TNEA has additionally been awarded a \$1.6 million grant to rehabilitate the airfield with LED lights and signage to include the beacon and electrical vault.

### **Triangle North Franklin Business Park**

The Business Park at Triangle North Franklin was awarded a \$1,807,000 grant from the Golden LEAF/N.C. Rural Infrastructure Authority major site initiative program in December 2016. TNFBP was one of a select few sites in North Carolina that received grant funding. Work to install sewer infrastructure to the business park began in 2018 and is set for completion by March 2019. This grant will also allow the sewer infrastructure to connect to Triangle North Executive Airport adjacent to the property.

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

The County purchased the former Bull Creek Golf and Country Club located northeast of Louisburg in November of 2014. The property consists of approximately 167 acres and a 3,200 square-foot clubhouse and two other 4,000 square-foot buildings as well as four ponds. This purchase was made possible by the late Edgar H. Owens. Input from the public was received and Phase 1 of the master plan was developed and approved by the County Commissioners. The plan calls for an asphalt ADA accessible walking trail, gravel parking lot, a playground, combined restroom and picnic shelter, and a fishing pond with ADA

dock access. In July 2017, the County secured a \$250,000 federal matching grant to help complete Phase 1. The anticipated completion date for this project is March 2019.

### **Franklin Medical Center**

In October 2017 Duke LifePoint took over operations of the Franklin Medical Center from the County. In October 2018 Maria Parham Franklin officially opened the emergency room of the hospital in addition to a thirteen-bed behavioral health unit.

Note: Novant Health announced the closure of Novant Franklin Medical Center effective October 16, 2015 and a Settlement Agreement between Franklin County, the Town of Louisburg, Novant Health, Inc. and Louisburg Novant, LLC regarding the hospital was reached in November 2015. On December 31, 2015, hospital ownership reverted to Franklin County. Franklin County received \$1,630,000 (\$82,172 was dispersed to the Town of Louisburg as part of the Settlement).

## **ECONOMIC CONDITIONS AND FINANCIAL OUTLOOK**

We are proud to report that Franklin County's unemployment rate has declined for the seventh consecutive year. The unemployment rate is 4.00%, which is less than the statewide rate of 4.2%, and mirrors the national rate. Although the County's economy has traditionally been dependent on agriculture and textiles, today Franklin County enjoys a diverse economic profile: 40% service industries, 16% government, 18% manufacturing, 12% trade, 7% construction and 7% other. Major agricultural commodities include tobacco, grain, and livestock. Franklin County is also a proud member of the thirteen-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 5.3 people, or one and 1/2 household, move into the County every day. The County issued 671 residential building permits during the last fiscal year, up from 598 permits the previous year. 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 63% 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 100,000 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 \$17.7 million in revenue from the County during the 17-18 fiscal year.

Franklin County's largest corporate citizen is Novozymes North America, Incorporated, with 620 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 1.24 million gallons per day and \$2,595,382 in annual water sales in addition to \$872,785 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: Duke Energy (taxable value of \$63.3 million,) Wake Electric (taxable value of \$35.7 million,) Carolina Telephone (taxable value of \$36.7 million,) and K-Flex (taxable value of \$43.9 million.) These top five ranked companies generated \$2.75 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, 2018, 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 achieved a budget surplus of \$3,624,727. 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. 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. The county recorded investments of \$25,724,746. At June 30, 2018, the County's deposits had a bank balance of \$23,465,330.

**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 \$7.52 million, an increase of more than \$200,000 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 (LERS), a cost-sharing multiple-employer defined benefit pension plan. We also sponsor a single-employer defined benefit pension plan, or a Separation Allowance, for law enforcement employees. Furthermore, the County also provides all employees with a Supplemental Retirement Income Plan, in which the County contributes the equivalent of 4% (5% for sworn law enforcement officers) of employee salaries. Lastly, we provide post-retirement health care benefits for retirees, either via the group health insurance plan or Medicare (for those over the age of 65). Additional information on pension and post-employment benefits can be found in the notes to the financial statements.

### **AWARDS AND OTHER INFORMATION**

**Awards** - The Government Finance Officers Association of the United States and Canada (GFOA) has awarded an annual Certificate of Achievement for Excellence in Financial Reporting to Franklin County for the last 19 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.

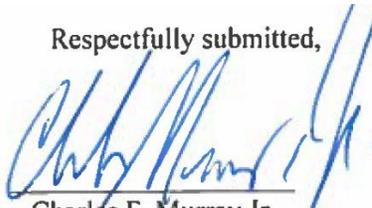
Preparation of this report would not have been possible without the dedicated efforts of the Finance Department staff, cooperation from all the county's departments, and the auditing staff at Winston, Williams, Creech, Evans & Company. Great gratitude is extended to the Board of County Commissioners 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 of 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](http://www.franklincountync.us).

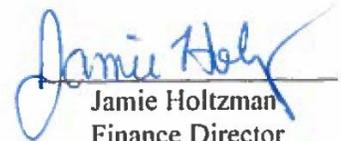
Respectfully submitted,



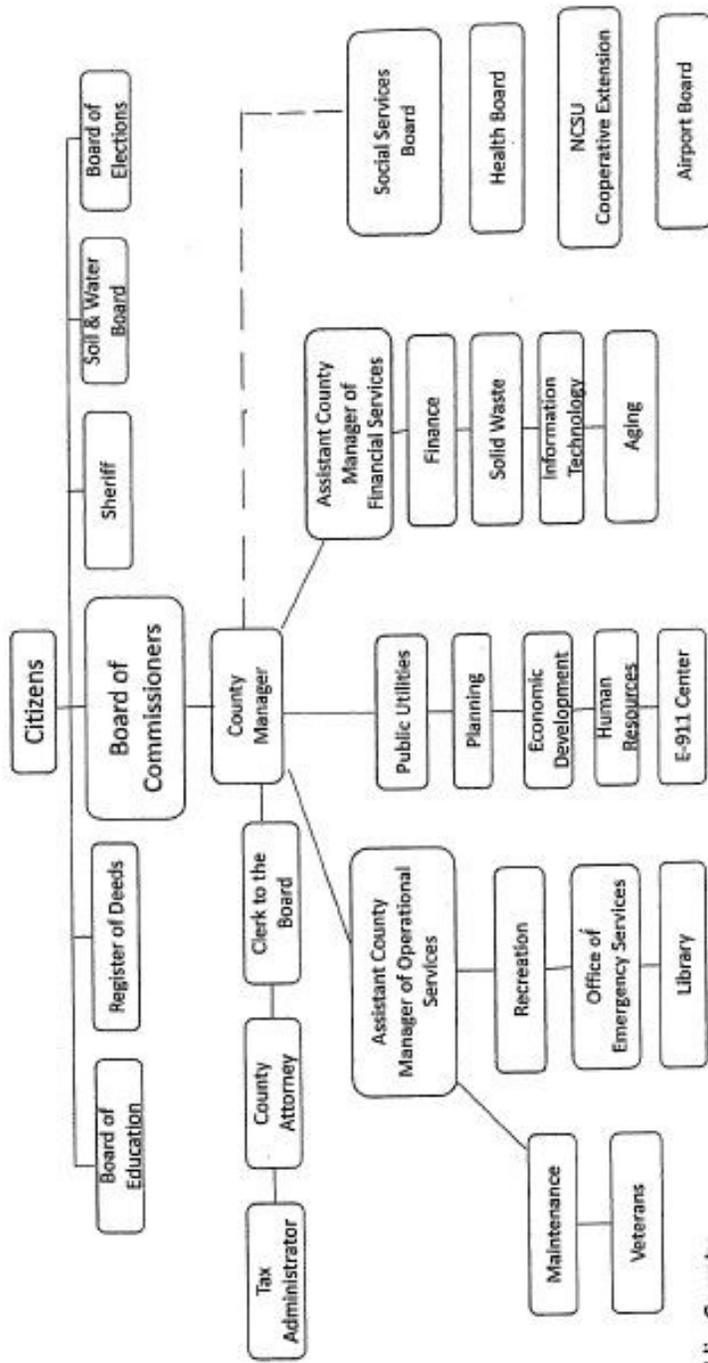
Angela L. Harris  
County Manager



Charles F. Murray Jr.  
Interim Finance Director



Jamie Holtzman  
Finance Director



Franklin County  
Organization Chart

**FRANKLIN COUNTY, NORTH CAROLINA  
LIST OF PRINCIPAL OFFICIALS  
JUNE 30, 2018**

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**Board of County  
Commissioners**

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

**County Officials**

Angela L Harris  
Charles Murray, Jr.  
Pete Tomlinson

County Manager  
Interim 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, 2017**

*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



America Counts on CPAs

Curtis G. Van Horne, CPA

## Independent Auditor's Report

To the Board of County Commissioners  
Franklin County, North Carolina

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Franklin County, North Carolina, as of and for the year ended June 30, 2018 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

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

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component unit, each major fund, and the aggregate remaining fund information of Franklin County, North Carolina as of June 30, 2018, 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.

### **Change in Accounting Principle**

As discussed in Note XI to the financial statements, in 2018 the County adopted new accounting guidance, GASB 75, *Accounting and Financial Reporting for Financial Reporting for Postemployment Benefits Other than Pensions*. Our opinion is not modified with respect to this matter.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, the Local Government Employees' Retirement System's Schedules of the County's Proportionate Share of Net Pension Liability and County Contributions, the Register of Deed's Supplemental Pension Fund Schedules of the County's Proportionate Share of the Net Pension Asset and Schedule of County Contributions, the Law Enforcement Officers' Special Separation Allowance Schedules of Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll, and the Other Postemployment Benefits 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 28, 2018 on our consideration of Franklin County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Franklin County's internal control over financial reporting and compliance.

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

Winston, Williams, Creech, Evans & Company, LLP  
Certified Public Accountants  
Oxford, NC  
December 28, 2018



# County Of Franklin

113 Market Street  
Louisburg, North Carolina 27549  
Telephone: 919-496-3182  
Fax: 919-496-2683

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, 2018. 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

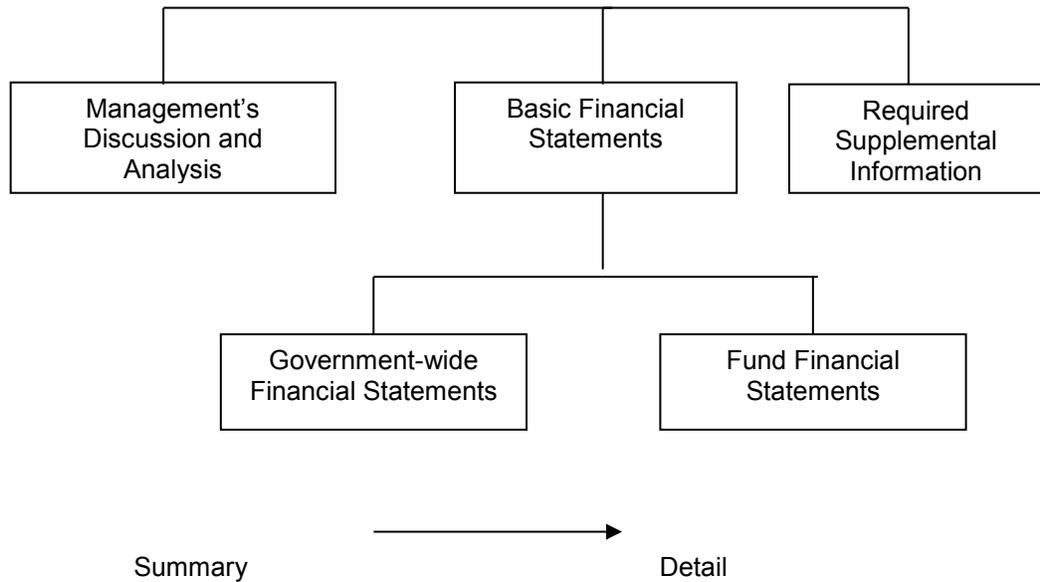
- The County's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$14 million. In accordance with North Carolina law, liabilities of the County include long-term debt associated with assets belonging to the Franklin County Board of Education. The amount included in liabilities related to school financing is \$50.93 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 \$46.2 million, an increase of \$10.7 million from the previous fiscal year where the combined fund balances totaled \$35.5 million. An increase in the amount of \$7,730,786 was in the Non-major Other Governmental Funds. The General Fund increased by \$3,017,767. Approximately 47 percent of this total amount or \$21.8 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 \$21.89 million or 21.8 percent of total general fund expenditures for the fiscal year. \$2,753,961 of the total fund balance has been designated for subsequent year expenditures.
- The County's total long-term debt increased by \$3,665,235 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 an (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's had two business-type activities reported during fiscal year 2018 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 all five of its members. 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 on Exhibits 1 and 2 of this report.

### Fund Financial Statements

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

**Governmental Funds** – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the County's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called modified accrual accounting which provides a current financial resources focus. In modified accrual accounting, revenues are recognized when they become available and expenditures are reported when the obligations were incurred. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the County's programs. The relationship between government activities (reported in the Statement of Net 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 \$14,095,412 as of June 30, 2018. The County’s net position decreased by \$4.18 million for the fiscal year ended June 30, 2018. One of the largest portions, \$64,715,421, 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, \$9,849,114, 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 2018 and FYE 2017.

**Figure 2**

**FRANKLIN COUNTY’S NET POSITION**

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 53,334,221	\$ 42,021,226	\$ 7,285,785	\$ 6,063,242	\$ 60,620,006	\$ 48,084,468
Capital assets	46,656,619	57,479,537	33,336,366	31,344,789	79,992,985	88,824,326
Total assets	99,990,840	99,500,763	40,622,151	37,408,031	140,612,991	136,908,794
Deferred Outflows of Resources	5,807,633	6,987,047	355,939	457,649	6,163,572	7,444,696
Long-term liabilities outstanding	111,943,563	84,833,569	11,102,321	11,267,564	123,045,884	96,101,133
Other liabilities	3,604,451	2,933,838	1,720,609	1,354,279	5,325,060	4,288,117
Total liabilities	115,548,014	87,767,407	12,822,930	12,621,843	128,370,944	100,389,250
Deferred Inflows of Resources	4,031,870	517,067	278,337	23,363	4,310,207	540,430
Net Position:						
Net investment in capital assets	38,912,238	49,349,124	25,803,183	22,062,211	64,715,421	71,411,335
Restricted	9,849,114	10,863,695	-	-	9,849,114	10,863,695
Unrestricted	(62,542,763)	(42,009,483)	2,073,640	3,158,263	(60,469,123)	(38,851,220)
Total Net Position	\$ (13,781,411)	\$ 18,203,336	\$ 27,876,823	\$ 25,220,474	\$ 14,095,412	\$ 43,423,810

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 \$13.7

million. In the Business-type Activities, the assets exceeded its liabilities by \$27.8 million at June 30, 2018. Net position for Governmental Activities is reported in three categories: Net Investment in capital assets was \$38.91 million; Restricted was \$9.85 million and unrestricted net position was \$(62.5) million. Net position for Business-type Activities is reported in two categories: Net Investment in capital assets was \$25.8 million and unrestricted net position was \$2.07 million.

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

Another category of net 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 current fiscal year, the county had a negative number of \$62.5 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 \$50.93 million of the outstanding debt on the County's financial statements was related to assets included in the school system's financial statements. However, since the majority of this school system related debt is general obligation debt, it is collateralized by the full faith, credit, and taxing power of the County. Accordingly, the County is authorized and required by State law to levy ad valorem taxes, without limit as to rate or amount, as may be necessary to pay the debt service on its general obligation bonds. Principal and interest requirements will be provided by an appropriation in the year in which they become due.

In the current year, total net position in Governmental Activities decreased by \$8.5 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 98.77 percent.
- Continued low cost of debt due to the County's bond rating.
- Conservative revenue projections - \$3,298,274 surplus over budget in the General Fund.
- Controlled departmental spending and conservative budgeting - \$4.789 million.

**Figure 3**  
FRANKLIN COUNTY'S CHANGES IN NET POSITION

	Governmental Activities		Business-type Activities		Total	
	FY 2018	FY 2017	FY 2018	FY 2017	FY 2018	FY 2017
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 11,473,883	\$ 10,706,797	\$ 14,516,451	\$ 13,642,678	\$ 25,990,334	\$ 24,349,475
Operating grants and contributions	11,399,118	13,245,719	-	-	11,399,118	13,245,719
Capital grants and contributions	1,720,118	924,757	2,227,039	978,677	3,947,157	1,903,434
General revenues:						
Property taxes	46,384,286	46,528,850	-	-	46,384,286	46,528,850
Other taxes	13,700,143	13,051,394	-	-	13,700,143	13,051,394
Other	601,394	281,555	124,166	96,327	725,560	377,882
<b>Total revenues</b>	<b>85,278,942</b>	<b>84,739,072</b>	<b>16,867,656</b>	<b>14,717,682</b>	<b>102,146,598</b>	<b>99,456,754</b>
<b>Expenses:</b>						
General Government	6,480,010	5,743,664	-	-	6,480,010	5,743,664
Public Safety	29,045,089	25,787,638	-	-	29,045,089	25,787,638
Economic and Physical Development	2,548,230	2,323,762	-	-	2,548,230	2,323,762
Environmental protection	-	-	-	-	-	-
Human Services	17,865,969	20,301,413	-	-	17,865,969	20,301,413
Cultural and Recreation	1,664,367	1,632,077	-	-	1,664,367	1,632,077
Education	21,744,539	17,388,641	-	-	21,744,539	17,388,641
Interest on long-term debt	2,010,655	2,055,199	-	-	2,010,655	2,055,199
Solid Waste	-	-	4,062,972	3,658,116	4,062,972	3,658,116
Water and Sewer	-	-	8,753,560	8,087,611	8,753,560	8,087,611
<b>Total expenses</b>	<b>81,358,859</b>	<b>75,232,394</b>	<b>12,816,532</b>	<b>11,745,727</b>	<b>94,175,391</b>	<b>86,978,121</b>
Increase (Decrease) in net position before transfers and special item	3,920,083	9,506,678	4,051,124	2,971,955	7,971,207	12,478,633
Special item	(12,160,071)	-	-	-	(12,160,071)	-
Transfers	(300,000)	-	300,000	-	-	-
Increase in net position	(8,539,988)	9,506,678	4,351,124	2,971,955	(4,188,864)	12,478,633
Net Position, July 1, previously reported	18,203,336	9,012,062	25,220,474	22,248,519	43,423,810	31,260,581
Restatement (See footnote X)	(23,444,759)	(315,404)	(1,694,775)	-	(25,139,534)	(315,404)
Net Position, July 1, as restated	(5,241,423)	8,696,658	23,525,699	22,248,519	18,284,276	30,945,177
Net Position, June 30	\$ (13,781,411)	\$ 18,203,336	\$ 27,876,823	\$ 25,220,474	\$ 14,095,412	\$ 43,423,810

**Governmental activities:** Governmental activities decreased the County's net position by \$8.5 million. Property Tax Collections totaled \$46.38, \$780,669 over budget. Sales Tax revenue was \$186,105 over budget. Public Safety expenditures increased \$3.3 million with the hiring of additional personnel and inmate medical cost, Human Services increased \$2.45 million and the Franklin County Board of Education was funded an additional \$4.4 million due to renovations at many school facilities.

**Business-type activities:** The net position in Business-type activities increased by \$4,336,097. The Water and Sewer fund accounted for the increase in net position accounting for \$4.33 million. Water collections increased \$354,270 and sewer collections increased by \$45,553. Operating expenses for the Water and Sewer decreased \$1.275 million as a debt was retired in FYE 2017. The Solid Waste Fund had revenue and capital contributions of \$3,582,706 for the year. Operating expenses were \$4,185 million, an increase of 737,639 due to an increase in operating costs.

**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 current fiscal year, Franklin County's fund balance available (unassigned) in the General Fund was \$21,898,821 while total fund balance reached \$36,746,736. The Governing Body of Franklin County has determined that the county should 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 28.5% of general fund expenditures, while total fund balance represents 47.4% of that same amount.

At June 30, 2018, the governmental funds of the County reported a combined fund balance of \$46,246,076. The county's overall fund balance remains strong.

### **General Fund Budgetary Highlights**

During fiscal year 2018, the County maintained a strong fund balance position and finished the year in sound financial condition. The County revised its' budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services. Total amendments to the General Fund increased revenues by \$9.9 million and expenditures by \$11.71 million mainly due to a debt refunding.

The actual operating revenues for the General Fund were higher than the budgeted amount by \$3,298,274. Ad valorem taxes were over budget by \$780,669; Sales Tax revenues were over budget by \$186,105; fees and charges were over budget by \$1,642,801; and Restricted intergovernmental revenues were over the anticipated budget by \$318,705. The County's expenditures were \$4,693,805 less than budgeted. Human Services departments under spent their budgets by \$1,177,064, General Government activities were under budget by \$615,018, Public Safety departments were under budget by \$1,651,080 and Economic and physical development was under budget by \$1,012,159.

**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 \$2,017,280, a decrease of \$1.09 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, 2018, totaled \$79,992,985 (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:

- \$1,362,635 in vehicles
- \$ 413,707 in building Improvements

**Figure 4**

**Franklin County's Capital Assets (net of depreciation)**

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land and Improvements	\$ 14,801,185	\$ 15,110,583	\$ 874,212	\$ 874,212	\$ 15,675,397	\$ 15,984,795
Buildings	15,627,836	23,002,560	-	-	15,627,836	23,002,560
Gas Lines	168,951	177,181	-	-	168,951	177,181
Plant & Distribution	107,860	111,940	27,951,481	28,424,577	28,059,341	28,536,517
Automotive equipment	1,779,974	1,980,704	284,137	205,668	2,064,111	2,186,372
Office and other equipment	12,028,967	3,555,579	872,061	846,041	12,901,028	4,401,620
Construction in progress	2,141,846	13,540,990	3,354,475	994,291	5,496,321	14,535,281
Total	<u>\$ 46,656,619</u>	<u>\$ 57,479,537</u>	<u>\$ 33,336,366</u>	<u>\$ 31,344,789</u>	<u>\$ 79,992,985</u>	<u>\$ 88,824,326</u>

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

**Long-term Debt:** As of June 30, 2018, the County's Governmental Activities had total bonded school debt outstanding of \$53,189,580 all of which is backed by the full faith and credit of the County: and \$13,627,246 in installment purchases. In the Business-Type Activities, the County had \$540,000 in outstanding in Federal and State revolving loans and \$6,993,183 in installment loans outstanding at June 30, 2018. 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	
	2018	2017	2018	2017	2018	2017
General obligation bonds	\$ 53,189,580	\$ 45,101,252	\$ -	\$ -	\$ 53,189,580	\$ 45,101,252
Certificates of Participation	-	-	-	515,916	-	515,916
Installment Purchases	13,627,246	16,383,624	6,993,183	8,046,662	20,620,429	24,430,286
Revolving Loans	-	-	540,000	720,000	540,000	720,000
Other obligations	45,126,737	23,348,693	3,569,138	1,984,986	48,695,875	25,333,679
Total long-term debt	<u>\$ 111,943,563</u>	<u>\$ 84,833,569</u>	<u>\$ 11,102,321</u>	<u>\$ 11,267,564</u>	<u>\$ 123,045,884</u>	<u>\$ 96,101,133</u>

In fiscal year 2017-2018, the County's total long-term debt increased by \$26,944,751. The County's calculated OPEB responsibility was the reason the county's increase. The County did not issue any debt in FYE 16-17. The County met its obligations in a timely fashion. Ninety 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 County was upgraded by Standard and Poor's in August 2009. This achievement helps keep interest costs low on the County's outstanding debt.

The State of North Carolina limits the amount of debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for the County is \$300,763,140.

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 4.0 percent at June 30, 2018 which is lower when compared to last year's rate at 4.3 percent.
- Inflationary trends in the region compare very favorably to national indicators.
- State Sales Tax revenues are increasing statewide again. The County's local point of sale increased by 5.6 percent.

All of these factors were considered in preparing the County of Franklin's budget for FYE 2019.

### **Budget Highlights for the Fiscal Year Ending June 30, 2019**

- **Governmental Activities:** The County has approved an \$81.6 million General Fund budget for FYE 2019 compared to a \$76.9 million general fund budget for fiscal year 2017-2018. Additional funds were appropriated for Education (\$1.59 million) and Public Safety (776 Thousand). The property tax rate decreased by nine and one half cents from .8950 cents per \$100 dollars of property valuation to .805 cents. The tax base increased 17%.
- **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 2019 was set at \$11,106,340 to start the year up from \$9,831,644 in FYE 2018. The Solid Waste budget was set at \$3,801,756 as compared to the budget at \$3,735,011 for FYE 2018. The Solid Waste Availability Fee increased from \$80 to \$85.

### **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](http://www.franklincountync.us) under the Finance tab. You may also call 919-496-3182 or email the Interim Finance Director at [jholtzman@franklincountync.us](mailto:jholtzman@franklincountync.us) for more information.

# **BASIC FINANCIAL STATEMENTS**

**GOVERNMENT-WIDE  
FINANCIAL STATEMENTS**

**Franklin County, North Carolina**  
**Statement of Net Position**  
**June 30, 2018**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activity	Total	Franklin County Tourism Development Authority
<b>Assets</b>				
Cash and cash equivalents	\$ 32,205,426	\$ 6,714,858	\$ 38,920,284	\$ 149,597
Taxes receivable (net)	1,402,226	-	1,402,226	-
Accounts receivable (net)	1,993,999	2,602,682	4,596,681	-
Due from other governments	4,304,940	150,352	4,455,292	-
Accrued interest receivable	274,964	-	274,964	-
Inventory	26,202	-	26,202	-
Prepaid items	719,192	-	719,192	-
Net pension asset	107,402	-	107,402	-
Restricted cash and cash equivalents	10,117,763	-	10,117,763	-
Internal balances	2,182,107	(2,182,107)	-	-
Capital assets:				
Land, improvements, and construction in progress	13,929,641	4,228,687	18,158,328	-
Other capital assets, net of depreciation	32,726,978	29,107,679	61,834,657	-
Total capital assets	46,656,619	33,336,366	79,992,985	-
Total assets	99,990,840	40,622,151	140,612,991	149,597
<b>Deferred Outflows of Resources</b>	5,807,633	355,939	6,163,572	-
<b>Liabilities</b>				
Accounts payable and accrued expenses	2,969,608	1,154,575	4,124,183	-
Customer deposits	-	535,108	535,108	-
Accrued interest payable	634,843	30,926	665,769	-
Long-term liabilities:				
Due within one year	7,765,030	1,231,622	8,996,652	-
Due in more than one year	104,178,533	9,870,699	114,049,232	-
Total long-term liabilities	111,943,563	11,102,321	123,045,884	-
Total liabilities	115,548,014	12,822,930	128,370,944	-
<b>Deferred Inflows of Resources</b>	4,031,870	278,337	4,310,207	-
<b>Net Position</b>				
Net investment in capital assets	38,912,238	25,803,183	64,715,421	-
Restricted for:				
State Statute for Stabilization	8,537,406	-	8,537,406	-
Register of Deeds	107,063	-	107,063	-
Public Safety	161,272	-	161,272	-
Economic Development	54,993	-	54,993	-
Cultural and Recreation	130,359	-	130,359	-
Human Services	256,331	-	256,331	-
Capital Reserve	601,690	-	601,690	-
Unrestricted	(62,542,763)	2,073,640	(60,469,123)	149,597
Total net position	\$ (13,781,411)	\$ 27,876,823	\$ 14,095,412	\$ 149,597

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, 2018**

<b>Functions/Programs</b>	<b>Program Revenues</b>			
	<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>
<b>Governmental activities:</b>				
General government	\$ 6,480,010	\$ 877,248	\$ 1,013,624	\$ -
Public safety	29,045,089	6,133,527	1,396,304	1,720,118
Economic and physical development	2,548,230	824,089	566,000	-
Human services	17,865,969	3,342,424	7,418,489	-
Cultural and recreation	1,664,367	296,595	204,641	-
Education	21,744,539	-	800,060	-
Interest on long-term debt	2,010,655	-	-	-
Total governmental activities	<u>81,358,859</u>	<u>11,473,883</u>	<u>11,399,118</u>	<u>1,720,118</u>
<b>Business-type activity:</b>				
Solid Waste	4,062,972	3,374,765	-	207,941
Water and Sewer Department	8,753,560	11,141,686	-	2,019,098
Total business-type activities	<u>12,816,532</u>	<u>14,516,451</u>	<u>-</u>	<u>2,227,039</u>
Total primary government	<u>\$ 94,175,391</u>	<u>\$ 25,990,334</u>	<u>\$ 11,399,118</u>	<u>\$ 3,947,157</u>
<b>Component Unit:</b>				
Franklin County Tourism Development Authority	<u>\$ 47,634</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, 2018**

<b>Functions/Programs</b>	<b>Net (Expense) Revenue and Changes in Net Position</b>			<b>Component Unit</b>
	<b>Primary Government</b>			<b>Franklin County Tourism Development Authority</b>
	<b>Governmental Activities</b>	<b>Business-type Activity</b>	<b>Total</b>	
<b>Governmental activities:</b>				
General government	\$ (4,589,138)	\$ -	\$ (4,589,138)	
Public safety	(19,795,140)	-	(19,795,140)	
Economic and physical development	(1,158,141)	-	(1,158,141)	
Human services	(7,105,056)	-	(7,105,056)	
Cultural and recreation	(1,163,131)	-	(1,163,131)	
Education	(20,944,479)	-	(20,944,479)	
Interest on long-term debt	(2,010,655)	-	(2,010,655)	
Total governmental activities	<u>(56,765,740)</u>	<u>-</u>	<u>(56,765,740)</u>	
<b>Business-type activity:</b>				
Solid Waste	-	(480,266)	(480,266)	
Water and Sewer Department	-	4,407,224	4,407,224	
Total business-type activities	<u>-</u>	<u>3,926,958</u>	<u>3,926,958</u>	
Total primary government	<u>(56,765,740)</u>	<u>3,926,958</u>	<u>(52,838,782)</u>	
<b>Component Unit:</b>				
Franklin County Tourism Development Authority	-	-	-	(47,634)
<b>General revenues:</b>				
<b>Taxes:</b>				
Property taxes, levied for general purposes	46,384,286	-	46,384,286	-
Local option sales tax	13,088,871	-	13,088,871	-
Other taxes and licenses	611,272	-	611,272	71,308
Investment earnings, unrestricted	341,386	36,018	377,404	-
Miscellaneous, unrestricted	260,008	88,148	348,156	-
Special item-Hospital lease	(12,160,071)	-	(12,160,071)	-
Transfers	(300,000)	300,000	-	-
Total general revenues and transfers	<u>48,225,752</u>	<u>424,166</u>	<u>48,649,918</u>	<u>71,308</u>
Change in net position	(8,539,988)	4,351,124	(4,188,864)	23,674
Net position, beginning	18,203,336	25,220,474	43,423,810	125,923
Restatement	(23,444,759)	(1,694,775)	(25,139,534)	-
Net position, beginning, restated	<u>(5,241,423)</u>	<u>23,525,699</u>	<u>18,284,276</u>	<u>125,923</u>
Net position, ending	<u>\$ (13,781,411)</u>	<u>\$ 27,876,823</u>	<u>\$ 14,095,412</u>	<u>\$ 149,597</u>

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, 2018**

	<b>Major</b>		<b>Nonmajor</b>	<b>Total Governmental Funds</b>
	<b>General</b>	<b>School Construction Fund</b>	<b>Other Governmental Funds</b>	
<b>Assets</b>				
Cash and cash equivalents	\$ 29,832,522	\$ -	\$ 579,794	\$ 30,412,316
Taxes receivable, net	1,296,435	-	105,791	1,402,226
Accounts receivables, net	1,430,204	-	563,795	1,993,999
Due from other governments	4,047,122	36,433	221,385	4,304,940
Due from other funds	2,238,467	-	-	2,238,467
Inventory	26,202	-	-	26,202
Restricted assets:				
Restricted cash	1,146,975	8,862,338	108,450	10,117,763
Total assets	<u>\$ 40,017,927</u>	<u>\$ 8,898,771</u>	<u>\$ 1,579,215</u>	<u>\$ 50,495,913</u>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable and accrued liabilities	\$ 1,646,545	\$ 299,761	\$ 573,094	\$ 2,519,400
Total liabilities	<u>1,646,545</u>	<u>299,761</u>	<u>573,094</u>	<u>2,519,400</u>
<b>Deferred Inflows of Resources</b>	<u>1,624,646</u>	<u>-</u>	<u>105,791</u>	<u>1,730,437</u>
Fund Balances:				
Nonspendable:				
Inventories	26,202	-	-	26,202
Restricted:				
Stabilization by State Statute	7,715,793	36,433	785,180	8,537,406
Register of Deeds	107,063	-	-	107,063
Fire Protection	-	-	155,143	155,143
Capital Reserve	601,690	-	-	601,690
Public Safety	-	-	6,129	6,129
Cultural and Recreational	-	-	130,359	130,359
Human Services	-	-	256,331	256,331
Economic Development	-	-	54,993	54,993
Committed:				
Debt Service	-	8,562,577	-	8,562,577
Revaluation	438,222	-	-	438,222
Assigned:				
Subsequent year's expenditures				
General Fund	2,753,961	-	-	2,753,961
Cultural and Recreational	656,500	-	-	656,500
Economic Development	2,462,196	-	-	2,462,196
Public Safety	26,500	-	-	26,500
Human Services	59,788	-	-	59,788
Unassigned:				
General Fund	21,898,821	-	-	21,898,821
Special Revenue Funds	-	-	(487,805)	(487,805)
Total fund balances	<u>36,746,736</u>	<u>8,599,010</u>	<u>900,330</u>	<u>46,246,076</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 40,017,927</u>	<u>\$ 8,898,771</u>	<u>\$ 1,579,215</u>	

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

**Franklin County, North Carolina  
Balance Sheet  
Governmental Funds  
June 30, 2018**

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

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	\$ 46,656,619
Net pension asset	107,402
Deferred charges related to advance refunding bond issued-included on the government-wide statement of net position but are not current financial resources	1,105,315
Contributions to the pension plan in the current fiscal year	1,676,639
Benefit payments and pension administration costs for LEOSSA	15,691
	413,288
Internal service fund is used by management to charge insurance costs to individual funds; the assets and liabilities of the internal service fund is included in governmental activities in the statement of net assets.	2,005,734
Liabilities for deferred inflows of resources reported in the fund statements but not the government wide	1,402,226
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:	274,964
Pension related deferrals	2,303,228
OPEB related deferrals	(3,410,187)
Some liabilities, including bonds payable, are not due and payable in the current year and, therefore, are not reported in the funds	<u>(112,578,406)</u>
Net position of governmental activities	<u>\$ (13,781,411)</u>

**Franklin County, North Carolina**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2018**

	<b>Major</b>		<b>Nonmajor</b>	<b>Total</b>
	<b>General Fund</b>	<b>School Construction Fund</b>	<b>Other Governmental Funds</b>	
<b>Revenues</b>				
Ad valorem taxes	\$ 43,205,573	\$ -	\$ 3,472,297	\$ 46,677,870
Local option sales taxes	13,088,871	-	-	13,088,871
Other taxes	361,141	-	261,244	622,385
Restricted intergovernmental	11,093,100	-	1,728,662	12,821,762
Fees, sales and charges	11,476,747	-	-	11,476,747
Investment earnings	253,281	88,435	-	341,716
Miscellaneous	522,158	-	-	522,158
Total revenues	<u>80,000,871</u>	<u>88,435</u>	<u>5,462,203</u>	<u>85,551,509</u>
<b>Expenditures</b>				
Current:				
General government	5,902,404	-	-	5,902,404
Public safety	23,005,121	-	3,792,393	26,797,514
Economic and physical development	2,202,575	-	-	2,202,575
Human services	16,342,890	-	355,123	16,698,013
Cultural and leisure	1,458,413	-	-	1,458,413
Intergovernmental:				
Education	18,154,451	-	-	18,154,451
Capital outlay	-	3,789,828	2,796,471	6,586,299
Debt service:				
Principal	7,031,378	-	-	7,031,378
Interest and other charges	1,859,396	-	-	1,859,396
Total expenditures	<u>75,956,628</u>	<u>3,789,828</u>	<u>6,943,987</u>	<u>86,690,443</u>
<b>Revenues over (under) expenditures</b>	<u>4,044,243</u>	<u>(3,701,393)</u>	<u>(1,481,784)</u>	<u>(1,138,934)</u>
<b>Other financing sources (uses)</b>				
Transfers to other funds	(1,121,892)	-	-	(1,121,892)
Transfers from other funds	-	-	821,892	821,892
Payment to escrow agent-refunding bonds	(9,083,408)	-	-	(9,083,408)
Premium on debt	1,138,824	692,071	-	1,830,895
Issuance of debt	8,040,000	11,400,000	-	19,440,000
Total other financing sources (uses)	<u>(1,026,476)</u>	<u>12,092,071</u>	<u>821,892</u>	<u>11,887,487</u>
Net changes in fund balances	3,017,767	8,390,678	(659,892)	10,748,553
<b>Fund balances</b>				
Beginning of year	33,726,885	208,332	1,560,222	35,495,439
Increase in reserve for inventory	2,084	-	-	2,084
End of year	<u>\$ 36,746,736</u>	<u>\$ 8,599,010</u>	<u>\$ 900,330</u>	<u>\$ 46,246,076</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, 2018**

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

Net changes in fund balances - total governmental funds	\$ 10,748,553
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	(10,844,265)
Expenses reported on fund statements that are capitalized on government-wide statements – refunding costs	283,408
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	(165,010)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	1,676,639
Benefit payments and administration costs for LEOSSA are deferred outflows of resources on the Statement of Net Position	15,691
	413,288
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.	(5,439,517)
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.	(5,316,629)
Inventory not expensed on statement of activities	2,084
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	85,770
Total changes in net position of governmental activities (Exhibit 2)	<u>\$ (8,539,988)</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, 2018**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance With Final Positive (Negative)</b>
<b>Revenues</b>				
Ad valorem taxes	\$ 42,449,904	\$ 42,424,904	\$ 43,205,573	\$ 780,669
Local option sales tax	9,489,508	9,489,508	9,675,613	186,105
Other taxes	290,000	315,100	361,141	46,041
Restricted intergovernmental	10,206,123	10,774,395	11,093,100	318,705
Sales and services	9,700,821	9,833,946	11,476,747	1,642,801
Investment earnings	50,000	50,000	253,281	203,281
Miscellaneous	345,814	401,486	522,158	120,672
Total revenues	<u>72,532,170</u>	<u>73,289,339</u>	<u>76,587,613</u>	<u>3,298,274</u>
<b>Expenditures</b>				
Current:				
General government	7,097,016	6,097,204	5,482,186	615,018
Public safety	22,963,274	24,656,201	23,005,121	1,651,080
Economic and physical development	2,608,904	3,214,734	2,202,575	1,012,159
Human services	17,471,339	17,519,954	16,342,890	1,177,064
Culture and leisure	1,613,694	1,575,094	1,458,413	116,681
Intergovernmental:				
Education	18,154,451	18,154,451	18,154,451	-
Debt service:				
Principal retirement	7,033,948	7,033,948	7,031,378	2,570
Interest and other charges	1,978,629	1,978,629	1,859,396	119,233
Total expenditures	<u>78,921,255</u>	<u>80,230,215</u>	<u>75,536,410</u>	<u>4,693,805</u>
<b>Revenues under expenditures</b>	<u>(6,389,085)</u>	<u>(6,940,876)</u>	<u>1,051,203</u>	<u>7,992,079</u>
<b>Other financing sources (uses)</b>				
Transfers to other funds	-	(1,221,892)	(1,221,892)	-
Transfers from other funds	3,700,000	3,700,000	3,700,000	-
Payment to escrow agent-refunding bonds	-	(9,178,825)	(9,083,408)	(95,417)
Premium on debt	-	1,138,825	1,138,824	(1)
Debt proceeds	-	8,040,000	8,040,000	-
Appropriated fund balance	2,689,085	4,462,768	-	(4,462,768)
Total other financing sources (uses) - net	<u>6,389,085</u>	<u>6,940,876</u>	<u>2,573,524</u>	<u>(4,558,186)</u>
<b>Revenues and other financing sources under expenditures and other financing uses</b>	<u>\$ -</u>	<u>\$ -</u>	<u>3,624,727</u>	<u>\$ 3,433,893</u>
<b>Fund balance</b>				
Beginning of year, July 1			32,080,013	
Decrease in reserve for inventory			2,084	
End of year, June 30			<u>\$ 35,706,824</u>	
A legally budgeted Capital Reserve Fund and Revaluation Fund is consolidated into the General Fund for reporting purposes:				
Sales tax revenue			3,413,258	
Transfer-out to General Fund			(3,700,000)	
General government expenditures			(420,218)	
Transfer-in from General Fund			100,000	
Fund Balance, Beginning			<u>1,646,872</u>	
Fund Balance, Ending (Exhibit 4)			<u>\$ 36,746,736</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, 2018**

	<u>Major</u>	<u>Non-Major</u>		
	<u>Enterprise Fund</u>			
	<u>Water and Sewer Fund</u>	<u>Solid Waste Fund</u>	<u>Total</u>	<u>Internal Service Fund Insurance Fund</u>
<b>Assets</b>				
Current assets:				
Cash and cash equivalents	\$ 6,714,858	\$ -	\$ 6,714,858	\$ 1,793,110
Receivables, net	2,193,516	409,166	2,602,682	-
Due from other governments	90,892	59,460	150,352	-
Security deposit	-	-	-	719,192
Total current assets	<u>8,999,266</u>	<u>468,626</u>	<u>9,467,892</u>	<u>2,512,302</u>
Noncurrent assets:				
Capital assets:				
Land, improvements, and construction in progress	3,723,931	504,756	4,228,687	-
Other capital assets, net of depreciation	27,923,925	1,183,754	29,107,679	-
Total capital assets	<u>31,647,856</u>	<u>1,688,510</u>	<u>33,336,366</u>	<u>-</u>
Total noncurrent assets	<u>31,647,856</u>	<u>1,688,510</u>	<u>33,336,366</u>	<u>-</u>
Total assets	<u>\$ 40,647,122</u>	<u>\$ 2,157,136</u>	<u>\$ 42,804,258</u>	<u>\$ 2,512,302</u>
Deferred Outflows of Resources	<u>244,133</u>	<u>111,806</u>	<u>355,939</u>	<u>-</u>
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	\$ 828,312	\$ 232,862	\$ 1,061,174	\$ 450,208
Accrued payroll	63,204	30,197	93,401	-
Accrued interest expense	30,926	-	30,926	-
Customer deposits	535,108	-	535,108	-
Due to General Fund	2,210,754	27,713	2,238,467	-
Compensated absences	24,966	10,034	35,000	-
Revolving loans	180,000	-	180,000	-
Certificates of participation	-	-	-	-
Installment debt	975,672	-	975,672	-
Post closure liability	-	40,950	40,950	-
Total current liabilities	<u>4,848,942</u>	<u>341,756</u>	<u>5,190,698</u>	<u>450,208</u>
Noncurrent liabilities:				
Net pension liability	265,578	130,261	395,839	-
Compensated absences	74,900	30,103	105,003	-
Revolving loans	360,000	-	360,000	-
Installment debt	6,017,511	-	6,017,511	-
Other postemployment benefits	2,381,219	460,369	2,841,588	-
Post closure liability	-	150,758	150,758	-
Total noncurrent liabilities	<u>9,099,208</u>	<u>771,491</u>	<u>9,870,699</u>	<u>-</u>
Total liabilities	<u>13,948,150</u>	<u>1,113,247</u>	<u>15,061,397</u>	<u>450,208</u>
Deferred Inflows of Resources	<u>230,681</u>	<u>47,656</u>	<u>278,337</u>	<u>-</u>
<b>Net Position</b>				
Net investment in capital assets	24,114,673	1,688,510	25,803,183	-
Unrestricted	2,597,751	(580,471)	2,017,280	2,062,094
Total net position	<u>26,712,424</u>	<u>1,108,039</u>	<u>27,820,463</u>	<u>\$ 2,062,094</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			<u>56,360</u>	
Net position of business-type activities			<u>\$ 27,876,823</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, 2018**

	<u>Major</u>	<u>Non-Major</u>		<u>Non-Major</u>
	<u>Water and Sewer Fund</u>	<u>Enterprise Fund</u>		<u>Internal Service Fund</u>
		<u>Solid Waste Fund</u>	<u>Total</u>	<u>Insurance Fund</u>
<b>Operating revenues</b>				
Charges for water	\$ 6,632,017	\$ -	\$ 6,632,017	\$ -
Charges for sewer	2,698,686	-	2,698,686	-
Other operating revenues	1,810,983	-	1,810,983	-
Charges for services	-	3,374,765	3,374,765	7,983,616
Miscellaneous income	37,663	40,637	78,300	26,032
Total operating revenues	<u>11,179,349</u>	<u>3,415,402</u>	<u>14,594,751</u>	<u>8,009,648</u>
<b>Operating expenses</b>				
Salaries and employee benefits	1,930,403	874,853	2,805,256	-
Water purchases	3,609,554	-	3,609,554	-
Other operating expenses	1,614,843	3,008,799	4,623,642	7,914,040
Depreciation	1,434,669	179,320	1,613,989	-
Total operating expenses	<u>8,589,469</u>	<u>4,062,972</u>	<u>12,652,441</u>	<u>7,914,040</u>
Operating income	<u>2,589,880</u>	<u>(647,570)</u>	<u>1,942,310</u>	<u>95,608</u>
<b>Nonoperating revenues (expenses)</b>				
Interest earnings	36,018	-	36,018	10
Interest expense	(164,091)	-	(164,091)	-
Total nonoperating revenue (expenses) - net	<u>(128,073)</u>	<u>-</u>	<u>(128,073)</u>	<u>10</u>
Income (loss) before transfers	<u>2,461,807</u>	<u>(647,570)</u>	<u>1,814,237</u>	<u>95,618</u>
<b>Capital contributions</b>	<u>2,019,098</u>	<u>207,941</u>	<u>2,227,039</u>	<u>-</u>
<b>Transfers</b>				
Transfer from General fund	<u>-</u>	<u>300,000</u>	<u>300,000</u>	<u>-</u>
Change in net position	<u>4,480,905</u>	<u>(139,629)</u>	<u>4,341,276</u>	<u>95,618</u>
<b>Net position</b>				
Total net position, beginning	23,784,532	1,389,430	25,173,962	1,966,476
Restatement	(1,553,013)	(141,762)	(1,694,775)	-
Total net position, beginning, as restated	<u>22,231,519</u>	<u>1,247,668</u>	<u>23,479,187</u>	<u>1,966,476</u>
Total net position, ending	<u>\$ 26,712,424</u>	<u>\$ 1,108,039</u>	<u>\$ 27,820,463</u>	<u>\$ 2,062,094</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			<u>9,848</u>	
Change in net position of business-type activities			<u>\$ 4,351,124</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, 2018**

	<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>
<b>Cash flows from operating activities</b>				
Cash received from customers	\$ 11,678,107	\$ 3,354,286	\$ 15,032,393	\$ 8,009,648
Cash paid for goods and services	(4,935,236)	(3,024,626)	(7,959,862)	(7,898,955)
Cash paid to employees for services	(1,679,072)	(840,851)	(2,519,923)	-
Customer deposits received	53,727	-	53,727	-
Net cash provided by operating activities	<u>5,117,526</u>	<u>(511,191)</u>	<u>4,606,335</u>	<u>110,693</u>
<b>Cash flows from noncapital financing activities</b>				
Due from other funds	-	27,713	27,713	-
Transfers in	-	300,000	300,000	-
Net cash provided by noncapital financing activities	<u>-</u>	<u>327,713</u>	<u>327,713</u>	<u>-</u>
<b>Cash flows from capital and related financing activities</b>				
Acquisition and construction of capital assets	(3,296,197)	(309,370)	(3,605,567)	-
Principal paid on bonds	(1,749,395)	-	(1,749,395)	-
Principal paid to General Fund	(736,918)	-	(736,918)	-
Interest paid	(164,091)	-	(164,091)	-
Capital contributions	2,019,098	207,941	2,227,039	-
Net cash used by capital and related financing activities	<u>(3,927,503)</u>	<u>(101,429)</u>	<u>(4,028,932)</u>	<u>-</u>
<b>Cash flows from investing activities</b>				
Interest on investments	36,018	-	36,018	10
Net increase in cash and cash equivalents	1,226,041	(284,907)	941,134	110,703
<b>Cash and cash equivalents</b>				
Beginning of year, July 1	5,488,817	284,907	5,773,724	1,682,407
End of year, June 30	<u>\$ 6,714,858</u>	<u>\$ -</u>	<u>\$ 6,714,858</u>	<u>\$ 1,793,110</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, 2018

	<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>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>				
Operating income	\$ 2,589,880	\$ (647,570)	\$ 1,942,310	\$ 95,608
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	1,434,669	179,320	1,613,989	-
Landfill closure costs	-	(25,879)	(25,879)	-
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	34,962	(81,794)	(46,832)	-
(Increase) decrease in due from other governments	463,796	20,678	484,474	-
(Increase) decrease in security deposit	-	-	-	22,860
Increase (decrease) in accounts payable and accrued liabilities	295,209	10,052	305,261	(7,775)
Increase (decrease) in accrued interest expense	(6,048)	-	(6,048)	-
Decrease in accrued vacation pay	35,791	(1,718)	34,073	-
Increase in customer deposits	53,727	-	53,727	-
Increase in accrued payroll	12,696	697	13,393	-
(Increase) decrease in deferred outflows of resources-pensions	56,453	45,257	101,710	-
Increase in net pension liability	(69,474)	(44,810)	(114,284)	-
Decrease in deferred inflows of resources - pensions	215,336	39,638	254,974	-
Increase in other postemployment benefits	529	(5,062)	(4,533)	-
Total adjustments	<u>2,527,646</u>	<u>136,379</u>	<u>2,664,025</u>	<u>15,085</u>
Net cash provided by operating activities	<u>\$ 5,117,526</u>	<u>\$ (511,191)</u>	<u>\$ 4,606,335</u>	<u>\$ 110,693</u>

**Franklin County, North Carolina  
Statement of Fiduciary Net Position  
Fiduciary Funds  
June 30, 2018**

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	Agency Funds
<b>Assets</b>	
Cash and cash equivalents	\$ 155,319
<b>Liabilities and Net Position</b>	
Liabilities:	
Intergovernmental payable	\$ 12,718
Miscellaneous liabilities	142,601
	155,319
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, 2018**

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**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.

**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, 2018**

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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, both of which are major funds.

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 major internal service fund:

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

The County reports the following fund types:

*Agency Funds* – Agency funds are custodial in nature and do not involve the measurement of operating results. Agency funds are used to account for assets the County holds on behalf of others. The County maintains 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

**FRANKLIN COUNTY, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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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.

*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 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.

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

**FRANKLIN COUNTY, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on all registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

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

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

**C. Budgetary Data**

The County's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, Capital Reserve Fund, Revaluation Fund, three 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.

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

**FRANKLIN COUNTY, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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federal agencies; certain high quality issues of commercial paper and bankers' acceptances and the North Carolina Capital Management Trust (NCCMT).

The majority of the County's investments are carried at fair value. Non-participating interest earning contracts are accounted for at cost. The NC Capital Management Trust Government Portfolio, a SEC-registered 2a-7 external investment pool, is measured at amortized cost, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value.

**2. Cash and Cash Equivalents**

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

**3. Restricted Assets**

The unexpended bond proceeds in the School Construction Fund 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.

**Franklin County Restricted Cash**

Governmental Activities		
General Fund	Tax Revaluation funds	\$ 438,222
General Fund	Register of Deeds funds	107,063
General Fund	School Capital Reserve funds	601,690
County Building Fund	Unexpended debt funds	108,450
School Construction Fund	Unexpended debt funds	<u>8,862,338</u>
Total		<u>\$ 10,117,763</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, 2017. 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, 2018**

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**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, 2018**

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**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-portion of fund balance that is restricted by State Statute [G.S. 159-8(a)]. This primarily represents outstanding receivables and encumbrances.

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.

**FRANKLIN COUNTY, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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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 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.

**FRANKLIN COUNTY, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
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**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 \$(60,027,487) consists of several elements as follows:

Description	Amount
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)	\$ 74,186,001
Less accumulated depreciation	<u>(27,529,382)</u>
Net capital assets	46,656,619
 Net pension asset	 107,402
 Deferred charges related to advance refunding bond issued-included on the government-wide statement of net position but are not current financial resources	 1,105,315
 Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position	 1,676,639
 Benefit payments and pension administration costs for LEOSSA are deferred outflows of resources on the Statement of Net Position	 15,691

**FRANKLIN COUNTY, NORTH CAROLINA  
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Contributions and pension administration costs for OPEB are deferred outflows of resources on the Statement of Net Position	413,288
Accrued interest receivable less the amount claimed as unearned revenue in the government-wide statements as these funds are unavailable in the fund statements	274,964
Internal service fund is used by management to charge insurance costs to individual funds; the assets and liabilities of the internal service fund is included in governmental activities in the statement of net position	2,062,094
Internal payable representing charges in excess of cost to business-type activities – current year	(56,360)
Deferred inflows of resources for taxes and special assessments receivable	1,402,226
Pension related deferrals	2,303,228
OPEB related deferrals	(3,410,187)
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	(66,816,826)
Compensated absences	(1,873,097)
Other postemployment benefits	(36,845,431)
Net pension liability-LGERS	(5,121,382)
Net pension liability-LEO	(1,286,827)
Accrued interest payable	<u>(634,843)</u>
Total adjustment	<u>\$ (60,027,487)</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 \$(19,288,541) is comprised of the following:

<u>Description</u>	<u>Amount</u>
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 3,715,014
Cost of disposed capital asset not recorded in the fund statements	(6,597)
Special item - disposal of asset involved in capital lease	(12,160,071)

**FRANKLIN COUNTY, NORTH CAROLINA  
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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	(2,392,611)
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	(21,270,895)
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	15,831,378
Expenses reported on fund statements that are capitalized on government-wide statements-refunding costs	283,408
Inventory not expensed on the statement of activities	2,084
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	95,618
Less: Profit from charges to business-type activities	<u>9,848</u>
Net adjustment	85,770
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	1,676,639
Benefit payments and administration costs for LEOSSA are deferred outflows of resources on the Statement of Net Position	15,691
Contributions to the OPEB plan are deferred outflows of resources on the Statement of Net Position	413,288
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)	(56,938)
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	(193,054)
OPEB expense	(3,005,081)
Pension expense	(1,961,420)
Amortization of refunding costs	(100,136)
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	(214,675)

**FRANKLIN COUNTY, NORTH CAROLINA  
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Donated assets	21,347
Increase in accrued interest receivable for taxes at end of year	(78,909)
Amortization of bond premium	107,567
Increase in accrued interest receivable for year	(340)
Total adjustment	<u>\$ (19,288,541)</u>

**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, 2018, the County's deposits had a carrying amount of \$23,465,330 and a bank balance of \$24,576,624. Of the bank balance, \$555,127 was covered by federal depository insurance and \$24,021,497 in interest bearing deposits were covered by collateral held under the Pooling Method.

At June 30, 2018, Franklin County had \$3,290 cash on hand.

At June 30, 2017, the Tourism Development Authority had a carrying amount of \$149,597. This balance is held in trust by Franklin County.

**2. Investments**

As June 30, 2018, the County's investment balances were as follows:

<u>Investment</u>	<u>Valuation Measurement Method</u>	<u>Fair Value</u>	<u>6-12 months</u>
NC Capital Management Trust- Government Portfolio	Amortized Cost	\$ 25,724,746	N/A

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

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

*Credit Risk* – The County limits investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. The County's investment in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAm by Standard & Poor's as of June 30, 2018. 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>
2015	\$ 3,420,500	\$ 1,145,867	\$ 4,566,367
2016	3,621,538	887,277	4,508,815
2017	3,627,783	562,306	4,190,089
2018	<u>3,434,193</u>	<u>223,223</u>	<u>3,657,416</u>
Total	<u>\$ 14,104,014</u>	<u>\$ 2,818,673</u>	<u>\$ 16,922,687</u>

**4. Receivables**

Receivables at the government-wide level at June 30, 2018 were as follows:

	<u>Accounts</u>	<u>Ad Valorem Taxes &amp; Related Accrued Interest</u>	<u>Due from Other Governments</u>	<u>Total</u>
<b>Governmental Activities:</b>				
General	\$ 6,565,259	\$ 1,722,399	\$ 4,047,122	\$ 12,334,780
School Construction Fund	-	-	36,433	36,433
Other Governmental	<u>563,795</u>	<u>105,791</u>	<u>221,385</u>	<u>890,971</u>
Total receivables	7,129,054	1,828,190	4,304,940	13,262,184
Allowance for doubtful accounts	<u>(5,135,055)</u>	<u>(151,000)</u>	-	<u>(5,286,055)</u>
Total – governmental activities	<u>\$ 1,993,999</u>	<u>\$ 1,677,190</u>	<u>\$ 4,304,940</u>	<u>\$ 7,976,129</u>
<b>Business-type Activities:</b>				
Solid Waste	\$ 479,222	\$ -	\$ 59,460	\$ 538,682
Water and Sewer	2,351,742	-	90,892	2,442,634
Allowance for doubtful accounts	<u>(228,282)</u>	-	-	<u>(228,282)</u>
Total – business-type activities	<u>\$ 2,602,682</u>	<u>\$ -</u>	<u>\$ 150,352</u>	<u>\$ 2,753,034</u>

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

Local option sales tax	\$ 2,286,877
Social Services	630,250
DMV Collections	482,922
Sales tax refund	531,898
Medicaid Hold Harmless	228,695
Miscellaneous	294,650
Total	\$ 4,455,292

Leases in which the County is the lessor consist 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, 2018 was as follows:

	Beginning <u>Balances</u>	Increases	Decreases	Ending <u>Balances</u>
Governmental-type activities:				
Capital assets not being depreciated:				
Land	\$ 11,975,105	\$ -	\$ (187,310)	\$ 11,787,795
Construction in process	<u>13,540,990</u>	<u>2,795,709</u>	<u>(14,194,853)</u>	<u>2,141,846</u>
Total capital assets not being depreciated	<u>25,516,095</u>	<u>2,795,709</u>	<u>(14,382,163)</u>	<u>13,929,641</u>
Capital assets being depreciated:				
Buildings	36,073,838	3,940,579	(10,934,360)	29,080,057
Waterlines	163,228	-	-	163,228
Gas lines	411,481	-	-	411,481
Land Improvements	4,647,707	99,981	-	4,747,688
Equipment	9,717,376	10,547,376	(2,067,064)	18,197,688
Vehicles	<u>7,275,183</u>	<u>547,569</u>	<u>(166,534)</u>	<u>7,656,218</u>
Total capital assets being depreciated	<u>58,288,813</u>	<u>15,135,505</u>	<u>(13,167,958)</u>	<u>60,256,360</u>

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	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Less accumulated depreciation for:				
Buildings	13,071,278	867,435	(486,492)	13,452,221
Waterlines	51,288	4,080	-	55,368
Gas lines	234,300	8,230	-	242,530
Land Improvements	1,512,229	222,069	-	1,734,298
Equipment	6,161,797	558,141	(551,217)	6,168,721
Vehicles	<u>5,294,479</u>	<u>732,656</u>	<u>(150,891)</u>	<u>5,876,244</u>
Total accumulated depreciation	<u>26,325,371</u>	<u>\$ 2,392,611</u>	<u>\$ (1,188,600)</u>	<u>27,529,382</u>
Total capital assets being depreciated, net	<u>31,963,442</u>			<u>32,726,978</u>
Governmental-type activities capital assets, net	<u>\$ 57,479,537</u>			<u>\$ 46,656,619</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	1,177,668	309,370	-	1,487,038
Vehicles	<u>248,268</u>	<u>-</u>	<u>-</u>	<u>248,268</u>
Total capital assets being depreciated	<u>3,196,002</u>	<u>309,370</u>	<u>-</u>	<u>3,505,372</u>
Less accumulated depreciation for:				
Plant and distribution systems	986,211	86,866	-	1,073,077
Furniture and maintenance equipment	941,504	68,084	-	1,009,588
Vehicles	<u>214,583</u>	<u>24,370</u>	<u>-</u>	<u>238,953</u>
Total accumulated depreciation	<u>2,142,298</u>	<u>\$ 179,320</u>	<u>\$ -</u>	<u>2,321,618</u>
Total capital assets being depreciated, net	<u>1,053,704</u>			<u>1,183,754</u>
Solid waste capital assets, net	<u>\$ 1,558,460</u>			<u>\$ 1,688,510</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	994,291	2,937,774	(577,590)	3,354,475
Total capital assets not being depreciated	<u>1,363,747</u>	<u>2,937,774</u>	<u>(577,590)</u>	<u>3,723,931</u>
Capital assets being depreciated:				
Plant and distribution systems	43,839,031	725,494	-	44,564,525
Furniture and maintenance equipment	1,509,017	44,399	-	1,553,416
Vehicles	<u>602,982</u>	<u>166,120</u>	<u>-</u>	<u>769,102</u>
Total capital assets being depreciated	<u>45,951,030</u>	<u>936,013</u>	<u>-</u>	<u>46,887,043</u>
Less accumulated depreciation for:				
Plant and distribution systems	16,073,057	1,236,976	-	17,310,033
Furniture and maintenance equipment	1,024,393	134,412	-	1,158,805
Vehicles	<u>430,999</u>	<u>63,281</u>	<u>-</u>	<u>494,280</u>
Total accumulated depreciation	<u>17,528,449</u>	<u>\$ 1,434,669</u>	<u>\$ -</u>	<u>18,963,118</u>
Total capital assets being depreciated, net	<u>28,422,581</u>			<u>27,923,925</u>
Water sewer capital assets, net	<u>29,786,328</u>			<u>31,647,856</u>
Business-type activities capital assets, net	<u>\$ 31,344,788</u>			<u>\$ 33,336,366</u>

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

General Government	\$ 273,734
Public Safety	1,283,767
Economic and Physical Development	291,361
Human Services	401,721
Cultural and Recreational	<u>142,028</u>
Total Depreciation Expense	<u>\$ 2,392,611</u>

**Construction and Other Commitments**

At June 30, 2018, the County was obligated under construction projects as follows:

<u>Project</u>	<u>Spent-to-date</u>	<u>Remaining Commitment</u>
E911 Project	\$ 8,885,147	\$ 914,859
Jail Renovation	3,820,619	25,929
Franklin Sewer Project Phase I	278,277	254,772
Airport Project	702,816	250,420

**B. Liabilities**

**1. Payables**

Payables at the government-wide level at June 30, 2018 were as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Total</u>
Governmental Activities:			
General	\$ 587,929	\$ 1,058,616	\$ 1,646,545
School Construction Fund	299,761	-	299,761
Other Governmental	573,094	-	573,094
Insurance Fund	<u>450,208</u>	<u>-</u>	<u>450,208</u>
Total - governmental activities	<u>\$ 1,910,992</u>	<u>\$ 1,058,616</u>	<u>\$ 2,969,608</u>
Business-type Activity:			
Solid Waste Fund	\$ 232,862	\$ 30,197	\$ 263,059
Water and Sewer Fund	<u>828,312</u>	<u>63,204</u>	<u>891,516</u>
Total - business-type activities	<u>\$ 1,061,174</u>	<u>\$ 93,401</u>	<u>\$ 1,154,575</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

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members – nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at [www.osc.nc.gov](http://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, 2018, was 8.25% of compensation for law enforcement officers and 7.50% 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 \$1,799,960 for the year ended June 30, 2018.

*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, 2018, the County reported a liability of \$5,517,218 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. The total pension liability was then rolled forward to the measurement date of June 30, 2017 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, 2018, the County's proportion was .361%, which was an decrease of .021% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2018, the County recognized pension expense of \$1,977,833. At June 30, 2018, 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	\$ 317,843	\$ 156,175
Changes of assumptions	787,935	-
Net difference between projected and actual earnings on pension plan investments	1,339,587	-
Changes in proportion and differences between County contributions and proportionate share of contributions	233,815	57,589
County contributions subsequent to the measurement date	<u>1,799,960</u>	<u>-</u>
Total	<u>\$ 4,479,140</u>	<u>\$ 213,764</u>

\$1,799,960 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, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2019	\$ 381,357
2020	1,635,414
2021	824,400
2022	(375,755)

*Actuarial Assumptions.* The total pension liability in the December 31, 2016 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 to 7.75 percent, including inflation and productivity factor
Investment rate of return	7.20 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, 2016 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, 2017 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%</u>	

The information above is based on 30 year expectations developed with the consulting actuary for the 2016 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.05%. All rates of return and inflation are annualized.

*Discount rate.* The discount rate used to measure the total pension liability was 7.20%. 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 7.20 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 (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

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	<u>1% Decrease</u> (6.20%)	<u>Discount Rate</u> (7.20%)	<u>1% Increase</u> (8.20%)
County's proportionate share of the net pension liability (asset)	\$ 16,562,816	\$ 5,517,218	\$ (3,702,368)

*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, 2016, the Separation Allowance's membership consisted of:

Retirees receiving benefits	1	
Terminated plan members entitled to but not yet receiving benefits	-	
Active plan members	<u>76</u>	
Total		<u>77</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, 2016 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	3.16 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, 2016.

The actuarial assumptions used in the December 31, 2016 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 rates are based on the RP-2000 Mortality tables with adjustments for mortality improvements based on Scale AA.

**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 \$21,307 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, 2018, the County reported a total pension liability of \$1,286,827. The total pension liability was measured as of December 31, 2017 based on a December 31, 2016 actuarial valuation. The total pension liability was rolled forward to December 31, 2017 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2018, the County recognized pension expense of \$129,055.

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 57,940
Changes of assumptions	83,432	23,187
County benefit payment and admin expenditures paid subsequent to the measurement date	15,691	-
Total	<u>\$ 99,123</u>	<u>\$ 81,127</u>

The County paid \$15,691 in benefit payments and \$0 in admin expenditures subsequent to the measurement date that are reported as deferred outflows of resources related to pensions which will be recognized as a decrease of the total pension liability in the year ended June 30, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year ended June 30:**

2018	\$ 37
2019	37
2020	37
2021	37
2022	900
Thereafter	1,257

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*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 3.16 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 (2.16 percent) or 1-percentage-point higher (4.16 percent) than the current rate:

	<b>1% Decrease (2.16%)</b>	<b>Discount Rate (3.16%)</b>	<b>1% Increase (4.16%)</b>
Total pension liability	\$ 1,419,997	\$ 1,286,827	\$ 1,167,065

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

	<u>2018</u>
Beginning balance	\$ 1,148,777
Service Cost	85,086
Interest on the total pension liability	43,932
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	(68,955)
Changes of assumptions or other inputs	99,294
Benefit payments	(21,307)
Other changes	-
Ending balance of the total pension liability	<u>\$ 1,286,827</u>

*Changes of assumptions.* Changes of assumptions and other inputs reflect a change in the discount rate from 3.86 percent at June 30, 2016 to 3.16 percent at June 30, 2017.

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, 2016 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 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

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June 30, 2018 were \$270,678, which consisted of \$192,437 from the County and \$78,241 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](http://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 \$5,736 for the year ended June 30, 2018.

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

At June 30, 2018, the County reported an asset of \$107,402 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2017. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2016. The total pension liability was then rolled forward to the measurement date of June 30, 2017 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, 2018, the County's proportion was .629%, which was an increase of .059% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2018, the County recognized pension expense of \$8,395. At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Differences between expected and actual experience	\$ 1,844	\$ 346
Changes in assumptions	18,122	-
Net difference between projected and actual earnings on pension plan investments	9,130	-
Changes in proportion and differences between County contributions and proportionate share of contributions	-	13,572
County contributions subsequent to the measurement date	<u>5,736</u>	<u>-</u>
Total	<u>\$ 34,832</u>	<u>\$ 13,918</u>

\$5,736 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, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2019	\$ 8,849
2020	2,956
2021	1,045
2022	2,328

*Actuarial Assumptions.* The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the December 31, 2016 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

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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, 2017 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 3.05%. 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> (2.75%)	<u>Discount Rate</u> (3.75%)	<u>1% Increase</u> (4.75%)
County's proportionate share of the net pension liability (asset)	\$ (84,416)	\$ (107,402)	\$ (126,731)

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

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

The net pension liability for LGERS and ROD was measured as of December 31, 2016, 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 December 31, 2017, with an actuarial valuation date of December 31, 2016. 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)	\$ 5,517,218	\$ (107,402)	\$ -	\$ 5,409,816
Proportion of the Net Pension Liability (Asset)	.361%	(.629%)	N/A	N/A
Total Pension Liability	-	-	1,286,827	1,286,827
Pension Expense	\$ 1,977,833	\$ 8,395	\$ 129,055	\$ 2,115,283

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At June 30, 2018, 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>
<b><u>Deferred Outflows of Resources</u></b>				
Differences between expected and actual experience	\$ 317,843	\$ 1,844	\$ -	\$ 319,687
Changes of assumptions	787,935	18,122	83,432	889,489
Net difference between projected and actual earnings on pension plan investments	1,339,587	9,130	-	1,348,717
Changes in proportion and differences between County contributions and proportionate share of contributions	233,815	-	-	233,815
County contributions (LGERS, ROD)/benefit payments (LEOSSA) subsequent to the measurement date	1,799,960	5,736	15,691	1,821,387
<b><u>Deferred Inflows of Resources</u></b>				
Differences between expected and actual experience	156,175	346	57,940	214,461
Changes of assumptions	-	-	23,187	23,187
Changes in proportion and differences between County contributions and proportionate share of contributions	57,589	13,572	-	71,161

**f. Other Postemployment Benefit**

Plan Description

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

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

The plan, which has a June 30, 2018 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

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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, 2017 and June 30, 2018, The County contributed \$739 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 \$152.25 per month to \$265.75 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 \$445,162.

*Plan membership.* At June 30, 2016, the date of the latest actuarial valuation, the HCB Plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefit payments	90
Inactive plan members entitled to but not yet receiving benefit payments	-
Active plan members	474
Total Membership	<u>564</u>

**Total OPEB Liability**

The County's total OPEB liability of \$39,687,022 was measured as of June 30, 2017 and was determined by an actuarial valuation as of June 30, 2016.

*Actuarial assumptions and other inputs.* The total OPEB liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

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Inflation	2.50 percent
Real wage growth	1.00 percent
Wage inflation	3.50 percent
Salary increase, 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	3.56 percent
Healthcare cost trend rates	
Pre-Medicare	7.75% for 2016 decreasing to an ultimate rate of 5.00% by 2022
Medicare	5.75% for 2016 decreasing to an ultimate rate of 5.00% by 2019

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.

The demographic actuarial assumptions used in the June 30, 2016 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, 2016 valuation.

**Changes in the Total OPEB Liability**

	<b>Total OPEB Liability</b>
Balance at June 30, 2016	\$ 40,449,478
Service Cost	2,543,219
Interest on the total OPEB liability and Cash Flows	1,212,665
Changes of benefit terms	-
Differences between expected and actual experience	(240,810)
Changes of assumptions or other inputs	(3,951,922)
Benefit payments	(325,608)
Other changes	-
Balance at June 30, 2017	<u>\$ 39,687,022</u>

Changes in assumptions and other inputs reflect a change in the discount rate from 3.01% to 3.56%.

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

The actuarial assumptions used in the June 30, 2016 valuation was based on the results of an actuarial experience study for the period January 2010 through December 2014.

*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 (2.56) or 1-percentage-point higher (4.56 percent) than the current discount rate:

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	1% Decrease <u>(2.56%)</u>	Discount <u>Rate</u> <u>(3.56%)</u>	1% Increase <u>(4.56%)</u>
Total OPEB liability	\$ 47,295,315	\$ 39,687,022	\$ 33,698,064

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

	1% Decrease	Discount	1% Increase
Total OPEB liability	\$ 32,416,490	\$ 39,687,022	\$ 49,253,319

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

For the year ended June 30, 2018, the County recognized OPEB expense of \$3,236,839. At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Differences between expected and actual experience	\$ -	\$ 210,970
Changes of assumptions	-	3,462,217
Net difference between projected and actual earnings on pension plan investments	-	-
Changes in proportion and differences between County contributions and proportionate share of contributions	-	-
County contributions subsequent to the measurement date	445,162	-
Total	\$ 445,162	\$ 3,673,187

\$283,036 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, 2019. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:		
2018	\$	(519,545)
2019		(519,545)
2020		(519,545)
2021		(519,545)
2022		(519,545)
Thereafter		(1,075,462)

**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

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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 \$191,708 reported as accrued landfill closure liability at June 30, 2017 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	\$ 317,843	\$ 156,175
Register of Deeds	1,844	346
LEOSSA	-	57,940
OPEB	-	210,970
Changes of assumptions		
LGERS	787,935	-
Register of Deeds	18,122	-
LEOSSA	83,432	23,187
OPEB	-	3,462,217
Pensions – difference between projected and actual investment earnings		
LGERS	1,339,587	-
Register of Deeds	9,130	-
Pensions-change in proportion and difference between employer contributions and proportionate share of contributions		
LGERS	233,815	57,589
Register of Deeds	-	13,572
Contributions to plan subsequent to the measurement date		
LGERS	1,799,960	-
Register of Deeds	5,736	-
Benefit payments and admin expenditures paid subsequent to the measurement date – LEOSSA	15,691	-

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Benefit payments for the OPEB plan paid subsequent to measurement date	445,162	-
Charge on refunding of debt	1,105,315	-
Prepaid taxes not yet earned (General Fund)	-	242,552
Deferred homeowner's monies (General Fund)	-	85,659
Taxes receivable, net (General Fund)	-	1,296,435
Special Revenue Fund	-	105,791
Total	<b>\$ 6,163,842</b>	<b>\$ 5,712,433</b>

**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 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 NCACC. Claims are administered and paid directly from the plan by DIC. 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.

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 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, 2018, the County was obligated under an operating lease for office space as follows:

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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, 2018 was \$38,438.

The County was obligated under various operating leases for properties in Franklin County with a total rental expense for the year ended June 30, 2018 of \$124,718.

At June 30, 2018, the County leased vehicles and equipment with total rental expense of \$25,236.

At June 30, 2018, 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 \$360 to \$1,900 per year. All leases expired June 30, 2018 with options to extend for an additional year. Options were exercised on all of the leases at June 30, 2018. Rent expense for the year ended June 30, 2018 was \$11,970.

At June 30, 2018, the County was obligated under various operating leases for office equipment as follows:

Total lease expense for the year ended June 30, 2018 was \$262,564.

Total operating lease expense for the year ended June 30, 2018, was \$387,281.

Future lease payments total for the years ending June 30:

	<u>Total</u>
2019	\$ 144,068
2020	69,987
2021	48,096
2022	28,889
2023	<u>8,811</u>
Total	<u>\$ 299,851</u>

At June 30, 2018, 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, 2018, 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, 2018, 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.

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**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. \$ 145,605

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. 2,640,000

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. 474,000

In March 2015, the County entered into an installment obligation to finance the purchase of land and courthouse renovation. A principal payment of \$92,500, plus interest at 2.5% is due March and September of each year until March 2025. Principal and interest are appropriated when due. 1,295,000

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. 1,800,000

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. 7,272,641

Total installment obligation debt \$ 13,627,246

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. \$ 3,543,000

**\$ 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. 92,823

**\$ 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%. 1,820,000

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**\$ 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%.

1,537,360

Total installment obligation debt

\$ 6,993,183

**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, 2018 is comprised of the following:

**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%

\$ 800,000

**\$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%

1,680,000

**\$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%

14,400,000

**\$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%

98,000

**\$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%

14,513,000

**\$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%

11,400,000

**Total General Obligation Indebtedness**

\$ 50,931,000

**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%

\$ 225,000

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<b>\$2,100,000</b> 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>315,000</u>
<b>Total Revolving Loans</b>	<u>\$ 540,000</u>

**Certificates of Participation:**

<b>\$6,500,000</b> 2004 Franklin County Water and Sewer Certificates of Participation, issued 5/15/03, with interest semiannually on December 1 and January 1 and principal due on June 1 through 2018, interest at 3.17% to 4.5%.	<u>\$ -</u>
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On June 30, 2018, Franklin County had a legal debt margin of \$300,763,140.

**Debt Related to Capital Activities** - Of the total Governmental Activities debt listed, only \$6,608,306 relates to assets the County holds title. Unspent restricted cash related to this debt amount to \$108,450.

**8. Changes in Long-Term Debt**

The following is a summary of changes in general long-term debt for the year ended June 30, 2018:

	Balance <u>July 1, 2017</u>	<u>Additions</u>	<u>Retirements</u>	Balance <u>June 30, 2018</u>	Current <u>Portion</u>
<b>Governmental Activities:</b>					
General obligation bonds	\$ 44,566,000	\$19,440,000	\$(13,075,000)	\$ 50,931,000	\$ 4,705,000
Plus: Premiums on issuance	<u>535,252</u>	<u>1,830,895</u>	<u>(107,567)</u>	<u>2,258,580</u>	<u>-</u>
Total general obligation bonds	45,101,252	21,270,895	(13,182,567)	53,189,580	4,705,000
Installment purchases	16,383,624	-	(2,756,378)	13,627,246	2,591,756
Compensated absences	1,680,043	1,873,097	(1,680,043)	1,873,097	468,274
Net pension liability (LGERS)	6,714,095	-	(1,592,716)	5,121,379	-
Total pension liability (LEOSSA)	1,148,777	138,050	-	1,286,827	-
Net OPEB liability	<u>37,250,537</u>	<u>-</u>	<u>(405,103)</u>	<u>36,845,434</u>	<u>-</u>
Total	<u>\$ 108,278,328</u>	<u>\$ 23,282,042</u>	<u>\$ (19,616,807)</u>	<u>\$111,943,563</u>	<u>\$ 7,765,030</u>
<b>Business-type Activities:</b>					
Revolving loans	\$ 720,000	\$ -	\$ (180,000)	\$ 540,000	\$ 180,000
Certificates of participation	515,916	-	(515,916)	-	-
Installment purchases	8,046,662	-	(1,053,479)	6,993,183	975,672
Landfill Post-closure Costs	217,587	-	(25,879)	191,708	40,950
Compensated absences	105,930	140,003	(105,930)	140,003	35,000
Net pension liability (LGERS)	510,121	-	(114,282)	395,839	-
Net OPEB liability	<u>2,846,123</u>	<u>-</u>	<u>(4,535)</u>	<u>2,841,588</u>	<u>-</u>
Total	<u>\$ 12,962,339</u>	<u>\$ 140,003</u>	<u>\$ (2,000,021)</u>	<u>\$ 11,102,321</u>	<u>\$ 1,231,622</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.

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**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>
2019	\$ 4,705,000	\$ 1,590,926	\$ 2,591,756	\$ 264,261
2020	4,518,000	1,438,681	1,948,212	217,149
2021	4,393,000	1,290,915	1,927,574	175,695
2022	4,461,000	1,147,750	1,906,111	134,478
2023	4,409,000	1,013,409	1,225,473	97,465
2024-2028	19,585,000	2,458,391	4,028,120	172,834
2029-2033	6,010,000	797,400	-	-
2034-2038	2,850,000	256,500	-	-
Total	<u>\$ 50,931,000</u>	<u>\$ 9,993,972</u>	<u>\$ 13,627,246</u>	<u>\$ 1,061,882</u>

<u>Year Ending June 30,</u>	<u>Total Debt Due</u>	
	<u>Principal</u>	<u>Interest</u>
2019	\$ 7,296,756	\$ 1,855,187
2020	6,466,212	1,655,830
2021	6,320,574	1,466,610
2022	6,367,111	1,282,228
2023	5,634,473	1,110,874
2024-2028	23,613,120	2,631,225
2029-2033	6,010,000	797,400
2034-2038	2,850,000	256,500
Total	<u>\$ 64,558,246</u>	<u>\$ 11,055,854</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>
2019	\$ 180,000	\$ 14,040	\$ 975,672	\$ 203,172
2020	180,000	9,360	898,789	177,244
2021	180,000	4,680	909,426	153,475
2022	-	-	923,889	129,713
2023	-	-	939,526	105,625
2024-2028	-	-	2,345,881	177,991
2029-2033	-	-	-	1,245
Total	<u>\$ 540,000</u>	<u>\$ 28,080</u>	<u>\$ 6,993,183</u>	<u>\$ 948,465</u>

<u>Year Ending June 30,</u>	<u>Total Debt Due</u>	
	<u>Principal</u>	<u>Interest</u>
2019	\$ 1,155,672	\$ 217,212
2020	1,078,789	186,604
2021	1,089,426	158,155
2022	923,889	129,713
2023	939,526	105,625
2024-2028	2,345,880	177,991
2029-2033	-	1,245
Total	<u>\$ 7,533,182</u>	<u>\$ 976,545</u>

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**C. Interfund Balances and Activity**

Due to/from other funds at June 30, 2018 consists of the following:

Due to General Fund from the Solid Waste Fund to provide sufficient cash to Enterprise Fund	\$ 27,713
Due to General Fund from Water and Sewer Fund to repay borrowed funding	<u>2,210,754</u>
Total due to/from other funds	<u>\$ 2,238,467</u>

Transfers to/from other funds at June 30, 2018 consists of the following:

From the General Fund to the Fire District Fund for mutual aid funding	\$ 40,700
From the General Fund to the Revaluation Fund to accumulate reserves for the revaluation of real property	100,000
From the General Fund to the Airport Fund to supplement funding	16,670
From the General Fund to the County Building Project Fund to fund the E911 project	564,522
From the General Fund to the Solid Waste Fund to loan money for supplement funding	300,000
From the General Fund to the Hospital Fund to provide additional funding	200,000
From the Capital Reserve Fund to the General Fund for the payment of debt service	<u>3,700,000</u>
Total transfers to/from other funds	<u>\$ 4,921,892</u>

**D. Net Investment in Capital Assets**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Net capital assets	\$ 46,656,619	\$ 33,336,366
Capital debt calculation:		
Total debt, gross	64,558,246	7,533,183
Less:		
School debt for assets to which the county does not hold title	(57,967,130)	-
Unamortized assets related to capital debt	(1,105,315)	-
Add:		
Unamortized liabilities related to capital debt	<u>2,258,580</u>	<u>-</u>
Total capital debt	<u>7,744,381</u>	<u>7,533,183</u>
Net investment in capital assets	<u>\$ 38,912,238</u>	<u>\$ 25,803,183</u>

**F. 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:

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Total fund balance-General Fund	\$ 36,746,736
Less:	
Inventories	26,202
Stabilization by State Statute	7,715,793
Appropriated fund balance in 2019 budget	2,753,961
Register of Deeds	107,063
Capital Reserve	601,690
Revaluation	438,222
Cultural and Recreational	656,500
Economic Development	2,462,196
Public Safety	26,500
Human Services	59,788
Working Capital/Fund Balance Goal	13,594,640
Remaining Fund Balance	\$ 8,304,181

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.

**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, 2018. 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, 2018. 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, 2018. 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

**FRANKLIN COUNTY, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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, 2018. 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, 2018. 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, 2018.

**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, 2018, 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. Benefit Payments Issued by the State**

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

	<u>Federal</u>	<u>State</u>
Temporary Assistance to Needy Families	\$ 195,466	\$ (76)
Women, Infants and Children	778,607	-
Medicaid	53,386,797	27,345,833
NC Health Choice	1,430,038	1,033
Adoption Assistance	354,120	87,587
State/County Special Assistance for Adults	-	409,631
Extended FC/Max Non IV-E		4,990
Foster Care	224,945	78,148
Adoption Subsidy	-	180,610
SFHF Maximization	-	61,643
State Foster Home	-	56,953
Total	<u>\$ 56,369,973</u>	<u>\$ 28,226,352</u>

**FRANKLIN COUNTY, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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**VIII. Summary Disclosure of Significant Commitments and Contingencies**

**Federal and State Assisted Programs**

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

**IX. Significant Effects of Subsequent Events**

The County has evaluated events and transactions that occurred between June 30, 2018 and December 28, 2018, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements. There were no events that occurred during this time that were deemed to be significant enough to be disclosed.

**X. Special Item**

The special item reflected on the Statement of Activities involves a loss recorded on the transfer of assets related to the direct financing and sales type lease of the hospital assets. See receivable footnote for additional information.

**XI. Change in Accounting Principles/Restatement**

The County implemented Governmental Accounting Standards Board (GASB) No. Statement 75, *Accounting and Financial Reporting for Financial Reporting for Postemployment Benefits Other than Pensions*, in the fiscal year ending June 30, 2018. The implementation of the statement required the County to record beginning net OPEB liability and the effects on net position of contributions paid by the County to the OPEB Trust during the measurement period, as well as the removal of the net OPEB obligation. As a result, net position for the governmental and business-type activities decreased by \$23,444,759 and \$1,694,775 respectively.

## **REQUIRED SUPPLEMENTAL FINANCIAL DATA**

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

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- 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 Four Fiscal Years**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset)	0.361%	0.340%	0.347%	0.330%	0.311%
County's proportionate share of the net pension liability (asset)	\$ 5,517,218	\$ 7,224,216	\$ 1,557,674	\$ (1,947,695)	\$ 3,754,771
County's covered-employee payroll	\$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-employee payroll	24.44%	35.99%	8.91%	-10.49%	21.59%
Plan fiduciary net position as a percentage of the total pension liability	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 Four Fiscal Years**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 1,799,960	\$ 1,691,227	\$ 1,370,323	\$ 1,246,137	\$ 1,322,657
Contributions in relation to the contractually required contribution	<u>1,799,960</u>	<u>1,691,227</u>	<u>1,370,323</u>	<u>1,246,137</u>	<u>1,322,657</u>
Contribution deficiency (excess)	-	-	-	-	-
County's covered-employee payroll	\$23,705,340	\$ 22,577,989	\$20,070,696	\$ 17,479,751	\$ 18,620,474
Contributions as a percentage of covered-employee payroll	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 Four Fiscal Years**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset)	0.629%	0.570%	0.527%	0.522%	0.502%
County's proportionate share of the net pension liability (asset)	\$ (107,402)	\$ (106,547)	\$ (122,069)	\$ (118,378)	\$(107,127)
County's covered-employee payroll	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-employee payroll	-161.41%	-177.09%	-205.48%	-205.98%	-67.19%
Plan fiduciary net position as a percentage of the total pension liability	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 Four Fiscal Years**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 5,736	\$ 5,079	\$ 4,656	\$ 3,587	\$ 4,892
Contributions in relation to the contractually required contribution	5,736	5,079	4,656	3,587	4,892
Contribution deficiency (excess)	-	-	-	-	-
County's covered-employee payroll	\$ 69,314	\$ 66,539	\$ 60,165	\$ 59,406	\$ 57,472
Contributions as a percentage of covered-employee payroll	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>2018</u>	<u>2017</u>
Beginning Balance	\$ 1,148,777	\$ 1,069,258
Service Cost	85,086	84,962
Interest on the total pension liability	43,932	37,983
Changes of benefit terms	-	-
Differences between expected and actual experience in the measurement of the total pension liability	(68,955)	-
Changes of assumptions or other inputs	99,294	(32,807)
Benefit payments	(21,307)	(10,619)
Other changes	-	-
Ending balance of the total pension liability	<u>\$ 1,286,827</u>	<u>\$ 1,148,777</u>

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

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

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

	<u>2018</u>	<u>2017</u>
Total pension liability	\$1,286,827	\$1,148,777
Covered payroll	3,635,558	3,363,393
Total pension liability as a percentage of covered payroll	35.40%	34.16%

**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, 2018**

<b>Total OPEB Liability</b>	<b>2018</b>
Service Cost	\$ 2,543,219
Interest on the total pension liability	1,212,665
Changes of benefit terms	-
Differences between expected and actual experience	(240,810)
Changes of assumptions or other inputs	(3,951,922)
Benefit payments	<u>(325,608)</u>
Other changes	
Net change in total OPEB liability	(762,456)
Total OPEB liability - beginning	<u>40,449,478</u>
Total OPEB liability - ending	<u><u>\$39,687,022</u></u>
Covered payroll	18,974,045
Total OPEB liability as a percentage of covered payroll	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:

<u>Fiscal Year</u>	<u>Rate</u>
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

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- **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, 2018**  
**(With Comparative Totals for the Year Ended June 30, 2017)**

	2018		Variance Positive (Negative)	2017
	Budget	Actual		Actual
<b>Revenues:</b>				
Ad valorem taxes:				
Current year taxes	\$ 41,954,904	\$ 42,683,786	\$ 728,882	\$ 42,967,720
Delinquent taxes	610,000	631,036	21,036	649,794
Tax discounts and refunds	(140,000)	(109,249)	30,751	(113,294)
Total	42,424,904	43,205,573	780,669	43,504,220
Sales tax revenue	9,489,508	9,675,613	186,105	9,076,481
Other Tax Revenues				
Tax penalties and interest	290,000	360,166	70,166	373,783
Tax levies, foreclosures, etc.	25,100	975	(24,125)	3,270
Total	315,100	361,141	46,041	377,053
Restricted intergovernmental:				
Federal and State grants	9,716,395	10,028,374	311,979	11,961,173
Beer and wine taxes	245,000	247,268	2,268	252,720
ABC Rehab tax	13,000	17,398	4,398	16,214
Lottery proceeds	800,000	800,060	60	600,000
Total	10,774,395	11,093,100	318,705	12,830,107
Fees, sales and charges:				
Court facility fees	71,500	61,487	(10,013)	66,031
Building permits	50,000	110,852	60,852	93,727
Inspection fees	812,625	1,496,226	683,601	1,074,579
Register of deeds fees	600,000	750,797	150,797	680,172
Recreation reserve fees	-	212,833	212,833	166,024
Rents and concessions	60,925	64,230	3,305	66,370
Health fees	2,566,605	2,972,574	405,969	2,496,629
Social services fees	418,346	328,807	(89,539)	356,151
Aging services	59,000	41,043	(17,957)	63,673
Airport	868,500	824,089	(44,411)	725,841
Sheriff and jail fees	1,916,805	1,829,204	(87,601)	2,290,742
Library fees and donations	37,500	38,532	1,032	38,170
Ambulance and rescue squad fees	2,200,000	2,494,650	294,650	2,367,563
Recreation	36,640	45,230	8,590	42,306
Other	135,500	206,193	70,693	181,527
Total	9,833,946	11,476,747	1,642,801	10,709,505
Investment earnings	50,000	253,281	203,281	87,998
Miscellaneous:				
Donations and private grants	209,736	268,609	58,873	190,198
Other miscellaneous	191,750	253,549	61,799	287,818
Total	401,486	522,158	120,672	478,016
Total revenues	73,289,339	76,587,613	3,298,274	77,063,380

Franklin County, North Carolina  
 General Fund  
 Schedule of Revenues, Expenditures, and  
 Changes in Fund Balances - Budget and Actual  
 For the Year Ended June 30, 2018  
 (With Comparative Totals for the Year Ended June 30, 2017)

	2018		Variance Positive (Negative)	2017
	Budget	Actual		Actual
<b>Expenditures:</b>				
General government:				
Governing body:				
Salaries and employee benefits		218,666		206,454
Other operating expenditures		62,892		59,643
Insurance other than property		2,575		2,575
Capital outlay		738		1,072
Total	288,270	284,871	3,399	269,744
County Manager:				
Salaries and employee benefits		336,727		355,126
Other operating expenditures		33,579		30,198
Capital outlay		3,410		1,449
Total	415,583	373,716	41,867	386,773
Finance:				
Salaries and employee benefits		346,313		393,309
Other operating expenditures		46,100		47,577
Capital outlay		283		4,883
Total	483,749	392,696	91,053	445,769
Human Resources:				
Salaries and employee benefits		310,746		287,496
Other operating expenditures		59,334		59,330
Capital outlay		1,719		5,317
Total	406,849	371,799	35,050	352,143
Board of Elections:				
Salaries and employee benefits		258,931		237,537
Other operating expenditures		165,079		155,906
Capital outlay		-		121,021
Total	443,502	424,010	19,492	514,464
Register of Deeds:				
Salaries and employee benefits		321,944		256,261
Other operating expenditures		81,231		73,219
Total	417,809	403,175	14,634	329,480

**Franklin County, North Carolina**  
**General Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2018**  
**(With Comparative Totals for the Year Ended June 30, 2017)**

	2018		Variance Positive (Negative)	2017
	Budget	Actual		Actual
Tax Assessor:				
Salaries and employee benefits		513,474		478,522
Other operating expenditures		148,894		149,097
Capital outlay		23,975		22,720
Total	731,717	686,343	45,374	650,339
Tax Collector:				
Salaries and employee benefits		340,584		322,360
Other operating expenditures		82,117		104,338
Capital outlay		2,325		2,382
Total	488,014	425,026	62,988	429,080
Maintenance:				
Salaries and employee benefits		719,552		665,314
Other operating expenditures		340,292		313,396
Capital outlay		64,466		70,158
Total	1,209,878	1,124,310	85,568	1,048,868
Central Services:				
Other operating expenditures	199,238	194,277	4,961	212,013
Court:				
Operating expenditures		100,431		78,161
Capital outlay		279		-
Total	106,100	100,710	5,390	78,161
Capital improvement:				
Capital outlay	410,000	225,250	184,750	413,707
Information technology services:				
Salaries and employee benefits		307,851		258,238
Other operating expenditures		97,143		90,897
Capital outlay		30,055		47,509
Total	444,495	435,049	9,446	396,644
Legal and professional:				
Legal and professional	52,000	40,954	11,046	47,619
Total general government	6,097,204	5,482,186	615,018	5,574,804
Public safety:				
Planning:				
Salaries and employee benefits		402,248		399,001
Other operating expenditures		78,393		73,742
Capital outlay		1,368		-
Total	527,621	482,009	45,612	472,743
Inspections:				
Salaries and employee benefits		581,272		498,333
Other operating expenditures		62,753		62,479
Capital outlay		49,851		48,666
Total	739,952	693,876	46,076	609,478

**Franklin County, North Carolina**  
**General Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2018**  
**(With Comparative Totals for the Year Ended June 30, 2017)**

	2018		Variance Positive (Negative)	2017
	Budget	Actual		Actual
GIS Mapper Service:				
Salaries and employee benefits		201,681		188,543
Other operating expenditures		30,777		33,751
Capital outlay		2,127		3,966
Total	258,663	234,585	24,078	226,260
Central Services:				
Other operating expenditures	652,225	202,959	449,266	202,283
Sheriff:				
Salaries and employee benefits		5,971,190		5,306,146
Other operating expenditures		1,694,067		1,480,972
Capital outlay		632,780		480,136
Total	8,295,411	8,298,037	(2,626)	7,267,254
Communications:				
Salaries and employee benefits		1,332,118		1,167,668
Other operating expenditures		249,478		229,705
Capital outlay		19,757		3,026
Total	1,810,398	1,601,353	209,045	1,400,399
Jail:				
Salaries and employee benefits		2,349,745		2,268,736
Other operating expenditures		1,709,223		1,459,407
Capital outlay		60,767		20,911
Total	4,403,168	4,119,735	283,433	3,749,054
Jail-meal operations:				
Other operating expenditures	484,470	463,356	21,114	489,482
Fire protection:				
Forest fire control service	118,899	98,929	19,970	85,799
Rescue and ambulance services:				
Salaries and employee benefits		4,943,233		4,240,837
Other operating expenditures		831,384		789,130
Capital outlay		55,329		694,213
Total	6,223,474	5,829,946	393,528	5,724,180
Emergency management services:				
Salaries and employee benefits		218,056		209,886
Other operating expenditures		44,389		72,075
Capital outlay		2,669		6,000
Total	359,943	265,114	94,829	287,961
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, 2018**  
**(With Comparative Totals for the Year Ended June 30, 2017)**

	2018		Variance Positive (Negative)	2017
	Budget	Actual		Actual
Animal control:				
Salaries and employee benefits		427,734		372,300
Other operating expenditures		167,506		136,576
Capital outlay		1,582		63,576
Total	663,577	596,822	66,755	572,452
Total public safety	24,656,201	23,005,121	1,651,080	21,205,745
Economic and physical development:				
Economic development:				
Salaries and employee benefits		252,938		277,632
Other operating expenditures		96,818		96,715
Company incentives		358,240		471,765
Total	1,588,647	707,996	880,651	846,112
Central services:				
Other operating expenditures	42,640	27,033	15,607	12,640
Cooperative extension services:				
Salaries and employee benefits		52,306		26,552
Other operating expenditures		324,984		278,276
Capital outlay		811		859
Total	460,938	378,101	82,837	305,687
Soil and water conservation:				
Salaries and employee benefits		237,993		221,698
Other operating expenditures		18,069		20,238
Total	261,299	258,704	2,595	272,848
Airport operations:				
Salaries and employee benefits		216,946		201,333
Other operating expenditures		205,509		136,173
Fuel purchases		406,859		308,875
Capital outlay		1,427		783
Total	861,210	830,741	30,469	647,164
Total economic & physical development	3,214,734	2,202,575	1,012,159	2,084,451

**Franklin County, North Carolina**  
**General Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2018**  
**(With Comparative Totals for the Year Ended June 30, 2017)**

	2018		Variance Positive (Negative)	2017
	Budget	Actual		Actual
Human services:				
Central services:				
Other operating expenditures	301,719	292,038	9,681	294,038
Health:				
Administration:				
Salaries and employee benefits		785,374		644,633
Other operating expenditures		164,954		140,719
Capital outlay		33,731		51,558
Total	1,039,184	984,059	55,125	836,910
Clinical health:				
Salaries and employee benefits		2,014,564		1,858,974
Contractual services		19,371		12,286
Other operating expenditures		1,106,186		1,094,302
Capital outlay		17,186		24,764
Total	3,277,567	3,157,307	120,260	2,990,326
WIC				
Salaries		234,423		227,824
Other operating expenditures		24,909		28,921
Capital outlay		500		1,142
Total	269,169	259,832	9,337	257,887
Home health:				
Salaries and employee benefits		442,787		405,258
Other operating expenditures		253,748		248,990
Capital outlay		1,093		1,716
Total	842,306	697,628	144,678	655,964
Veterans services:				
Salaries and employee benefits		73,120		68,042
Other operating expenditures		14,228		11,673
Total	90,293	87,348	2,945	79,715
Social services:				
Administration:				
Salaries and employee benefits		5,944,318		5,655,695
Other operating expenditures		451,936		481,249
Professional services		138,742		181,180
Capital outlay		131,339		184,539
Total	6,775,144	6,666,335	108,809	6,502,663
Social services programs:				
Medicaid	36,000	17,193	18,807	83,646
Special assistance	454,709	409,858	44,851	421,273
Foster care	737,397	719,254	18,143	667,708
Crisis intervention	480,186	493,454	(13,268)	467,219
General assistance	20,000	17,706	2,294	15,938
Day care	813,375	345,302	468,073	2,775,296
Other assistance	574,539	488,290	86,249	471,374
Total	3,116,206	2,491,057	625,149	4,902,454

**Franklin County, North Carolina**  
**General Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2018**  
**(With Comparative Totals for the Year Ended June 30, 2017)**

	2018		Variance Positive (Negative)	2017
	Budget	Actual		Actual
DSS Child support:				
Salaries and employee benefits		604,442		570,600
Other operating expenditures		113,888		106,352
Total	747,857	718,330	29,527	676,952
Aging:				
Salaries and employee benefits		556,166		512,172
Other operating expenditures		422,541		473,628
Capital outlay		10,249		6,900
Total	1,060,509	988,956	71,553	992,700
Total human services	17,519,954	16,342,890	1,177,064	18,189,609
Cultural and leisure:				
Recreation:				
Salaries and employee benefits		297,137		294,224
Other operating expenditures		175,608		192,662
Capital outlay		21,737		40,156
Total	586,090	494,482	91,608	527,042
Central Services:				
Other operating expenditures	14,400	14,400	-	14,400
Library:				
Salaries and employee benefits		741,740		703,677
Other operating expenditures		98,035		104,289
Books, magazines & telecommunications		96,881		94,394
Capital outlay		12,875		6,455
Total	974,604	949,531	25,073	908,815
Total culture and leisure	1,575,094	1,458,413	116,681	1,450,257
Education:				
Education allocations:				
Public schools - current		16,365,283		15,265,283
Public schools - capital outlay		1,400,000		1,448,100
Community colleges - current		369,168		369,168
Community colleges - capital outlay		20,000		20,001
Total education	18,154,451	18,154,451	-	17,102,552
Debt service:				
Principal retirement		7,031,378		7,068,883
Interest and fees		1,859,396		2,179,408
Total debt service	9,012,577	8,890,774	121,803	9,248,291
Total expenditures	80,230,215	75,536,410	4,693,805	74,855,709
Revenues over (under) expenditures	(6,940,876)	1,051,203	7,992,079	2,207,671

**Franklin County, North Carolina**  
**General Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2018**  
**(With Comparative Totals for the Year Ended June 30, 2017)**

	2018		Variance Positive (Negative)	2017
	Budget	Actual		Actual
Transfers to other funds:				
Fire District Fund	(40,700)	(40,700)	-	(40,700)
Revaluation Fund	(100,000)	(100,000)	-	(125,000)
Emergency Telephone System Fund	-	-	-	(12,393)
County Building Project Fund	(564,522)	(564,522)	-	-
Solid Waste Fund	(300,000)	(300,000)	-	-
Hospital Fund	(200,000)	(200,000)	-	-
Airport Fund	(16,670)	(16,670)	-	(46,670)
Total transfers out	<u>(1,221,892)</u>	<u>(1,221,892)</u>	-	<u>(224,763)</u>
Transfers from other funds:				
Capital Reserve Fund	3,700,000	3,700,000	-	3,400,000
Golden Leaf Foundation Project Fund	-	-	-	600,000
Total transfers in	<u>3,700,000</u>	<u>3,700,000</u>	-	<u>4,000,000</u>
Payment to escrow agent-refunding bonds	(9,178,825)	(9,083,408)	(95,417)	(8,029,624)
Premium on bonds	-	1,138,824	1,138,824	-
Loan proceeds	9,178,825	8,040,000	(1,138,825)	8,113,000
Total other financing sources (uses) - net	<u>2,478,108</u>	<u>2,573,524</u>	<u>(1,234,242)</u>	<u>3,858,613</u>
Revenues and other financing sources over (under) expenditures and other financing uses	(4,462,768)	3,624,727	8,087,495	6,066,284
Appropriated fund balance	<u>4,462,768</u>	<u>-</u>	<u>(4,462,768)</u>	<u>-</u>
Revenues, other financing sources and appropriated fund balance over (under) expenditures and other uses	<u>\$ -</u>	<u>3,624,727</u>	<u>\$ 3,624,727</u>	<u>6,066,284</u>
Fund balances				
Beginning of year, July 1		32,080,013		27,028,321
Restatement		<u>-</u>		<u>(1,008,459)</u>
Beginning of year, July 1, as restated		32,080,013		26,019,862
Increase (decrease) in reserve for inventory		<u>2,084</u>		<u>(6,133)</u>
End of year, June 30		<u>\$ 35,706,824</u>		<u>\$ 32,080,013</u>

**Franklin County, North Carolina**  
**Capital Reserve Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2018**  
**(With Comparative Totals for the Year Ended June 30, 2017)**

	2018		Variance Positive (Negative)	2017
	Budget	Actual		Actual
<b>Revenues</b>				
Sales tax revenue	\$ 3,700,000	\$ 3,413,258	\$ (286,742)	\$ 3,216,513
<b>Expenditures</b>				
Education	-	-	-	-
<b>Other financing sources (uses)</b>				
Transfer to General Fund	(3,700,000)	(3,700,000)	-	(3,400,000)
<b>Revenues and other financing sources under expenditures and uses</b>	<u>\$ -</u>	(286,742)	<u>\$ (286,742)</u>	(183,487)
<b>Fund balance</b>				
Beginning of year, July 1		888,432		1,071,919
End of year, June 30		<u>\$ 601,690</u>		<u>\$ 888,432</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, 2018**  
**(With Comparative Totals for the Year Ended June 30, 2017)**

	2018		Variance Positive (Negative)	2017
	Budget	Actual		Actual
<b>Revenues</b>				
Interest earnings	\$ -	\$ -	\$ -	\$ -
<b>Expenditures</b>				
General government				
Appraisal	650,000	420,218	229,782	108,356
<b>Other financing sources</b>				
Transfer from General Fund	100,000	100,000	-	125,000
<b>Appropriated fund balance</b>	550,000	-	(550,000)	-
<b>Total revenues and other financing sources over expenditures</b>	<u>\$ -</u>	(320,218)	<u>\$ (320,218)</u>	16,644
<b>Fund balance</b>				
Beginning of year, July 1		758,440		741,796
End of year, June 30		<u>\$ 438,222</u>		<u>\$ 758,440</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, 2018**

	Project Author- ization	Actual		Total to Date	Variance Positive (Negative)
		Prior Year	Current Year		
<b>Revenues</b>					
Interest earnings	\$ 12,500	\$ -	\$ 88,435	\$ 88,435	\$ 75,935
Miscellaneous	125,000	-	-	-	(125,000)
Sales tax refund	137,500	-	88,435	88,435	(49,065)
<b>Expenditures</b>					
Bond issuance costs		-	199,740	199,740	
Construction		286,090	3,590,088	3,876,178	
Total expenditures	11,537,500	286,090	3,789,828	4,075,918	7,461,582
<b>Total revenues over (under) expenditures</b>	(11,400,000)	(286,090)	(3,701,393)	(3,987,483)	(7,510,647)
<b>Other financing sources</b>					
Sales tax refund		-	-	-	-
Transfer to General Fund	-	-	-	-	-
Issuance of debt	11,400,000	-	11,400,000	11,400,000	-
Premium on debt	-	-	692,071	692,071	692,071
Fund Balance Appropriated	-	-	-	-	-
Total other sources	11,400,000	-	12,092,071	12,092,071	-
<b>Revenues and other financing sources over (under) expenditures</b>	\$ -	\$ (286,090)	8,390,678	\$ 8,104,588	\$ 8,104,588
<b>Fund balance</b>					
Beginning of year, July 1			208,332		
End of year, June 30			\$ 8,599,010		

## NONMAJOR GOVERNMENTAL FUNDS

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### 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, 2018**

	<b>Special Revenue Funds</b>					
	<b>Fire District Fund</b>	<b>Emergency Telephone System Fund</b>	<b>DEA Fund</b>	<b>Community Development Fund</b>	<b>Hospital Fund</b>	<b>Total Nonmajor Special Revenue Funds</b>
<b>Assets</b>						
Cash and cash equivalents	\$ 183,311	\$ 54,616	\$ 6,129	\$ 54,993	\$ 256,331	\$ 555,380
Accounts receivable, net	-	563,795	-	-	-	563,795
Taxes receivable, net	105,791	-	-	-	-	105,791
Due from other governments	35,153	104,857	174	-	5,644	145,828
Restricted assets:						
Restricted cash	-	-	-	-	-	-
Total assets	<u>\$ 324,255</u>	<u>\$ 723,268</u>	<u>\$ 6,303</u>	<u>\$ 54,993</u>	<u>\$ 261,975</u>	<u>\$ 1,370,794</u>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities:</b>						
Accounts payable and accrued liabilities	\$ 28,168	\$ 542,421	\$ -	\$ -	\$ -	\$ 570,589
Total liabilities	<u>28,168</u>	<u>542,421</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>570,589</u>
Deferred Inflows of Resources	<u>105,791</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>105,791</u>
<b>Fund balances:</b>						
<b>Restricted:</b>						
Stabilization by State Statute	35,153	668,652	174	-	5,644	709,623
Fire Protection	155,143	-	-	-	-	155,143
Public Safety	-	-	6,129	-	-	6,129
Culture and Recreation	-	-	-	-	-	-
Human Services	-	-	-	-	256,331	256,331
Economic Development	-	-	-	54,993	-	54,993
Unassigned:	-	(487,805)	-	-	-	(487,805)
Total fund balances	<u>190,296</u>	<u>180,847</u>	<u>6,303</u>	<u>54,993</u>	<u>261,975</u>	<u>694,414</u>
Total liabilities, deferred inflows or resources, and fund balances	<u>\$ 324,255</u>	<u>\$ 723,268</u>	<u>\$ 6,303</u>	<u>\$ 54,993</u>	<u>\$ 261,975</u>	<u>\$ 1,370,794</u>

Exhibit C-1

<b>Capital Projects Funds</b>			
<b>Airport Projects Fund</b>	<b>County Building Project Fund</b>	<b>Total Nonmajor Capital Projects Funds</b>	<b>Total Nonmajor Governmental Funds</b>
\$ 24,414	\$ -	\$ 24,414	\$ 579,794
-	-	-	563,795
-	-	-	105,791
-	75,557	75,557	221,385
-	108,450	108,450	108,450
<u>\$ 24,414</u>	<u>\$ 184,007</u>	<u>\$ 208,421</u>	<u>\$ 1,579,215</u>
\$ -	\$ 2,505	\$ 2,505	\$ 573,094
-	2,505	2,505	573,094
-	-	-	105,791
-	75,557	75,557	785,180
-	-	-	155,143
-	-	-	6,129
24,414	105,945	130,359	130,359
-	-	-	256,331
-	-	-	54,993
-	-	-	(487,805)
<u>24,414</u>	<u>181,502</u>	<u>205,916</u>	<u>900,330</u>
<u>\$ 24,414</u>	<u>\$ 184,007</u>	<u>\$ 208,421</u>	<u>\$ 1,579,215</u>

**Franklin County, North Carolina**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2018**

	<b>Special Revenue Funds</b>					<b>Total Nonmajor Special Revenue Funds</b>
	<b>Fire District Fund</b>	<b>Emergency Telephone System Fund</b>	<b>DEA Fund</b>	<b>Community Development Fund</b>	<b>Hospital Fund</b>	
<b>Revenues</b>						
Ad valorem taxes	\$ 3,472,297	\$ -	\$ -	\$ -	\$ -	\$ 3,472,297
Other taxes and licenses	-	261,244	-	-	-	261,244
Restricted intergovernmental	-	1,720,118	8,544	-	-	1,728,662
<b>Total revenues</b>	<u>3,472,297</u>	<u>1,981,362</u>	<u>8,544</u>	<u>-</u>	<u>-</u>	<u>5,462,203</u>
<b>Expenditures</b>						
Current:						
Public safety	3,556,903	226,690	8,800	-	-	3,792,393
Human services	-	-	-	-	355,123	355,123
Capital outlay	-	2,035,314	-	-	-	2,035,314
<b>Total expenditures</b>	<u>3,556,903</u>	<u>2,262,004</u>	<u>8,800</u>	<u>-</u>	<u>355,123</u>	<u>6,182,830</u>
<b>Revenues over (under) expenditures</b>	<u>(84,606)</u>	<u>(280,642)</u>	<u>(256)</u>	<u>-</u>	<u>(355,123)</u>	<u>(720,627)</u>
<b>Other financing sources (uses)</b>						
Transfers from other funds	40,700	-	-	-	200,000	240,700
<b>Total other financing sources (uses) - net</b>	<u>40,700</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>200,000</u>	<u>40,700</u>
<b>Net changes in fund balances</b>	<u>(43,906)</u>	<u>(280,642)</u>	<u>(256)</u>	<u>-</u>	<u>(155,123)</u>	<u>(479,927)</u>
<b>Fund balances</b>						
Beginning of year, July 1	234,202	461,489	6,559	54,993	417,098	1,174,341
End of year, June 30	<u>\$ 190,296</u>	<u>\$ 180,847</u>	<u>\$ 6,303</u>	<u>\$ 54,993</u>	<u>\$ 261,975</u>	<u>\$ 694,414</u>

<b>Capital Projects Funds</b>			
<b>Airport Projects Fund</b>	<b>County Building Project Fund</b>	<b>Total Nonmajor Capital Projects Funds</b>	<b>Total Nonmajor Governmental Funds</b>
\$ -	\$ -	\$ -	\$ 3,472,297
-	-	-	261,244
-	-	-	1,728,662
-	-	-	5,462,203
-	-	-	3,792,393
-	-	-	355,123
196	760,961	761,157	2,796,471
196	760,961	761,157	6,943,987
(196)	(760,961)	(761,157)	(1,481,784)
16,670	564,522	581,192	821,892
16,670	564,522	581,192	821,892
16,474	(196,439)	(179,965)	(659,892)
7,940	377,941	385,881	1,560,222
<u>\$ 24,414</u>	<u>\$ 181,502</u>	<u>\$ 205,916</u>	<u>\$ 900,330</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, 2018**  
**(With Comparative Totals for the Year Ended June 30, 2017)**

	2018		Variance Positive (Negative)	2017
	Budget	Actual		Actual
<b>Revenues</b>				
Ad valorem taxes	\$ 3,797,455	\$ 3,472,297	\$ (325,158)	\$ 3,284,375
<b>Expenditures</b>				
Public safety				
Central Fire District	253,391	253,391	-	251,242
Epsom Fire District	112,000	112,000	-	100,000
Gold Sand Fire District	63,000	63,000	-	61,000
Justice Fire District	133,500	118,250	15,250	130,350
Kittrell Fire District	1,000	1,000	-	1,000
Pilot Fire District	224,277	224,277	-	224,277
White Level Fire District	112,000	110,202	1,798	87,000
Brassfield Fire District	-	-	-	-
Mitchiners Crossroads Fire District	192,000	192,000	-	142,500
Hopkins Fire District	26,110	16,101	10,009	16,148
Franklinton Fire District	297,064	267,455	29,609	240,824
Youngsville Fire District	1,681,113	1,457,288	223,825	1,430,867
Bunn Fire District	678,000	678,000	-	626,000
Castalia Fire District	1,200	1,200	-	1,200
Centerville Fire District	63,500	62,739	761	60,000
Total expenditures	<u>3,838,155</u>	<u>3,556,903</u>	<u>281,252</u>	<u>3,372,408</u>
<b>Revenues under expenditures</b>	<u>(40,700)</u>	<u>(84,606)</u>	<u>(43,906)</u>	<u>(88,033)</u>
<b>Other financing sources</b>				
Transfer from General Fund	40,700	40,700	-	40,700
<b>Revenues and other sources under expenditures</b>	<u>\$ -</u>	<u>(43,906)</u>	<u>\$ (43,906)</u>	<u>(47,333)</u>
<b>Fund balances</b>				
Beginning of year, July 1		234,202		281,535
End of year, June 30		<u>\$ 190,296</u>		<u>\$ 234,202</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, 2018**  
**(With Comparative Totals for the Year Ended June 30, 2017)**

	2018		Variance Positive (Negative)	2017
	Budget	Actual		Actual
<b>Revenues</b>				
Other taxes and licenses				
E911 fees	\$ 276,116	\$ 261,244	\$ (14,872)	\$ 345,284
Restricted intergovernmental				
E911 grant	2,382,575	1,720,118	\$ (662,457)	-
Interest earnings	-	-	-	-
Total revenues	<u>2,658,691</u>	<u>1,981,362</u>	<u>(677,329)</u>	<u>345,284</u>
<b>Expenditures</b>				
Public safety - E911				
Operating expenses	262,617	205,452	57,165	365,976
Capital outlay	33,900	21,238	12,662	1,652
Capital outlay	3,004,573	2,035,314	969,259	2,856
Total expenditures	<u>3,301,090</u>	<u>2,262,004</u>	<u>1,039,086</u>	<u>370,484</u>
<b>Revenues over (under) expenditures</b>	<u>(642,399)</u>	<u>(280,642)</u>	<u>361,757</u>	<u>(25,200)</u>
<b>Other financing sources (uses)</b>				
Transfer from other funds				
General Fund	71,200	-	(71,200)	12,393
Appropriated fund balance	571,199	-	(571,199)	-
Total	<u>642,399</u>	<u>-</u>	<u>(642,399)</u>	<u>12,393</u>
<b>Revenues and appropriated fund balance and other sources over expenditures and other uses</b>	<u>\$ -</u>	<u>(280,642)</u>	<u>\$ (280,642)</u>	<u>(12,807)</u>
<b>Fund balances</b>				
Beginning of year, July 1		461,489		474,296
End of year, June 30		<u>\$ 180,847</u>		<u>\$ 461,489</u>

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

**Franklin County, North Carolina**  
**DEA Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2018**  
**(With Comparative Totals for the Year Ended June 30, 2017)**

	2018		Variance Positive (Negative)	2017
	Budget	Actual		Actual
<b>Revenues</b>				
Restricted intergovernmental	\$ 8,800	\$ 8,544	\$ (256)	\$ 13,248
Miscellaneous income	-	-	-	-
Total revenues	<u>8,800</u>	<u>8,544</u>	<u>(256)</u>	<u>13,248</u>
<b>Expenditures</b>				
Public safety				
Operating expenses	<u>8,800</u>	<u>8,800</u>	<u>-</u>	<u>19,700</u>
<b>Revenues over expenditures</b>	<u>-</u>	<u>(256)</u>	<u>(256)</u>	<u>(6,452)</u>
Appropriated fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Revenues and appropriated fund balance over expenditures</b>	<u>\$ -</u>	<u>(256)</u>	<u>\$ (256)</u>	<u>(6,452)</u>
<b>Fund balances</b>				
Beginning of year, July 1		<u>6,559</u>		<u>13,011</u>
End of year, June 30		<u>\$ 6,303</u>		<u>\$ 6,559</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, 2018**

	Project Author- ization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
<b>Revenues</b>					
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>
<b>Expenditures</b>					
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>
<b>Revenues under expenditures</b>	<u>-</u>	<u>(1,950)</u>	<u>-</u>	<u>(1,950)</u>	<u>(1,950)</u>
<b>Other financing sources</b>					
Transfer from General Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Revenues and other financing sources over expenditures</b>	<u>\$ -</u>	<u>\$ (1,950)</u>	<u>-</u>	<u>\$ (1,950)</u>	<u>\$ (1,950)</u>
<b>Fund balance</b>					
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, 2018**

	2017		Variance Positive (Negative)	2016
	Budget	Actual		Actual
<b>Revenues</b>				
Restricted intergovernmental				
Contributions	\$ -	\$ -	\$ -	\$ 100,000
Miscellaneous	-	-	-	51,290
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>151,290</u>
<b>Expenditures</b>				
Human Services	<u>500,000</u>	<u>355,123</u>	<u>144,877</u>	<u>605,223</u>
<b>Revenues over expenditures</b>	<u>(500,000)</u>	<u>(355,123)</u>	<u>144,877</u>	<u>(453,933)</u>
<b>Other financing sources</b>				
Transfers from other funds				
General Fund	200,000	200,000	-	(600,000)
Fund balance appropriated	<u>300,000</u>	<u>-</u>	<u>(300,000)</u>	<u>-</u>
	<u>500,000</u>	<u>200,000</u>	<u>(300,000)</u>	<u>(600,000)</u>
<b>Revenues and other financing sources over expenditures</b>	<u>\$ -</u>	<u>(155,123)</u>	<u>\$ (155,123)</u>	<u>(1,053,933)</u>
<b>Fund balance</b>				
Beginning of year, July 1		<u>417,098</u>		<u>1,471,031</u>
End of year, June 30		<u>\$ 261,975</u>		<u>\$ 417,098</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, 2018**

	Project Author- ization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
<b>Revenues</b>					
Restricted intergovernmental:					
NCDOT project 36237.31.13.1	\$ 870,605	\$ 924,757	\$ -	\$ 924,757	\$ 54,152
Total revenues	<u>870,605</u>	<u>924,757</u>	<u>-</u>	<u>924,757</u>	<u>54,152</u>
<b>Expenditures</b>					
Capital outlay:					
Project No. 36237.31.13.1	966,666	890,743	196	890,939	75,727
Total expenditures	<u>966,666</u>	<u>890,743</u>	<u>196</u>	<u>890,939</u>	<u>75,727</u>
<b>Revenues under expenditures</b>	<u>(96,061)</u>	<u>34,014</u>	<u>(196)</u>	<u>33,818</u>	<u>129,879</u>
<b>Other financing sources</b>					
Transfer from General fund	46,666	46,670	16,670	63,340	16,674
Appropriated fund balance	49,395	-	-	-	(49,395)
Total	<u>96,061</u>	<u>46,670</u>	<u>16,670</u>	<u>63,340</u>	<u>(32,721)</u>
<b>Revenues and other financing sources over (under) expenditures</b>	<u>\$ -</u>	<u>\$ 80,684</u>	<u>16,474</u>	<u>\$ 97,158</u>	<u>\$ 97,158</u>
<b>Fund balance</b>					
Beginning of year, July 1			<u>7,940</u>		
End of year, June 30			<u>\$ 24,414</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, 2018**

	Project Author- ization	Actual		Total to Date	Variance Positive (Negative)
		Prior Year	Current Year		
<b>Revenues</b>					
Intergovernmental revenues	\$ 963,770	\$ 534,541	\$ -	\$ 534,541	\$ (429,229)
Interest earnings	95,000	13,501	-	13,501	(81,499)
Total revenues	<u>1,058,770</u>	<u>548,042</u>	<u>-</u>	<u>548,042</u>	<u>(510,728)</u>
<b>Expenditures</b>					
Construction					
E911 Facility	10,672,334	9,567,938	692,279	10,260,217	412,117
Owens Park Project	963,770	687,179	54,082	741,261	222,509
Jail Renovation	3,861,789	3,805,379	14,600	3,819,979	41,810
Courthouse Renovation	1,526,196	1,526,196	-	1,526,196	-
Total	<u>17,024,089</u>	<u>15,586,692</u>	<u>760,961</u>	<u>16,347,653</u>	<u>676,436</u>
<b>Total revenues over (under) expenditures</b>	<u>(15,965,319)</u>	<u>(15,038,650)</u>	<u>(760,961)</u>	<u>(15,799,611)</u>	<u>165,708</u>
<b>Other financing sources</b>					
Issuance of debt	13,977,272	13,506,000	-	13,506,000	(471,272)
Appropriated fund balance	147,000	-	-	-	(147,000)
Transfer from other funds					
Emergency Telephone System Fund	-	891,483	564,522	1,456,005	-
General Fund	-	2,536,595	-	2,536,595	-
Total transfers	<u>1,841,047</u>	<u>3,428,078</u>	<u>564,522</u>	<u>3,992,600</u>	<u>2,151,553</u>
Total other sources	<u>15,965,319</u>	<u>16,934,078</u>	<u>564,522</u>	<u>17,498,600</u>	<u>1,533,281</u>
<b>Total revenues and other financing sources over (under) expenditures</b>	<u>\$ -</u>	<u>\$ 1,895,428</u>	<u>(196,439)</u>	<u>\$ 1,698,989</u>	<u>\$ 1,698,989</u>
<b>Fund balance</b>					
Beginning of year, July 1			<u>377,941</u>		
End of year, June 30			<u>\$ 181,502</u>		

## ENTERPRISE FUND

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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.

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- **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, 2018**

	2018		Variance Positive (Negative)	2017
	Budget	Actual		Actual
<b>Revenues</b>				
Operating revenues				
Water fees	\$ 6,330,000	\$ 6,632,017	\$ 302,017	\$ 6,277,747
Sewer fees	2,791,848	2,698,686	(93,162)	2,653,133
Other charges for services	829,796	1,810,983	981,187	1,391,148
Total	<u>9,951,644</u>	<u>11,141,686</u>	<u>1,190,042</u>	<u>10,322,028</u>
Nonoperating revenues:				
Nonoperating grants	-	4,400	4,400	-
Interest earnings	-	35,793	35,793	41,702
Miscellaneous revenues	-	37,663	37,663	22,877
Total	<u>-</u>	<u>77,856</u>	<u>77,856</u>	<u>64,579</u>
Total revenues	<u>9,951,644</u>	<u>11,219,542</u>	<u>1,267,898</u>	<u>10,386,607</u>
<b>Expenditures - Water Dept</b>				
Salaries and employee benefits	1,313,895	1,252,668	61,227	1,110,282
Water purchases	3,571,750	3,609,554	(37,804)	3,359,156
Other operating expenditures	936,698	883,982	52,716	843,396
Capital outlay	153,300	24,879	128,421	49,397
Debt service:				
Interest and other charges	181,528	127,635	53,893	146,413
Debt principal	872,000	872,000	-	856,000
Total expenditures - Water	<u>7,029,171</u>	<u>6,770,718</u>	<u>258,453</u>	<u>6,364,644</u>
<b>Expenditures - Sewer Dept</b>				
Salaries and employee benefits	566,701	439,100	127,601	434,323
Other operating expenditures	1,051,174	734,677	316,497	633,840
Capital outlay	368,845	329,728	39,117	336,563
Debt service:				
Interest and other charges	49,208	36,456	12,752	90,969
Debt principal	886,545	877,395	9,150	2,603,689
Total expenditures - Sewer	<u>2,922,473</u>	<u>2,417,356</u>	<u>505,117</u>	<u>4,099,384</u>
Total expenditures	<u>9,951,644</u>	<u>9,188,074</u>	<u>763,570</u>	<u>10,464,028</u>
Revenues under expenditures	<u>-</u>	<u>2,031,468</u>	<u>2,031,468</u>	<u>(77,421)</u>
<b>Other Financing Sources (Uses)</b>				
Transfer from (to) Other Funds				
General Fund	-	-	-	-
General Fund	-	-	-	-
Water and Sewer Capital Projects Fund	(1,900,000)	(1,900,000)	-	-
Debt proceeds	-	-	-	1,715,000
Appropriated fund balance	1,900,000	-	(1,900,000)	-
Total	<u>-</u>	<u>(1,900,000)</u>	<u>(1,900,000)</u>	<u>1,715,000</u>
<b>Revenues and appropriated fund balance under expenditures</b>	<u>\$ -</u>	<u>\$ 131,468</u>	<u>\$ 131,468</u>	<u>\$ 1,637,579</u>
<b>Reconciliation from budgetary basis (modified accrual) to full accrual</b>				
Revenues and other financing sources over expenditures	\$	131,468		\$ 1,637,579
Reconciling items				
Debt proceeds		-		(1,715,000)
Debt payments		1,749,395		3,459,689
Depreciation		(1,434,669)		(1,363,228)
Capital outlay		358,423		400,468
Increase in deferred outflows of resources - pensions		(56,453)		229,631
Increase in net pension liability		69,474		(266,357)
Decrease in deferred inflows of resources - pensions		(215,336)		20,358
Decrease in accrued vacation pay		(35,791)		14,888
Increase in other postemployment benefits		(529)		(114,787)
Restricted intergovernmental revenue from				
Water and Sewer Capital Projects Fund		2,014,698		815,367
Transfer from Water and Sewer Fund		1,900,000		-
Investment earnings from Water and Sewer Capital Projects Fund		225		17
Total		<u>4,349,437</u>		<u>1,481,046</u>
Change in net position		<u>\$ 4,480,905</u>		<u>\$ 3,118,625</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, 2018**

	Project Author - ization	Actual		Total to Date	Variance Positive (Negative)
		Prior Year	Current Year		
<b>Revenues</b>					
Restricted intergovernmental:					
Federal grants					
CDBG grant	\$ -	\$ 430,976	\$ -	\$ 430,976	\$ 430,976
State grants					
HUC grant E-HUC-W-15-0004	1,879,380	496,277	911,514	1,407,791	(471,589)
HUC grant E-HUC-W-14-0002	577,600	466,658	-	466,658	(110,942)
IDF funds	1,807,000	-	1,103,184	1,103,184	(703,816)
Rural Center grant	-	823,250	-	823,250	823,250
Investment earnings	-	17	225	242	242
Total revenues	<u>4,263,980</u>	<u>2,217,178</u>	<u>2,014,923</u>	<u>4,232,101</u>	<u>(31,879)</u>
<b>Expenditures</b>					
Construction					
Franklinton Water Projects	-	1,317,051	-	1,317,051	(1,317,051)
Franklin sewer HUC grant phase 1	577,600	559,548	7,879	567,427	10,173
Franklin sewer HUC grant phase 2	1,879,380	393,407	988,915	1,382,322	497,058
East Youngsville extension	1,807,000	-	1,502,044	1,502,044	304,956
Youngsville sewer upgrades	1,910,000	-	149,945	149,945	1,760,055
Franklin regional pump station	60,000	12,000	288,991	300,991	(240,991)
Franklin sewer rehab phase II	-	19,173	-	19,173	(19,173)
Ray's Creek	-	10,164	-	10,164	(10,164)
Total expenditures	<u>6,233,980</u>	<u>2,311,343</u>	<u>2,937,774</u>	<u>5,249,117</u>	<u>984,863</u>
<b>Revenues under expenditures</b>	<u>(1,970,000)</u>	<u>(94,165)</u>	<u>(922,851)</u>	<u>(1,017,016)</u>	<u>1,937,847</u>
<b>Other financing sources (uses)</b>					
Transfer from Water and Sewer fund	-	-	1,900,000	1,900,000	1,900,000
Appropriated fund balance	60,000	-	-	-	(60,000)
Proceeds from debt	1,910,000	-	-	-	(1,910,000)
Total other financing sources (uses) - net	<u>1,970,000</u>	<u>-</u>	<u>1,900,000</u>	<u>1,900,000</u>	<u>(70,000)</u>
<b>Revenues, appropriated fund balance, and other financing sources over expenditures and uses</b>	<u>\$ -</u>	<u>\$ (94,165)</u>	<u>\$ 977,149</u>	<u>\$ 882,984</u>	<u>\$ 882,984</u>

**Franklin County, North Carolina**  
**Solid Waste Fund**  
**Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)**  
**For the Year Ended June 30, 2018**

	2018		Variance Positive (Negative)	2017
	Budget	Actual		Actual
<b>Revenues</b>				
Operating revenues				
Solid waste revenue	\$ 2,050,000	\$ 2,117,165	\$ 67,165	\$ 2,064,587
Landfill fees	1,659,370	1,257,600	(401,770)	1,256,063
Total	<u>3,709,370</u>	<u>3,374,765</u>	<u>(334,605)</u>	<u>3,320,650</u>
Nonoperating revenues:				
Operating grants	169,200	207,941	38,741	163,310
Interest earnings	-	-	-	-
Miscellaneous revenues	30,200	40,637	10,437	31,731
Total	<u>199,400</u>	<u>248,578</u>	<u>49,178</u>	<u>195,041</u>
Total revenues	<u>3,908,770</u>	<u>3,623,343</u>	<u>(285,427)</u>	<u>3,515,691</u>
<b>Expenditures</b>				
Salaries and employee benefits	858,516	841,548	16,968	799,768
Other operating expenditures	3,100,105	2,989,177	110,928	2,581,076
Capital outlay	360,760	354,871	5,889	67,113
Total expenditures	<u>4,319,381</u>	<u>4,185,596</u>	<u>133,785</u>	<u>3,447,957</u>
<b>Revenues under expenditures</b>	<u>(410,611)</u>	<u>(562,253)</u>	<u>(151,642)</u>	<u>67,734</u>
<b>Other Financing Sources (Uses)</b>				
Transfer from (to) Other Funds				
General Fund	275,000	300,000	(25,000)	-
Appropriated Fund Balance	135,611	-	135,611	-
Total	<u>410,611</u>	<u>300,000</u>	<u>110,611</u>	<u>-</u>
<b>Revenues and appropriated fund balance under expenditures</b>	<u>\$ -</u>	<u>\$ (262,253)</u>	<u>\$ (262,253)</u>	<u>\$ 67,734</u>
<b>Reconciliation from budgetary basis (modified accrual) to full accrual</b>				
Revenues and other financing sources over expenditures		\$ (262,253)		\$ 67,734
Reconciling items				
Depreciation		(179,320)		(164,077)
Capital outlay		309,370		-
Increase in deferred outflows of resources - pensions		(45,257)		116,505
Increase in net pension liability		44,810		(135,817)
Decrease in deferred inflows of resources - pensions		(39,638)		12,384
Decrease in accrued vacation pay		1,718		(8,309)
Increase in other postemployment benefits		5,062		(39,486)
Increase in landfill closure		25,879		9,575
Total		<u>122,624</u>		<u>(209,225)</u>
Change in net position		<u>\$ (139,629)</u>		<u>\$ (141,491)</u>

## INTERNAL SERVICE FUNDS

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

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- **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, 2018**  
**(With Comparative Totals for the Year Ended June 30, 2017)**

	2018		Variance Positive (Negative)	2017
	Budget	Actual		Actual
<b>Revenues</b>				
Contributions from employees	\$ 1,100,000	\$ 1,089,985	\$ (10,015)	\$ 1,125,206
Contribution from General Fund	6,226,500	6,394,392	167,892	5,930,856
Contributions from Water & Sewer Fund	295,575	377,287	81,712	281,588
Contributions from Solid Waste Fund	131,250	121,952	(9,298)	80,802
Contributions from Hospital Fund	-	-	-	5,800
Interest earnings	-	10	10	9
Miscellaneous	32,500	26,032	(6,468)	42,242
Total revenues	<u>7,785,825</u>	<u>8,009,658</u>	<u>223,833</u>	<u>7,466,503</u>
<b>Expenditures</b>				
Health insurance	7,200,000	7,361,249	(161,249)	6,870,992
Property and liability insurance	325,000	276,040	48,960	257,537
Workers' compensation insurance	450,000	256,273	193,727	373,506
Unemployment claims	100,000	20,478	79,522	49,367
Total expenditures	<u>8,075,000</u>	<u>7,914,040</u>	<u>160,960</u>	<u>7,551,402</u>
<b>Revenues over (under) expenditures</b>	(289,175)	95,618	384,793	(84,899)
<b>Appropriated fund balance</b>	<u>289,175</u>	<u>-</u>	<u>(289,175)</u>	<u>-</u>
<b>Revenues and appropriated fund balance over (under) expenditures</b>	<u>\$ -</u>	<u>95,618</u>	<u>\$ 95,618</u>	<u>(84,899)</u>
<b>Fund balances</b>				
Beginning of year, July 1		<u>1,966,476</u>		<u>2,051,375</u>
End of year, June 30		<u>\$ 2,062,094</u>		<u>\$ 1,966,476</u>
Reconciliation from financial plan basis (modified accrual) to full accrual:				
Total revenues		<u>\$ 8,009,658</u>		<u>\$ 7,466,503</u>
Total expenditures		<u>7,914,040</u>		<u>7,551,402</u>
Change in net position		<u>\$ 95,618</u>		<u>\$ (84,899)</u>

## AGENCY FUNDS

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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.

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- **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, 2018**

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018
<b>Social Services</b>				
Assets				
Cash and cash equivalents	\$ 59,130	\$ 279,480	\$ 258,592	\$ 80,018
Liabilities				
Miscellaneous liabilities	\$ 59,130	\$ 279,480	\$ 258,592	\$ 80,018
<b>Fines and Forfeitures</b>				
Assets				
Cash and cash equivalents	\$ 15,668	\$ 199,852	\$ 202,802	\$ 12,718
Liabilities				
Intergovernmental payable	\$ 15,668	\$ 199,852	\$ 202,802	\$ 12,718
<b>Motor Vehicle Tax</b>				
Assets				
Cash and cash equivalents	\$ -	\$ 2,720,222	\$ 2,720,222	\$ -
Liabilities				
Miscellaneous liabilities	\$ -	\$ 2,720,222	\$ 2,720,222	\$ -
<b>Jail Fund</b>				
Assets				
Cash and cash equivalents	\$ 67,556	\$ 408,693	\$ 413,666	\$ 62,583
Liabilities				
Miscellaneous liabilities	\$ 67,556	\$ 408,693	\$ 413,666	\$ 62,583
<b>Totals - All Agency Funds</b>				
Assets				
Cash and cash equivalents	\$ 142,354	\$ 3,608,247	\$ 3,595,282	\$ 155,319
Liabilities				
Miscellaneous liabilities	\$ 126,686	\$ 3,408,395	\$ 3,392,480	\$ 142,601
Intergovernmental payable	15,668	199,852	202,802	12,718
Total liabilities	\$ 142,354	\$ 3,608,247	\$ 3,595,282	\$ 155,319

## **OTHER SCHEDULES**

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This schedule contains additional information required on property taxes.

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- 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, 2018

	County-wide			Total Levy	
	Property Valuation	Rate	Amount of Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
<b>Original levy</b>					
Property taxed at current year's rate	\$ 4,114,990,604	0.8950	\$ 36,829,166	\$ 36,829,166	\$ -
Motor vehicles taxed at current year's rate	575,677,095	0.8950	5,152,310	-	5,152,310
Total	<u>4,690,667,699</u>		<u>41,981,476</u>	<u>36,829,166</u>	<u>5,152,310</u>
<b>Discoveries</b>	153,942,011	0.8950	1,377,781	1,377,781	-
<b>Abatements</b>	<u>(19,945,363)</u>	0.8950	<u>(178,511)</u>	<u>(178,511)</u>	<u>-</u>
Total	<u>\$ 4,824,664,347</u>		43,180,746	38,028,436	5,152,310
<b>Less uncollected taxes at June 30, 2018</b>			532,017	524,003	8,014
<b>Current year's taxes collected</b>			<u>\$ 42,648,729</u>	<u>\$ 37,504,433</u>	<u>\$ 5,144,296</u>
<b>Current levy collection percentage</b>			<u>98.77%</u>	<u>98.62%</u>	<u>99.84%</u>

**Franklin County, North Carolina**  
**Analysis of Current Tax Levy**  
**County-wide Levy**  
**For the Year Ended June 30, 2018**

**Secondary Market Disclosures:**

## Assessed Valuation:

Assessment Ratio <sup>1</sup>		100%
Real Property	\$	4,635,878,431
Personal Property		312,982,820
Public Service Companies <sup>2</sup>		135,035,082
Total Assessed Valuation	\$	<u>4,824,664,347</u>
Tax Rate per \$100		0.895
Levy (includes discoveries, releases and abatements) <sup>3</sup>	\$	43,180,746

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, 2018:

Fire Protection Districts	\$	3,072,211
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<sup>1</sup> Percentage of appraised value has been established by statute.

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

<sup>3</sup> The levy includes interest and penalties.

**Franklin County, North Carolina  
Ten Largest Taxpayers  
For the Year Ended June 30, 2018**

<b>Taxpayer</b>	<b>Type of Business</b>	<b>Assessed Valuation</b>	<b>Percentage of Total Assessed Valuation</b>
Novozymes North America Inc.	Manufacturing	\$ 173,999,980	3.61%
Duke Energy Progress, Inc.	Utility	60,961,523	1.26%
Wake Electric Membership Corporation	Utility	30,424,725	0.63%
K-Flex USA LLC	Manufacturing	32,417,554	0.67%
Amcor Rigid Plastics LLC	Manufacturing	16,412,788	0.34%
Palziv North America	Manufacturing	15,944,770	0.33%
Carolina Telephone	Utility	15,107,029	0.31%
Public Service Co. of NC, Inc.	Utility	12,735,527	0.26%
Southern Lithoplate	Manufacturing	10,883,554	0.23%
Noda LLC	Manufacturing	9,890,970	0.21%
Total		<u>\$ 378,778,420</u>	<u>7.85%</u>

# STATISTICAL SECTION

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## **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				
	2018	2017	2016	2015	2014
Governmental activities					
Net investment in capital assets	\$ 38,912,238	\$ 49,349,124	\$ 46,734,481	\$ 33,798,587	\$ 33,141,451
Restricted	9,849,114	10,863,695	13,420,202	12,618,500	10,485,680
Unrestricted	<u>(62,542,763)</u>	<u>(42,009,483)</u>	<u>(51,142,621)</u>	<u>(60,192,165)</u>	<u>(64,722,957)</u>
Total governmental activities net position	<u>\$ (13,781,411)</u>	<u>\$ 18,203,336</u>	<u>\$ 9,012,062</u>	<u>\$ (13,775,078)</u>	<u>\$ (21,095,826)</u>
Business-type activities					
Net investment in capital assets	\$ 25,803,183	\$ 22,062,211	\$ 20,815,587	\$ 16,926,449	\$ 15,622,605
Unrestricted	<u>2,073,640</u>	<u>3,158,263</u>	<u>1,432,932</u>	<u>(321,710)</u>	<u>4,020,017</u>
Total business-type activities net position	<u>\$ 27,876,823</u>	<u>\$ 25,220,474</u>	<u>\$ 22,248,519</u>	<u>\$ 16,604,739</u>	<u>\$ 19,642,622</u>
Primary government					
Net investment in capital assets	\$ 64,715,421	\$ 71,411,335	\$ 67,550,068	\$ 50,725,036	\$ 48,764,056
Restricted	9,849,114	10,863,695	13,420,202	12,618,500	10,485,680
Unrestricted	<u>(60,469,123)</u>	<u>(38,851,220)</u>	<u>(49,709,689)</u>	<u>(60,513,875)</u>	<u>(60,702,940)</u>
Total primary government net position	<u>\$ 14,095,412</u>	<u>\$ 43,423,810</u>	<u>\$ 31,260,581</u>	<u>\$ 2,829,661</u>	<u>\$ (1,453,204)</u>

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

Table 1

Fiscal Year Ended				
2013	2012	2011	2010	2009
\$ 30,485,649	\$ 26,677,972	\$ 25,866,534	\$ 22,185,107	\$ 11,105,092
4,809,599	3,912,076	6,029,114	-	-
(62,311,839)	(62,555,157)	(66,760,973)	(38,579,992)	(17,970,151)
<u>\$ (27,016,591)</u>	<u>\$ (31,965,109)</u>	<u>\$ (34,865,325)</u>	<u>\$ (16,394,885)</u>	<u>\$ (6,865,059)</u>
\$ 13,508,654	\$ 12,421,870	\$ 11,252,930	\$ 10,171,373	\$ 7,884,229
4,715,821	3,426,618	3,731,203	4,070,904	5,620,515
<u>\$ 18,224,475</u>	<u>\$ 15,848,488</u>	<u>\$ 14,984,133</u>	<u>\$ 14,242,277</u>	<u>\$ 13,504,744</u>
\$ 43,994,303	\$ 39,099,842	\$ 37,119,464	\$ 32,356,480	\$ 18,989,321
4,809,599	3,912,076	6,029,114	-	-
(57,596,018)	(59,128,539)	(63,029,770)	(34,509,088)	(12,349,636)
<u>\$ (8,792,116)</u>	<u>\$ (16,116,621)</u>	<u>\$ (19,881,192)</u>	<u>\$ (2,152,608)</u>	<u>\$ 6,639,685</u>

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

	Fiscal Year Ended				
	2018	2017	2016	2015	2014
<b>Expenses</b>					
<b>Governmental Activities</b>					
General government	\$ 6,480,010	\$ 5,743,664	\$ 5,770,373	\$ 4,683,881	\$ 4,598,900
Public Safety	29,045,089	25,787,638	23,852,535	21,980,004	21,505,522
Economic and physical development	2,548,230	2,323,762	2,497,914	5,445,839	5,524,498
Environmental protection	-	-	-	235,498	-
Human services	17,865,969	20,301,413	18,588,512	17,901,400	17,850,805
Cultural and recreation	1,664,367	1,632,077	1,555,924	1,445,953	1,598,599
Education	21,744,539	17,388,641	15,962,006	15,838,646	14,613,120
Interest on long-term debt	2,010,655	2,055,199	2,293,631	2,962,772	2,991,751
<b>Total governmental activities expenses</b>	<b>81,358,859</b>	<b>75,232,394</b>	<b>70,520,895</b>	<b>70,493,993</b>	<b>68,683,195</b>
<b>Business-type activities</b>					
Solid Waste	4,062,972	3,658,116	3,434,463	-	-
Water and Sewer	8,753,560	8,087,611	7,972,215	7,254,705	6,620,881
<b>Total business-type activities expense</b>	<b>12,816,532</b>	<b>11,745,727</b>	<b>11,406,678</b>	<b>7,254,705</b>	<b>6,620,881</b>
<b>Total primary government expenses</b>	<b>94,175,391</b>	<b>86,978,121</b>	<b>81,927,573</b>	<b>77,748,698</b>	<b>75,304,076</b>
<b>Program Revenues</b>					
<b>Governmental activities:</b>					
Charges for services:					
General government	877,248	783,678	745,315	534,892	578,784
Public Safety	6,133,527	6,034,345	5,766,759	4,931,717	4,861,574
Economic and physical development	824,089	725,821	718,978	3,318,708	3,284,600
Human services	3,342,424	2,916,453	2,482,054	1,798,633	2,148,552
Cultural and recreation	296,595	246,500	108,465	131,376	72,065
Operating grants and contributions	11,399,118	13,245,719	15,245,460	12,742,188	11,852,730
Capital Grants and Contributions	1,720,118	924,757	13,645,950	431,926	423,335
<b>Total governmental activities program revenues</b>	<b>24,593,119</b>	<b>24,877,273</b>	<b>38,712,981</b>	<b>23,889,440</b>	<b>23,221,640</b>
<b>Business-type activities:</b>					
Charges for services:					
Solid waste	3,374,765	3,320,650	3,262,994	-	-
Water and sewer	11,141,686	10,322,028	9,641,474	9,248,628	8,538,074
Operating grants and contributions	-	-	-	-	-
Capital Grants and Contributions	2,227,039	978,677	1,422,261	149,932	-
<b>Total business-type activities program revenues</b>	<b>16,743,490</b>	<b>14,621,355</b>	<b>14,326,729</b>	<b>9,398,560</b>	<b>8,538,074</b>
<b>Total primary government program revenues</b>	<b>41,336,609</b>	<b>39,498,628</b>	<b>53,039,710</b>	<b>33,288,000</b>	<b>31,759,714</b>

**Table 2**  
**(cont.)**

		Fiscal Year Ended							
		2013	2012	2011	2010	2009			
\$	4,674,158	\$	4,508,753	\$	4,481,582	\$	4,888,153	\$	5,619,743
	20,017,277		19,033,872		20,782,813		18,622,921		17,287,411
	5,648,305		5,666,603		5,859,582		5,223,772		5,734,787
	-		-		-		-		-
	17,708,407		17,260,614		17,258,277		16,250,663		18,243,826
	1,429,624		1,364,329		1,271,427		1,289,122		1,293,831
	13,775,500		16,132,388		35,878,008		27,490,479		16,985,160
	3,261,900		3,492,294		3,406,691		3,250,515		3,002,457
	66,515,171		67,458,853		88,938,380		77,015,625		68,167,215
	-		-		-		-		-
	6,386,886		6,123,230		6,035,793		6,105,211		6,222,719
	6,386,886		6,123,230		6,035,793		6,105,211		6,222,719
	72,902,057		73,582,083		94,974,173		83,120,836		74,389,934
	595,586		541,585		554,148		854,040		318,880
	4,389,896		4,948,255		4,037,262		3,697,253		4,658,370
	3,239,731		3,311,918		3,095,018		3,430,203		2,701,616
	3,574,833		3,684,215		4,017,056		3,810,360		4,034,367
	89,943		77,204		135,234		67,437		131,291
	10,949,922		10,818,184		11,617,566		9,548,527		8,441,731
	516,634		278,754		2,261,375		1,717,348		1,751,120
	23,356,545		23,660,115		25,717,659		23,125,168		22,037,375
	-		-		-		-		-
	8,863,609		7,340,277		6,306,080		6,082,732		5,721,859
	-		-		-		-		215,239
	298,969		87,562		228,185		-		-
	9,162,578		7,427,839		6,534,265		6,082,732		5,937,098
	32,519,123		31,087,954		32,251,924		29,207,900		27,974,473

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

	<b>Fiscal Year Ended</b>				
	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
<b>Net (Expense)/Revenue</b>					
Governmental activities	\$ (56,765,740)	\$ (50,355,121)	\$ (31,807,914)	\$ (46,604,553)	\$ (45,461,555)
Business-type activities	3,926,958	2,875,628	2,920,051	2,143,855	1,917,193
Total primary government net expense	<u>(52,838,782)</u>	<u>(47,479,493)</u>	<u>(28,887,863)</u>	<u>(44,460,698)</u>	<u>(43,544,362)</u>
<b>General Revenues and Other Changes in Net Position</b>					
Governmental activities					
Taxes:					
Property Taxes	46,384,286	46,528,850	45,412,303	41,208,557	41,298,278
Other Taxes	13,700,143	12,292,995	9,838,229	9,605,109	8,953,833
Investment Earnings	341,386	87,968	44,840	28,065	120,977
Miscellaneous - Unrestricted	260,008	951,986	807,923	181,287	166,619
Special item	(12,160,071)	-	-	-	-
Transfers	(300,000)	-	-	-	499,997
Total government activities	<u>48,225,752</u>	<u>59,861,799</u>	<u>56,103,295</u>	<u>51,023,018</u>	<u>51,039,704</u>
Business-type activities:					
Investment earnings/Misc.	124,166	96,327	61,968	41,269	951
Transfers	300,000	-	-	-	(499,997)
Total business-type activities	<u>424,166</u>	<u>96,327</u>	<u>61,968</u>	<u>41,269</u>	<u>(499,046)</u>
Total primary government	<u>48,649,918</u>	<u>59,958,126</u>	<u>56,165,263</u>	<u>51,064,287</u>	<u>50,540,658</u>
<b>Change in Net Position</b>					
Governmental activities	(8,539,988)	9,506,678	24,295,381	4,418,465	5,578,149
Business-type activities	4,351,124	2,971,955	2,982,019	2,185,124	1,418,147
Total primary government	<u>\$ (4,188,864)</u>	<u>\$ 12,478,633</u>	<u>\$ 27,277,400</u>	<u>\$ 6,603,589</u>	<u>\$ 6,996,296</u>

Table 2

Fiscal Year Ended				
2013	2012	2011	2010	2009
\$ (43,158,626)	(43,798,738)	(63,220,721)	(53,890,457)	(46,129,840)
2,775,692	1,304,609	498,472	(22,479)	(285,621)
(40,382,934)	(42,494,129)	(62,722,249)	(53,912,936)	(46,415,461)
38,983,743	37,807,234	37,416,033	37,246,830	34,714,146
8,461,911	8,286,210	7,317,661	7,326,661	9,526,281
125,310	144,169	178,881	762,901	532,190
211,280	20,726	72,989	346,728	1,616,200
-	-	-	-	-
400,000	440,615	(235,283)	(786,208)	194
48,182,244	46,698,954	44,750,281	44,896,912	46,389,011
295	360	8,101	16,154	52,249
(400,000)	(440,615)	235,283	786,208	(194)
(399,705)	(440,255)	243,384	802,362	52,055
47,782,539	46,258,699	44,993,665	45,699,274	46,441,066
5,023,618	2,900,216	(18,470,440)	(8,993,545)	259,171
2,375,987	864,354	741,856	779,883	(233,566)
\$ 7,399,605	\$ 3,764,570	\$ (17,728,584)	\$ (8,213,662)	\$ 25,605

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

	Fiscal Year Ended				
	2018	2017	2016	2015	2014
General Fund					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved - restricted	-	-	-	-	-
Unreserved - Undesignated	-	-	-	-	-
Nonspendable	26,202	24,118	30,251	40,694	60,806
Restricted	8,424,546	9,135,986	9,714,647	10,775,010	5,653,766
Assigned	5,958,945 *	6,025,002 *	1,800,632 *	2,887,299	5,718,864
Committed	438,222	758,440	741,796	692,991	667,991
Unassigned	21,898,821 **	17,783,339 **	15,546,250 **	10,466,697	8,832,006
Total general fund	<u>\$ 36,746,736</u>	<u>\$ 33,726,885</u>	<u>\$ 27,833,576</u>	<u>\$ 24,862,691</u>	<u>\$ 20,933,433</u>
All other Governmental Funds					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:					
Special revenue funds	-	-	-	-	-
Capital projects funds	-	-	-	-	-
Restricted	1,424,568 **	1,727,709 ***	3,705,555 ***	1,843,490	4,831,914
Committed	8,562,577	208,332	494,422	494,422	1,025,062
Assigned	-	-	-	-	-
Unassigned	(487,805)	(167,487)	(433,941)	(15,605)	(246,604)
Total all other governmental funds	<u>\$ 9,499,340</u>	<u>\$ 1,768,554</u>	<u>\$ 3,766,036</u>	<u>\$ 2,322,307</u>	<u>\$ 5,610,372</u>

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

Fiscal years 2008 through 2010 are presented in the Pre-GASB 54 format while fiscal years 2011 through 2017 are presented in the GASB 54 format.

Table 3

Fiscal Year Ended					
2013	2012	2011	2010	2009	
\$ -	\$ -	\$ -	\$ 3,525,597	\$ 3,124,757	
-	-	-	4,276,748	2,459,288	
-	-	-	13,312,790	13,569,126	
-	27,220	17,145	-	-	
8,085,472	4,874,037	3,752,353	-	-	
5,579,298	3,863,440	4,966,049	-	-	
-	-	-	-	-	
12,664,770	13,201,066	12,757,375	-	-	
<u>\$ 26,329,540</u>	<u>\$ 21,965,763</u>	<u>\$ 21,492,922</u>	<u>\$ 21,115,135</u>	<u>\$ 19,153,171</u>	
\$ -	\$ -	\$ -	\$ 6,313,368	\$ 3,661,522	
-	-	-	2,571,326	2,449,207	
-	-	-	1,130,004	1,112,012	
622,702	955,510	2,276,761	-	-	
3,211,250	3,248,775	2,121,012	-	-	
1,332,413	2,156,735	4,624,788	-	-	
(50,028)	(330,823)	(603,060)	-	-	
<u>\$ 5,116,337</u>	<u>\$ 6,030,197</u>	<u>\$ 8,419,501</u>	<u>\$ 10,014,698</u>	<u>\$ 7,222,741</u>	

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

	Fiscal Year Ended				
	2018	2017	2016	2015	2014
<b>Revenues</b>					
Ad Valorem Taxes	\$ 46,677,870	\$ 46,788,595	\$ 45,395,778	\$ 41,224,213	\$ 41,455,270
Sales Tax	13,088,871	12,292,995	9,838,229	8,903,735	8,146,600
Other taxes and licenses	622,385	722,337	737,971	896,393	1,021,437
Unrestricted Intergovernmental	-	-	-	-	-
Restricted Intergovernmental	12,821,762	13,849,965	15,369,151	12,704,197	11,762,899
Permits and Fees	-	-	-	-	-
Sales and service	11,476,747	10,709,505	9,824,427	10,666,244	10,994,928
Investment Earnings	341,716	87,998	50,357	28,210	144,476
Other revenues	522,158	547,452	388,285	505,267	417,558
<b>Total revenues</b>	<b>85,551,509</b>	<b>84,998,847</b>	<b>81,604,198</b>	<b>74,928,259</b>	<b>73,943,168</b>
<b>Expenditures</b>					
General government	5,902,404	5,683,160	5,388,439	4,480,127	4,364,374
Public Safety	26,797,514	24,968,337	22,709,419	21,937,502	21,149,148
Economic and Physical development	2,202,575	2,084,451	2,230,098	6,654,528	5,425,898
Human Services	16,698,013	18,794,832	18,018,799	17,668,892	17,409,472
Cultural and recreation	1,458,413	1,450,257	1,363,550	1,287,267	1,419,908
Education	18,154,451	17,102,551	15,962,006	15,908,006	14,613,120
Capital outlay	6,586,299	1,848,384	627,976	4,270,243	1,986,455
Debt service:					
Principal	7,031,378	14,808,883	8,883,550	7,177,550	8,127,550
Interest and other fees	1,859,396	2,469,032	2,653,308	3,037,428	3,101,575
<b>Total Expenditures</b>	<b>86,690,443</b>	<b>89,209,887</b>	<b>77,837,145</b>	<b>82,421,543</b>	<b>77,597,500</b>
Excess of revenues over (under) expenditures	(1,138,934)	(4,211,040)	3,767,053	(7,493,284)	(3,654,332)
<b>Other Financing Sources (Uses)</b>					
Transfers to other funds	(1,121,892)	(699,763)	(90,877)	(765,700)	(1,087,108)
Transfers from other funds	821,892	699,763	90,877	1,675,700	1,587,105
Inc.(Dec) in reserve for inventory	-	-	-	-	-
Proceeds from long-term debt	21,270,895	8,113,000	18,005,000	2,150,000	3,000,000
Payment to refunded debt escrow	(9,083,408)	-	(16,338,537)	-	-
<b>Total other financing sources (uses)</b>	<b>11,887,487</b>	<b>8,113,000</b>	<b>1,666,463</b>	<b>3,060,000</b>	<b>3,499,997</b>
<b>Net changes in fund balance</b>	<b>\$ 10,748,553</b>	<b>\$ 3,901,960</b>	<b>\$ 5,433,516</b>	<b>\$ (4,433,284)</b>	<b>\$ (154,335)</b>
Debt service as a percentage of noncapital expenditures	10.71%	20.22%	15.13%	13.22%	15.03%

Table 4

Fiscal Year Ended				
2013	2012	2011	2010	2009
\$ 38,841,282	\$ 38,329,055	\$ 37,536,902	\$ 37,383,075	\$ 34,403,249
7,644,488	7,358,931	6,446,864	7,326,661	9,526,281
942,946	1,006,100	1,114,672	452,625	565,845
-	-	-	436,869	552,577
10,987,782	10,616,499	13,278,682	10,489,372	10,066,937
-	-	-	1,425,010	1,196,976
11,984,301	12,607,499	11,860,295	10,305,981	10,836,080
142,629	143,458	200,150	853,869	532,190
479,556	358,755	319,977	339,916	306,259
<u>71,022,984</u>	<u>70,420,297</u>	<u>70,757,542</u>	<u>69,013,378</u>	<u>67,986,394</u>
4,426,858	4,107,482	4,079,502	4,585,485	4,822,336
19,065,915	18,371,117	20,273,574	18,155,489	16,896,492
5,449,774	5,487,835	5,743,666	4,888,291	5,419,791
17,001,115	16,549,400	17,011,497	15,933,092	17,436,101
1,219,006	1,179,430	1,156,108	1,148,243	1,346,031
13,775,500	13,368,084	13,240,333	13,007,248	13,196,086
693,883	9,572,995	25,660,883	15,140,139	4,189,528
8,072,550	9,272,608	5,995,766	5,134,503	4,920,907
<u>3,392,405</u>	<u>3,516,979</u>	<u>3,377,959</u>	<u>3,078,744</u>	<u>3,004,725</u>
<u>73,097,006</u>	<u>81,425,930</u>	<u>96,539,288</u>	<u>81,071,234</u>	<u>71,231,997</u>
<u>(2,074,022)</u>	<u>(11,005,633)</u>	<u>(25,781,746)</u>	<u>(12,057,856)</u>	<u>(3,245,603)</u>
(932,366)	(1,932,619)	(1,280,781)	(4,143,574)	(3,400,565)
1,332,366	2,373,234	1,045,498	3,357,366	3,400,759
-	-	(3,259)	(2,016)	(40,025)
-	8,638,480	24,802,878	17,600,000	14,905,000
-	-	-	-	(11,867,417)
<u>400,000</u>	<u>9,079,095</u>	<u>24,564,336</u>	<u>16,811,776</u>	<u>2,997,752</u>
<u>\$ (1,674,022)</u>	<u>\$ (1,926,538)</u>	<u>\$ (1,217,410)</u>	<u>\$ 4,753,920</u>	<u>\$ (247,851)</u>
16.08%	17.40%	10.12%	10.35%	11.82%

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**

<b>Fiscal Year Ended June 30</b>	<b>Assessed Value</b>	<b>Net General Obligation Bonded Debt</b>	<b>Ratio of Net General Obligation Bonded Debt to Assessed Value</b>	<b>Population</b>	<b>Net General Obligation Bonded Debt Per Capita</b>
2009	\$ 3,921,071,975	\$ 31,730,000	0.8092%	57,332	553.44
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

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**

<b>Fiscal Year Ended June 30</b>	<b>Principal</b>	<b>Interest on Bonds</b>	<b>Total Debt Service</b>	<b>Total General Governmental Expenditures</b>	<b>Ratio of Debt Debt Service to Total General Governmental Expenditures</b>
*2009	\$ 7,070,000	\$ 1,703,571	\$ 8,773,571	\$ 71,231,997	12.32%
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	\$ 86,490,443	16.75%

Note: Includes General, Special Revenue and Capital Projects.

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

\* In FY 2008-2009, the county refunded \$5.8 million in GO Bonds

\*\* 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				
	2018	2017	2016	2015	2014
Assessed Value of Taxable Property	\$ 4,824,664,347	\$ 4,708,966,677	\$ 4,549,053,063	\$ 4,403,456,577	\$ 4,407,282,825
	8.00%	8.00%	8.00%	8.00%	8.00%
<b>Debt Limit - 8 Percent of Assessed Value</b>	<u>385,973,148</u>	<u>376,717,334</u>	<u>363,924,245</u>	<u>352,276,526</u>	<u>352,582,626</u>
Gross debt					
Total bonded debt	53,189,580	45,101,252	49,587,425	53,362,598	57,035,000
Authorized and unissued bonds	11,400,000	11,400,000	11,400,000	11,400,000	11,400,000
Lease financing agreements*	20,620,428	24,430,285	18,647,007	21,691,556	22,566,606
Gross Debt	<u>85,210,008</u>	<u>80,931,537</u>	<u>79,634,432</u>	<u>86,454,154</u>	<u>91,001,606</u>
<b>Total net debt applicable to limit</b>	<u>85,210,008</u>	<u>80,931,537</u>	<u>79,634,432</u>	<u>86,454,154</u>	<u>91,001,606</u>
<b>Legal Debt Margin</b>	<u>\$ 300,763,140</u>	<u>\$ 295,785,797</u>	<u>\$ 284,289,813</u>	<u>\$ 265,822,372</u>	<u>\$ 261,581,020</u>
<b>Total net debt applicable to the limit as a percentage of debt limit</b>	22.08%	21.48%	21.88%	24.54%	25.81%

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

**Table 7**

<b>Fiscal Year Ended</b>				
<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
\$ 4,210,387,188	\$ 4,123,952,206	\$ 4,041,492,878	\$ 4,005,269,997	\$ 3,921,071,975
8.00%	8.00%	8.00%	8.00%	8.00%
336,830,975	329,916,176	323,319,430	320,421,600	313,685,758
60,985,000	64,945,000	68,915,000	47,490,000	31,730,000
11,400,000	11,400,000	11,400,000	35,400,000	53,000,000
23,968,110	27,856,705	24,520,833	27,941,600	31,236,102
96,353,110	104,201,705	104,835,833	110,831,600	115,966,102
96,353,110	104,201,705	104,835,833	110,831,600	115,966,102
\$ 240,477,865	\$ 225,714,471	\$ 218,483,597	\$ 209,590,000	\$ 197,719,656
28.61%	31.58%	32.42%	34.59%	36.97%

Table 8

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

	Fiscal Year Ended									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>County Direct Rates*</b>										
County-wide Rate	0.8950	0.9250	0.9250	0.8725	0.8725	0.8725	0.8725	0.8725	0.8725	0.8225
<b>Municipality Rates</b>										
Town of Bunn	0.6600	0.6900	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	0.6800	0.7000	0.7000	0.6800	0.6800	0.6800
Town of Louisburg	0.4500	0.5150	0.5350	0.5350	0.5350	0.5350	0.5350	0.5350	0.5350	0.5350
Town of Youngsville	0.6600	0.6600	0.6100	0.6100	0.5900	0.5900	0.5900	0.5900	0.5700	0.5400
City of Wake Forest	0.5200	0.5200	0.5200	0.5200	0.5100	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**

<b>Fiscal Year Ended June 30</b>	<b>Real Property</b>	<b>Personal Property</b>	<b>Public Service Company Property</b>	<b>Total Assessed Value</b>	<b>County Tax Rate</b>	<b>Estimated Actual Taxable Value</b>
2009	\$ 3,194,138,237	\$ 595,944,194	\$ 130,989,544	\$ 3,921,071,975	0.8225	\$ 32,250,817
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

Table 10

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

<b>Fiscal Year Ended June 30</b>	<b>Total Tax Levy</b>	<b>Current Tax Collections</b>	<b>% of Levy Collected</b>	<b>Delinquent Tax Collections</b>	<b>Total Tax Collections</b>	<b>Ratio of Total Tax Collections To Tax Levy</b>	<b>Outstanding Delinquent Taxes</b>	<b>Ratio of Delinquent Taxes to Tax Levy</b>
2009	\$ 32,209,611	\$ 30,897,685	95.93%	\$ 1,251,190	\$ 32,148,875	99.81%	\$ 60,736	0.19%
2010	34,914,376	33,729,914	96.61%	1,129,164	34,859,078	99.84%	55,298	0.16%
2011	35,262,025	34,231,511	97.08%	964,443	35,195,954	93.72%	66,071	6.28%
2012	35,981,483	35,113,228	97.59%	796,690	35,909,918	94.84%	71,565	5.16%
2013	36,735,628	35,765,603	97.36%	878,976	36,644,579	94.60%	91,049	5.40%
2014	38,453,543	37,664,398	97.95%	683,831	38,348,229	95.21%	105,314	4.79%
2015	38,420,159	37,747,518	98.25%	585,231	38,332,749	95.28%	87,410	4.72%
2016	42,078,741	41,472,514	98.56%	477,875	41,950,389	99.69%	128,352	0.31%
2017	43,557,942	42,991,906	98.70%	366,250	43,358,156	99.54%	199,786	0.46%
2018	\$ 43,180,746	\$ 42,648,729	98.77%	\$ -	\$ 42,648,729	98.77%	\$ 532,017	1.23%

Table 11

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

<b>Fiscal Year Ended June 30</b>	<b>Ad Valorem Taxes</b>	<b>Sales Tax</b>	<b>Other Taxes and Licenses</b>	<b>Intergovernmental Revenues</b>	<b>Permit and Fees</b>	<b>Sales and Services</b>	<b>Investment Earnings</b>	<b>Miscellaneous Revenues</b>	<b>Total</b>
2009	\$ 34,403,249	\$ 9,526,281	\$ 565,845	\$ 10,619,514	\$ 1,196,976	\$ 10,836,080	\$ 532,190	\$ 306,259	\$ 67,986,394
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

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	
2009	\$ 31,730,000	\$ 17,851,103	\$ 13,384,999	\$ 2,160,000	\$ 9,090,300	\$ 7,328,248	\$ 79,384,650
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

**Table 12**

<b>Per Capita Income</b>	<b>Personal Income</b>	<b>Percentage of Personal Income</b>	<b>Population</b>	<b>Debt Per Capita</b>
\$ 26,419	\$ 1,579,458,000	5.0261%	57,332	\$ 1,385
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

Table 13

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

<b>Fiscal Year Ended June 30</b>	<b>General Government</b>	<b>Public Safety</b>	<b>Transportation</b>	<b>Economic and Physical Development</b>	<b>Human Services</b>	<b>Cultural &amp; Recreation</b>	<b>Education</b>	<b>Capital Outlay</b>	<b>Debt Service</b>	<b>Total</b>
2009	\$ 4,822,336	\$ 16,896,492	\$ -	\$ 5,419,791	\$ 17,436,101	\$ 1,346,031	\$ 13,196,086	\$ 4,189,528	\$ 7,925,632	\$ 71,231,997
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

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, 2018**

	<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	\$ 53,189,580	\$ 16,383,624	100.00%	\$ 69,573,204
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>\$ 53,189,580</u>			<u>\$ 69,573,204</u>

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

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

Table 15

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

<b>Fiscal Year Ended June 30</b>	<b>Population</b>	<b>Personal Income</b>	<b>Per Capita Income</b>	<b>Median Age</b>	<b>Education Level in Years of Schooling</b>	<b>School Enrollment</b>	<b>Unemployment Rate</b>
2009	57,332	\$ 1,579,458,000	\$ 27,685	38.00	N/A	8,458	10.40%
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%

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**

<b>Employer</b>	<b>Fiscal Year Ending 2018</b>			<b>Fiscal Year Ending 2009</b>		
	<b>Employees</b>	<b>Rank</b>	<b>% of Total Employment</b>	<b>Employees</b>	<b>Rank</b>	<b>% of Total Employment</b>
Novozymes North America	620	1	5.17%	463	1	3.97%
Century Link	400	2	3.34%	N/A	N/A	N/A
Food Lion LLC	214	3	1.78%	205	5	1.76%
K-Flex USA	195	4	1.63%	225	4	1.93%
ITS (Infrastructure Technology Services)	190	5	1.58%	N/A	N/A	N/A
Eaton Corporation	184	6	1.53%	N/A	N/A	N/A
Palziv North America	168	7	1.40%	N/A	N/A	N/A
Wal-Mart	164	8	1.37%	320	8	2.74%
Captive-Aire Systems	131	9	1.09%	130	9	1.11%
Trulite Glass & Aluminum Solutions	131	10	1.09%	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	N/A	N/A	N/A	182	7	1.56%
Southern Lithoplate	N/A	N/A	N/A	130	10	1.11%
<b>Total</b>	<b>2,397</b>		<b>19.98%</b>	<b>2,491</b>		<b>21.35%</b>

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									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>General Government:</b>										
Manager\Administration	8	5	5	5	5	5	5	5	6	4
Information Technology	4	3	3	3	3	3	3	3	3	2
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	9	9	9	9	9
Tax Collector	5	5	5	5.5	5.5	6	6	5	6	5
Register of Deeds	5	5	4	4	4	4	4	4	5	5
Planning	5	5	5	5	5	5	5	5	5	5
Public Buildings-Maintenance	14	12	12	12	12	12	12	12	12	12
<b>Public Safety:</b>										
Inspections	9	7	7	6	6	6	6	6	8	8
GIS	3	3	3	3	3	3	3	3	3	3
Sheriff's Department	86	80	74	74	74	67	67	59	70	64
Communications - E911	23	21	20	18	18	17	17	17	18	17
Jail Operations	40	38	38	36	35	35	35	33	35	33
Emergency Medical Services	76	81	67	67	67	48	48	54	58	54
Emergency Management	3	3	3	3	3	3	3	3	3	4
Animal Control	8	7	6	6	6	5	5	5	5	5
<b>Economic and physical development:</b>										
Solid Waste-Landfill	6	6	6	6	6	6	6	6	6	6
Soil and Water Conservation	3	3	3	3.5	3.5	4	4	4	4	4
Airport Operations	3	3	3	3	3	3	3	3	3	3
Cooperative Extension	1	2	0	0	0	0	0	3	0	3
Economic Development	3	3	3	3	3	3	3	3	3	3
<b>Human Services:</b>										
Health Department	52	53	52	51	51	58	58	59	63	59
Social Services	102	93	92	101	102	101	101	97	99	91
Aging Department	8	8	8	7	7	7	7	9	11	11
Veterans Services	1	1	1	1	1	1	1	1	1	2
<b>Cultural and recreation:</b>										
Library	10	10	9	9	9	9	9	9	9	9
Recreation	5	5	5	4	4	4	3	3	3	3
<b>Water and Sewer Department</b>										
	32	30	27	19	18	17	17	16	16	16
<b>Total Full-Time Positions</b>	<b>531</b>	<b>508</b>	<b>477</b>	<b>471</b>	<b>470</b>	<b>449</b>	<b>448</b>	<b>444</b>	<b>472</b>	<b>448</b>

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**

<b>Fiscal Year Ended June 30</b>	<b>Residential</b>		<b>Commercial</b>		<b>Total Value</b>
	<b>Number of Permits</b>	<b>Value</b>	<b>Number of Permits</b>	<b>Value</b>	
2009	566	\$ 35,798,506	69	\$ 16,211,335	\$ 52,009,841
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

SOURCE: Franklin County Planning Department

Table 19

**Franklin County, North Carolina  
Principal Taxpayers  
Current Year and Ten Years Ago  
For Fiscal Year Ended 2018**

Taxpayer	2018				2009			
	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	\$ 162,206,828	2.89%	\$ 1,305,765	1	\$ 106,665,547	2.72%	\$ 930,657
Duke Energy Progress Inc	2	63,370,806	1.13%	510,135	2	51,791,534	1.32%	451,881
K-Flex USA	3	43,972,181	0.78%	353,976	-	-	-	-
Carolina Telephone	4	36,762,591	0.66%	295,939	3	37,250,066	0.95%	325,007
Wake Electric	5	35,785,235	0.64%	288,071	4	28,662,366	0.73%	250,079
Palziv	6	19,673,374	0.35%	158,371	-	-	-	-
Amcor Pharmaceutical	7	16,208,155	0.29%	130,476	-	-	-	-
Captive Aire Systems Inc.	8	13,252,029	0.24%	106,679	-	-	-	-
NDOA LLC	9	12,762,120	0.23%	102,735	-	-	-	-
Public Service Company of NC In	10	12,576,012	0.22%	101,237	-	-	-	-
Franklin Regional	-	-	-	-	5	13,243,113	0.34%	115,546
Southern Lithoplate	-	-	-	-	6	10,403,122	0.27%	90,767
Harold G. Bagwell	-	-	-	-	7	10,059,457	0.26%	87,769
Sirchie Finger Print Labs	-	-	-	-	8	8,626,118	0.22%	75,263
Olde Liberty Club	-	-	-	-	9	8,620,120	0.22%	75,211
Mosswood Partners	-	-	-	-	10	8,512,180	0.22%	74,269
<b>Totals</b>		<u>\$ 416,569,331</u>	<u>7.43%</u>	<u>\$ 3,353,384</u>	<b>Totals</b>	<u>\$ 283,833,623</u>	<u>7.25%</u>	<u>\$ 2,476,449</u>

Source: Franklin County Tax Office

Table 20

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

<b>Fiscal Year Ended June 30</b>	<b>Special Assessment Billings</b>		<b>Special Assessment Collections</b>	
2009	\$	-	\$	477
2010		-		-
2011		-		-
2012		-		-
2013		-		-
2014		-		-
2015		-		-
2016		-		-
2017		-		-
2018	\$	-	\$	-

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**

<b>Function/Program</b>	<b>Fiscal Year Ended</b>				
	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
<b>General Government:</b>					
Registered voters	43,141	43,156	43,040	40,455	40,407
New Residential Building Permits	671	441	499	190	284
Land parcels	39,474	39,475	38,909	38,748	38,748
Tax bills mailed	45,717	54,224	44,591	43,897	43,348
Marriage licensed issued	330	331	317	357	326
<b>Public Safety:</b>					
Physical arrests	3,928	884	2,148	2,077	2,627
Ave monthly jail inmate count	174	183	182	156	168
E 911 emergency calls received	76,260	70,044	71,514	71,330	19,846
EMS/Rescue calls made	10,726	9,030	8,316	5,331	5,245
<b>Economic and physical development:</b>					
Tons of trash handled at landfill	39,837	37,918	38,020	34,180	31,942
Aircraft based at county airport	124	130	125	125	123
<b>Human services:</b>					
Number of medicaid eligibles	13,240	9,865	14,454	11,801	12,671
Number of Food Stamp eligibles	8,944	9,465	10,112	11,112	11,461
Number of hospitals	-	-	-	1	1
Number of patient beds	-	-	-	2	2
<b>Cultural and Recreation</b>					
Number of public libraries	4	4	4	4	4
Number of volumes	108,684	112,640	106,972	103,262	143,569
Number of parks and ball fields	4	4	4	4	4
<b>Water and Sewer:</b>					
Number of customers - water	6,487	5,843	5,593	5,332	3,983
Average daily consumption (gals)	3,010,316	2,384,323	1,900,000	2,100,000	2,000,000
Miles of water lines	177	165	192	192	162
Miles of sewer lines	69	66	80	80	62

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				
2013	2012	2011	2010	2009
39,622	40,275	36,326	36,326	36,454
245	245	785	785	936
38,522	38,522	39,650	39,650	39,500
99,007	99,007	122,215	122,215	121,100
311	303	307	307	324
2,696	2,021	425	425	N/A
155	160	150	150	160
67,756	67,756	62,563	62,563	60,353
4,948	4,700	6,397	6,397	5,891
31,500	31,186	31,256	31,256	29,802
110	102	85	85	78
11,701	11,701	10,026	10,026	9,311
11,355	11,355	8,815	8,815	7,788
1	1	1	1	1
70	70	70	70	70
4	4	4	4	4
105,000	105,000	89,563	89,563	107,615
4	4	4	4	3
3,189	3,189	2,894	2,894	2,889
2,058,000	2,058,000	1,785,000	1,785,000	1,800,000
161	161	161	161	160
47	47	46	46	45

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

Function/Program	Fiscal Year Ended				
	2018	2017	2016	2015	2014
<b>General Government:</b>					
County office buildings	3	3	3	3	3
Vehicles	14	3	3	3	3
<b>Public Safety:</b>					
Stations	5	5	5	5	5
Vehicles	115	120	110	84	74
<b>Economic and Physical Development:</b>					
Vehicles	18	2	2	2	2
Buildings	3	1	1	1	1
<b>Cultural and Recreation</b>					
Acreage	220	220	220	90	90
Playgrounds	4	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	4	4	6	6
<b>Water and Sewer</b>					
Water mains (miles)	177.2	195	165	192	162
Fire hydrants*	1025	1000	1000	1000	175
Elevated tanks	6	6	6	6	3
Storage capacity (gallons)	1,290,000	1,290,000	1,290,000	1,250,000	1,000,000
Sewer mains (miles)	69	50	62	80	362
Treatment capacity (gallons)	3,170,620	3,000,000	4,000,000	3,000,000	3,000,000

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

Table 22

Fiscal Year Ended				
2013	2012	2011	2010	2009
3	3	3	3	3
3	2	2	2	2
5	5	5	5	5
74	72	75	75	70
2	2	2	2	2
1	1	1	1	1
90	90	90	90	78
4	4	4	4	3
4	4	4	4	3
3	3	3	3	2
1	1	1	1	1
1	1	1	1	1
4	4	4	4	4
6	6	6	6	6
160	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
47	45	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, 2018**

---

<b>Date of establishment</b>	1,779
<b>Form of government</b>	Commissioner/Manager
<b>Employees:</b>	
Full-time, regular	530
Part-time, regular	244
<b>Franklin County facilities and services</b>	
Sheriff protection	
Number of stations	5
Number of deputies and officers	87
Number of patrol units	28
<b>Inspections</b>	
Residential Building permits issued	671
<b>Cultural and recreational</b>	
Number of libraries	4
Number of volumes	108,684
<b>Water and Sewer</b>	
Number of customers	6,497
Average daily consumption (in gallons)	3,010,316
Miles of water mains	177
Miles of sanitary sewers	69
<b>Facilities and services not included in the primary government</b>	
<b>Hospitals</b>	
Number of hospitals	-
Number of patient beds	-
<b>Facilities and services not included in the reporting entity</b>	
<b>Education</b>	
Number of school systems	3
Number of community colleges	1
Number of junior colleges	1
<b>Recreation</b>	
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

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

### Independent Auditor's Report

To The Board of County Commissioners  
Franklin County, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Franklin County, North Carolina as of and for the year ended June 30, 2018 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 28, 2018. 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 an opinion 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 preceding 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 28, 2018

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

Certified Public Accountants



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Curtis G. Van Horne, CPA

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## Report On Compliance with Requirements Applicable To Each Major Federal Program; Report on Internal Control over Compliance; 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, 2018. 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, 2018.

### **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 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 have not been identified.

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 28, 2018

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## Report On Compliance For Each Major State 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 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, 2018. 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

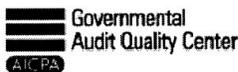
Our responsibility is to express an opinion on compliance for each of Franklin County's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and applicable sections of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the *State Single Audit Implementation Act*. Those standards, 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 on Franklin County's compliance.

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

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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, 2018.

## **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.

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 28, 2018

**FRANKLIN COUNTY, NORTH CAROLINA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**Section I. Summary of Auditor's Results**

Financial Statements

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

Internal control over financial reporting:

- Material weakness(es) identified?      \_\_\_ Yes       X  No
- Significant Deficiency(s) identified?      \_\_\_ Yes       X  None reported

Noncompliance material to financial statements noted?      \_\_\_ Yes       X  No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified?      \_\_\_ Yes       X  No
- Significant Deficiency(s) identified?      \_\_\_ Yes       X  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)?      \_\_\_ Yes       X  No

Identification of major federal programs:

<u>CFDA#</u>	<u>Program Name</u>
10.561	Supplemental Nutrition Assistance Program
93.563	Child Support Enforcement
93.778	Medical Assistance Program

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

Auditee qualified as low-risk auditee?      \_\_\_ Yes       X  No



**FRANKLIN COUNTY, NORTH CAROLINA  
CORRECTIVE ACTION PLAN  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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**Section II – Financial Statement Findings**

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None noted.

**Section III – Federal Award Findings and Questioned Costs**

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None noted.

**Section IV – State Award Findings and Questioned Costs**

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None noted.

**FRANKLIN COUNTY, NORTH CAROLINA  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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**Finding: 17-1**

Status: Corrections to the 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. Supervisor will conduct monthly second party reviews as well as monthly policy training to improve quality in this area.

**Finding: 17-2**

Status: Corrections to the reserve findings have been completed. Supervisor has reviewed with staff the errors along with correct policy and keying procedures to ensure future accuracy. Supervisor will conduct monthly second party reviews as well as monthly policy training to improve the quality in this area.

**Finding: 16-2**

Status: See finding 17-1.

**Finding: 16-3**

Status: See finding 17-2.

**Franklin County, North Carolina**  
**Schedule of Expenditures of Federal and State Awards**  
**For the Year Ended June 30, 2018**

<u>Grantor/Pass-through</u> <u>Grantor/Program Title</u>	<u>Federal</u> <u>CFDA</u> <u>Number</u>	<u>Federal. (Direct &amp;</u> <u>Pass-through)</u> <u>Expenditures</u>	<u>State</u> <u>Expenditures</u>
Federal Awards:			
<u>U.S. Dept. of Agriculture</u>			
<u>Food and Nutrition Service</u>			
Passed-through the N.C. Dept. of Health and Human Services, Division of Social Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	\$ 628,258	\$ -
Passed-through the N.C. Dept. of Health and Human Services, Division of Public Health:			
Special Supplemental Nutrition Program for Women, Infants, & Children	10.557	260,152	-
Total U.S. Dept. of Agriculture		<u>888,410</u>	<u>-</u>
<u>U.S. Dept. of Justice</u>			
<u>U. S. Marshal Service</u>			
Support for Adam Walsh Implementation Act	16.750	6,787	-
<u>Bureau of Justice Assistance</u>			
Edward Byrne Memorial Justice Assistance Formula Grant Program	16.579	38,769	-
Total U.S. Dept. of Justice		<u>45,556</u>	<u>-</u>
<u>U.S. Dept. of Health and Human Services</u>			
<u>Administration for Community Living</u>			
Passed-through the Kerr-Tar Council of Governments:			
National Family Caregiver Support, Title III, Part E	93.052	3,216	214
Aging Cluster:			
Special Programs for the Aging - Title III F			
Special Programs for the Aging-Title III,Part B-Grants for Supportive Services and Senior C	93.044	41,617	2,448
Special Programs for the Aging-Title III, Part C-Nutrition Services	93.045	126,940	7,468
Nutrition Services Incentive Program	93.053	13,474	-
Total Aging Cluster		<u>182,031</u>	<u>9,916</u>
Social Services Block Grant - In Home Services	93.667	25,766	736
<u>Administration for Children and Families</u>			
Passed-through the N.C. Dept. Of Health and Human Services, Division of Social Services:			
Temporary Assistance for Needy Families	93.558	630,291	-
Foster Care and Adoption Cluster:			
Foster Care-Title IV-E	93.658	256,432	24,095
Adoption Assistance - Administration	93.659	4,423	-
Foster Care-Title IV-E - Direct Benefits Payments	93.658	224,945	78,148
Total Foster Care and Adoption Cluster		<u>485,800</u>	<u>102,243</u>
Family Preservation	93.556	10,878	
Refugee and Entrant Assistance - Cash and Medical Payments	93.566	43	-
Low-Income Home Energy Assistance	93.568	549,839	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	12,817	-
Social Services Block Grant	93.667	243,460	44,504
Child Support Enforcement	93.563	568,711	(5)
Chafee Foster Care Independence Program	93.674	10,946	2,736
Total Division of Social Services		<u>2,501,907</u>	<u>149,478</u>

**Franklin County, North Carolina**  
**Schedule of Expenditures of Federal and State Awards**  
**For the Year Ended June 30, 2018**

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Federal. (Direct & Pass-through) Expenditures	State Expenditures
Division of Child Development: Subsidized Child Care Cluster <u>Child Care Development Fund Cluster:</u>			
Division of Social Services: Child Care Development Fund-Administration	93.596	89,708	-
Division of Child Development: Child Care and Development Block Grant	93.575	110,391	-
Child Care and Development Fund - Mandatory	93.596	14,546	-
Child Care and Development Fund - Match	93.596	55,378	27,824
Total Child Care Development Fund Cluster		270,023	27,824
Temporary Assistance for Needy Families	93.558	11,848	-
State Appropriations		-	33,828
TANF-Maintenance of Effort		-	(9,241)
Total Subsidized Child Care Cluster		281,871	52,411
<u>Centers for Medicare and Medicaid Services</u>			
Passed-through the N.C. Dept. of Health and Human Services, Division of Social Services: Administration: Medical Assistance Program	93.778	1,775,436	8,727
Total Medical Assistance Program		1,775,436	8,727
Passed-through the N.C. Dept. of Health and Human Services, Division of Social Services: Administration: Children's Health Insurance Program	93.767	36,776	12
Total Children's Health Insurance Program		36,776	12
Passed-through the N.C. Dept of Insurance, Division of SHIIP: Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluation:	93.779	5,891	-
<u>Office of Population Affairs</u>			
Passed-through the N.C. Dept. of Health and Human Services: Family Planning Services	93.217	32,858	-
<u>Centers for Disease Control and Prevention</u>			
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	33,439	-
Project Grants and Coop. Agreements for Tuberculosis Control Programs	93.116	50	-
Preventive Health and Health Services Block Grant funded solely with Prevention and Public Health Funds (PPHF)	93.758	39,984	-
Preventive Health Services-Sexually Transmitted Diseases Control Grants	93.977	692	-
PPHF Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance	93.539	15,032	-
Total Centers for Disease Control and Prevention		89,197	-
<u>Health Resources and Services Administration</u>			
Passed-through the N.C. Dept. of Health and Human Services, Division of Public Health: Maternal and Child Health Services Block Grant to the States	93.994	58,779	44,090
Total U.S. Dept. of Health and Human Services		5,004,606	265,584

**Franklin County, North Carolina**  
**Schedule of Expenditures of Federal and State Awards**  
**For the Year Ended June 30, 2018**

<u>Grantor/Pass-through</u> <u>Grantor/Program Title</u>	<u>Federal</u> <u>CFDA</u> <u>Number</u>	<u>Federal. (Direct &amp;</u> <u>Pass-through)</u> <u>Expenditures</u>	<u>State</u> <u>Expenditures</u>
<b><u>U.S. Dept. of Homeland Security</u></b>			
Passed-through N.C. Dept. of Public Safety:			
Disaster Grants-Public Assistance	97.036	45,390	-
Tier II Noncompetitive Grant		-	1,000
Emergency Management Performance Grant	97.042	58,642	-
Total U.S. Dept. of Homeland Security		104,032	1,000
Total federal awards		6,042,604	266,584
<b>State Awards:</b>			
<b><u>NC Department of Agriculture</u></b>			
Division of Soil and Water Conservation			
Soil & Water Grants		-	26,550
<b><u>N.C. Dept. of Administration</u></b>			
Veteran Service Program		-	2,175
<b><u>N.C. Dept. of Cultural and Natural Resources</u></b>			
Division of State Library			
State Aid to Public Libraries		-	120,490
<b><u>N.C. Dept. of Health and Human Services</u></b>			
Division of Aging and Adult Services:			
State Appropriation - Home Delivered Meals, Access & In-Home Services		-	260,631
State Appropriation - Senior Center General Purpose		-	21,877
Total Division of Aging and Adult Services		-	282,508
Division of Social Services:			
Extended Foster Care/Max Non IV-E - Direct		-	4,990
SFHF Maximization - Direct		-	61,643
State Foster Home - Direct		-	56,953
Energy Neighbors		-	9,204
Program Integrity		-	22
Child Welfare/CPS		-	31,681
Smart Start		-	22,266
Total Division of Social Service		-	186,759
Division of Public Health:			
Family Planning		-	5,159
Maternal Health (HMHC)		-	7,401
HIV/STD State		-	500
Gonorrhea Partner Services		-	495
STD Drugs		-	103
Food and Lodging Fees		-	8,319
Tuberculosis Control		-	15,218
General Aid to Counties		-	87,805
Public Health Nursing		-	1,400
General Communicable Disease Control		-	4,342
Child Health		-	9,811
Women's Health Service Fund		-	8,051
TM Medical Services		-	-
School Nurse Funding Initiative		-	150,000
Total Division of Public Health		-	298,604
Total N.C. Dept. of Health and Human Services		-	760,383

**Franklin County, North Carolina**  
**Schedule of Expenditures of Federal and State Awards**  
**For the Year Ended June 30, 2018**

<u>Grantor/Pass-through</u> <u>Grantor/Program Title</u>	<u>Federal</u> <u>CFDA</u> <u>Number</u>	<u>Federal. (Direct &amp;</u> <u>Pass-through)</u> <u>Expenditures</u>	<u>State</u> <u>Expenditures</u>
<u>N.C. Dept. of Transportation</u>			
Rural Operating Assistance Program (ROAP) Cluster:			
ROAP Work First		-	15,806
ROAP Elderly and Disabled Transportation Assistance Program		-	70,676
ROAP Rural General Public Program		-	87,349
Total Rural Operating Assistance Program (ROAP) Cluster		-	173,831
Total N.C. Dept. of Transportation		-	173,831
<u>N.C. Dept. of Environmental Quality</u>			
Division of Soil and Water Conservation			
DWM Electronics Mgt. Program		-	5,139
Total N.C. Dept. of Environmental Quality		-	5,139
<u>N.C. Dept. of Public Safety</u>			
JCPC Grant		-	136,991
<u>NC E911 Board</u>			
E911 Grant		-	1,720,118
<u>N.C. Dept. of Public Instruction</u>			
Public School Building Capital Fund		-	800,060
<u>N.C. Dept. of Commerce</u>			
Industrial Development Fund Utility Grant			1,103,184
High Unit Cost Grant			
Water Infrastructure Grant		-	911,514
Total N.C. Dept. of Commerce		-	2,014,698
Total State awards		-	5,767,923
Total Federal and State awards		\$ 6,042,604	\$ 6,034,507

**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, 2018. The information in this SEFSA is presented in accordance with the requirements of Title 2 *US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of Franklin County, it is not intended to and does not present the financial position, changes in net position or cash flows of Franklin County.

2. Summary of Significant Accounting Policies

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Franklin County has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

3. Cluster of Programs

The following are clustered by the N.C. Department of Health and Human Services and are treated separately for State audit requirement purposes: Subsidized Child Care and Foster Care and Adoption.