



Franklin County
A Natural Setting for Opportunity



**FRANKLIN
COUNTY, VA**

**ANNUAL
COMPREHENSIVE
FINANCIAL REPORT**

**FISCAL YEAR
ENDED JUNE 30, 2021**

COUNTY OF FRANKLIN, VIRGINIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2021

Prepared by the Franklin County
Department of Finance

**COUNTY OF FRANKLIN, VIRGINIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2021**

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INTRODUCTORY SECTION



November 29, 2021

To the Honorable Chairman, Members of the Board of Supervisors, and Citizens of Franklin County, Virginia:

We are pleased to submit Franklin County's Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2021. State law requires that all local governments have their accounts and records audited annually as of June 30 by an independent certified public accountant. This report has been prepared in accordance with the standards of financial reporting as prescribed by the Governmental Accounting Standards Board (GASB), the Financial Accounting Standards Board (FASB) and the Auditor of Public Accounts for the Commonwealth of Virginia.

The ACFR was prepared with an emphasis on full disclosure of the financial activities of the County. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the government and is based upon a comprehensive framework of internal controls that has been established for this purpose. Because the cost of internal controls should not exceed the anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The auditing firm of Robinson, Farmer, Cox Associates has issued an unmodified opinion on the County's financial statements as of and for the year ended June 30, 2021. The audit was conducted in accordance with professional standards which require that the independent auditors plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The independent auditors' report is located in the front of the financial section of this report.

Under generally accepted accounting principles, as promulgated by the Governmental Accounting Standards board (GASB), management is required to provide a narrative that precedes the basic financial statements. This Management's Discussion and Analysis (MD&A) provides an introduction, overview and analysis of financial results for fiscal year 2020-2021, along with summaries of the government wide financial statements that follow. Management's Discussion and Analysis is contained in the financial section of this report.

Profile of the Government

Within the boundaries of Franklin County lie the independent towns of Rocky Mount and Boones Mill. The County's population at June 30, 2021 is estimated at 55,744 with a population density of 80.6 people per square mile. Franklin County is included in the Roanoke Metropolitan Statistical Area (MSA) that has a total population of approximately 300,000.

The Board of Supervisors is the governing body of the County with one board member representing each of the seven magisterial districts. Board members are elected to four-year terms – a Chair and Vice-Chair are selected annually to serve one-year terms. The Board appoints a County Administrator to act as the administrative head of the County. The County Administrator's Office is supported by Assistant Administrators and a Director of Finance & Human Services where department heads and program managers report up through to the County Administrator. Five constitutional officers (Commissioner of Revenue, Commonwealth's Attorney, Clerk of the Circuit Court, Sheriff, and Treasurer) are elected by the voters of the County and, although are not accountable to the Board, do work closely with the Board, County Administrator, and other departments.

The County provides a full range of services, including public safety and law enforcement, sanitation services, planning and zoning management, recreation and cultural activities, economic development and administrative services. The Franklin County School Board is also part of this reporting entity as a component unit. The annual budget serves as the basis for financial planning and control and is prepared by fund, function, and department.

Economic Conditions and Outlook

Franklin County, the seventh largest county in size in Virginia with an area of 692 square miles, is located in southwest Virginia. By offering close proximity to all markets along the East coast, the County is an excellent location for local industries and commerce. The local unemployment rate has moderated from highs last year during the height of the COVID-19 pandemic. The unemployment rate in June 2021 was 3.70%.

Much of fiscal year 2020-2021 was spent on a number of capital projects including new business park development, the design of a new fire/EMS station, and consolidated solid waste collection site improvements. The County continues to develop its park system with various rehab projects being completed at a number of parks.

The future economic outlook for Franklin County is very positive. From 2018 through 2021, Franklin County ranked 37th out of Virginia's 135 localities in the number of jobs created (including ranking as the #25 county). For the same period, Franklin County ranked 40th in announced private investment Virginia and was the 23rd ranked county. With a stable employment base, easy market access, low construction costs, quality work force, and excellent quality of life, Franklin County and the region is ready to continue future economic growth. In the years to come, the County will focus on diversifying the employment opportunities within the County by recruiting various

technology related companies and traditional manufacturing businesses to utilize the training provided by the local schools and colleges. The County continues broadband internet expansion throughout the County. A housing study was conducted to assess current and future housing needs to attract families to live, work, and play in Franklin County. Future plans will reflect infrastructure investments for future village plans to aid in population growth.

Major Initiatives

During the year, the Franklin Center for Advanced Learning and Enterprise continued to expand its reach to provide employer and employee services in a “One Stop Environment”. The consortium, composed of 19 partners, provides opportunities in employment, training, and education. Representatives from the local school system, colleges, government and community agencies work together to provide workforce development services to the citizens and employers of Franklin County.

Franklin County continues to place major emphasis upon the capital needs of the County School System. Each year the County attempts to fund a five-year School Capital Projects Plan including roof replacements, paving projects, plumbing fixture upgrades, water system upgrades and security enhancements at various schools. Future discussions will determine a major capital investment in renovating the Benjamin Franklin Middle School and the development and construction of a new career and technical education center at the Franklin County High School.

The County is working on various projects to improve our community. The County continues to develop the approximately 550 acre Summit View business park. Summit View will be a multi-use site with plans for commercial and recreational uses. During the fiscal year, work continued to develop and construct collection and recycling centers and to remove the old green box sites throughout the County.

For the Future

The County is looking to enhance broadband internet service for its citizens and businesses. The County created a broadband authority to work with private providers in order to best manage and direct the broadband initiative.

A housing study was performed during the year to assess the County’s current housing inventory and future investment needs. Future planning processes will incorporate working with community partners to develop a diverse housing inventory to better position the County for population growth.

The County plans to look at future funding needs for fire and EMS services for fire apparatus, EMS vehicles, equipment, and emergency services facilities.

Long-Term Financial Planning

Capital Improvement Program. The Capital Improvement Program (CIP) is a listing of capital needs projected over a 5-year period for County services. It is a planning

document and provides a listing of projects requested by County departments and the School system. The CIP is updated annually. Projects are removed from the plan as they are completed or as priorities change. The plan is intended to assist the County Board of Supervisors in the preparation of the County budget.

General Fund Balance (Unassigned). The Board of Supervisors has adopted a policy to keep the unassigned general fund balance at a minimum of twenty percent of annual general fund operating revenues. Bond rating agencies have also recommended the unassigned general fund balance be maintained at this level. The unassigned general fund balance is \$34.8 million for the year ended June 30, 2021. This is an increase from the prior fiscal year of approximately \$6.3 million and is the result of revenue collections in excess of budget as well as one-time expenditure savings from County departments and the public school system as federal stimulus spending was received in response to the COVID-19 pandemic.

Budgetary Controls. The budget function is used as a management control device during the year for the General Fund, Special Revenue, and Component Unit Funds. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the County Board of Supervisors. Only the Board of Supervisors can revise the appropriation for each department or category. The County Administrator is authorized to transfer amounts within general governmental departments; however, the School Board and Social Services Board are authorized to transfer amounts within their total appropriated funds.

Other Information

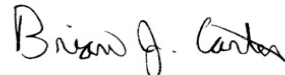
Independent Audit. State statutes require an annual audit by independent certified public accountants. The accounting firm of Robinson, Farmer, Cox Associates was selected by the County to perform this audit. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Office of Management and Budget's Uniform Guidance. The independent auditors' report on the general purpose financial statements and combining and individual fund statements and schedules is included in the Financial Section of this report. The auditor's reports related specifically to the Single Audit are included in the Compliance Section.

Acknowledgements. In closing, without the leadership and support of the Board of Supervisors of Franklin County, preparation of this report would not have been possible.

Sincerely,



Christopher L. Whitlow
County Administrator



Brian J. Carter, CPA
Director of Finance & Human Services

HISTORICAL SKETCH OF FRANKLIN COUNTY

In the 1740's, pioneers traveling by river and road from Eastern Virginia and Maryland, and Scotch-Irish and German families coming down the Carolina Road (originally known as the Great Indian Warrior Path) settled in what would become Franklin County, then the western-most county in Virginia. The County was formed in 1786 from parts of Bedford and Henry Counties by an act of the General Assembly. It was named for Benjamin Franklin, then governor of Pennsylvania, where many settlers originated.

The County lies in the western piedmont, a diverse terrain ranging from flatlands on the east to rugged peaks of the Blue Ridge on the west. The area was home to Native Americans as early as 10,000 B.C. In the 1600's an eastern Siouan tribe inhabited the region. Indian relics, arrowheads and artifacts found throughout the County remind us of the original settlers.

Since the County's early beginnings, its citizens have served as gallant soldiers in every war the U.S. has known. Notable Confederate General Jubal A. Early was born in the Red Valley community. He went to West Point for his education, represented Franklin County in the General Assembly, and served as commonwealth's attorney for many years. Another nationally known native son was Booker T. Washington, a black educator. Born a slave on a plantation near Hales Ford, Booker T. Washington founded the Tuskegee Institute in 1881. His birthplace is a national monument.

Agriculture has figured prominently in Franklin County's 200-year history, and was the occupation of most county residents until recent times. Tobacco was a leading crop in early Franklin County. Locally mined iron and copper were transported over the Carolina Road as far south as Georgia. The furnace of the Washington Ironworks, the County's oldest landmark, stands as a monument where munitions for the Revolutionary Army were manufactured. A growing animal husbandry industry established Franklin County as one of Virginia's leading dairy producers.

The late nineteenth century saw increasing industrialization. With the entry of the Norfolk and Western railroad in 1892, the Punkin Vine route through the County provided new access for industry. Tobacco factories as well as diversified wood and textile-based industries became significant components of the County's economy.

The development of 2,880 acre Philpott Lake in 1953 and 20,600 acre Smith Mountain Lake in 1966 gave rise to Franklin County's current designation as the "Land Between the Lakes and the Blue Ridge Mountain." It is an apt description for a remarkable place – a land of compelling natural beauty, economic stability, recreational abundance, and rich heritage!

**Franklin County
Board of Supervisors
June 30, 2021**



Ronnie Mitchell
Blackwater District

Ronnie Thompson
Chairman
Boone District

Tim Tatum
Vice-Chairman
Blue Ridge District

Tommy Cundiff
Union Hall District

Lorie Smith
Gills Creek District

Leland Mitchell
Snow Creek District

Mike Carter
Rocky Mount District



Franklin County Officials
June 30, 2021

Board of Supervisors

Ronnie Thompson, Chairman, Boone District
Tim Tatum, Vice-Chairman, Blue Ridge District
Lorie Smith, Gills Creek District
Mike Carter, Rocky Mount District
Ronnie Mitchell, Blackwater District
Leland Mitchell, Snow Creek District
Tommy Cundiff, Union Hall District

County Administration

County Attorney.....Guynn & Waddell, P.C.
County Administrator..... Christopher Whitlow
Assistant County Administrator Michael Burnette
Assistant County Administrator Steve Sandy
Director of Finance & Human Services Brian Carter
Director of Economic Development..... Beth Simms
Director of Information Technology John Harrison
Director of Planning & Community Development Carrie Spencer
Director of Public Safety..... William Ferguson
Director of General Properties Brandy Rosser
Director of Public Works Don Smith
Director of Park & Recreation Paul Chapman
Director of Library Services..... Alison Barry
Director of Franklin Center Kathy Hodges
Director of Family Resource Center Angela Phillips
Chief Building Official John Broughton
Unit Coordinator of Va. Cooperative Extension Carol Haynes
General Registrar Kay Chitwood

Constitutional Officers

Clerk of the Circuit Court..... Teresa Brown
Commissioner of the Revenue Margaret Torrence
Commonwealth Attorney A. J. Dudley
Sheriff Bill Overton, Jr.
Treasurer Susan Wray

Franklin County Social Services Board Members

Vacant, Boone District
B.W. Wright, Blackwater District
Mark Young, Gills Creek District
Jennie West, Blue Ridge District
David English, Chair, Union Hall District
Sharon Tudor, Vice Chair, Rocky Mount District
Kimberly Seagle, Snow Creek District
Tommy Cundiff, BOS Member

Director of Social Services..... Deborah K. Powell

**Franklin County Public Schools
June 30, 2021**

School Board Members



Julie Nix
Chairperson
Blue Ridge District



Arlet Greer
Blackwater District



Donna Cosmato
Boone District



Jon Atchue
Gills Creek District



Penny E. Blue
Member at Large



Jeff Worley
Rocky Mount District



P.D. Hambrick
Union Hall
District



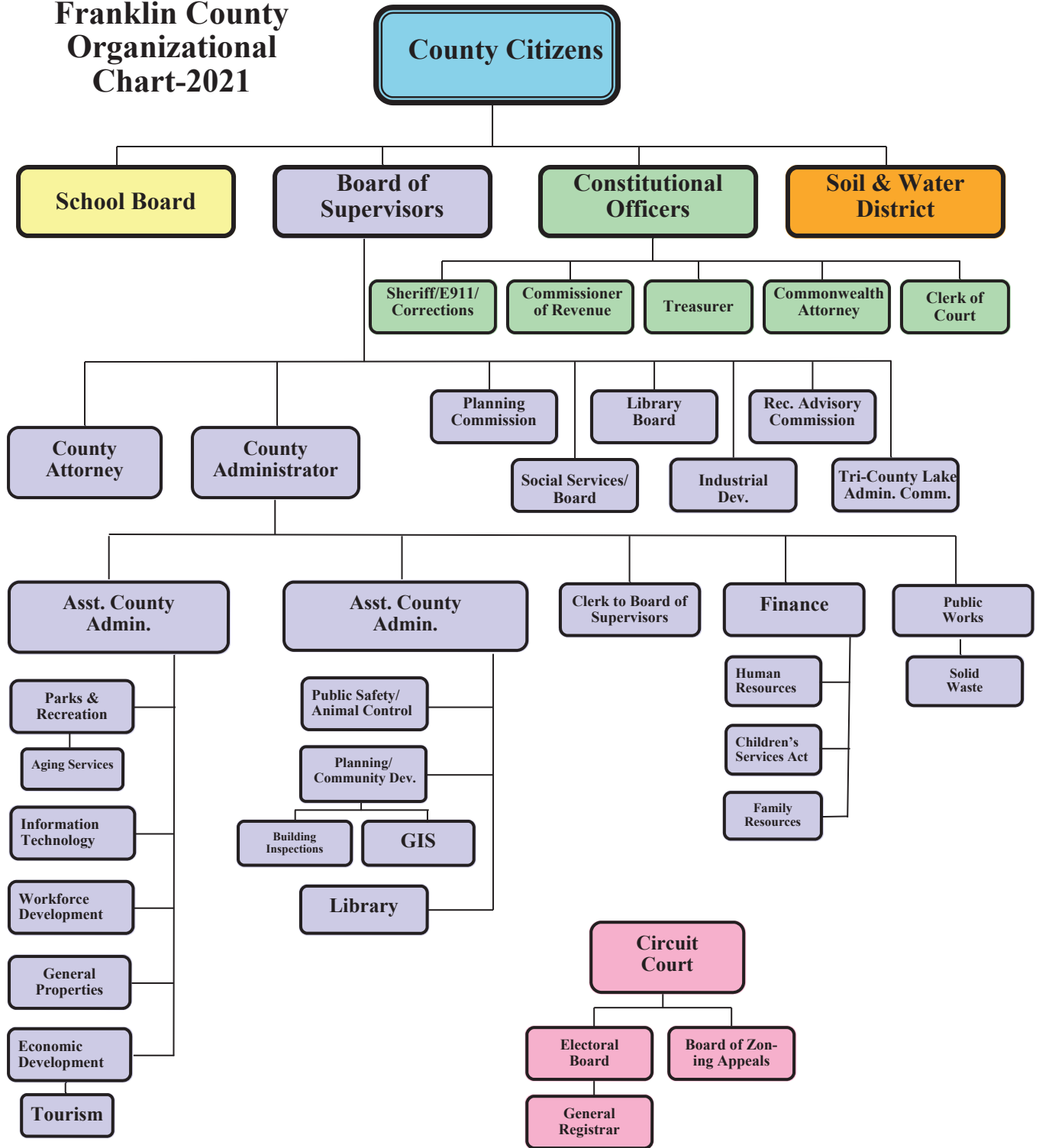
G.B. Washburn Jr.
Snow Creek
District

School Administration

Dr. Bernice Cobbs, Superintendent of Schools

Assistant Superintendent..... Suzanne M. Rogers
 Director of Human Resources..... Gregg Cuddy
 Director of Business & Finance..... C. David Terry
 K-12 Director of Curriculum & Instruction..... Brenda Muse
 Coordinator of Federal Programs.....Brenda McGrath
 Coordinator of Testing.....Kara Bernard
 Director of Special Programs & ServicesSherry Lynch
 Director of Technology..... Timothy H. Morris
 Coordinator of Student Services/ClerkJanet J. Stockton
 Coordinator School Food Services/Nutrition..... Heather Snead
 Director of Operations Jason Guilliams
 Supervisor of Transportation Cherie Whitlow
 Supervisor of Maintenance Darryl K. Spencer
 Coordinator of Purchasing J. T. Hodges

Franklin County Organizational Chart-2021



FINANCIAL SECTION



Independent Auditors' Report

**To the Honorable Members of
The Board of Supervisors
County of Franklin, Virginia**

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 the County of Franklin, Virginia, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the 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.

Auditors' 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Franklin, Virginia, as of June 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 25 to the financial statements, in 2021, the County adopted new accounting guidance, GASB Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

Restatement of Beginning Balances

As described in Note 25 to the financial statements, in 2021, the County restated beginning balances to reflect the requirements of GASB Statement No. 84. 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 the management's discussion and analysis, schedules related to pension and OPEB funding, and budgetary comparison information on pages 13-21, 116-130, and 131-133 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. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Franklin, Virginia's basic financial statements. The introductory section, other supplementary information, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

Supplementary and Other Information (Continued)

The other supplementary information and the schedule of expenditures of federal 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, the other supplementary information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and 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 any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2021, on our consideration of the County of Franklin, Virginia'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 solely 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 the effectiveness of the County of Franklin, Virginia's 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 the County of Franklin, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Blacksburg, Virginia
November 29, 2021

Management's Discussion and Analysis

As management of the County of Franklin, Virginia we offer the following discussion and analysis of the County's financial performance and overview of the County's financial activities for the fiscal year ended June 30, 2021. We encourage readers to consider the information presented here in conjunction with the additional information that we have furnished in our letter of transmittal.

Financial Highlights for Fiscal Year 2020-2021:

- The total net position for governmental activities was \$89.96 million at the end of FY 2021. This figure is based on assets totaling \$171.4 million, deferred outflows of resources of \$5.6 million, liabilities of \$86.5 million, and deferred inflows of resources of \$0.56 million. Liabilities include a non-current component for long-term debt associated with the acquisition of assets for the County and School system. The total for assets includes school properties financed with debt (Exhibit 1).
- During the year, the County's taxes and other revenues for governmental programs were \$4.5 million more than the \$105.1 million of expenses (Exhibit 2).
- The business-type activities net position at June 30, 2021 totaled \$1.15 million. This figure is based on total assets of \$1.18 million and minimal liabilities.
- Total general fund revenues were more than the final budgeted amount by \$5.6 million or approximately 5.5 percent. Actual expenditures were \$5.6 million less than the final expenditure budget.
- The County's total outstanding debt increased \$2.4 million at fiscal year-end. This increase is due to debt refinance. Net pension liability increased approximately \$4.3 million due to a change in the investment rate of return with the Virginia Retirement System. See Notes 7 and 8 for additional information on long-term obligations.
- Component Unit School Board's net position was a deficit of \$46.9 million at the end of FY 2021. Of this amount, \$28 million is net investment in capital assets, \$1.9 million is restricted, and the unrestricted deficit was \$76.8 million. The large deficit is from Franklin County's share of the net pension liability for the state retirement teacher pool.
- At the end of the current fiscal year, the general fund unassigned fund balance was approximately \$34.8 million. The Board of Supervisors has adopted a policy to keep the unassigned general fund balance at a minimum of twenty percent of general fund operating revenues.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County of Franklin's basic financial statements which comprise three sections: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements: The *government-wide financial statements* are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the County's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference between the four reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave.)

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include general government, judicial administration, public safety, health and welfare, parks and recreation, libraries, solid waste and community development. The only business-type activity is a small water and sewer system at an existing industrial park.

The government-wide financial statements include the County (known as the *primary government*) as well as funds of the Franklin County School Board (known as the *component unit*). Financial information for this component unit is reported separately from the financial information presented for the primary government.

Fund Financial Statements

Traditional users of governmental financial statements will find the fund financial statement presentation more familiar. The focus is on the County's most significant funds, and the fund financial statements provide more information about these funds – not the County as a whole.

The County has three types of funds:

Governmental funds – Most of the County's basic services are included in governmental funds, which focus on how cash and other financial assets that can readily be converted to cash flow in and out and the balances left at year end that are available for spending. Consequently, the governmental funds statements report financial resources that can be spent in the near future to finance the County's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information is provided following the governmental fund statements that explains the relationship (or difference) between them.

Proprietary funds – When the County charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported with the full accrual accounting method as are all activities reported in the Statement of Net Position and Statement of Activities. The County's enterprise fund, one type of proprietary fund, is the same as the government-wide business-type activities; however, the fund financial statements provide more detail and additional information, such as cash flows. The County's enterprise fund is the Utility Fund.

Fiduciary funds – The County is the trustee, or fiduciary, for the County's custodial funds. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the County's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. The County excludes these activities from the County's government-wide financial statements because the County cannot use these assets to finance its operations.

Notes to the basic financial statements. The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required supplementary information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the County's budgetary comparisons and progress in funding its obligation to provide pension and other post-employment benefits to its employees.

Financial Analysis of the County as a Whole

A comparative analysis of government-wide information is as follows:

	Governmental Activities		Business-type Activities		Total Primary Government		Component Unit	
	FY2021	FY2020	FY2021	FY2020	FY2021	FY2020	FY2021	FY2020
Current and other assets	\$ 78.7	\$ 66.2	\$ 0.3	\$ 0.2	\$ 79.0	\$ 66.4	\$ 5.8	\$ 3.5
Capital assets, net	92.7	99.1	0.9	0.9	93.6	100.0	28.0	23.0
Total assets	<u>\$ 171.4</u>	<u>\$ 165.3</u>	<u>\$ 1.2</u>	<u>\$ 1.1</u>	<u>\$ 172.6</u>	<u>\$ 166.4</u>	<u>\$ 33.8</u>	<u>\$ 26.5</u>
Deferred outflows of resources	\$ 5.6	\$ 3.1	\$ -	\$ -	\$ 5.6	\$ 3.1	\$ 22.9	\$ 18.6
Other liabilities	\$ 9.0	\$ 6.5	\$ -	\$ -	\$ 9.0	\$ 6.5	\$ 2.1	\$ 2.3
Long-term liabilities	77.5	75.1	-	-	77.5	75.1	92.0	88.0
Total liabilities	<u>\$ 86.5</u>	<u>\$ 81.6</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 86.5</u>	<u>\$ 81.6</u>	<u>\$ 94.1</u>	<u>\$ 90.3</u>
Deferred inflows of resources	\$ 0.5	\$ 1.3	\$ -	\$ -	\$ 0.5	\$ 1.3	\$ 9.5	\$ 8.5
Net position:								
Net investment in capital assets	\$ 48.5	\$ 56.8	\$ 0.9	\$ 0.9	\$ 49.4	\$ 57.7	\$ 28.0	\$ 23.0
Restricted	1.7	1.4	-	-	1.7	1.4	1.9	2.0
Unrestricted	39.8	27.3	0.3	0.2	40.1	27.5	(76.8)	(78.7)
Total net position	<u>\$ 90.0</u>	<u>\$ 85.5</u>	<u>\$ 1.2</u>	<u>\$ 1.1</u>	<u>\$ 91.2</u>	<u>\$ 86.6</u>	<u>\$ (46.9)</u>	<u>\$ (53.7)</u>

The County's combined net position increased from \$85.5 million to \$90.0 million as a result of an increase in cash and cash equivalents from year-end expenditure savings and better than projected revenue collections. Unrestricted governmental net position, the portion of net position that can be used to finance the day-to-day activities of the County totaled \$39.8 million. Net position: net investment in capital assets represents the amount of capital assets owned by the County less any related debt. Net position is reported as restricted when constraints on asset use are externally imposed by creditors, grantors, contributors, regulators, or imposed by law through constitutional provisions or enabling legislation. For example: E911 funds are restricted so that they can be used for the E911 purposes.

Business-type net position remained relatively unchanged.

Component unit net position increased by \$6.8 million as a result of an increase in cash and cash equivalents and prepaid expenses.

Summary of Activities:

The following table shows the revenues and expenses of the governmental activities for the year ended June 30, 2021 (in millions):

	Governmental Activities		Business-type Activities		Total Primary Government		Component Unit	
	FY2021	FY2020	FY2021	FY2020	FY2021	FY2020	FY2021	FY2020
Revenues:								
Program revenues:								
Charges for Services	\$ 3.9	\$ 3.8	\$ 0.1	\$ -	\$ 4.0	\$ 3.8	\$ 1.1	\$ 3.4
Operating Grants & Contributions	26.5	19.7	-	-	26.5	19.7	54.7	49.9
Capital Grants & Contributions	0.2	0.2	-	-	0.2	0.2	-	-
Total Program Revenues	\$ 30.6	\$ 23.7	\$ 0.1	\$ -	\$ 30.7	\$ 23.7	\$ 55.8	\$ 53.3
General Revenues:								
Property Taxes	\$ 60.1	\$ 57.6	\$ -	\$ -	\$ 60.1	\$ 57.6	\$ -	\$ -
Other Taxes	12.7	11.1	-	-	12.7	11.1	-	-
Other	6.2	6.7	-	-	6.2	6.7	-	0.1
Payments from the County	-	-	-	-	-	-	39.3	32.4
Total General Revenues	\$ 79.0	\$ 75.4	\$ -	\$ -	\$ 79.0	\$ 75.4	\$ 39.3	\$ 32.5
Total Revenues	\$ 109.6	\$ 99.1	\$ 0.1	\$ -	\$ 109.7	\$ 99.1	\$ 95.1	\$ 85.8
Expenses								
General Government Administration	\$ 5.4	\$ 5.3	\$ -	\$ -	\$ 5.4	\$ 5.3	\$ -	\$ -
Judicial Administration	2.9	2.8	-	-	2.9	2.8	-	-
Public Safety	26.2	19.4	-	-	26.2	19.4	-	-
Public Works	7.8	8.5	-	-	7.8	8.5	-	-
Health and Welfare	14.9	15.2	-	-	14.9	15.2	-	-
Education	39.3	32.4	-	-	39.3	32.4	88.3	87.0
Parks, Recreation, and Cultural	2.6	3.6	-	-	2.6	3.6	-	-
Community Development	3.7	2.3	-	-	3.7	2.3	-	-
Interest on Long-Term Debt	2.3	1.6	-	-	2.3	1.6	-	-
Total Expenses	\$ 105.1	\$ 91.1	\$ -	\$ -	\$ 105.1	\$ 91.1	\$ 88.3	\$ 87.0
Change in Net Position	\$ 4.5	\$ 8.0	\$ 0.1	\$ -	\$ 4.6	\$ 8.0	\$ 6.8	\$ (1.2)
Net Position, Beginning	\$ 85.5	\$ 77.5	\$ 1.1	\$ 1.1	\$ 86.6	\$ 78.6	\$ (53.7)	\$ (52.5)
Net Position, Ending	\$ 90.0	\$ 85.5	\$ 1.2	\$ 1.1	\$ 91.2	\$ 86.6	\$ (46.9)	\$ (53.7)

Revenues

For the fiscal year ended June 30, 2021, revenues from governmental activities totaled \$109.6 million, an increase of \$10.5 million from the prior fiscal year. Property tax revenues, the County's largest local revenue source, were \$60.1 million, an increase of \$2.5 million over the prior fiscal year primarily from increased personal property tax collections. The County assesses all real property every four years. The most recent reassessed values were effective January 1, 2020 and impacted the 2021 fiscal year.

Other local taxes (including sales taxes, recordation taxes, and meals taxes) were \$12.7 million, which was an increase of \$1.6 million from FY 2020. Operating grants and contributions totaled \$26.5 million, reflecting a \$6.8 million increase from the prior fiscal year.

Business-type revenues consist of charges to customers for water consumption. During FY 09-10, almost all of the County's water systems were transferred to the Western Virginia Water Authority - a regional provider of water and sewer services. The County receives a small amount of water revenue from a system located in one of the County's industrial parks.

Component unit revenues total \$95.1 million, including a \$39.3 million payment from the general government.

Expenses

For the fiscal year ended June 30, 2021, expenses for governmental activities totaled \$105.1 million. Expenses contain the local county support of the school system.

Business-type activities account for the expenses of the County's small water system at the Commerce Center Industrial Park which serves approximately four commercial customers.

Education is a high priority in the Franklin County community; consequently, the County contributed \$39.3 million to the operation of the Franklin County Public Schools. This amount represented about 37% of the County's governmental activities expenses.

Financial Analysis of the County's Funds

For the fiscal year ended June 30, 2021, the County's general fund reflects total fund balances of \$39.9 million, roughly an increase of \$7.7 million from the fiscal year ended June 30, 2020. The increase is mainly due to personal property tax revenues exceeding the budget, expenditure savings due to facility closures and program and service adjustments taken to address the COVID-19 pandemic, and CARES Act funds received from the Commonwealth of Virginia.

The County Capital Projects fund balance increased from fiscal year 2020 due to an increase in cash and cash equivalents.

Other Governmental Funds are comprised of the E911 fund. This fund balance increased by approximately 24% due to increased State revenue from FY 2020 to FY 2021.

General Fund Budgetary Highlights

The County's budget is prepared in accordance with the Code of Virginia. During the year, the County amended the original budget primarily for the following purposes:

- To reappropriate grants and other revenues authorized in the prior fiscal year but not expended as of June 30, 2020.
- To reappropriate monies to pay for commitments in the form of encumbrances established prior to June 30, 2020 but not paid by that date.
- To appropriate borrowed funds, grants and other revenues received in the current fiscal year.

The following table presents revenues and expenditures for the General Fund only for FY 2021 (in millions):

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>
Revenues:			
Taxes	\$ 56.3	\$ 57.1	\$ 60.2
Other	14.6	15.3	18.4
Intergovernmental	21.0	29.8	29.1
Total revenues	<u>\$ 91.9</u>	<u>\$ 102.2</u>	<u>\$ 107.7</u>
Expenditures:			
Expenditures	<u>\$ 86.0</u>	<u>\$ 97.4</u>	<u>\$ 91.8</u>
Total expenditures	<u>\$ 86.0</u>	<u>\$ 97.4</u>	<u>\$ 91.8</u>
Other financing sources (uses):	<u>\$ (4.6)</u>	<u>\$ (5.7)</u>	<u>\$ (8.2)</u>
Net change in fund balance	\$ 1.3	\$ (0.9)	\$ 7.7
Fund balance - beginning	(1.3)	0.9	32.2
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 39.9</u>

A discussion of the budgetary variances between the original budget and the final budget and of the variance between the final budget and the actual results follows.

The increase in comparing original budget to final budget in the revenues is found in the budget for intergovernmental revenue and other revenue, as well as a slight increase in general property tax revenue. Intergovernmental revenues were increased during the year from grants being received by the County. The most significant budget adjustment is from approximately \$7.7 million in CARES Act funds received from the Commonwealth of Virginia.

The increase in the final budget for expenditures over the original budget is primarily due to budgeting additional revenues from grants and increased State and Federal revenue, mainly CARES Act funds. The County attempts to move some general fund excess revenues to the capital fund to help fund new and existing projects with cash instead of borrowed funds.

On March 11, 2021, the American Rescue Plan Act (ARPA) of 2021 was passed by the federal government. A primary component of the ARPA was the establishment of the Coronavirus State and Local Fiscal Recovery Fund (CSLFRF). On May 28, 2021, the County received its share of the first half of the CSLFRF funds. Unspent funds in the amount of \$5,442,751 from the initial allocation are reported as unearned revenue as of June 30. As with the CARES Act funds, the CSLFRF funds will have a similar budgetary impact.

Actual revenues were more than anticipated due to the County collecting additional personal property tax revenues.

Actual expenditures were less than the final amended budget because of general savings in department budgets and unspent CARES Act funds at June 30, 2021.

Capital Assets

The following table displays the County's and Schools' (Component Unit) capital assets at June 30, 2021, in millions of dollars:

	Governmental Activities		Business-type Activities		Total Primary Government		Component Unit	
	FY2021	FY2020	FY2021	FY2020	FY2021	FY2020	FY2021	FY2020
Non-Depreciable Assets:								
Land	\$ 18.9	\$ 18.8	\$ -	\$ -	\$ 18.9	\$ 18.8	\$ 0.7	\$ 0.7
Construction in Progress	24.0	21.9	-	-	24.0	21.9	0.4	0.6
Other Capital Assets:								
Buildings and Improvements	55.8	65.3	-	-	55.8	65.3	63.7	52.6
Infrastructure	6.4	6.4	1.3	1.3	7.7	7.7	-	-
Machinery and Equipment	47.3	46.8	-	-	47.3	46.8	21.9	21.1
Accumulated Depreciation	(59.7)	(60.1)	(0.4)	(0.4)	(60.1)	(60.5)	(58.8)	(52.0)
Total	\$ 92.7	\$ 99.1	\$ 0.9	\$ 0.9	\$ 93.6	\$ 100.0	\$ 27.9	\$ 23.0

The table below shows the change in capital assets for the fiscal year ended June 30, 2021 in millions of dollars:

	Balance	Net	Balance
	June 30, 2020	Additions/ Deletions	June 30, 2021
Non-Depreciable Assets:			
Land	\$ 19.5	\$ 0.1	\$ 19.6
Construction in Progress	22.5	1.9	24.4
Other Capital Assets:			
Buildings and Improvements	117.9	1.6	119.5
Infrastructure	7.7	-	7.7
Machinery and Equipment	67.9	1.3	69.2
Accumulated Depreciation	(112.5)	(6.4)	(118.9)
Total	\$ 123.0	\$ (1.5)	\$ 121.5

During the FY 2020 budget process, the Board of Supervisors approved a five-year Capital Improvement Program (CIP) that totaled \$20.1 million. Various projects have been funded in the plan and include Summit View Business Park development, landfill cell closure, software and hardware upgrades for the Information Technology department, trail, park and field development for the Parks and Recreation department, vehicle and equipment replacement for the Sheriff's Office and Public Safety department, and \$1.2 million for various school projects. Smaller projects make up the balance of the funding and include such items as capital maintenance and landfill engineering and development.

Additional detailed capital asset information can be found in Note 17 in the "Notes to Financial Statements" section of the report.

Long Term Obligations

The following table displays the County and Schools (Component Unit) Outstanding Debt at June 30, 2021 and at June 30, 2020, in millions of dollars:

	Governmental Activities		Business-type Activities		Total Primary Government		Component Unit	
	FY2021	FY2020	FY2021	FY2020	FY2021	FY2020	FY2021	FY2020
Direct Borrowings and Placements	\$ 8.6	\$ 52.2	\$ -	\$ -	\$ 8.6	\$ 52.2	\$ -	\$ -
Revenue Bonds	44.9	-	-	-	44.9	-	-	-
Capital Leases	1.8	3.3	-	-	1.8	3.3	-	-
Landfill Closure/Post Closure Liability	9.3	11.2	-	-	9.3	11.2	-	-
Compensated Absences	1.8	1.7	-	-	1.8	1.7	1.0	0.9
Other Post Employment Benefits	2.6	2.5	-	-	2.6	2.5	16.5	16.7
Net Pension Liability	8.4	4.1	-	-	8.4	4.1	74.5	70.4
Total	\$ 77.4	\$ 75.0	\$ -	\$ -	\$ 77.4	\$ 75.0	\$ 92.0	\$ 88.0

Additional detailed information on long-term debt activity can be found in Note 7 and Note 8 in the “Notes to Financial Statements” section of the report.

The Franklin County Board of Supervisors adopted the following debt policy on October 10, 1994 (revised September 18, 2018):

1. Financing should be considered for County assets that are designed to serve the citizens for a period of time in excess of five years with debt issued for a similar period and designed to spread the cost of the asset to all users, both current and future, unless a more feasible alternative exists (grants, gifts, etc.); and
2. Debt issued for the purpose of financing water and sewer projects or other enterprise fund projects will primarily be supported by revenues generated by those projects; and
3. The County’s tax-supported debt outstanding shall not exceed 3.5% of total assessed value during a five year planning window; and
4. The County’s tax-supported debt service shall not exceed 10% of general government expenditures, including operational expenditures of the school component unit, during a five year planning window; and
5. Capital leases of longer than three (3) years duration will be included as debt for the purpose of computing the ratios expressed herein.

Franklin County maintains bond ratings of Aa2 from Moody’s, AA+ from Standard & Poor’s, and AA from Fitch.

Economic Factors and Future Budgets

Recent trends and revenue forecasts from the Commonwealth of Virginia indicate that the State is experiencing better than expected revenue during the COVID-19 pandemic due to relatively strong income and sales tax collections and Federal government spending. Franklin County’s population growth has remained relatively flat over the last decade, and the County is still very dependent on the State for support of the school system and constitutional offices including the Sheriff’s office. Approximately 40% of total County and School Board revenues are from the Commonwealth of Virginia.

Factors that are expected to impact future budgets include:

- Projected increases in health insurance premiums and retirement contribution rates assessed by the Virginia Retirement System.
- Funding for the Capital Improvement Plan.
- Uncertainty regarding the local, state, and national economy as the COVID-19 pandemic continues to have a fiscal impact.
- Future State funding for local Constitutional Officers and the School division.

Contacting the County's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the resources it receives and their uses. Questions concerning this report or requests for additional financial information should be directed to the Director of Finance, 1255 Franklin Street, Suite 111, Rocky Mount, Virginia 24151, telephone (540) 483-6664. The County's website address is www.franklincountyva.gov.

Basic Financial Statements

County of Franklin, Virginia
Statement of Net Position
June 30, 2021

	Primary Government			Component Unit
	Governmental	Business-type	Total	School Board
	Activities	Activities		
ASSETS				
Cash and cash equivalents	\$ 58,255,672	\$ 299,048	\$ 58,554,720	\$ 1,459,593
Receivables (net of allowance for uncollectibles):				
Taxes receivable	2,114,740	-	2,114,740	-
Accounts receivable	-	10,168	10,168	12,477
Other local taxes receivable	741,885	-	741,885	-
Due from other governmental units	6,610,423	-	6,610,423	2,614,075
Inventories	-	-	-	192,097
Prepaid expenses	1,231,445	-	1,231,445	902,655
Restricted assets:				
Cash and cash equivalents	-	-	-	616,869
Cash and cash equivalents (in custody of others)	9,722,163	-	9,722,163	-
Capital assets (net of accumulated depreciation):				
Land	18,888,660	-	18,888,660	725,315
Buildings and improvements	31,563,042	-	31,563,042	23,276,289
Machinery and equipment	17,242,274	-	17,242,274	3,529,488
Infrastructure	1,071,717	872,171	1,943,888	-
Construction in progress	23,976,944	-	23,976,944	442,516
Total assets	<u>\$ 171,418,965</u>	<u>\$ 1,181,387</u>	<u>\$ 172,600,352</u>	<u>\$ 33,771,374</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension related items	\$ 5,080,480	\$ -	\$ 5,080,480	\$ 19,293,690
OPEB related items	507,404	-	507,404	3,601,424
Total deferred outflows of resources	<u>\$ 5,587,884</u>	<u>\$ -</u>	<u>\$ 5,587,884</u>	<u>\$ 22,895,114</u>
LIABILITIES				
Accounts payable	\$ 1,456,006	\$ 30,939	\$ 1,486,945	\$ 998,900
Accrued liabilities	-	-	-	952,688
Construction accounts payable	687,062	-	687,062	-
Accrued interest payable	1,026,031	-	1,026,031	-
Unearned revenue	5,843,523	-	5,843,523	77,704
Long-term liabilities:				
Due within one year	4,993,870	-	4,993,870	768,534
Due in more than one year	72,486,204	-	72,486,204	91,253,226
Total liabilities	<u>\$ 86,492,696</u>	<u>\$ 30,939</u>	<u>\$ 86,523,635</u>	<u>\$ 94,051,052</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue - prepaid property taxes	\$ 97,288	\$ -	\$ 97,288	\$ -
Pension related items	23,041	-	23,041	8,262,948
OPEB related items	435,862	-	435,862	1,229,659
Total deferred inflows of resources	<u>\$ 556,191</u>	<u>\$ -</u>	<u>\$ 556,191</u>	<u>\$ 9,492,607</u>
NET POSITION				
Net investment in capital assets	\$ 48,462,359	\$ 872,171	\$ 49,334,530	\$ 27,973,608
Restricted:				
E-911	1,099,607	-	1,099,607	-
Law Library	165,146	-	165,146	-
Forfeited Assets	147,390	-	147,390	-
Courthouse maintenance	279,208	-	279,208	-
Tourism initiatives	7,500	-	7,500	-
Inmates	23,268	-	23,268	-
School cafeteria programs	-	-	-	616,869
School activity fund	-	-	-	1,295,071
Unrestricted (deficit)	39,773,484	278,277	40,051,761	(76,762,719)
Total net position	<u>\$ 89,957,962</u>	<u>\$ 1,150,448</u>	<u>\$ 91,108,410</u>	<u>\$ (46,877,171)</u>

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

County of Franklin, Virginia
Statement of Activities
For the Year Ended June 30, 2021

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions		Governmental Activities	Primary Business-type Activities	Total	Component Unit
			Grants and Contributions	Capital Contributions				
PRIMARY GOVERNMENT:								
Governmental activities:								
General government administration	\$ 5,454,676	\$ 7,704	\$ 586,856	-	\$ (4,860,116)	\$ -	\$ (4,860,116)	\$ -
Judicial administration	2,972,592	32,725	1,084,045	-	(1,855,822)	-	(1,855,822)	-
Public safety	26,181,049	2,322,324	11,690,895	194,823	(11,973,007)	-	(11,973,007)	-
Public works	7,836,486	1,421,389	13,292	-	(6,401,805)	-	(6,401,805)	-
Health and welfare	14,877,939	11,075	10,661,287	-	(4,205,577)	-	(4,205,577)	-
Education	39,256,053	-	-	-	(39,256,053)	-	(39,256,053)	-
Parks, recreation, and cultural	2,550,035	143,330	180,362	-	(2,226,343)	-	(2,226,343)	-
Community development	3,700,446	-	2,274,900	-	(1,425,546)	-	(1,425,546)	-
Interest on long-term debt	2,280,755	-	-	-	(2,280,755)	-	(2,280,755)	-
Total governmental activities	\$ 105,110,031	\$ 3,938,547	\$ 26,491,637	\$ 194,823	\$ (74,485,024)	\$ -	\$ (74,485,024)	\$ -
Business-type activities:								
Utility Fund	\$ 56,148	\$ 71,220	\$ -	\$ -	\$ -	\$ 15,072	\$ 15,072	\$ -
Total primary government	\$ 105,166,179	\$ 4,009,767	\$ 26,491,637	\$ 194,823	\$ (74,485,024)	\$ 15,072	\$ (74,469,952)	\$ -
COMPONENT UNIT:								
School Board	\$ 88,285,294	\$ 1,097,245	\$ 54,822,324	\$ -	\$ -	\$ -	\$ -	\$ (32,365,725)
Total component unit	\$ 88,285,294	\$ 1,097,245	\$ 54,822,324	\$ -	\$ -	\$ -	\$ -	\$ (32,365,725)
General revenues and transfers:								
General property taxes					\$ 60,074,403	\$ -	\$ 60,074,403	\$ -
Other local taxes:								
Local sales and use taxes					6,505,973	-	6,505,973	-
Consumer's utility taxes					1,011,793	-	1,011,793	-
Business license taxes					5,297	-	5,297	-
Utility license taxes					211,989	-	211,989	-
Motor vehicle licenses					2,122,224	-	2,122,224	-
Bank stock taxes					178,470	-	178,470	-
Taxes on recordation and wills					1,141,090	-	1,141,090	-
Hotel and motel room taxes					228,461	-	228,461	-
Restaurant food taxes					1,324,144	-	1,324,144	-
Unrestricted revenues from use of money and property					657,441	-	657,441	2
Miscellaneous					520,490	-	520,490	2,500
Payments from the County of Franklin, Virginia					5,004,010	-	5,004,010	-
Grants and contributions not restricted to specific programs					(15,000)	15,000	-	-
Transfers								
Total general revenues and transfers					\$ 78,970,785	\$ 15,000	\$ 78,985,785	\$ 39,255,655
Change in net position					\$ 4,485,761	\$ 30,072	\$ 4,515,833	\$ 6,889,930
Net position - beginning, as restated					85,472,201	1,120,376	86,592,577	(53,767,101)
Net position - ending					\$ 89,957,962	\$ 1,150,448	\$ 91,108,410	\$ (46,877,171)

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

County of Franklin, Virginia
Balance Sheet
Governmental Funds
June 30, 2021

	<u>General</u>	<u>E-911 Funds</u>	<u>County Capital Projects</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 42,147,695	\$ 1,076,610	\$ 15,031,367	\$ 58,255,672
Receivables (net of allowance for uncollectibles):				
Taxes receivable	2,114,740	-	-	2,114,740
Other local taxes receivable	741,885	-	-	741,885
Due from other governmental units	5,637,489	77,798	895,136	6,610,423
Prepaid items	-	-	1,231,445	1,231,445
Restricted assets:				
Cash and cash equivalents (in custody of others)	-	-	9,722,163	9,722,163
Total assets	<u>\$ 50,641,809</u>	<u>\$ 1,154,408</u>	<u>\$ 26,880,111</u>	<u>\$ 78,676,328</u>
LIABILITIES				
Accounts payable	\$ 1,401,205	\$ 54,801	\$ -	\$ 1,456,006
Construction accounts payable	-	-	687,062	687,062
Unearned revenue	5,468,001	-	375,522	5,843,523
Total liabilities	<u>\$ 6,869,206</u>	<u>\$ 54,801</u>	<u>\$ 1,062,584</u>	<u>\$ 7,986,591</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - prepaid property taxes	\$ 97,288	\$ -	\$ -	\$ 97,288
Unavailable revenue - due from other governments	2,035,467	-	-	2,035,467
Unavailable revenue - property taxes	1,748,720	-	-	1,748,720
Total deferred inflows of resources	<u>\$ 3,881,475</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,881,475</u>
FUND BALANCES				
Nonspendable				
Prepaid items	\$ -	\$ -	\$ 1,231,445	\$ 1,231,445
Restricted:				
E-911	-	1,099,607	-	1,099,607
Law Library	165,146	-	-	165,146
Forfeited Assets	147,390	-	-	147,390
Capital projects	-	-	9,722,163	9,722,163
Courthouse maintenance	279,208	-	-	279,208
Tourism initiatives	7,500	-	-	7,500
Inmates	23,268	-	-	23,268
Assigned:				
Debt service	4,455,744	-	-	4,455,744
Capital projects	-	-	14,863,919	14,863,919
Unassigned	34,812,872	-	-	34,812,872
Total fund balances	<u>\$ 39,891,128</u>	<u>\$ 1,099,607</u>	<u>\$ 25,817,527</u>	<u>\$ 66,808,262</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 50,641,809</u>	<u>\$ 1,154,408</u>	<u>\$ 26,880,111</u>	<u>\$ 78,676,328</u>

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

County of Franklin, Virginia
 Reconciliation of the Balance Sheet of Governmental Funds
 To the Statement of Net Position
 June 30, 2021

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	66,808,262
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Land	\$	18,888,660
Buildings and improvements		31,563,042
Machinery and equipment		17,242,274
Infrastructure		1,071,717
Construction in progress		23,976,944
		92,742,637
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		
Unavailable revenue-Western Virginia Water Authority	\$	2,035,467
Unavailable revenue-property taxes		1,748,720
		3,784,187
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.		
Pension related items	\$	5,080,480
OPEB related items		507,404
		5,587,884
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.		
General obligation bonds, revenue bonds, and capital leases	\$	(48,338,090)
Accrued interest payable		(1,026,031)
Unamortized bond premium		(6,992,289)
Landfill closure/postclosure liability		(9,333,300)
Compensated absences		(1,811,544)
Net OPEB liabilities		(2,648,865)
Net pension liability		(8,355,986)
		(78,506,105)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.		
Pension related items	\$	(23,041)
OPEB related items		(435,862)
		(458,903)
Net position of governmental activities		\$ 89,957,962

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

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

	<u>General</u>	<u>E-911 Fund</u>	<u>County Capital Projects</u>	<u>Total</u>
REVENUES				
General property taxes	\$ 60,215,038	\$ -	\$ -	\$ 60,215,038
Other local taxes	12,729,441	-	-	12,729,441
Permits, privilege fees, and regulatory licenses	556,813	-	-	556,813
Fines and forfeitures	16,086	-	-	16,086
Revenue from the use of money and property	636,277	-	21,164	657,441
Charges for services	3,365,648	-	-	3,365,648
Miscellaneous	229,399	163,931	228,620	621,950
Recovered costs	886,642	-	-	886,642
Intergovernmental	29,118,975	201,722	2,369,773	31,690,470
Total revenues	<u>\$ 107,754,319</u>	<u>\$ 365,653</u>	<u>\$ 2,619,557</u>	<u>\$ 110,739,529</u>
EXPENDITURES				
Current:				
General government administration	\$ 5,159,542	\$ -	\$ -	\$ 5,159,542
Judicial administration	2,827,613	-	-	2,827,613
Public safety	22,747,542	1,283,763	-	24,031,305
Public works	3,994,404	-	-	3,994,404
Health and welfare	14,787,784	-	-	14,787,784
Education	31,770,453	-	1,686,000	33,456,453
Parks, recreation, and cultural	2,193,064	-	-	2,193,064
Community development	2,626,560	-	-	2,626,560
Capital projects	-	-	8,945,912	8,945,912
Debt service:				
Principal retirement	3,911,652	-	-	3,911,652
Interest and other fiscal charges	1,244,381	-	-	1,244,381
Bond issuance costs	566,091	-	-	566,091
Total expenditures	<u>\$ 91,829,086</u>	<u>\$ 1,283,763</u>	<u>\$ 10,631,912</u>	<u>\$ 103,744,761</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 15,925,233</u>	<u>\$ (918,110)</u>	<u>\$ (8,012,355)</u>	<u>\$ 6,994,768</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 221,294	\$ 1,130,924	\$ 7,437,226	\$ 8,789,444
Transfers out	(8,583,150)	-	(221,294)	(8,804,444)
Premium on issuance of refunding bonds	6,844,063	-	-	6,844,063
Issuance of revenue bond	-	-	3,611,907	3,611,907
Issuance of refunding bonds	38,070,000	-	-	38,070,000
Debt service-current refunding-principal	(44,857,000)	-	-	(44,857,000)
Issuance of capital lease	92,433	-	-	92,433
Total other financing sources (uses)	<u>\$ (8,212,360)</u>	<u>\$ 1,130,924</u>	<u>\$ 10,827,839</u>	<u>\$ 3,746,403</u>
Net change in fund balances	\$ 7,712,873	\$ 212,814	\$ 2,815,484	\$ 10,741,171
Fund balances - beginning	32,178,255	886,793	23,002,043	56,067,091
Fund balances - ending	<u>\$ 39,891,128</u>	<u>\$ 1,099,607</u>	<u>\$ 25,817,527</u>	<u>\$ 66,808,262</u>

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

County of Franklin, Virginia
 Reconciliation of Statement of Revenues,
 Expenditures, and Changes in Fund Balances of Governmental Funds
 To the Statement of Activities
 For the Year Ended June 30, 2021

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

Net change in fund balances - total governmental funds		\$ 10,741,171
<p>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 the depreciation exceeded capital outlays in the current period.</p>		
Capital outlays	\$ 5,049,702	
Depreciation expense	<u>(6,114,079)</u>	(1,064,377)
<p>The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.</p>		
Disposal of assets (net)	\$ (129,460)	
Transfer of asset to School Board	<u>(5,205,297)</u>	(5,334,757)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Property taxes	\$ (140,635)	
Receivable from Western Virginia Water Authority - long term	<u>(101,460)</u>	(242,095)
<p>The issuance of long-term debt (e.g. bonds, leases) 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, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>		
<p>Debt issued or incurred:</p>		
Issuance of revenue bond	\$ (3,611,907)	
Issuance of refunding bonds	(38,070,000)	
Issuance premium (to be amortized against interest expense)	(6,844,063)	
Issuance of capital lease	(92,433)	
<p>Principal repayments:</p>		
General obligation bonds	1,009,296	
Revenue bonds	46,241,000	
Capital leases	1,518,356	
<p>Decrease (increase) in estimated liability:</p>		
Landfill closure/postclosure liability	<u>1,871,503</u>	2,021,752
<p>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.</p>		
Change in compensated absences	\$ (105,020)	
Change in accrued interest payable	(515,274)	
Amortization of bond premium	44,991	
Change in OPEB related items	48,364	
Change in pension related items	<u>(1,108,994)</u>	(1,635,933)
Change in net position of governmental activities		<u>\$ 4,485,761</u>

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

County of Franklin, Virginia
Statement of Net Position
Proprietary Fund
June 30, 2021

	Enterprise Fund
	Utility Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 299,048
Accounts receivable, net of allowance for uncollectibles	10,168
Total current assets	\$ 309,216
Noncurrent assets:	
Capital assets:	
Infrastructure	\$ 1,319,774
Accumulated depreciation	(447,603)
Total capital assets	\$ 872,171
Total noncurrent assets	\$ 872,171
Total assets	\$ 1,181,387
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 30,939
Total current liabilities	\$ 30,939
Total liabilities	\$ 30,939
NET POSITION	
Investment in capital assets	\$ 872,171
Unrestricted	278,277
Total net position	\$ 1,150,448

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

County of Franklin, Virginia
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Fund
For the Year Ended June 30, 2021

	Enterprise Fund
	Utility Fund
OPERATING REVENUES	
Charges for services:	
Water and sewer revenue	\$ 12,064
Connection fees (operating)	59,156
Total operating revenues	\$ 71,220
OPERATING EXPENSES	
Utilities	\$ 405
Repairs and maintenance	10,112
Professional services	12,786
Depreciation	32,845
Total operating expenses	\$ 56,148
Operating income (loss)	\$ 15,072
Transfers in	\$ 15,000
Change in net position	\$ 30,072
Net position - beginning	1,120,376
Net position - ending	\$ 1,150,448

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

County of Franklin, Virginia
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2021

	Enterprise Fund <u>Utility Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 61,973
Payments for materials and supplies	445
Net cash provided by (used for) operating activities	<u>\$ 62,418</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers from other funds	<u>\$ 15,000</u>
Net cash provided by (used for) noncapital financing activities	<u>\$ 15,000</u>
Net increase (decrease) in cash and cash equivalents	\$ 77,418
Cash and cash equivalents - beginning	221,630
Cash and cash equivalents - ending	<u><u>\$ 299,048</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	<u>\$ 15,072</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation	\$ 32,845
(Increase) decrease in accounts receivable	(9,247)
Increase (decrease) in accounts payable	23,748
Total adjustments	<u>\$ 47,346</u>
Net cash provided by (used for) operating activities	<u><u>\$ 62,418</u></u>

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

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

	<u>Custodial Funds</u>
ASSETS	
Cash and cash equivalents	\$ 543,775
Receivables:	
Other receivables	3,402
Total assets	\$ 547,177
LIABILITIES	
Accounts payable	\$ 3,475
Total liabilities	\$ 3,475
NET POSITION	
Restricted:	
Amounts held for social services clients	\$ 74,300
Amounts held for performance bonds	417,257
Amounts held for library	4,000
Amounts held for inmates	5,349
Amounts held for court systems	42,796
Total net position	\$ 543,702
Total liabilities and net position	\$ 547,177

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

County of Franklin, Virginia
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2021

	<u>Custodial Funds</u>
ADDITIONS	
Interest income	\$ 417
Gifts and donations	91,574
Deposits from inmates	234,320
Seized property	5,481
Performance bond payment	15,000
Miscellaneous	35,601
Total additions	\$ 382,393
DEDUCTIONS	
Special welfare payments	\$ 125,801
Inmate refunds	232,032
Refund of performance bond payments	79,042
Return of seized property	11,636
Total deductions	\$ 448,511
Net increase (decrease) in fiduciary net position	\$ (66,118)
Net position, beginning of year, as restated	609,820
Net position, end of year	\$ 543,702

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

COUNTY OF FRANKLIN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

Note 1-Summary of Significant Accounting Policies:

The financial statements of the County of Franklin, Virginia (“the County”) conform to generally accepted accounting principles (GAAP) applicable to governmental units promulgated by the Governmental Accounting Standards Board (GASB). The following is a summary of the more significant policies:

A. Financial Reporting Entity

The County of Franklin, Virginia (government) is a municipal corporation governed by an elected seven-member Board of Supervisors. The accompanying financial statements present the government and its component unit, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government’s operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the government.

Blended component units - None

Discretely Presented Component Units - The component unit column in the financial statements include the financial data of the County's discretely presented component units. They are reported in a separate column to emphasize that they are legally separate from the County.

The Franklin County School Board (“the School Board”) operates the elementary and secondary public schools in the County. School Board members are popularly elected. The School Board is fiscally dependent upon the County because the County approves all debt issuances of the School Board and provides significant funding to operate the public schools since the School Board does not have separate taxing powers. The School Board is presented as a governmental fund type. The School Board does not issue separate financial statements.

Related Organizations - None

Jointly governed organizations to which the County and School Board makes appointments and contributions are listed below:

County:

Roanoke Valley Economic Development Partnership	\$	127,027
Piedmont Community Services		231,968
Roanoke Valley Detention Commission		216,812
Western Virginia Regional Jail		3,503,179
Western Virginia Water Authority		N/A

Note 1-Summary of Significant Accounting Policies: (continued)

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The statement of net position is designed to display financial position of the primary government (governmental and business-type activities) and its discretely presented component unit. Governments will report all capital assets in the government-wide Statement of Net Position and will report depreciation expense - the cost of "using up" capital assets - in the Statement of Activities. The net position of a government will be broken down into three categories - 1) net investment in capital assets; 2) restricted; and 3) unrestricted.

The government-wide statement of activities reports expenses and revenues in a format that focuses on the cost of each of the government's functions. The expense of individual functions is compared to the revenues generated directly by the function (for instance, through user charges or intergovernmental grants).

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter is excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds, if any, are reported as separate columns in the fund financial statements.

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Custodial funds, which are a type of fiduciary fund utilize the accrual basis of accounting described in the Governmental Fund Presentation. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Note 1-Summary of Significant Accounting Policies: (continued)

C. Measurement focus, basis of accounting, and financial statement presentation: (continued)

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they have been earned and they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service principal and interest expenditure on general long-term debt, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectible amounts. Property taxes not collected within 60 days after year-end are reflected as unavailable revenues.

Sales and utility taxes, which are collected by the state or utilities and subsequently remitted to the County, are recognized as revenues and receivables upon collection by the state or utility, which is generally in the month preceding receipt by the County.

Licenses, permits, fines and rents are recorded as revenues when received. Intergovernmental revenues, consisting primarily of federal, state and other grants for the purpose of funding specific expenditures, are recognized when earned or at the time of the specific expenditure. Revenues from general-purpose grants are recognized in the period to which the grant applies. All other revenue items are considered to be measurable and available only when the government receives cash.

The County reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for and reports all financial resources of the general government, except those required to be accounted for and reported in other funds. The general fund includes the activities of the Courthouse Maintenance Fund, the Asset Forfeiture Funds, Law Library Funds, Tourism Initiatives Fund, and the Debt Service Fund.

Special Revenue Funds account for and report the proceeds of specific revenue sources (other than those dedicated for debt service or major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action. The E-911 Fund is reported as a major special revenue fund.

Note 1-Summary of Significant Accounting Policies: (continued)

C. Measurement focus, basis of accounting, and financial statement presentation: (continued)

The County reports the following major capital projects funds:

The County capital projects fund accounts for and reports the financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by the Proprietary Fund. It accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for capital facilities.

The County reports the following major proprietary fund:

Proprietary funds account for operations that are financed in a manner similar to those found in private business enterprises. The measurement focus is upon determination of net income, financial position, and changes in financial position. Proprietary Funds consist of Enterprise Funds.

Enterprise funds account for the financing of services to the general public where all or most of the operating expenses involved are recorded in the form of charges to users of such services. Enterprise Funds consist of the Utility Fund. Activity associated with the County's water system is accounted for in the Utility Fund.

Additionally, the government reports the following fund types:

Fiduciary funds (Custodial Funds) account for assets held by the government in a trustee capacity or as custodian for individuals, private organizations, other governmental units, or other funds. Custodial funds include the Special Welfare, Escrow Fund for Soil and Erosion Control Agreement, Seized Assets, Library, and Inmate Funds.

The School Board reports the following major governmental funds:

The *School Operating Fund* is the primary operating fund of the School Board and accounts for and reports all revenues and expenditures applicable to the general operations of the public school system. Revenues are derived primarily from appropriations from the County and state and federal grants.

The *School Activity Fund* accounts for and reports all funds received from extracurricular school activities, such as entertainment, athletic contests, club dues, fundraisers, etc., and from any and all activities of the individual schools.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between departments of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Note 1-Summary of Significant Accounting Policies: (continued)

C. Measurement focus, basis of accounting, and financial statement presentation: (continued)

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 *nonoperating* 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's enterprise fund 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 system. Operating expenses for enterprise funds include the cost of sales and services, administrative expense, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Assets, liabilities, deferred outflows/inflows of resources and net position/fund balance:

1. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government. For purposes of the statement of cash flows, the government's proprietary funds consider their demand deposits and all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

2. Investments

Investments with a maturity of less than one year when purchased, non-negotiable certificates of deposit, other nonparticipating investments and external investment pools are stated at cost or amortized cost. Investments with a maturity greater than one year when purchased are stated at fair value. Fair value is the price that would be received to sell an investment in an orderly transaction at year end.

3. Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans). All other outstanding balances between funds are reported as "advances to/from other funds" (i.e. the noncurrent portion of the interfund loans).

Advances between funds, as reported in the fund financial statements, if any, are offset by nonspendable fund balance in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Note 1-Summary of Significant Accounting Policies: (continued)

D. Assets, liabilities, deferred outflows/inflows of resources and net position/fund balance: (continued)

4. Property Taxes

Property is assessed at its value on January 1. Property taxes attach as an enforceable lien on property as of January 1. Real estate taxes are payable on December 5th. Personal property taxes are due and collectible annually on December 5th. The County bills and collects its own property taxes.

5. Allowance for Uncollectible Accounts

The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$559,112 at June 30, 2021 and is comprised solely of property taxes.

6. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

7. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset's life are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Note 1-Summary of Significant Accounting Policies: (continued)

D. Assets, liabilities, deferred outflows/inflows of resources and net position/fund balance: (continued)

7. Capital assets (continued)

Property, plant, and equipment and infrastructure of the primary government, as well as the component unit, is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Building improvements	10-40
Structures, lines, and accessories	20-40
Machinery and equipment	4-30

8. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits. The County accrues salary-related payments associated with the payment of compensated absences. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

9. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure/expense) until then. The County only has one item that qualifies for reporting in this category. It is comprised of certain items related to the measurement of the net pension liability and net OPEB liabilities and contributions to the pension and OPEB plans made during the current year and subsequent to the net pension liability and net OPEB liabilities measurement date. For more detailed information on these items, reference the related notes.

Note 1-Summary of Significant Accounting Policies: (continued)

D. Assets, liabilities, deferred outflows/inflows of resources and net position/fund balance: (continued)

9. Deferred Outflows/Inflows of Resources (continued)

In addition to liabilities, the statement of financial position will sometimes 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(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has two types of items that qualify for reporting in this category. Under a modified accrual basis of accounting, the only deferred inflow of resources is for revenues that are not considered available. The County will not recognize the related revenues until they are available (collected not later than 60 days after the end of the County's fiscal year) under the modified accrual basis of accounting. Accordingly, unavailable revenues from property taxes and grants are reported in the governmental funds balance sheet. Under the accrual basis, amounts prepaid are reported as deferred inflows of resources. In addition, certain items related to the measurement of the net pension liability and net OPEB liabilities are reported as deferred inflows of resources. For more detailed information on these items, reference the related notes.

10. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the County's and School Board's Retirement Plan and the additions to/deductions from the County's and School Board's Retirement Plan's fiduciary net position have been determined on the same basis as they were reported by the Virginia Retirement System (VRS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

11. Other Postemployment Benefits (OPEB)

For purposes of measuring the net VRS related OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to the OPEB, and OPEB expense, information about the fiduciary net position of the VRS GLI, HIC, and Teacher HIC OPEB Plans and the additions to/deductions from the VRS OPEB Plans' fiduciary net position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Note 1-Summary of Significant Accounting Policies: (continued)

D. Assets, liabilities, deferred outflows/inflows of resources and net position/fund balance: (continued)

12. Long-term obligations

In the government-wide financial statements, long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

13. Fund balance

The following classifications of fund balance describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

Nonspendable - amounts that are not in spendable form (such as inventory and prepaids) or are required to be maintained intact (corpus of a permanent fund).

Restricted - amounts that can be spent only for the specific purposes stipulated by external resource providers such as grantors or enabling federal, state, or local legislation. Restrictions may be changed or lifted only with the consent of the resource providers.

Committed - amounts that can be used only for the specific purposes determined by the adoption of an ordinance committing fund balance for a specified purpose by the of Supervisors prior to the end of the fiscal year. Once adopted, the limitation imposed by the ordinance remains in place until the resources have been spent for the specified purpose or the Board adopts another ordinance to remove or revise the limitation.

Assigned - amounts a government intends to use for a specific purpose but do not meet the criteria to be classified as committed; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. Unlike commitments, assignments general only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Unassigned - amounts that are available for any purpose; positive amounts are only reported in the general fund. Additionally, any deficit fund balance within the other governmental fund types is reported as unassigned.

Note 1-Summary of Significant Accounting Policies: (continued)

D. Assets, liabilities, deferred outflows/inflows of resources and net position/fund balance: (continued)

13. Fund balance (continued)

When fund balance resources are available for a specific purpose in more than one classification, it is the County's policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed.

Board of Supervisors establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by Board of Supervisors through adoption or amendment of the budget as intended for specific purpose (such as the purchase of capital assets, construction, debt service, or for other purposes).

Minimum fund balance policy - The governing body has adopted a financial policy to maintain a minimum level of unassigned fund balance in the general fund. The target level is set at two months of general fund annual revenues (approximately 16.7%). This amount is intended to provide fiscal stability when economic downturns and other unexpected events occur. If unassigned fund balance falls below the minimum target level because it has been used, essentially as a "revenue" source, as dictated by current circumstances, the policy provides for actions to replenish the amount to the minimum target level.

14. Net Position

For government-wide reporting as well as in proprietary funds, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

- Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.
- Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.
- Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

Note 1-Summary of Significant Accounting Policies: (continued)

D. Assets, liabilities, deferred outflows/inflows of resources and net position/fund balance: (continued)

15. Net Position Flow Assumption

Sometimes the County will fund outlays for a particular purpose from both restricted (e.g. restricted bond and grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the County's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

16. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The consumption method is used in governmental funds to report prepaid items.

17. Inventories

All inventories are valued at cost using the first in/first out (FIFO) method. Inventories of governmental funds are recorded as expenditures when purchased.

18. Cash in the Custody of Others

Certain bond and lease proceeds, held by trustee(s) pursuant to the County's bond and lease agreements, are reported in the financial statements as cash and cash equivalents in the custody of others. These funds, totaling \$9,722,163 at year end, are expected to be used for capital projects or outlays during the next two years.

Note 2-Stewardship, Compliance, and Accountability:

A. Budgetary information

The following procedures are used by the County in establishing the budgetary data reflected in the financial statements:

1. Prior to March 30, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them. The following funds have legally adopted budgets: General Fund and the School Operating Fund.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.

Note 2-Stewardship, Compliance, and Accountability: (continued)

A. Budgetary information (continued)

4. The Appropriations Resolution places legal restrictions on expenditures at the department level. Only the Board of Supervisors can revise the appropriation for each department or category. The County Administrator is authorized to transfer budgeted amounts within general government departments; however, the School Board is authorized to transfer budgeted amounts within the school system's categories.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds (except the School Fund), and the General Capital Projects Funds. The School Fund is integrated only at the level of legal adoption (fund level).
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Appropriations lapse on June 30, for all County units. The County's practice is to appropriate Capital Projects by Project. Several supplemental appropriations were necessary during this fiscal year.
8. Budgetary data presented in the accompanying financial statements is the revised budget as of June 30, and the original budget adopted by the Board of Supervisors.
9. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to commit that portion of the applicable appropriations, is not part of the County's accounting system.

B. Excess of expenditures over appropriations

Expenditures did not exceed appropriations (as applicable) for any funds during the fiscal year.

C. Deficit fund balance

At June 30, 2021, there were no funds with deficit fund balance.

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Note 3-Deposits and Investments:

Deposits:

Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (the "Act"), Section 2.2-4400 et. Seq. of the Code of Virginia. Under the Act, banks and savings institutions holding public deposits in excess of the amount insured by the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial Institutions may choose between two collateralization methodologies and depending upon that choice, will pledge collateral that ranges in the amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

Investments:

Statutes authorize local governments and other public bodies to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper that has received at least two of the following ratings: P-1 by Moody's Investors Service, Inc.; A-1 by Standard and Poor's; or F1 by Fitch Ratings, Inc. (Section 2.2-4502), banker's acceptances, repurchase agreements, and the State Treasurer's Local Government Investment Pool (LGIP).

Custodial Credit Risk (Investments)

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Neither the County nor its discretely presented component unit has an investment policy for custodial credit risk. As of June 30, 2021, the County and the Component Unit - School Board did not hold any investments that were subject to custodial credit risk.

Concentration of Credit Risk

At June 30, 2021, the County did not have any investments requiring concentration of credit risk disclosures that exceeded 5% of total investments.

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Note 3-Deposits and Investments: (continued)

Credit Risk of Debt Securities

The County has not adopted an investment policy for credit risk. The County’s rated debt investments as of June 30, 2021 were rated by Standard and Poor’s and/or an equivalent national rating organization and the ratings are presented below using the Standard and Poor’s rating scale.

County's Rated Debt Investments' Values	
Rated Debt Investments	Fair Quality Ratings
	AAAm
SNAP	\$ 9,722,163

External Investment Pools

The value of the positions in the external investment pools (State Non-Arbitrage Pool) is the same as the value of the pool shares. As SNAP is not SEC registered, regulatory oversight of the pool rests with the Virginia State Treasury. SNAP is an amortized cost basis portfolio. There are no withdrawal limitations or restrictions imposed on participants.

Interest Rate Risk

The County has not adopted an investment policy for interest rate risk. Investments subject to interest rate risk are presented below along with their corresponding maturities.

Investment Maturities (in years)		
Investment Type	Fair Value	1 Year
SNAP	\$ 9,722,163	\$ 9,722,163

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Note 4-Due from Other Governmental Units:

The following amounts represent receivables from other governments at year-end:

	<u>Primary Government</u>	<u>Component Unit- School Board</u>
<u>Local Government:</u>		
Western Virginia Water Authority	\$ 2,035,467	\$ -
<u>Commonwealth of Virginia:</u>		
Local sales tax	1,177,359	-
State sales tax	-	789,511
Noncategorical aid	391,510	-
Categorical aid-shared expenses	416,816	-
Categorical aid-VPA funds	256,320	-
Categorical aid-CSA funds	841,114	-
Other categorical aid	1,098,173	316,800
<u>Federal Government:</u>		
Categorical aid-VPA funds	392,594	-
Other categorical aid	1,070	1,507,764
	<u>1,070</u>	<u>1,507,764</u>
 Totals	 <u>\$ 6,610,423</u>	 <u>\$ 2,614,075</u>

Note 5-Interfund Transfers:

Interfund transfers for the year ended June 30, 2021, consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General Fund	\$ 221,294	\$ 8,583,150
Utility Fund	15,000	-
County Capital Projects Fund	7,437,226	221,294
E-911 Fund	1,130,924	-
Component Unit School Board		
School Operating Fund	190,128	563,125
School Activity Fund	563,125	190,128
	<u>190,128</u>	<u>563,125</u>
 Total	 <u>\$ 9,557,697</u>	 <u>\$ 9,557,697</u>

Note 5-Interfund Transfers: (continued)

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them, to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgeting authorization. The County transfers funds to the Capital Projects Fund and the E-911 Fund as funds are needed to cover capital programs of those funds. Transfers to the Utility Fund are required to cover operating expenses of the fund.

There were no interfund obligations at June 30, 2021.

Note 6-Component-Unit Contributions and Obligations:

Primary government contributions to component units for the year ended June 30, 2021, consisted of the following:

Component Unit:	
School Board	\$ 33,456,453
Total	<u>\$ 33,456,453</u>

There were no component-unit obligations at June 30, 2021.

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COUNTY OF FRANKLIN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2021

Note 7-Long-Term Obligations:

Primary Government - Governmental Activities Obligations:

The following is a summary of long-term obligation transactions of the County for the year ended June 30, 2021.

	Balance July 1, 2020	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2021
Direct borrowings and placements:				
General obligation bonds	\$ 3,664,209	\$ -	\$ (1,009,296)	\$ 2,654,913
Revenue bonds	48,398,329	3,611,907	(46,241,000)	5,769,236
Premiums on revenue bonds	193,217	-	(44,991)	148,226
Revenue bonds	-	38,070,000	-	38,070,000
Premiums on revenue bonds	-	6,844,063	-	6,844,063
Capital leases	3,269,864	92,433	(1,518,356)	1,843,941
Landfill closure/postclosure liability	11,204,803	213,126	(2,084,629)	9,333,300
Compensated absences	1,706,524	1,384,913	(1,279,893)	1,811,544
Net OPEB liabilities	2,543,139	620,846	(515,120)	2,648,865
Net pension liability	4,078,108	7,563,315	(3,285,437)	8,355,986
 Total	 \$ 75,058,193	 \$ 58,400,603	 \$ (55,978,722)	 \$ 77,480,074

Annual requirements to amortize long-term debt and related interest are as follows:

Year Ending June 30,	Direct Borrowings and Placements		Other Debt	
	Principal	Interest	Principal	Interest
2022	\$ 577,338	\$ 304,319	\$ 2,815,000	\$ 2,170,931
2023	586,817	277,914	3,370,000	1,438,650
2024	596,279	250,687	2,815,000	1,284,025
2025	4,360,314	166,039	2,960,000	1,139,650
2026	491,334	84,181	1,740,000	1,022,150
2027-2031	1,112,067	211,770	9,070,000	3,701,000
2032-2036	700,000	51,875	8,845,000	1,768,850
2037-2041	-	-	6,455,000	368,975
 Totals	 \$ 8,424,149	 \$ 1,346,785	 \$ 38,070,000	 \$ 12,894,231

COUNTY OF FRANKLIN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 7-Long-Term Obligations: (continued)

Primary Government - Governmental Activities Obligations: (continued)

Details of long-term obligations:

	Interest Rates	Issue Date	Final Maturity Date	Amount of Original Issue	Balance Governmental Activities	Amount Due Within One Year
Direct Borrowings and Placements -						
General Obligation Bonds:						
GO bond-VP ²	4.1-5.6%	11/10/2004	2025	\$ 2,500,000	\$ 500,000	\$ 125,000
GO bond-VP ²	4.225-5.1%	11/9/2006	2027	6,760,943	2,154,913	347,338
Total General Obligation Bonds					\$ 2,654,913	\$ 472,338
Revenue Bonds:						
Revenue bond ³	4.68%	7/27/2016	2035	2,505,000	\$ 2,015,000	\$ 105,000
Revenue bond ⁴	2.00%	12/6/2019	2025	5,700,000	3,754,236	-
Total Revenue Bonds					\$ 5,769,236	\$ 105,000
Total Direct Borrowings and Placements					\$ 8,424,149	\$ 577,338
Other Debt -						
Revenue bond ¹	3-5%	12/10/2020	2041	38,070,000	\$ 38,070,000	\$ 2,815,000
Other Obligations:						
Capital lease	3.02%	11/28/2017	2028	\$ 958,702	\$ 700,404	\$ 91,352
Capital lease	3.75%	2/15/2018	2028	1,437,597	1,060,398	135,279
Capital lease	8.64%	8/12/2020	2026	92,432	83,139	16,243
Landfill Closure/Postclosure Liability					9,333,300	-
Premiums on Revenue Bonds					6,992,289	-
Compensated Absences					1,811,544	1,358,658
Net OPEB Liabilities					2,648,865	-
Net Pension Liability					8,355,986	-
Total Other Obligations					\$ 30,985,925	\$ 1,601,532
Total Long-term obligations					\$ 77,480,074	\$ 4,993,870

¹ Denotes debt refinanced for General Government Projects and School Construction

² Denotes debt issued for School Construction

³ Denotes debt issued for Utility Assets transferred to the Western Virginia Water Authority (Operating Debt)

⁴ Denotes debt that is in draw down phase. As of June 30, 2021, only \$3,754,236 has been drawn down.

For the governmental activities, landfill closure and post closure liability, compensated absences, net OPEB liabilities, and net pension liability are generally liquidated by the General Fund. At year end, unspent bond proceeds totaled \$9,722,163.

If an event of default occurs with GO bonds and revenue bonds, the principal of the bond(s) may be declared immediately due and payable to the register owner of the bond(s) by written notice to the County.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2021

Note 7-Long-Term Obligations: (continued)

Primary Government - Governmental Activities Obligations: (continued)

Details of long-term obligations: (continued)

The County’s GO bonds and revenue bond (exclusive of the \$38,070,000 revenue bonds) are subject to the state aid intercept program. Under terms of this program, the County’s State aid is redirected to bond holders to cure any event(s) of default.

The County’s lease revenue bonds are secured by real estate held by the County including the Summit Park Business Park, the Government Complex and Windy Gap Elementary School.

The County issued \$44,914,063 (including premium of \$6,844,063) in revenue refunding bonds to currently refund \$44,857,000 in revenue bonds and to cover bond issuance costs. The refunding was undertaken to restructure future debt service payments over the next 20 years. The refunding resulted in a net present value loss of \$1,479,761 (present value loss of \$1,541,780) using a 2.07% discount rate.

Note 8-Long-Term Obligations-Component Unit School Board:

Discretely Presented Component Unit-School Board Obligations:

The following is a summary of long-term obligation transactions of the Component-Unit School Board for the year ended June 30, 2021.

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021
Compensated absences	\$ 923,045	\$ 793,951	\$ (692,284)	\$ 1,024,712
Net OPEB liabilities	16,728,261	3,118,465	(3,304,177)	16,542,549
Net pension liability	70,354,307	28,198,546	(24,098,354)	74,454,499
	<u>88,005,613</u>	<u>32,110,962</u>	<u>(28,094,815)</u>	<u>92,021,760</u>
Total	\$ <u>88,005,613</u>	\$ <u>32,110,962</u>	\$ <u>(28,094,815)</u>	\$ <u>92,021,760</u>

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Note 8-Long-Term Obligations-Component Unit School Board: (continued)

Discretely Presented Component Unit-School Board Obligations: (continued)

Details of long-term obligations:

	<u>Total Amount</u>	<u>Amount Due Within One Year</u>
<u>Other Obligations:</u>		
Compensated absences	\$ 1,024,712	\$ 768,534
Net OPEB liabilities	16,542,549	-
Net pension liability	<u>74,454,499</u>	<u>-</u>
 Total Long-Term Obligations	 <u>\$ 92,021,760</u>	 <u>\$ 768,534</u>

For the governmental activities of the discretely presented component unit-School Board, compensated absences, net pension liability, and net OPEB liabilities are generally liquidated by the School fund.

Note 9-Pension Plans:

Plan Description

All full-time, salaried permanent employees of the County and (nonprofessional) employees of public school divisions are automatically covered by a VRS Retirement Plan upon employment. This is an agent multiple-employer plan administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the Code of Virginia, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

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Note 9-Pension Plans: (continued)

Benefit Structures

The System administers three different benefit structures for covered employees - Plan 1, Plan 2 and Hybrid. Each of these benefit structures has different eligibility criteria, as detailed below.

- a. Employees hired with a membership date July 1, 2010, vested as of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of service credit or age 50 with at least 30 years of service credit. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of service credit or age 50 with at least 10 years of service credit. Hazardous duty employees (law enforcement officers, firefighters, and sheriffs) are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- b. Employees with a membership date from July 1, 2010 to December 31, 2013, that have not taken a refund or employees with a membership date prior to July 1, 2010 and not vested before January 1, 2013, are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit or when the sum of their age plus service credit equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. Hazardous duty employees are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- c. Non-hazardous duty employees with a membership date on or after January 1, 2014 are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 - April 30, 2014, with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit, or when the sum of their age plus service credit equals 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

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Note 9-Pension Plans: (continued)

Average Final Compensation and Service Retirement Multiplier

The VRS defined benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the employee's average final compensation multiplied by the employee's total service credit. Under Plan 1, average final compensation is the average of the employee's 36 consecutive months of highest compensation, and the multiplier is 1.70% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.70% or 1.85% for hazardous duty employees as elected by the employer. Under Plan 2, average final compensation is the average of the employee's 60 consecutive months of highest compensation, and the retirement multiplier is 1.65% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.70% or 1.85% for hazardous duty employees as elected by the employer. Under the Hybrid Plan, average final compensation is the average of the employee's 60 consecutive months of highest compensation, and the multiplier is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.

Cost-of-Living Adjustment (COLA) in Retirement and Death and Disability Benefits

Retirees with an unreduced benefit or with a reduced benefit with at least 20 years of service credit are eligible for an annual COLA beginning July 1 after one full calendar year from the retirement date. Retirees with a reduced benefit and who have less than 20 years of service credit are eligible for an annual COLA beginning on July 1 after one calendar year following the unreduced retirement eligibility date. Under Plan 1, the COLA cannot exceed 5.00%. Under Plan 2 and the Hybrid Plan, the COLA cannot exceed 3.00%. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia, as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

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Note 9-Pension Plans: (continued)

Employees Covered by Benefit Terms

As of the June 30, 2019 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>Primary Government</u>	<u>Component Unit School Board Nonprofessional</u>
Inactive members or their beneficiaries currently receiving benefits	200	188
Inactive members:		
Vested inactive members	52	23
Non-vested inactive members	113	89
Inactive members active elsewhere in VRS	121	32
Total inactive members	286	144
Active members	363	266
Total covered employees	<u>849</u>	<u>598</u>

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement.

The County’s contractually required employer contribution rate for the year ended June 30, 2021 was 9.96% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were \$1,538,973 and \$1,276,788 for the years ended June 30, 2021 and June 30, 2020, respectively.

Note 9-Pension Plans: (continued)

Contributions (continued)

The Component Unit School Board's contractually required employer contribution rate for nonprofessional employees for the year ended June 30, 2021 was 7.44% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit School Board's nonprofessional employees were \$382,098 and \$352,871 for the years ended June 30, 2021 and June 30, 2020, respectively.

Net Pension Liability

The net pension liability (NPL) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. The County's and Component Unit School Board's (nonprofessional) net pension liabilities were measured as of June 30, 2020. The total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation performed as of June 30, 2019 and rolled forward to the measurement date of June 30, 2020.

Actuarial Assumptions - General Employees

The total pension liability for General Employees in the County's and Component Unit School Board's (nonprofessional) Retirement Plan was based on an actuarial valuation as of June 30, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

Inflation	2.50%
Salary increases, including inflation	3.50% - 5.35%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation*

* Administrative expenses as a percent of the fair value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of pension liabilities.

Note 9-Pension Plans: (continued)

Actuarial Assumptions - General Employees (continued)

Mortality rates:

All Others (Non-10 Largest) - Non-Hazardous Duty: 15% of deaths are assumed to be service related

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

All Others (Non-10 Largest) - Non-Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

Note 9-Pension Plans: (continued)

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the County's Retirement Plan was based on an actuarial valuation as of June 30, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

Inflation	2.50%
Salary increases, including inflation	3.50% - 4.75%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation*

* Administrative expenses as a percent of the fair value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of pension liabilities.

Mortality rates:

All Others (Non-10 Largest) - Hazardous Duty: 45% of deaths are assumed to be service related

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year, 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

Note 9-Pension Plans: (continued)

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits (continued)

The actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

All Others (Non-10 Largest) - Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

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Note 9-Pension Plans: (continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension System investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension System investment expense and inflation) are developed for each major asset class. These ranges 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 asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class (Strategy)</u>	<u>Long-Term Target Asset Allocation</u>	<u>Arithmetic Long-term Expected Rate of Return</u>	<u>Weighted Average Long-term Expected Rate of Return*</u>
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	<u>100.00%</u>		<u>4.64%</u>
		Inflation	2.50%
		Expected arithmetic nominal return*	<u>7.14%</u>

* The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%.

Note 9-Pension Plans: (continued)

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes, and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the County and Component Unit School Board (nonprofessional) was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2020, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017 actuarial valuations, whichever was greater. Through the fiscal year ended June 30, 2020, the rate contributed by the school division for the VRS Teacher Retirement Plan was subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contributions rate. From July 1, 2020 on, participating employers and school divisions are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

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Note 9-Pension Plans: (continued)

Changes in Net Pension Liability

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2019	\$ 68,631,910	\$ 64,553,802	\$ 4,078,108
Changes for the year:			
Service cost	\$ 1,870,749	\$ -	\$ 1,870,749
Interest	4,519,616	-	4,519,616
Differences between expected and actual experience	1,129,516	-	1,129,516
Contributions - employer	-	1,276,788	(1,276,788)
Contributions - employee	-	778,541	(778,541)
Net investment income	-	1,230,108	(1,230,108)
Benefit payments	(3,349,280)	(3,349,280)	-
Administrator charges	-	(41,981)	41,981
Other changes	-	(1,453)	1,453
Net changes	\$ 4,170,601	\$ (107,277)	\$ 4,277,878
Balances at June 30, 2020	\$ 72,802,511	\$ 64,446,525	\$ 8,355,986

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Note 9-Pension Plans: (continued)

Changes in Net Pension Liability (continued)

	Component School Board (nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2019	\$ 23,956,339	\$ 21,714,553	\$ 2,241,786
Changes for the year:			
Service cost	\$ 529,604	\$ -	\$ 529,604
Interest	1,577,984	-	1,577,984
Differences between expected and actual experience	(390,573)	-	(390,573)
Contributions - employer	-	352,871	(352,871)
Contributions - employee	-	273,426	(273,426)
Net investment income	-	413,063	(413,063)
Benefit payments	(1,157,593)	(1,157,593)	-
Administrator charges	-	(14,235)	14,235
Other changes	-	(487)	487
Net changes	<u>\$ 559,422</u>	<u>\$ (132,955)</u>	<u>\$ 692,377</u>
Balances at June 30, 2020	<u>\$ 24,515,761</u>	<u>\$ 21,581,598</u>	<u>\$ 2,934,163</u>

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Note 9-Pension Plans: (continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the County and Component Unit School Board (nonprofessional) using the discount rate of 6.75%, as well as what the County's and Component Unit School Board's (nonprofessional) net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	Rate		
	(5.75%)	(6.75%)	(7.75%)
County			
Net Pension Liability (Asset)	\$ 17,457,230	\$ 8,355,986	\$ 791,847
Component Unit School Board (nonprofessional)			
Net Pension Liability (Asset)	\$ 5,608,405	\$ 2,934,163	\$ 668,476

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

For the year ended June 30, 2021, the County and Component Unit School Board (nonprofessional) recognized pension expense of \$2,656,967 and \$723,094, respectively. At June 30, 2021, the County and Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government		Component Unit School Board (nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 797,305	\$ 23,041	\$ 105,633	\$ 247,506
Changes of assumptions	822,546	-	189,302	-
Net difference between projected and actual earnings on pension plan investments	1,921,656	-	647,751	-
Employer contributions subsequent to the measurement date	1,538,973	-	382,098	-
Total	<u>\$ 5,080,480</u>	<u>\$ 23,041</u>	<u>\$ 1,324,784</u>	<u>\$ 247,506</u>

Note 9-Pension Plans: (continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

\$1,538,973 and \$382,098 reported as deferred outflows of resources related to pensions resulting from the County’s and Component Unit School Board’s (nonprofessional) contributions, respectively, subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year ended June 30</u>	<u>Primary Government</u>	<u>Component Unit School Board (nonprofessional)</u>
2022	\$ 926,645	\$ 169,555
2023	1,189,191	98,720
2024	786,201	220,056
2025	616,429	206,849
Thereafter	-	-

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2020-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

Component Unit School Board (Professional)

Plan Description

All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Retirement Plan upon employment. This is a cost-sharing multiple employer plan administered by the Virginia Retirement System (the system). Additional information related to the plan description is included in the first section of this note.

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement.

Note 9-Pension Plans: (continued)

Component Unit School Board (Professional) (continued)

Contributions (continued)

Each School Division's contractually required employer contribution rate for the year ended June 30, 2021 was 16.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the School Board were \$6,729,094 and \$ 6,545,102 for the years ended June 30, 2021 and June 30, 2020, respectively.

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

At June 30, 2021, the school division reported a liability of \$71,520,336 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2020 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the school division's proportion was 0.49150% as compared to 0.51755% at June 30, 2019.

For the year ended June 30, 2021, the school division recognized pension expense of \$7,580,696. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

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Note 9-Pension Plans: (continued)

Component Unit School Board (Professional) (continued)

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

At June 30, 2021, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 4,192,195
Net difference between projected and actual earnings on pension plan investments	5,439,914	-
Changes of assumptions	4,882,160	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	917,738	3,823,247
Employer contributions subsequent to the measurement date	<u>6,729,094</u>	<u>-</u>
Total	<u>\$ 17,968,906</u>	<u>\$ 8,015,442</u>

\$6,729,094 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year ended June 30</u>	
2022	\$ (461,507)
2023	1,272,921
2024	1,572,230
2025	1,067,438
2026	(226,712)
Thereafter	-

Note 9-Pension Plans: (continued)

Component Unit School Board (Professional) (continued)

Actuarial Assumptions

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

Inflation	2.50%
Salary increases, including inflation	3.50% - 5.95%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation*

* Administrative expenses as a percent of the fair value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of pension liabilities.

Mortality rates:

Pre-Retirement:

RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.

Post-Retirement:

RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 75 and 2.0% increase compounded from ages 75 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with Scale BB to 2020; 115% of rates for males and females.

Note 9-Pension Plans: (continued)

Component Unit School Board (Professional) (continued)

Actuarial Assumptions (continued)

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decreased rate from 7.00% to 6.75%

Net Pension Liability

The net pension liability (NPL) is calculated separately for each system and represents that particular system’s total pension liability determined in accordance with GASB Statement No. 67, less that system’s fiduciary net position. As of June 30, 2020, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

	<u>Teacher Employee Retirement Plan</u>
Total Pension Liability	\$ 51,001,855
Plan Fiduciary Net Position	<u>36,449,229</u>
Employers' Net Pension Liability (Asset)	<u>\$ 14,552,626</u>
 Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	 71.47%

The total pension liability is calculated by the System’s actuary, and each plan’s fiduciary net position is reported in the System’s financial statements. The net pension liability is disclosed in accordance with the requirements of GASB Statement No. 67 in the System’s notes to the financial statements and required supplementary information.

Note 9-Pension Plans: (continued)

Component Unit School Board (Professional) (continued)

Net Pension Liability (continued)

The long-term expected rate of return and discount rate information previously described also apply to this plan.

Sensitivity of the School Division’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the school division’s proportionate share of the net pension liability using the discount rate of 6.75%, as well as what the school division’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	Rate		
	(5.75%)	(6.75%)	(7.75%)
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability	\$ 104,936,396	\$ 71,520,336	\$ 43,881,030

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan’s Fiduciary Net Position is available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2020-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2021

Note 9-Pension Plans: (continued)

Primary Government and Component Unit School Board

Aggregate Pension Information

The following is a summary of deferred outflows, deferred inflows, net pension liabilities (assets), and pension expense for the year ended June 30, 2021.

	Primary Government				Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense
VRS Pension Plans:								
Primary Government	\$ 5,080,480	\$ 23,041	\$ 8,355,986	\$ 2,656,967	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	1,324,784	247,506	2,934,163	723,094
School Board Professional	-	-	-	-	17,968,906	8,015,442	71,520,336	7,580,696
Totals	<u>\$ 5,080,480</u>	<u>\$ 23,041</u>	<u>\$ 8,355,986</u>	<u>\$ 2,656,967</u>	<u>\$ 19,293,690</u>	<u>\$ 8,262,948</u>	<u>\$ 74,454,499</u>	<u>\$ 8,303,790</u>

Note 10-Other Postemployment Benefits-Health Insurance:

Plan Description

In addition to the pension benefits described in Note 9, the County and Component Unit School Board administer single employer defined benefit healthcare plans, The Franklin County Postemployment Benefits Plan and the Franklin County Public Schools Postemployment Plan. The plans provide postemployment health care benefits to all eligible permanent employees who meet the requirements under the County’s and School Board’s pension plans. The plans do not issue a publicly available financial report.

Primary Government

Benefits Provided

The County administers a single-employer healthcare plan (“the Plan”). The Plan provides for participation by eligible retirees of the County and their dependents in the health and dental insurance programs available to County employees. The Plan will provide retiring employees the option to continue health and dental insurance offered by the County. An eligible County retiree may receive this benefit until the retiree is eligible to receive Medicare. To be eligible for this benefit a retiree must have 15 years of service with the County and the employee must have attained the age of fifty (50). The benefits, employee contributions and the employer contributions are governed by the County Board and can be amended through Board action. The Plan does not issue a publicly available financial report.

Note 10-Other Postemployment Benefits-Health Insurance: (continued)

Primary Government (continued)

Plan Membership

At July 1, 2019 (measurement date), the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	11
Active employees	<u>324</u>
Total	<u><u>335</u></u>

Contributions

The board does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the County Board. The amount paid by the County for OPEB as the benefits came due during the year ended June 30, 2021 was \$46,000.

Total OPEB Liability

The County’s total OPEB liability was measured as of July 1, 2020. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation performed as of July 1, 2020.

Actuarial Assumptions

The total OPEB liability in the July 1, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary Increases	2.50%
Discount Rate	2.45%

Mortality rates were based on RP-2014 Mortality Table, fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2020.

Discount Rate

The discount rate should be the single rate that reflects the following:

- a. The long-term expected rate of return on OPEB plan investments that are expected to be used to finance the payment of benefits, to the extent that (1) the OPEB plan’s fiduciary net position is projected to be sufficient to make projected benefit payments and (2) OPEB plan assets are expected to be invested using a strategy to achieve that return.

Note 10-Other Postemployment Benefits-Health Insurance: (continued)

Primary Government (continued)

Discount Rate (continued)

- b. A yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale), to the extent that the conditions in (a) are not met.

Since the plan has no assets, the discount rate is equal to the Fidelity Index’s “20-year Municipal GO AA Index” as of the measurement date.

Changes in Total OPEB Liability

		<u>Primary Government Total OPEB Liability</u>
Beginning Balances	\$	<u>1,241,000</u>
Changes for the year:		
Service cost	\$	73,000
Interest		40,000
Difference between expected and actual experience		(51,000)
Benefit payments		(46,000)
Other changes		86,000
Net changes	\$	<u>102,000</u>
Ending Balances	\$	<u><u>1,343,000</u></u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following amounts present the total OPEB liability of the County, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.45%) or one percentage point higher (3.45%) than the current discount rate:

Rate		
1% Decrease (1.45%)	Current Discount Rate (2.45%)	1% Increase (3.45%)
\$ 1,481,000	\$ 1,343,000	\$ 1,220,000

Note 10-Other Postemployment Benefits-Health Insurance: (continued)

Primary Government (continued)

Sensitivity of the Total 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 total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (5.33% and decreasing to an ultimate rate of 4.00%) or one percentage point higher (7.33% decreasing to an ultimate rate of 6.00%) than the current healthcare cost trend rates:

Rates		
1% Decrease (5.33% decreasing to 4.00%)	Healthcare Cost Trend (6.33% decreasing to 5.00%)	1% Increase (7.33% decreasing to 6.00%)
\$ 1,188,000	\$ 1,343,000	\$ 1,526,000

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

For the year ended June 30, 2021, the County recognized OPEB expense in the amount of \$29,000. At June 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 321,000
Changes of assumptions	109,000	47,000
Employer contributions subsequent to the measurement date	46,000	-
Total	\$ 155,000	\$ 368,000

Note 10-Other Postemployment Benefits-Health Insurance: (continued)

Primary Government (continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

\$46,000 reported as deferred outflows of resources related to OPEB resulting from the County’s contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the fiscal year ending June 30, 2022. Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense in future reporting periods as follows:

<u>Year ended June 30</u>	
2022	\$ (88,000)
2023	(88,000)
2024	(88,000)
2025	(1,000)
2026	6,000
Thereafter	-

Additional disclosures on changes in total OPEB liability, related ratios, and employer contributions can be found in the required supplementary information following the notes to the financial statements.

Component Unit School Board

Benefits Provided

The Component Unit School Board administers a single-employer healthcare plan (“the Plan”). The Plan provides for participation by eligible retirees of the School Board and their dependents in the health and dental insurance programs available to School Board employees. The Plan will provide retiring employees the option to continue health and dental insurance offered by the School Board. An eligible retiree may receive this benefit until the retiree is eligible to receive Medicare. To be eligible for this benefit a retiree must have 15 years of service with the School Board and the employee must have attained the age of fifty (50). The benefits, employee contributions and the employer contributions are governed by the School Board and can be amended through Board action. The Plan does not issue a publicly available financial report.

Plan Membership

At July 1, 2020 (measurement date), the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	56
Active employees	1,148
Total	<u>1,204</u>

Note 10-Other Postemployment Benefits-Health Insurance: (continued)

Component Unit School Board (continued)

Contributions

The board does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the School Board. The amount paid by the School Board for OPEB as the benefits came due during the year ended June 30, 2021 was \$686,000.

Total OPEB Liability

The School Board's total OPEB liability was measured as of July 1, 2020. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation performed as of July 1, 2020.

Actuarial Assumptions

The total OPEB liability in the July 1, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary Increases	2.50%
Discount Rate	2.45%

Mortality rates were based on RP-2014 Mortality Table, fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2020.

The date of the most recent actuarial experience study for which significant assumptions were based is not available.

Discount Rate

The discount rate should be the single rate that reflects the following:

- a. The long-term expected rate of return on OPEB plan investments that are expected to be used to finance the payment of benefits, to the extent that (1) the OPEB plan's fiduciary net position is projected to be sufficient to make projected benefit payments and (2) OPEB plan assets are expected to be invested using a strategy to achieve that return.
- b. A yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale), to the extent that the conditions in (a) are not met.

Since the plan has no assets, the discount rate is equal to the Fidelity Index's "20-year Municipal GO AA Index" as of the measurement date.

Note 10-Other Postemployment Benefits-Health Insurance: (continued)

Component Unit School Board (continued)

Changes in Total OPEB Liability

	<u>Component Unit School Board Total OPEB Liability</u>
Beginning Balances	\$ 5,660,000
Changes for the year:	
Service cost	\$ 272,000
Interest	175,000
Difference between expected and actual experience	116,000
Benefit payments	(686,000)
Assumption changes	354,000
Net changes	\$ 231,000
Ending Balances	\$ 5,891,000

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following amounts present the total OPEB liability of the School Board, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.45%) or one percentage point higher (3.45%) than the current discount rate:

<u>Rate</u>		
<u>1% Decrease (1.45%)</u>	<u>Current Discount Rate (2.45%)</u>	<u>1% Increase (3.45%)</u>
\$ 6,440,000	\$ 5,891,000	\$ 5,385,000

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Note 10-Other Postemployment Benefits-Health Insurance: (continued)

Component Unit School Board (continued)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate (continued)

The following presents the total OPEB liability of the School Board, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (5.33% decreasing to an ultimate rate of 4.00%) or one percentage point higher (7.33% decreasing to an ultimate rate of 6.00%) than the current healthcare cost trend rates:

Rates		
1% Decrease (5.33% decreasing to 4.00%)	Healthcare Cost Trend (6.33% decreasing to 5.00%)	1% Increase (7.33% decreasing to 6.00%)
\$ 5,219,000	\$ 5,891,000	\$ 6,687,000

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

For the year ended June 30, 2021, the School Board recognized OPEB expense in the amount of \$641,000. At June 30, 2021, the School Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 708,000	\$ 71,000
Changes of assumptions	460,000	277,000
Employer contributions subsequent to the measurement date	686,000	-
Total	\$ 1,854,000	\$ 348,000

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Note 10-Other Postemployment Benefits-Health Insurance: (continued)

Component Unit School Board (continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

\$686,000 reported as deferred outflows of resources related to OPEB resulting from the School Board's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the fiscal year ending June 30, 2022. Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2022	\$ 189,000
2023	189,000
2024	189,000
2025	138,000
2026	83,000
Thereafter	32,000

Additional disclosures on changes in total OPEB liability, related ratios, and employer contributions can be found in the required supplementary information following the notes to the financial statements.

Note 11-Group Life Insurance (GLI) Plan (OPEB Plan):

Plan Description

The Group Life Insurance (GLI) Plan was established pursuant to §51.1-500 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. All full-time, salaried permanent employees of the state agencies, teachers, and employees of participating political subdivisions are automatically covered by the VRS GLI Plan upon employment. This is a cost-sharing multiple-employer plan administered by the Virginia Retirement System (the System), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

In addition to the Basic GLI benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional GLI Plan. For members who elect the optional group life insurance coverage, the insurer bills employers directly for the premiums. Employers deduct these premiums from members' paychecks and pay the premiums to the insurer. Since this is a separate and fully insured plan, it is not included as part of the GLI Plan OPEB.

Note 11-Group Life Insurance (GLI) Plan (OPEB Plan): (continued)

Plan Description (continued)

The specific information for GLI Program OPEB, including eligibility, coverage and benefits is described below:

Eligible Employees

The GLI Plan was established July 1, 1960, for state employees, teachers, and employees of political subdivisions that elect the plan. Basic GLI coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their accumulated retirement member contributions and accrued interest.

Benefit Amounts

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the Plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, safety belt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$8,616 as of June 30, 2021.

Contributions

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% x 60%) and the employer component was 0.54% (1.34% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2021 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability.

Contributions to the GLI Plan from the County were \$87,816 and \$83,161 for the years ended June 30, 2021 and June 30, 2020, respectively.

Contributions to the GLI Plan from the Component Unit School Board (nonprofessional) were \$30,239 and \$30,283 for the years ended June 30, 2021 and June 30, 2020, respectively.

Note 11-Group Life Insurance (GLI) Plan (OPEB Plan): (continued)

Contributions (continued)

Contributions to the GLI Plan from the Component Unit School Board (professional) were \$226,988 and \$224,963 for the years ended June 30, 2021 and June 30, 2020, respectively.

GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI Plan OPEB

Primary Government

At June 30, 2021, the entity reported a liability of \$1,305,865 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2020 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the participating employer's proportion was 0.0782% as compared to 0.0800% at June 30, 2019.

For the year ended June 30, 2021, the participating employer recognized GLI OPEB expense of \$66,215. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

Component Unit School Board (nonprofessional)

At June 30, 2021, the entity reported a liability of \$472,281 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2020 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the participating employer's proportion was 0.0283% as compared to 0.0291% at June 30, 2019.

For the year ended June 30, 2021, the participating employer recognized GLI OPEB expense of \$17,947. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2021

Note 11-Group Life Insurance (GLI) Plan (OPEB Plan): (continued)

GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI Plan OPEB (continued)

Component Unit School Board (professional)

At June 30, 2021, the entity reported a liability of \$3,507,393 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2020 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020. The covered employer’s proportion of the Net GLI OPEB Liability was based on the covered employer’s actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the participating employer’s proportion was 0.2102% as compared to 0.2216% at June 30, 2019.

For the year ended June 30, 2021, the participating employer recognized GLI OPEB expense of \$118,776. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2021, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Primary Government		Component Unit School Board (nonprofessional)		Component Unit School Board (professional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 83,759	\$ 11,729	\$ 30,292	\$ 4,242	\$ 224,967	\$ 31,503
Net difference between projected and actual earnings on GLI OPEB plan investments	39,227	-	14,187	-	105,359	-
Change in assumptions	65,308	27,267	23,619	9,861	175,410	73,236
Changes in proportion	76,294	28,866	3,304	9,914	63,972	203,244
Employer contributions subsequent to the measurement date	87,816	-	30,239	-	226,988	-
Total	\$ 352,404	\$ 67,862	\$ 101,641	\$ 24,017	\$ 796,696	\$307,983

Note 11-Group Life Insurance (GLI) Plan (OPEB Plan): (continued)

GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI Plan OPEB (continued)

\$87,816, \$30,239, and \$226,988 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer’s contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	<u>Primary Government</u>	<u>Component Unit School Board (nonprofessional)</u>	<u>Component Unit School Board (professional)</u>
2022	\$ 36,087	\$ 7,051	\$ 37,853
2023	47,164	11,057	67,607
2024	52,700	13,974	87,593
2025	50,564	13,528	77,056
2026	10,463	1,934	(3,973)
Thereafter	(252)	(159)	(4,411)

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020. The assumptions include several employer groups. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS Annual Report.

Inflation	2.50%
Salary increases, including inflation:	
Teachers	3.50%-5.95%
Locality - General employees	3.50%-5.35%
Locality - Hazardous Duty employees	3.50%-4.75%
Investment rate of return	6.75%, net of investment expenses, including inflation*

Note 11-Group Life Insurance (GLI) Plan (OPEB Plan): (continued)

Actuarial Assumptions (continued)

*Administrative expenses as a percent of the fair value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of OPEB liabilities.

Mortality Rates - Teachers

Pre-Retirement:

RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.

Post-Retirement:

RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; 115% of rates for males and females.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decreased rate from 7.00% to 6.75%

Note 11-Group Life Insurance (GLI) Plan (OPEB Plan): (continued)

Actuarial Assumptions: (continued)

Mortality Rates - Non-Largest Ten Locality Employers - General Employees

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

Note 11-Group Life Insurance (GLI) Plan (OPEB Plan): (continued)

Actuarial Assumptions: (continued)

Mortality Rates - Non-Largest Ten Locality Employers - Hazardous Duty Employees

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

Note 11-Group Life Insurance (GLI) Plan (OPEB Plan): (continued)

NET GLI OPEB Liability

The net OPEB liability (NOL) for the GLI Plan represents the plan’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2020, NOL amounts for the GLI Plan is as follows (amounts expressed in thousands):

	GLI OPEB Plan
Total GLI OPEB Liability	\$ 3,523,937
Plan Fiduciary Net Position	<u>1,855,102</u>
GLI Net OPEB Liability (Asset)	<u>\$ 1,668,835</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	52.64%

The total GLI OPEB liability is calculated by the System’s actuary, and each plan’s fiduciary net position is reported in the System’s financial statements. The net GLI OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System’s notes to the financial statements and required supplementary information.

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Note 11-Group Life Insurance (GLI) Plan (OPEB Plan): (continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on the System’s investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of System’s investment expense and inflation) are developed for each major asset class. These ranges 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 asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class (Strategy)</u>	<u>Long-Term Target Asset Allocation</u>	<u>Arithmetic Long-term Expected Rate of Return</u>	<u>Weighted Average Long-term Expected Rate of Return^a</u>
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	<u>100.00%</u>		<u>4.64%</u>
		Inflation	<u>2.50%</u>
		Expected arithmetic nominal return*	<u>7.14%</u>

*The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019, VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 valuation provide a median return of 6.81%.

Note 11-Group Life Insurance (GLI) Plan (OPEB Plan): (continued)

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2020, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2020 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB’s fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

Sensitivity of the Employer’s Proportionate Share of the Net GLI OPEB Liability to Changes in the Discount Rate

The following presents the employer’s proportionate share of the net GLI OPEB liability using the discount rate of 6.75%, as well as what the employer’s proportionate share of the net GLI OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
County's proportionate share of the GLI Plan Net OPEB Liability	\$ 1,716,659	\$ 1,305,865	\$ 972,261
Component Unit School Board (nonprofessional) proportionate share of the GLI Plan Net OPEB Liability	\$ 620,849	\$ 472,281	\$ 351,629
Component Unit School Board (professional) proportionate share of the GLI Plan Net OPEB Liability	\$ 4,610,738	\$ 3,507,393	\$ 2,611,374

Note 11-Group Life Insurance (GLI) Plan (OPEB Plan): (continued)

GLI Plan Fiduciary Net Position

Detailed information about the Group Life Insurance Program's Fiduciary Net Position is available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2020-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 12-Health Insurance Credit (HIC) Plan (OPEB Plan):

Plan Description

The Political Subdivision Health Insurance Credit (HIC) Plan was established pursuant to §51.1-1400 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. All full-time, salaried permanent employees of participating political subdivisions are automatically covered by the VRS Political Subdivision HIC Plan upon employment. This is an agent multiple-employer plan administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The HIC is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree's death.

The specific information about the Political Subdivision HIC Plan OPEB, including eligibility, coverage and benefits is described below:

Eligible Employees

The Political Subdivision Retiree HIC Plan was established July 1, 1993 for retired political subdivision employees of employers who elect the benefit and retire with at least 15 years of service credit. Eligible employees include full-time permanent salaried employees of the participating political subdivision who are covered under the VRS pension plan. These employees are enrolled automatically upon employment.

Benefit Amounts

The Political Subdivision Retiree HIC Plan is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired political subdivision employees of participating employers. For employees who retire, the monthly benefit is \$1.50 per year of service per month with a maximum benefit of \$45.00 per month. For employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is \$45.00 per month.

Note 12-Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)

HIC Plan Notes

The monthly HIC benefit cannot exceed the individual premium amount. There is no HIC for premiums paid and qualified under LODA; however, the employee may receive the credit for premiums paid for other qualified health plans. Employees who retire after being on long-term disability under VLDP must have at least 15 years of service credit to qualify for the HIC as a retiree.

Employees Covered by Benefit Terms

As of the June 30, 2019 actuarial valuation, the following employees were covered by the benefit terms of the HIC OPEB plan:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	74
Active members	266
Total covered employees	<u>340</u>

Contributions

The contribution requirements for active employees is governed by §51.1-1402(E) of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. The School Board’s (nonprofessional) contractually required employer contribution rate for the year ended June 30, 2021 was 0.46% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the School Board (nonprofessional) to the HIC Plan were \$26,686 and \$24,414 for the years ended June 30, 2021 and June 30, 2020, respectively.

Net HIC OPEB Liability

The School Board’s (nonprofessional) net HIC OPEB liability was measured as of June 30, 2020. The total HIC OPEB liability was determined by an actuarial valuation performed as of June 30, 2019, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

Note 12-Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)

Actuarial Assumptions

The total HIC OPEB liability was based on an actuarial valuation as of June 30, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

Inflation	2.50%
Salary increases, including inflation:	
Locality - General employees	3.50%-5.35%
Investment rate of return	6.75%, net of investment expenses, including inflation*

*Administrative expenses as a percent of the fair value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of the OPEB liabilities.

Mortality Rates - Non-Largest Ten Locality Employers - General Employees

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:

RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

Note 12-Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)

Actuarial Assumptions: (continued)

Mortality Rates - Non-Largest Ten Locality Employers - General Employees (continued)

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

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Note 12-Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on the System’s investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of System’s investment expense and inflation) are developed for each major asset class. These ranges 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 asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class (Strategy)</u>	<u>Long-term Target Asset Allocation</u>	<u>Arithmetic Long-term Expected Rate of Return</u>	<u>Weighted Average Long-term Expected Rate of Return*</u>
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	<u>100.00%</u>		<u>4.64%</u>
		Inflation	<u>2.50%</u>
		Expected arithmetic nominal return*	<u>7.14%</u>

*The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%.

Note 12-Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)

Discount Rate

The discount rate used to measure the total HIC OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2020, the rate contributed by the entity for the HIC OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2020 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the HIC OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total HIC OPEB liability.

Changes in Net HIC OPEB Liability

	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2019	\$ 564,241	\$ 351,232	\$ 213,009
Changes for the year:			
Service cost	\$ 10,444	\$ -	\$ 10,444
Interest	36,926	-	36,926
Benefit changes	24,322	-	24,322
Differences between expected and actual experience	(4,489)	-	(4,489)
Contributions - employer	-	24,414	(24,414)
Net investment income	-	6,984	(6,984)
Benefit payments	(34,386)	(34,386)	-
Administrative expenses	-	(662)	662
Other changes	-	(3)	3
Net changes	\$ 32,817	\$ (3,653)	\$ 36,470
Balances at June 30, 2020	\$ 597,058	\$ 347,579	\$ 249,479

Note 12-Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)

Sensitivity of the School Board’s (nonprofessional) HIC Net OPEB Liability to Changes in the Discount Rate

The following presents the School Board’s (nonprofessional) Health Insurance Credit Plan net HIC OPEB liability using the discount rate of 6.75%, as well as what the School Board’s (nonprofessional) net HIC OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
Component Unit School Board (nonprofessional) Net HIC OPEB Liability	\$ 306,786	\$ 249,479	\$ 197,619

HIC Plan OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to HIC Plan OPEB

For the year ended June 30, 2021, the School Board (nonprofessional) recognized HIC Program OPEB expense of \$49,594. At June 30, 2021, the School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to the School Board’s (nonprofessional) HIC Program from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 10,172	\$ 7,853
Net difference between projected and actual earnings on HIC OPEB plan investments	7,484	4,101
Change in assumptions	11,415	-
Employer contributions subsequent to the measurement date	26,686	-
Total	\$ 55,757	\$ 11,954

Note 12-Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)

HIC Plan OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to HIC Plan OPEB (continued)

\$26,686 reported as deferred outflows of resources related to the HIC OPEB resulting from the School Board's (nonprofessional) contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>		
2022	\$	585
2023		5,950
2024		7,970
2025		2,612
2026		-
Thereafter		-

HIC Plan Data

Information about the VRS Political Subdivision HIC Plan is available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2020-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 13-Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan):

Plan Description

The Virginia Retirement System (VRS) Teacher Employee Health Insurance Credit (HIC) Plan was established pursuant to §51.1-1400 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Employee HIC Plan. This is a cost-sharing multiple-employer plan administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The HIC is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree's death.

Note 13-Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)

The specific information for the Teacher HIC Plan OPEB, including eligibility, coverage, and benefits is described below:

Eligible Employees

The Teacher Employee Retiree HIC Plan was established July 1, 1993 for retired Teacher Employees covered under VRS who retire with at least 15 years of service credit. Eligible employees include full-time permanent (professional) salaried employees of public school divisions covered under VRS. These employees are enrolled automatically upon employment.

Benefit Amounts

The Teacher Employee HIC Plan is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired teachers. For Teacher and other professional school employees who retire, the monthly benefit is \$4.00 per year of service per month with no cap on the benefit amount. For Teacher and other professional school employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is either: \$4.00 per month, multiplied by twice the amount of service credit, or \$4.00 per month, multiplied by the amount of service earned had the employee been active until age 60, whichever is lower.

HIC Plan Notes

The monthly HIC benefit cannot exceed the individual premium amount. Employees who retire after being on long-term disability under VLDP must have at least 15 years of service credit to qualify for the HIC as a retiree.

Contributions

The contribution requirements for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2021 was 1.21% of covered employee compensation for employees in the VRS Teacher Employee HIC Plan. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS Teacher Employee Health Insurance Credit Plan were \$508,267 and \$518,001 for the years ended June 30, 2021 and June 30, 2020, respectively.

Note 13-Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)

Teacher Employee HIC OPEB Liabilities, Teacher Employee HIC OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Teacher Employee HIC Plan OPEB

At June 30, 2021, the school division reported a liability of \$6,422,396 for its proportionate share of the VRS Teacher Employee HIC Net OPEB Liability. The Net VRS Teacher Employee HIC OPEB Liability was measured as of June 30, 2020 and the total VRS Teacher Employee HIC OPEB liability used to calculate the Net VRS Teacher Employee HIC OPEB Liability was determined by an actuarial valuation performed as of June 30, 2019 and rolled forward to the measurement date of June 30, 2020. The school division's proportion of the Net VRS Teacher Employee HIC OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee HIC OPEB plan for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the school division's proportion of the VRS Teacher Employee HIC Program was 0.4923% as compared to 0.5177% at June 30, 2019.

For the year ended June 30, 2021, the school division recognized VRS Teacher Employee HIC OPEB expense of \$492,517. Since there was a change in proportionate share between measurement dates, a portion of the VRS Teacher Employee HIC Net OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2021, the school division reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee HIC OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 85,768
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	28,461	-
Change in assumptions	126,962	35,090
Change in proportion	129,640	416,847
Employer contributions subsequent to the measurement date	<u>508,267</u>	<u>-</u>
Total	<u>\$ 793,330</u>	<u>\$ 537,705</u>

Note 13-Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)

Teacher Employee HIC OPEB Liabilities, Teacher Employee HIC OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Teacher Employee HIC Plan OPEB (continued)

\$508,267 reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the school division’s contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee HIC OPEB Liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2022	\$ (33,436)
2023	(30,615)
2024	(31,560)
2025	(33,750)
2026	(48,527)
Thereafter	(74,754)

Actuarial Assumptions

The total Teacher Employee HIC OPEB liability for the VRS Teacher Employee HIC Program was based on an actuarial valuation as of June 30, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

Inflation	2.50%
Salary increases, including inflation	3.50%-5.95%
Investment rate of return	6.75%, net of investment expenses, including inflation*

*Administrative expenses as a percent of the fair value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of OPEB liabilities.

Note 13-Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)

Mortality Rates - Teachers

Pre-Retirement:

RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.

Post-Retirement:

RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; 115% of rates for males and females.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decreased rate from 7.00% to 6.75%

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Note 13-Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)

Net Teacher Employee HIC OPEB Liability

The net OPEB liability (NOL) for the Teacher Employee HIC Plan represents the plan’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2020, NOL amounts for the VRS Teacher Employee HIC Plan is as follows (amounts expressed in thousands):

		Teacher Employee HIC OPEB Plan
Total Teacher Employee HIC OPEB Liability	\$	1,448,676
Plan Fiduciary Net Position		144,160
Teacher Employee Net HIC OPEB Liability (Asset)	\$	1,304,516
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability		
		9.95%

The total Teacher Employee HIC OPEB liability is calculated by the System’s actuary, and the plan’s fiduciary net position is reported in the System’s financial statements. The net Teacher Employee HIC OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System’s notes to the financial statements and required supplementary information.

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Note 13-Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on the VRS System investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of VRS System investment expense and inflation) are developed for each major asset class. These ranges 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 asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class (Strategy)</u>	<u>Long-Term Target Asset Allocation</u>	<u>Arithmetic Long-term Expected Rate of Return</u>	<u>Weighted Average Long-term Expected Rate of Return*</u>
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	<u>100.00%</u>		<u>4.64%</u>
		Inflation	<u>2.50%</u>
		Expected arithmetic nominal return*	<u>7.14%</u>

*The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly 40th percentile of expected long-term results to the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%.

Note 13-Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)

Discount Rate

The discount rate used to measure the total Teacher Employee HIC OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2020, the rate contributed by each school division for the VRS Teacher Employee HIC Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2020 on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee HIC OPEB plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Teacher Employee HIC OPEB liability.

Sensitivity of the School Division’s Proportionate Share of the Teacher Employee HIC Net OPEB Liability to Changes in the Discount Rate

The following presents the school division’s proportionate share of the VRS Teacher Employee HIC Plan net HIC OPEB liability using the discount rate of 6.75%, as well as what the school division’s proportionate share of the net HIC OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan Net HIC OPEB Liability	\$ 7,189,202	\$ 6,422,396	\$ 5,770,666

Teacher Employee HIC OPEB Fiduciary Net Position

Detailed information about the VRS Teacher Employee HIC Plan’s Fiduciary Net Position is available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2020-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

COUNTY OF FRANKLIN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2021

Note 14-Aggregate OPEB Information:

The following is a summary of deferred outflows, deferred inflows, net OPEB liabilities (assets), and OPEB expense for the year ended June 30, 2021.

	Primary Government				Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense
County Stand-Alone Plan	\$ 155,000	\$ 368,000	\$ 1,343,000	\$ 29,000	\$ -	\$ -	\$ -	\$ -
School Stand-Alone Plan	-	-	-	-	1,854,000	348,000	5,891,000	641,000
VRS OPEB Plans:								
Group Life Insurance Plan:								
County	352,404	67,862	1,305,865	66,215	-	-	-	-
School Board Nonprofessional	-	-	-	-	101,641	24,017	472,281	17,947
School Board Professional	-	-	-	-	796,696	307,983	3,507,393	118,776
Health Insurance Credit Plan - School Board Nonprofessional	-	-	-	-	55,757	11,954	249,479	49,594
Teacher Health Insurance Credit Plan	-	-	-	-	793,330	537,705	6,422,396	492,517
Totals	\$ 507,404	\$ 435,862	\$ 2,648,865	\$ 95,215	\$ 3,601,424	\$ 1,229,659	\$ 16,542,549	\$ 1,319,834

Note 15-Line of Duty Act (LODA) (OPEB Benefits):

The Line of Duty Act (LODA) provides death and healthcare benefits to certain law enforcement and rescue personnel, and their beneficiaries, who were disabled or killed in the line of duty. Benefit provisions and eligibility requirements are established by title 9.1 Chapter 4 of the Code of Virginia. Funding of LODA benefits is provided by employers in one of two ways: (a) participation in the Line of Duty and Health Benefits Trust Fund (LODA Fund), administered by the Virginia Retirement System (VRS) or (b) self-funding by the employer or through an insurance company.

The County has elected to provide LODA benefits through an insurance company. The obligation for the payment of benefits has been effectively transferred from the County to VACORP. VACORP assumes all liability for the County's LODA claims that are approved by VRS. The pool purchases reinsurance to protect the pool from extreme claims costs.

The current-year OPEB expense/expenditure for the insured benefits is defined as the amount of premiums or other payments required for the insured benefits for the reporting period in accordance with the agreement with the insurance company for LODA and a change in liability to the insurer equal to the difference between amounts recognized as OPEB expense and amounts paid by the employer to the insurer. The County's LODA coverage is fully covered or "insured" through VACORP. This is built into the LODA coverage cost presented in the annual renewals. The County's LODA premium for the year ended June 30, 2021 was \$61,644.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2021

Note 16-Unearned and Deferred/Unavailable Revenue:

Unearned and unavailable revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Under the accrual basis of accounting, assessments for future periods are deferred.

	Government-wide Statements	Balance Sheet
	Governmental Activities	Governmental Funds
Primary Government:		
Deferred/Unavailable revenue:		
Unavailable property tax revenue representing uncollected property tax billings are not available for the funding of current expenditures	\$ -	\$ 1,748,720
Prepaid property taxes due after June 30 but paid in advance by taxpayers	97,288	97,288
Unavailable revenue representing locality compensation payments that are not available for funding current expenditures	-	2,035,467
Unearned revenue:		
Unspent Commonwealth Opportunity Funds received during previous fiscal years	300,000	300,000
Unspent USDA grant funds received during the fiscal year	53,400	53,400
Unspent VRA funds received during previous fiscal years	22,122	22,122
Unspent American Rescue Plan Act received during the current fiscal year	5,442,751	5,442,751
Prepaid rent paid by Virginia Western Community College	25,250	25,250
Totals	\$ 5,940,811	\$ 9,724,998
Component Unit School Board		
Unspent grant funds received in advance	\$ 77,704	\$ 77,704

COUNTY OF FRANKLIN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2021

Note 17-Capital Assets:

Capital asset activity for the year ended June 30, 2021 was as follows:

Primary Government:

	Beginning Balance	Increases	Decreases	Ending Balance
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 18,850,895	\$ 37,765	\$ -	\$ 18,888,660
Construction in progress	21,916,556	2,060,388	-	23,976,944
Total capital assets not being depreciated	<u>\$ 40,767,451</u>	<u>\$ 2,098,153</u>	<u>\$ -</u>	<u>\$ 42,865,604</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 65,260,193	\$ 255,375	\$ (9,685,526)	\$ 55,830,042
Machinery and equipment	46,844,694	2,696,174	(2,197,084)	47,343,784
Infrastructure	6,363,133	-	-	6,363,133
Total capital assets being depreciated	<u>\$ 118,468,020</u>	<u>\$ 2,951,549</u>	<u>\$ (11,882,610)</u>	<u>\$ 109,536,959</u>
Accumulated depreciation:				
Buildings and improvements	\$ (26,717,572)	\$ (2,029,657)	\$ 4,480,229	\$ (24,267,000)
Machinery and equipment	(28,840,368)	(3,328,766)	2,067,624	(30,101,510)
Infrastructure	(4,535,760)	(755,656)	-	(5,291,416)
Total accumulated depreciation	<u>\$ (60,093,700)</u>	<u>\$ (6,114,079)</u>	<u>\$ 6,547,853</u>	<u>\$ (59,659,926)</u>
Total capital assets being depreciated, net	<u>\$ 58,374,320</u>	<u>\$ (3,162,530)</u>	<u>\$ (5,334,757)</u>	<u>\$ 49,877,033</u>
Governmental activities capital assets, net	<u>\$ 99,141,771</u>	<u>\$ (1,064,377)</u>	<u>\$ (5,334,757)</u>	<u>\$ 92,742,637</u>

Current year decreases include transfer of asset from the County to the Component Unit School Board with a net book value of \$5,205,297 (cost \$9,685,526 and accumulated depreciation \$4,480,229).

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2021

Note 17-Capital Assets: (continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type Activities:				
Capital assets, being depreciated:				
Infrastructure	\$ 1,319,774	\$ -	\$ -	\$ 1,319,774
Total capital assets being depreciated	<u>\$ 1,319,774</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,319,774</u>
Accumulated depreciation:				
Infrastructure	\$ (414,758)	\$ (32,845)	\$ -	\$ (447,603)
Total accumulated depreciation	<u>\$ (414,758)</u>	<u>\$ (32,845)</u>	<u>\$ -</u>	<u>\$ (447,603)</u>
Total capital assets being depreciated, net	<u>\$ 905,016</u>	<u>\$ (32,845)</u>	<u>\$ -</u>	<u>\$ 872,171</u>
Business-type activities capital assets, net	<u>\$ 905,016</u>	<u>\$ (32,845)</u>	<u>\$ -</u>	<u>\$ 872,171</u>

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

Governmental activities:	
General government administration	\$ 174,689
Judicial administration	126,381
Public safety	2,509,520
Public works	2,032,370
Health and welfare	36,507
Education	591,403
Parks, recreation, and cultural	429,709
Community development	<u>213,500</u>
Total depreciation expense-governmental activities	<u>\$ 6,114,079</u>
Business-type activities	
Utility fund	<u>\$ 32,845</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2021

Note 17-Capital Assets: (continued)

Capital asset activity for the School Board for the year ended June 30, 2021 was as follows:

Discretely Presented Component Unit:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 725,315	\$ -	\$ -	\$ 725,315
Construction in progress	619,830	540,460	(717,774)	442,516
Total capital assets not being depreciated	<u>\$ 1,345,145</u>	<u>\$ 540,460</u>	<u>\$ (717,774)</u>	<u>\$ 1,167,831</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 52,640,346	\$ 11,070,238	\$ -	\$ 63,710,584
Machinery and equipment	21,126,531	797,503	-	21,924,034
Total capital assets being depreciated	<u>\$ 73,766,877</u>	<u>\$ 11,867,741</u>	<u>\$ -</u>	<u>\$ 85,634,618</u>
Accumulated depreciation:				
Buildings and improvements	\$ (34,703,391)	\$ (5,730,904)	\$ -	\$ (40,434,295)
Machinery and equipment	(17,387,443)	(1,007,103)	-	(18,394,546)
Total accumulated depreciation	<u>\$ (52,090,834)</u>	<u>\$ (6,738,007)</u>	<u>\$ -</u>	<u>\$ (58,828,841)</u>
Total capital assets being depreciated, net	<u>\$ 21,676,043</u>	<u>\$ 5,129,734</u>	<u>\$ -</u>	<u>\$ 26,805,777</u>
Governmental activities capital assets, net	<u>\$ 23,021,188</u>	<u>\$ 5,670,194</u>	<u>\$ (717,774)</u>	<u>\$ 27,973,608</u>

Current year increases include transfer of asset from the County to the Component Unit School Board with a net book value of \$5,205,297 (cost \$9,685,526 and accumulated depreciation \$4,480,229).

All depreciation of the component-unit School Board is posted to the education function in the financial statements.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2021

Note 18-Capital Leases:

The County has entered into capital leases for the purchase of a pumper truck, two fire trucks, and other vehicles. These lease agreements qualify as capital leases for accounting purposes and therefore have been recorded at the present value of future minimum lease payments as of the inception date.

Total capital assets acquired through capital leases are as follows:

<u>Capital Assets</u>	<u>Amount</u>
Fire Trucks	\$ 2,396,299
Vehicles	<u>92,432</u>
Total capital assets	\$ 2,488,731
Accumulated Depreciation	<u>(573,116)</u>
Net Book Value of Capital Asset	<u>\$ 1,915,615</u>

The present value of future minimum lease payments are as follows:

Year Ending June 30,	Capital Leases
2022	\$ 310,375
2023	310,375
2024	310,375
2025	310,375
2026	296,616
2027-2028	<u>575,095</u>
Total minimum lease payments	\$ 2,113,211
Less: amount representing interest	<u>(269,270)</u>
Present value of future minimum lease payments	<u>\$ 1,843,941</u>

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Note 19-Risk Management:

The County and its component unit - School Board are exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The County and its component unit - School Board participate with other localities in a public entity risk pool for their coverage of general liability and auto insurance with the Virginia Municipal Liability Pool. Each member of this risk pool jointly and severally agrees to assume, pay and discharge any liability. The County and its component unit - School Board pay the Virginia Municipal Group contributions and assessments based upon classifications and rates into a designated cash reserve fund out of which expenses of the pool, claims and awards are to be paid. In the event of a loss deficit or depletion of all available excess insurance, the pool may assess all members in the proportion in which the premium of each bears to the total premiums of all members in the year in which such deficit occurs. The County and its component unit - School Board continue to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 20-Contingent Liabilities:

Federal programs in which the County and its component unit participate were audited in accordance with the provisions of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Pursuant to the provisions of this circular all major programs and certain other programs were tested for compliance with applicable grant requirements. While no matters of noncompliance were disclosed by audit, the Federal Government may subject grant programs to additional compliance tests, which may result in disallowed expenditures. In the opinion of management, any future disallowances of current grant program expenditures, if any, would be immaterial.

Note 21-Surety Bonds:

Primary Government:

<u>Fidelity & Deposit Company of Maryland-Surety:</u>	
Teresa J. Brown, Clerk of the Circuit Court	\$ 500,000
Susan J. Wray, Treasurer	500,000
Margaret S. Torrence, Commissioner of the Revenue	3,000
Bill Overton, Jr., Sheriff	30,000
All constitutional officers' employees: blanket bond	50,000
All Social Services employees-blanket bond	100,000

Component Unit - School Board:

<u>The Netherlands Insurance Company</u>	
All School Board employees-Public Employee Dishonesty coverage	\$ 100,000

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2021

Note 22-Landfill Closure and Post-closure Care Cost:

State and federal laws and regulations require the County to place a final cover on its landfill sites when it stops accepting waste and to perform certain maintenance and monitoring functions at each site after closure. The County maintains two landfill sites (permit site 72 and permit site 577). The estimated total costs necessary to close and monitor sites 72 and 577 are \$8,913,429 and \$4,670,422, respectively. The estimated closure and post-closure care liability for sites 72 and 577 are \$8,913,429 and \$419,871, respectively, based on capacity used as of June 30, 2021. Landfill site 72 has reached 100% of capacity and no additional waste will be accepted at the site. The County will recognize the remaining closure and post-closure care totaling \$4,250,551 over the remaining useful life of site 577. The estimated remaining life for landfill site 577 is 38.8 years and the landfill has reached 8.99% of its useful life. The cost presented above represent what it would cost to perform closure and post-closure care in 2021. Actual costs for closure and post-closure monitoring may change due to inflation, deflation, changes in technology or changes in applicable laws or regulations.

The County demonstrated financial assurance requirements for closure, post-closure care, and corrective action costs through the submission of a Local Governmental Financial Test to the Virginia Department of Environmental Quality in accordance with Section 9VA C20-70 of the Virginia Administrative Code.

Note 23-Commitments and Contingencies:

The County was involved in major construction projects during the fiscal year as presented below, along with the anticipated funding source.

<u>Project</u>	<u>Contract Amount</u>	<u>Contract Amount Outstanding at June 30, 2021</u>	<u>Funding Source</u>
Ferrum and Rocky Mount Cafeteria AC project	\$ 856,500	\$ 477,312	Local Funds

Note 24-Arbitrage Rebate Compliance:

As of June 30, 2021 and for the year then ended, the County was not liable for any amounts due under current rules governing arbitrage earnings.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2021

Note 25-Adoption of Accounting Principle:

The County implemented the financial reporting provisions of Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*, during the fiscal year ended June 30, 2021. This Statement establishes criteria for identifying fiduciary activities of all state and local governments for accounting and financial reporting purpose and how those activities should be reported. The implementation of this Statement resulting in the following restatement:

	Fund Balance		Net Position				
	Component Unit- School Board	Component Unit- School Board	Custodial Funds				
			Special Welfare	Escrow Fund for Soil and Erosion Control Agreement	Seized Assets	Library Fund	Inmate Fund
Beginning balance, as previously stated	\$ (140,249)	\$ (55,037,239)	\$ -	\$ -	\$ -	\$ -	\$ -
Implementation of GASB 84	1,270,138	1,270,138	72,926	480,882	48,951	4,000	3,061
Beginning balance, as restated	\$ 1,129,889	\$ (53,767,101)	\$ 72,926	\$ 480,882	\$ 48,951	\$ 4,000	\$ 3,061

Note 26-Subsequent Event:

The COVID-19 pandemic and its impact on operations continues to evolve. Specific to the County, COVID-19 impacted various parts of its 2021 operations and financial results including, but not limited to, costs for emergency preparedness and shortages of personnel. Federal relief has been received through various programs. Management believes the County is taking appropriate actions to mitigate the negative impact. The extent to which COVID-19 may impact operations in subsequent years remains uncertain, and management is unable to estimate the effects on future results of operations, financial condition, or liquidity for fiscal year 2022.

ARPA Funding

On March 11, 2021, the American Rescue Plan (ARPA) Act of 2021 was passed by the federal government. A primary component of the ARPA was the establishment of the Coronavirus State and Local Fiscal Recovery Fund (CSLFRF). Local governments are to receive funds in two tranches, with 50% provided beginning in May 2021 and the balance delivered approximately 12 months later.

On May 28, 2021, the County received its share of the first half of the CSLFRF funds. As a condition of receiving CSLFRF funds, any funds unobligated by December 31, 2024, and unexpended by December 31, 2026, will be returned to the federal government. Unspent funds in the amount of \$5,442,751 from the initial allocation are reported as unearned revenue as of June 30.

ESF Funding

The CARES Act also established the Education Stabilization Fund (ESF) and allocated \$30.75 billion to the U.S. Department of Education. The ESF is composed of three primary emergency relief funds: (1) a Governor’s Emergency Education Relief (GEER) Fund, (2) an Elementary and Secondary School Emergency Relief (ESSER) Fund, and (3) a Higher Education Emergency Relief (HEER) Fund. The Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA Act) was signed into law on December 27, 2020 and added \$81.9 billion to the ESF. In March 2021, the American Rescue Plan Act (ARP Act), in support of ongoing state and institutional COVID-19 recovery efforts, added more than \$170 billion to the ESF. The School Board is receiving this funding from the Virginia Department of Education on a reimbursement basis.

Note 27-Upcoming Pronouncements:

Statement No. 87, *Leases*, requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, provides guidance for reporting capital assets and the cost of borrowing for a reporting period and simplifies accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

Statement No. 91, *Conduit Debt Obligations*, provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021.

Statement No. 92, *Omnibus 2020*, addresses practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics such as leases, assets related to pension and postemployment benefits, and reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature. The effective dates differ by topic, ranging from January 2020 to periods beginning after June 15, 2021.

Statement No. 93, *Replacement of Interbank Offered Rates*, establishes accounting and financial reporting requirements related to the replacement of Interbank Offered Rates (IBORs) in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The requirements of this Statement, except for removal of London Interbank Offered Rate (LIBOR) as an appropriate benchmark interest rate and the requirements related to lease modifications, are effective for reporting periods beginning after June 15, 2020. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. All requirements related to lease modifications in this Statement are effective for reporting periods beginning after June 15, 2021.

Statement No. 94, *Public-Private and Public-Public Partnerships and Availability of Payment Arrangements*, addresses issues related to public-private and public-public partnership arrangements. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

Note 27-Upcoming Pronouncements: (continued)

Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code (IRC) Section 457 Deferred Compensation Plans - an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement. No 32*, (1) increases consistency and comparability related to reporting of fiduciary component units in certain circumstances; (2) mitigates costs associated with the reporting of certain plans as fiduciary component units in fiduciary fund financial statements; and (3) enhances the relevance, consistency, and comparability of the accounting and financial reporting for Section 457 plans that meet the definition of a pension plan and for benefits provided through those plans. The effective dates differ based on the requirements of the Statement, ranging from June 2020 to reporting periods beginning after June 15, 2021.

Management is currently evaluating the impact these standards will have on the financial statements when adopted.

Required Supplementary Information

County of Franklin, Virginia
 Schedule of Changes in Net Pension Liability and Related Ratios
 Primary Government
 Pension Plans
 For the Measurement Dates of June 30, 2014 through June 30, 2020

	2020	2019	2018	2017	2016	2015	2014
Total pension liability							
Service cost	\$ 1,870,749	\$ 1,662,664	\$ 1,607,749	\$ 1,582,705	\$ 1,596,251	\$ 1,591,346	\$ 1,541,854
Interest	4,519,616	4,366,029	4,194,487	4,072,411	4,022,691	3,833,934	3,634,557
Changes in assumptions	-	1,949,320	-	(254,052)	-	-	-
Differences between expected and actual experience	1,129,516	(42,359)	(33,861)	(554,510)	(1,935,754)	(74,392)	-
Benefit payments	(3,349,280)	(3,351,161)	(3,284,389)	(2,920,845)	(3,024,968)	(2,283,746)	(2,372,581)
Net change in total pension liability	\$ 4,170,601	\$ 4,584,493	\$ 2,483,986	\$ 1,925,709	\$ 658,220	\$ 3,067,142	\$ 2,803,830
Total pension liability - beginning	\$ 68,631,910	\$ 64,047,417	\$ 61,563,431	\$ 59,637,722	\$ 58,979,502	\$ 55,912,360	\$ 53,108,530
Total pension liability - ending (a)	\$ <u>72,802,511</u>	\$ <u>68,631,910</u>	\$ <u>64,047,417</u>	\$ <u>61,563,431</u>	\$ <u>59,637,722</u>	\$ <u>58,979,502</u>	\$ <u>55,912,360</u>
Plan fiduciary net position							
Contributions - employer	\$ 1,276,788	\$ 1,261,119	\$ 1,222,510	\$ 1,205,273	\$ 1,480,199	\$ 1,463,447	\$ 1,571,032
Contributions - employee	778,541	777,659	683,573	677,313	646,070	641,611	639,291
Net investment income	1,230,108	4,095,098	4,323,405	6,482,816	919,931	2,345,600	7,019,995
Benefit payments	(3,349,280)	(3,351,161)	(3,284,389)	(2,920,845)	(3,024,968)	(2,283,746)	(2,372,581)
Administrator charges	(41,981)	(40,796)	(37,655)	(37,699)	(33,293)	(31,880)	(37,649)
Other	(1,453)	(2,577)	(3,837)	(5,757)	(392)	(498)	370
Net change in plan fiduciary net position	\$ (107,277)	\$ 2,739,342	\$ 2,903,607	\$ 5,401,101	\$ (12,453)	\$ 2,134,534	\$ 6,820,458
Plan fiduciary net position - beginning	\$ 64,553,802	\$ 61,814,460	\$ 58,910,853	\$ 53,509,752	\$ 53,522,205	\$ 51,387,671	\$ 44,567,213
Plan fiduciary net position - ending (b)	\$ <u>64,446,525</u>	\$ <u>64,553,802</u>	\$ <u>61,814,460</u>	\$ <u>58,910,853</u>	\$ <u>53,509,752</u>	\$ <u>53,522,205</u>	\$ <u>51,387,671</u>
County's net pension liability - ending (a) - (b)	\$ 8,355,986	\$ 4,078,108	\$ 2,232,957	\$ 2,652,578	\$ 6,127,970	\$ 5,457,297	\$ 4,524,689
Plan fiduciary net position as a percentage of the total pension liability	88.52%	94.06%	96.51%	95.69%	89.72%	90.75%	91.91%
Covered payroll	\$ 16,095,359	\$ 15,635,066	\$ 14,190,626	\$ 13,878,181	\$ 13,038,257	\$ 12,814,396	\$ 12,688,971
County's net pension liability as a percentage of covered payroll	51.92%	26.08%	15.74%	19.11%	47.00%	42.59%	35.66%

Schedule is intended to show information for 10 years. Information prior to the 2014 valuation is not available. However, additional years will be included as they become available.

County of Franklin, Virginia
 Schedule of Employer's Share of Net Pension Liability VRS Teacher Retirement Plan
 Pension Plans
 For the Measurement Dates of June 30, 2014 through June 30, 2020

	2020	2019	2018	2017	2016	2015	2014
Employer's Proportion of the Net Pension Liability (Asset)	0.49150%	0.51755%	0.53086%	0.52102%	0.51319%	0.51253%	0.51106%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 71,520,336	\$ 68,112,521	\$ 62,429,000	\$ 64,075,000	\$ 71,919,000	\$ 64,509,000	\$ 61,760,000
Employer's Covered Payroll	43,442,199	43,405,899	42,999,994	41,110,236	39,107,172	38,098,804	37,343,508
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	164.63%	156.92%	145.18%	155.86%	183.90%	169.32%	165.38%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.47%	73.51%	74.81%	72.92%	68.28%	70.68%	70.88%

Schedule is intended to show information for 10 years. Information prior to the 2014 valuation is not available. However, additional years will be included as they become available.

County of Franklin, Virginia
 Schedule of Employer Contributions
 Pension Plans
 For the Years Ended June 30, 2012 through June 30, 2021

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess)* (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2021	\$ 1,538,973	\$ 1,538,973	\$ -	\$ 16,262,282	9.46%
2020	1,276,788	1,276,788	-	16,095,359	7.93%
2019	1,261,119	1,261,119	-	15,635,066	8.07%
2018	1,222,510	1,222,510	-	14,190,626	8.61%
2017	1,205,273	1,205,273	-	13,878,181	8.68%
2016	1,480,199	1,480,199	-	13,038,257	11.35%
2015	1,463,447	1,463,447	-	12,814,396	11.42%
2014	1,571,032	1,571,032	-	12,688,971	12.38%
2013	1,493,503	1,493,503	-	12,132,435	12.31%
2012	1,060,487	1,060,487	-	11,590,022	9.15%
Component Unit School Board (nonprofessional)					
2021	\$ 382,098	\$ 382,098	\$ -	\$ 5,588,264	6.84%
2020	352,871	352,871	-	5,869,163	6.01%
2019	352,380	352,380	-	5,677,195	6.21%
2018	390,066	390,066	-	5,511,781	7.08%
2017	383,934	383,934	-	5,338,148	7.19%
2016	480,874	409,331	71,543	5,110,248	8.01%
2015	465,863	396,553	69,310	4,950,850	8.01%
2014	495,573	396,162	99,411	4,945,841	8.01%
2013	492,154	393,429	98,725	4,911,717	8.01%
2012	393,266	393,266	-	4,909,687	8.01%
Component Unit School Board (professional)					
2021	\$ 6,729,094	\$ 6,729,094	\$ -	\$ 42,101,193	15.98%
2020	6,545,102	6,545,102	-	43,442,199	15.07%
2019	6,625,677	6,625,677	-	43,405,899	15.26%
2018	6,865,084	6,865,084	-	42,999,994	15.97%
2017	5,966,307	5,966,307	-	41,110,236	14.51%
2016	5,456,224	5,456,224	-	39,107,172	13.95%
2015	5,506,000	5,506,000	-	38,098,804	14.45%
2014	4,354,253	4,354,253	-	37,343,508	11.66%
2013	4,266,094	4,266,094	-	36,587,427	11.66%
2012	2,325,721	2,325,721	-	36,741,248	6.33%

Current year contributions are from County records and prior year contributions are from the VRS actuarial valuation performed each year.

*The difference relates to the School Board using an agreed upon reduced rate from VRS. This amount will impact the calculation of the net pension liability.

County of Franklin, Virginia
Notes to Required Supplementary Information
Pension Plans
For the Year Ended June 30, 2021

Changes of benefit terms - There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of assumptions - The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

All Others (Non 10 Largest) - Non-Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

All Others (Non 10 Largest) - Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

Component Unit School Board - Professional Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decreased rate from 7.00% to 6.75%

County of Franklin, Virginia
 Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios
 Primary Government
 Health Insurance
 For the Measurement Dates of July 1, 2017 through July 1, 2020

	2020	2019	2018	2017
Total OPEB liability				
Service cost	\$ 73,000	\$ 66,000	\$ 106,000	\$ 103,000
Interest	40,000	42,000	61,000	57,000
Differences between expected and actual experience	(51,000)	(7,000)	(535,000)	-
Benefit payments	(46,000)	(41,000)	(41,000)	(57,000)
Changes of assumption	86,000	56,000	(92,000)	-
Net change in total OPEB liability	\$ 102,000	\$ 116,000	\$ (501,000)	\$ 103,000
Total OPEB liability - beginning	1,241,000	1,125,000	1,626,000	1,523,000
Total OPEB liability - ending	\$ 1,343,000	\$ 1,241,000	\$ 1,125,000	\$ 1,626,000
Covered payroll	\$ 14,847,000	\$ 14,253,000	\$ 14,253,000	\$ 12,311,000
County's total OPEB liability (asset) as a percentage of covered payroll	9.05%	8.71%	7.89%	13.21%

Schedule is intended to show information for 10 years. Additional years will be included as they become available.

County of Franklin, Virginia
 Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios
 Component Unit School Board
 Health Insurance
 For the Measurement Dates of July 1, 2017 through July 1, 2020

	2020	2019	2018	2017
Total OPEB liability				
Service cost	\$ 272,000	\$ 245,000	\$ 205,000	\$ 200,000
Interest	175,000	197,000	166,000	161,000
Differences between expected and actual experience	116,000	(103,000)	1,132,000	-
Benefit payments	(686,000)	(237,000)	(237,000)	(198,000)
Changes of assumption	354,000	233,000	(511,000)	-
Net change in total OPEB liability	\$ 231,000	\$ 335,000	\$ 755,000	\$ 163,000
Total OPEB liability - beginning	5,660,000	5,325,000	4,570,000	4,407,000
Total OPEB liability - ending	\$ 5,891,000	\$ 5,660,000	\$ 5,325,000	\$ 4,570,000
Covered payroll	\$ 45,132,000	\$ 45,682,000	\$ 45,682,000	\$ 43,002,000
School Board's total OPEB liability (asset) as a percentage of covered payroll	13.05%	12.39%	11.66%	10.63%

Schedule is intended to show information for 10 years. Additional years will be included as they become available.

County of Franklin, Virginia
Notes to Required Supplementary Information
Health Insurance
For the Year Ended June 30, 2021

Primary Government

Valuation Date: 7/1/2020
Measurement Date: 7/1/2020

No assets are accumulated in a trust that meets the criteria in GASB 75 to pay related benefits.

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal level % of salary
Discount Rate	2.45%
Inflation	2.50%
Healthcare Trend Rate	6.33% for fiscal year end 2021, decreasing 0.33% per year to an ultimate rate of 5.00%
Salary Increase Rates	2.50%
Retirement Age	The average age at retirement is 62
Mortality Rates	RP-2014 Mortality Table, fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2020

Component Unit School Board

Valuation Date: 7/1/2020
Measurement Date: 7/1/2020

No assets are accumulated in a trust that meets the criteria in GASB 75 to pay related benefits.

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal level % of salary
Discount Rate	2.45%
Inflation	2.50%
Healthcare Trend Rate	6.33% for fiscal year end 2021, decreasing 0.33% per year to an ultimate rate of 5.00%
Salary Increase Rates	2.50%
Retirement Age	The average age at retirement is 62
Mortality Rates	RP-2014 Mortality Table, fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2020

County of Franklin, Virginia
 Schedule of Employer's Share of Net OPEB Liability
 Group Life Insurance (GLI) Plan
 For the Measurement Dates of June 30, 2017 through June 30, 2020

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
Primary Government					
2020	0.0782%	\$ 1,305,865	\$ 16,100,425	8.11%	52.64%
2019	0.0800%	1,302,139	15,650,066	8.32%	52.00%
2018	0.0749%	1,137,000	14,190,626	8.01%	51.22%
2017	0.0756%	1,138,000	13,878,181	8.20%	48.86%
Component Unit School Board (nonprofessional)					
2020	0.0283%	\$ 472,281	\$ 5,880,208	8.03%	52.64%
2019	0.0291%	472,883	5,697,345	8.30%	52.00%
2018	0.0291%	441,000	5,511,781	8.00%	51.22%
2017	0.0289%	436,000	5,338,148	8.17%	48.86%
Component Unit School Board (professional)					
2020	0.2102%	\$ 3,507,393	\$ 43,500,950	8.06%	52.64%
2019	0.2216%	3,605,696	43,425,037	8.30%	52.00%
2018	0.2269%	3,446,000	42,999,994	8.01%	51.22%
2017	0.2232%	3,359,000	41,110,236	8.17%	48.86%

Schedule is intended to show information for 10 years. Information prior to the 2017 valuation is not available. However, additional years will be included as they become available.

County of Franklin, Virginia
 Schedule of Employer Contributions
 Group Life Insurance (GLI) Plan
 For the Years Ended June 30, 2012 through June 30, 2021

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2021	\$ 87,816	\$ 87,816	\$ -	\$ 16,262,282	0.54%
2020	83,161	83,161	-	16,100,425	0.52%
2019	81,381	81,381	-	15,650,066	0.52%
2018	73,897	73,897	-	14,190,626	0.52%
2017	72,521	72,521	-	13,878,181	0.52%
2016	62,584	62,584	-	13,038,257	0.48%
2015	61,632	61,632	-	12,814,396	0.48%
2014	60,972	60,972	-	12,688,971	0.48%
2013	58,236	58,236	-	12,132,435	0.48%
2012	32,452	32,452	-	11,590,022	0.28%
Component Unit School Board (nonprofessional)					
2021	\$ 30,239	\$ 30,239	\$ -	\$ 5,603,198	0.54%
2020	30,283	30,283	-	5,880,208	0.51%
2019	29,628	29,628	-	5,697,345	0.52%
2018	28,764	28,764	-	5,511,781	0.52%
2017	27,796	27,796	-	5,338,148	0.52%
2016	24,629	24,629	-	5,110,248	0.48%
2015	23,872	23,872	-	4,950,850	0.48%
2014	23,948	23,948	-	4,945,841	0.48%
2013	23,650	23,650	-	4,911,717	0.48%
2012	13,799	13,799	-	4,909,687	0.28%
Component Unit School Board (professional)					
2021	\$ 226,988	\$ 226,988	\$ -	\$ 42,130,781	0.54%
2020	224,963	224,963	-	43,500,950	0.52%
2019	225,822	225,822	-	43,425,037	0.52%
2018	224,337	224,337	-	42,999,994	0.52%
2017	214,115	214,115	-	41,110,236	0.52%
2016	188,419	188,419	-	39,107,172	0.48%
2015	183,496	183,496	-	38,098,804	0.48%
2014	179,808	179,808	-	37,343,508	0.48%
2013	175,982	175,982	-	36,587,427	0.48%
2012	103,044	103,044	-	36,741,248	0.28%

County of Franklin, Virginia
Notes to Required Supplementary Information
Group Life Insurance (GLI) Plan
For the Year Ended June 30, 2021

Changes of benefit terms - There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of assumptions - The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Teachers

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decreased rate from 7.00% to 6.75%

Non-Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

Non-Largest Ten Locality Employers - Hazardous Duty Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

County of Franklin, Virginia
 Schedule of Changes in the Net OPEB Liability and Related Ratios
 Component Unit School Board (nonprofessional)
 Health Insurance Credit (HIC) Plan
 For the Measurement Dates of June 30, 2017 through June 30, 2020

	2020	2019	2018	2017
Total HIC OPEB Liability				
Service cost	\$ 10,444	\$ 10,641	\$ 11,000	\$ 10,000
Interest	36,926	35,301	35,000	35,000
Changes of benefit terms	24,322	-	-	-
Differences between expected and actual experience	(4,489)	17,284	-	-
Changes in assumptions	-	12,716	(11,000)	(18,000)
Benefit payments	(34,386)	(32,016)	(34,000)	(20,000)
Other changes	-	315	-	-
Net change in total HIC OPEB liability	<u>\$ 32,817</u>	<u>\$ 44,241</u>	<u>\$ 1,000</u>	<u>\$ 7,000</u>
Total HIC OPEB Liability - beginning	<u>564,241</u>	<u>520,000</u>	<u>519,000</u>	<u>512,000</u>
Total HIC OPEB Liability - ending (a)	<u><u>\$ 597,058</u></u>	<u><u>\$ 564,241</u></u>	<u><u>\$ 520,000</u></u>	<u><u>\$ 519,000</u></u>
Plan fiduciary net position				
Contributions - employer	\$ 24,414	\$ 24,036	\$ 25,000	\$ 25,000
Net investment income	6,984	21,449	23,000	33,000
Benefit payments	(34,386)	(32,016)	(34,000)	(20,000)
Administrative expense	(662)	(462)	(1,000)	(1,000)
Other	(3)	225	(1,000)	2,000
Net change in plan fiduciary net position	<u>\$ (3,653)</u>	<u>\$ 13,232</u>	<u>\$ 12,000</u>	<u>\$ 39,000</u>
Plan fiduciary net position - beginning	<u>351,232</u>	<u>338,000</u>	<u>326,000</u>	<u>287,000</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 347,579</u></u>	<u><u>\$ 351,232</u></u>	<u><u>\$ 338,000</u></u>	<u><u>\$ 326,000</u></u>
School Division's net HIC OPEB liability - ending (a) - (b)	\$ 249,479	\$ 213,009	\$ 182,000	\$ 193,000
Plan fiduciary net position as a percentage of the total HIC OPEB liability	58.22%	62.25%	65.00%	62.81%
Covered payroll	\$ 5,869,163	\$ 5,677,195	\$ 5,511,781	\$ 5,338,148
School Division's net HIC OPEB liability as a percentage of covered payroll	4.25%	3.75%	3.30%	3.62%

Schedule is intended to show information for 10 years. Information prior to the 2018 valuation is not available. However, additional years will be included as they become available.

County of Franklin, Virginia
 Schedule of School Board's Share of Net OPEB Liability
 Component Unit School Board (professional)
 Teacher Health Insurance Credit (HIC) Plan
 For the Measurement Dates of June 30, 2017 through June 30, 2020

Date (1)	Employer's Proportion of the Net HIC OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total HIC OPEB Liability (6)
2020	0.4923%	\$ 6,422,396	\$ 43,407,803	14.80%	9.95%
2019	0.5177%	6,776,673	43,405,899	15.61%	8.97%
2018	0.5318%	6,751,000	42,999,994	15.70%	8.08%
2017	0.5213%	6,613,000	41,110,236	16.09%	7.04%

Schedule is intended to show information for 10 years. Information prior to the 2017 valuation is not available. However, additional years will be included as they become available.

County of Franklin, Virginia
 Schedule of Employer Contributions
 Health Insurance Credit (HIC) Plan
 For the Years Ended June 30, 2012 through June 30, 2021

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Component Unit School Board (nonprofessional)					
2021	\$ 26,686	\$ 26,686	-	\$ 5,588,264	0.48%
2020	24,414	24,414	-	5,869,163	0.42%
2019	23,847	23,847	-	5,677,195	0.42%
2018	25,354	25,354	-	5,511,781	0.46%
2017	24,500	24,500	-	5,338,148	0.46%
2016	24,018	24,018	-	5,110,248	0.47%
2015	23,268	23,268	-	4,950,850	0.47%
2014	28,191	28,191	-	4,945,841	0.57%
2013	28,011	28,011	-	4,911,717	0.57%
2012	28,975	28,975	-	4,909,687	0.59%
Component Unit School Board (professional)					
2021	\$ 508,267	\$ 508,267	-	\$ 42,101,193	1.21%
2020	518,001	518,001	-	43,407,803	1.19%
2019	520,868	520,868	-	43,405,899	1.20%
2018	528,853	528,853	-	42,999,994	1.23%
2017	456,669	456,669	-	41,110,236	1.11%
2016	414,766	414,766	-	39,107,172	1.06%
2015	403,923	403,923	-	38,098,804	1.06%
2014	414,849	414,849	-	37,343,508	1.11%
2013	406,120	406,120	-	36,587,427	1.11%
2012	220,447	220,447	-	36,741,248	0.60%

County of Franklin, Virginia
Notes to Required Supplementary Information
Health Insurance Credit (HIC) Plan
For the Year Ended June 30, 2021

Component Unit School Board (nonprofessional)

Changes of benefit terms - There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of assumptions - The actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Non-Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

Component Unit School Board (professional)

Changes of benefit terms - There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of assumptions - The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decreased rate from 7.00% to 6.75%

County of Franklin, Virginia
General Fund
Schedule of Revenues, Expenditures, and Change in Fund Balances - Budget and Actual
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive (Negative)
REVENUES				
General property taxes	\$ 56,277,500	\$ 57,077,500	\$ 60,215,038	\$ 3,137,538
Other local taxes	9,422,845	9,689,891	12,729,441	3,039,550
Permits, privilege fees, and regulatory licenses	395,241	395,241	556,813	161,572
Fines and forfeitures	39,501	39,501	16,086	(23,415)
Revenue from the use of money and property	790,230	815,230	636,277	(178,953)
Charges for services	3,143,700	3,473,557	3,365,648	(107,909)
Miscellaneous	134,050	150,790	229,399	78,609
Recovered costs	671,197	777,861	886,642	108,781
Intergovernmental	20,995,275	29,761,443	29,118,975	(642,468)
Total revenues	<u>\$ 91,869,539</u>	<u>\$ 102,181,014</u>	<u>\$ 107,754,319</u>	<u>\$ 5,573,305</u>
EXPENDITURES				
General government administration				
Legislative	\$ 474,588	\$ 514,960	\$ 514,871	\$ 89
General and financial administration	4,137,201	4,304,441	4,234,106	70,335
Board of elections	330,420	444,127	410,565	33,562
Total general government administration	<u>\$ 4,942,209</u>	<u>\$ 5,263,528</u>	<u>\$ 5,159,542</u>	<u>\$ 103,986</u>
Judicial administration				
Courts	\$ 2,017,454	\$ 2,158,832	\$ 1,999,011	\$ 159,821
Commonwealth's attorney	838,157	869,304	828,602	40,702
Total judicial administration	<u>\$ 2,855,611</u>	<u>\$ 3,028,136</u>	<u>\$ 2,827,613</u>	<u>\$ 200,523</u>
Public safety				
Law enforcement and traffic control	\$ 4,701,102	\$ 4,682,188	\$ 4,587,862	\$ 94,326
Correction and detention	4,213,286	4,922,921	4,906,475	16,446
Inspections	483,797	495,100	481,103	13,997
Other protection	5,557,954	13,021,667	12,772,102	249,565
Total public safety	<u>\$ 14,956,139</u>	<u>\$ 23,121,876</u>	<u>\$ 22,747,542</u>	<u>\$ 374,334</u>
Public works				
Sanitation and waste removal	\$ 2,699,041	\$ 2,808,476	\$ 2,546,580	\$ 261,896
Maintenance of general buildings and grounds	1,622,156	1,589,926	1,447,824	142,102
Total public works	<u>\$ 4,321,197</u>	<u>\$ 4,398,402</u>	<u>\$ 3,994,404</u>	<u>\$ 403,998</u>
Health and welfare				
Health	\$ 381,598	\$ 381,598	\$ 381,598	\$ -
Mental health and mental retardation	40,000	40,000	40,000	-
Welfare	14,098,600	14,825,120	14,366,186	458,934
Total health and welfare	<u>\$ 14,520,198</u>	<u>\$ 15,246,718</u>	<u>\$ 14,787,784</u>	<u>\$ 458,934</u>

County of Franklin, Virginia
General Fund
Schedule of Revenues, Expenditures, and Change in Fund Balances - Budget and Actual
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES (CONTINUED)				
Education				
Other instructional costs	\$ 33,988,760	\$ 34,230,063	\$ 31,770,453	\$ 2,459,610
Total education	\$ 33,988,760	\$ 34,230,063	\$ 31,770,453	\$ 2,459,610
Parks, recreation, and cultural				
Parks and recreation	\$ 1,350,123	\$ 1,380,174	\$ 1,258,883	\$ 121,291
Library	1,031,921	1,089,066	934,181	154,885
Total parks, recreation, and cultural	\$ 2,382,044	\$ 2,469,240	\$ 2,193,064	\$ 276,176
Community development				
Planning and community development	\$ 2,737,465	\$ 2,894,761	\$ 2,347,225	\$ 547,536
Environmental management	175,404	187,201	187,199	2
Cooperative extension program	126,104	126,104	92,136	33,968
Total community development	\$ 3,038,973	\$ 3,208,066	\$ 2,626,560	\$ 581,506
Nondepartmental	\$ 679,794	\$ 365,403	\$ -	\$ 365,403
Total nondepartmental	\$ 679,794	\$ 365,403	\$ -	\$ 365,403
Debt service				
Principal retirement	\$ 2,940,000	\$ 4,561,359	\$ 3,911,652	\$ 649,707
Interest and other fiscal charges	1,331,423	1,552,915	1,244,381	308,534
Bond issuance costs*	-	-	566,091	(566,091)
Total debt service	\$ 4,271,423	\$ 6,114,274	\$ 5,722,124	\$ 392,150
Total expenditures	\$ 85,956,348	\$ 97,445,706	\$ 91,829,086	\$ 5,616,620
Excess (deficiency) of revenues over (under) expenditures	\$ 5,913,191	\$ 4,735,308	\$ 15,925,233	\$ 11,189,925
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ 2,849,299	\$ 221,294	\$ (2,628,005)
Transfers out	(4,567,905)	(8,583,150)	(8,583,150)	-
Premium on issuance of refunding bond	-	-	6,844,063	6,844,063
Issuance of capital lease	-	-	92,433	92,433
Issuance of refunding bonds	-	-	38,070,000	38,070,000
Debt service-current refunding-principal*	-	-	(44,857,000)	(44,857,000)
Total other financing sources (uses)	\$ (4,567,905)	\$ (5,733,851)	\$ (8,212,360)	\$ (2,478,509)
Net change in fund balances	\$ 1,345,286	\$ (998,543)	\$ 7,712,873	\$ 8,711,416
Fund balances - beginning	(1,345,286)	998,543	32,178,255	31,179,712
Fund balances - ending	\$ -	\$ -	\$ 39,891,128	\$ 39,891,128

Note: All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
Current refundings of debt and related issuance costs are not subject to appropriation.

County of Franklin, Virginia
 Schedule of Revenues, Expenditures, and Change in Fund Balances - Budget and Actual
 Special Revenue Fund - Major Fund
 For the Year Ended June 30, 2021

	E-911 Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Miscellaneous	\$ -	\$ -	\$ 163,931	\$ 163,931
Intergovernmental	60,000	202,912	201,722	(1,190)
Total revenues	<u>\$ 60,000</u>	<u>\$ 202,912</u>	<u>\$ 365,653</u>	<u>\$ 162,741</u>
EXPENDITURES				
Current:				
Public safety	\$ 1,250,671	\$ 1,333,836	\$ 1,283,763	\$ 50,073
Total expenditures	<u>\$ 1,250,671</u>	<u>\$ 1,333,836</u>	<u>\$ 1,283,763</u>	<u>\$ 50,073</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1,190,671)</u>	<u>\$ (1,130,924)</u>	<u>\$ (918,110)</u>	<u>\$ 212,814</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 1,190,671	\$ 1,130,924	\$ 1,130,924	\$ -
Total other financing sources (uses)	<u>\$ 1,190,671</u>	<u>\$ 1,130,924</u>	<u>\$ 1,130,924</u>	<u>\$ -</u>
Net change in fund balances	\$ -	\$ -	\$ 212,814	\$ 212,814
Fund balances - beginning	-	-	886,793	886,793
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,099,607</u>	<u>\$ 1,099,607</u>

Note: All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

Other Supplementary Information

County of Franklin, Virginia
 Schedule of Revenues, Expenditures, and Change in Fund Balances - Budget and Actual
 Capital Projects Fund - Major Fund
 For the Year Ended June 30, 2021

	County Capital Projects			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 21,164	\$ 21,164
Miscellaneous	-	50,000	228,620	178,620
Intergovernmental	-	6,321,254	2,369,773	(3,951,481)
Total revenues	<u>\$ -</u>	<u>\$ 6,371,254</u>	<u>\$ 2,619,557</u>	<u>\$ (3,751,697)</u>
EXPENDITURES				
Capital projects	\$ 2,482,234	\$ 36,539,343	\$ 8,945,912	\$ 27,593,431
Education:				
Contribution to County School Board	880,000	1,686,000	1,686,000	-
Total expenditures	<u>\$ 3,362,234</u>	<u>\$ 38,225,343</u>	<u>\$ 10,631,912</u>	<u>\$ 27,593,431</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (3,362,234)</u>	<u>\$ (31,854,089)</u>	<u>\$ (8,012,355)</u>	<u>\$ 23,841,734</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 3,362,234	\$ 7,437,226	\$ 7,437,226	\$ -
Transfers out	-	(2,849,299)	(221,294)	2,628,005
Issuance of revenue bond	-	-	3,611,907	3,611,907
Total other financing sources (uses)	<u>\$ 3,362,234</u>	<u>\$ 4,587,927</u>	<u>\$ 10,827,839</u>	<u>\$ 6,239,912</u>
Net change in fund balances	\$ -	\$ (27,266,162)	\$ 2,815,484	\$ 30,081,646
Fund balances - beginning	-	27,266,162	23,002,043	(4,264,119)
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,817,527</u>	<u>\$ 25,817,527</u>

Note: All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

FIDUCIARY FUNDS

Special Welfare - The Special Welfare fund accounts for those funds belonging to individuals entrusted to the local social services agency, such as foster care children.

Escrow Fund for Soil and Erosion Control Agreement- The Soil and Erosion Control Agreement fund accounts for those funds held by the County on behalf of developers, corporations, or individuals to ensure performance under requirements set forth by the County.

Library Fund - The Library Fund is used to account for contributions made by donors to the Library.

Inmate Fund- The Jail Inmate fund accounts for the inmate trust funds.

Seized Assets - Sheriff's Office - The Seized Assets - Sheriff's Office fund accounts for funds that have been confiscated by the courts. These fund are held by the Sheriff until the courts rule on the return or distribution of same.

County of Franklin, Virginia
Combining Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2021

	Custodial Funds					<u>Total</u>
	<u>Special Welfare Fund</u>	<u>Escrow Fund for Soil and Erosion Control Agreement</u>	<u>Library Fund</u>	<u>Inmate Fund</u>	<u>Seized Assets</u>	
ASSETS						
Cash and cash equivalents	\$ 74,300	\$ 417,257	\$ 4,000	\$ 5,422	\$ 42,796	\$ 543,775
Receivables:						
Other receivables	-	-	-	3,402	-	3,402
Total assets	<u>\$ 74,300</u>	<u>\$ 417,257</u>	<u>\$ 4,000</u>	<u>\$ 8,824</u>	<u>\$ 42,796</u>	<u>\$ 547,177</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ 3,475	\$ -	\$ 3,475
Total liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,475</u>	<u>\$ -</u>	<u>\$ 3,475</u>
NET POSITION						
Restricted:						
Amounts held for social services clients	\$ 74,300	\$ -	\$ -	\$ -	\$ -	\$ 74,300
Amounts held for performance bonds	-	417,257	-	-	-	417,257
Amounts held for library	-	-	4,000	-	-	4,000
Amounts held for inmates	-	-	-	5,349	-	5,349
Amounts held for court systems	-	-	-	-	42,796	42,796
Total net position	<u>\$ 74,300</u>	<u>\$ 417,257</u>	<u>\$ 4,000</u>	<u>\$ 5,349</u>	<u>\$ 42,796</u>	<u>\$ 543,702</u>
Total liabilities and net position	<u>\$ 74,300</u>	<u>\$ 417,257</u>	<u>\$ 4,000</u>	<u>\$ 8,824</u>	<u>\$ 42,796</u>	<u>\$ 547,177</u>

County of Franklin, Virginia
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2021

	Custodial Funds					<u>Total</u>
	<u>Special Welfare Fund</u>	<u>Escrow Fund for Soil and Erosion Control Agreement</u>	<u>Library Fund</u>	<u>Inmate Fund</u>	<u>Seized Assets</u>	
ADDITIONS						
Interest income	\$ -	\$ 417	\$ -	\$ -	\$ -	\$ 417
Gifts and donations	91,574	-	-	-	-	91,574
Deposits from inmates	-	-	-	234,320	-	234,320
Seized property	-	-	-	-	5,481	5,481
Performance bond payment	-	15,000	-	-	-	15,000
Miscellaneous	35,601	-	-	-	-	35,601
Total additions	<u>\$ 127,175</u>	<u>\$ 15,417</u>	<u>\$ -</u>	<u>\$ 234,320</u>	<u>\$ 5,481</u>	<u>\$ 382,393</u>
DEDUCTIONS						
Special welfare payments	\$ 125,801	\$ -	\$ -	\$ -	\$ -	\$ 125,801
Inmate refunds	-	-	-	232,032	-	232,032
Refund of performance bond payments	-	79,042	-	-	-	79,042
Return of seized property	-	-	-	-	11,636	11,636
Total deductions	<u>\$ 125,801</u>	<u>\$ 79,042</u>	<u>\$ -</u>	<u>\$ 232,032</u>	<u>\$ 11,636</u>	<u>\$ 448,511</u>
Net increase (decrease) in fiduciary net position	\$ 1,374	\$ (63,625)	\$ -	\$ 2,288	\$ (6,155)	\$ (66,118)
Net position, beginning of year, as restated	72,926	480,882	4,000	3,061	48,951	609,820
Net position, end of year	<u>\$ 74,300</u>	<u>\$ 417,257</u>	<u>\$ 4,000</u>	<u>\$ 5,349</u>	<u>\$ 42,796</u>	<u>\$ 543,702</u>

DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD

MAJOR GOVERNMENTAL FUNDS

School Operating Fund - The School Operating Fund accounts for and reports the operations of the County's school system. Financing is provided by the State and Federal governments as well as contributions from the General Fund.

School Activity Fund - The School Activity Fund accounts for and reports the operations of the individual schools.

County of Franklin, Virginia
Balance Sheet
Discretely Presented Component Unit - School Board
June 30, 2021

	School Operating Fund	School Activity Fund	Total School Board
ASSETS			
Cash and cash equivalents	\$ 164,522	\$ 1,295,071	\$ 1,459,593
Accounts receivable	12,477	-	12,477
Due from other governmental units	2,614,075	-	2,614,075
Inventories	192,097	-	192,097
Prepaid items	902,655	-	902,655
Restricted assets:			
Cash and cash equivalents	616,869	-	616,869
Total assets	<u>\$ 4,502,695</u>	<u>\$ 1,295,071</u>	<u>\$ 5,797,766</u>
LIABILITIES			
Accounts payable	\$ 998,900	\$ -	\$ 998,900
Accrued liabilities	952,688	-	952,688
Unearned revenue	77,704	-	77,704
Total liabilities	<u>\$ 2,029,292</u>	<u>\$ -</u>	<u>\$ 2,029,292</u>
FUND BALANCES			
Nonspendable			
Inventories	\$ 192,097	\$ -	\$ 192,097
Prepaid items	902,655	-	902,655
Restricted			
Cafeteria program	616,869	-	616,869
School activity fund	-	1,295,071	1,295,071
Unassigned	761,782	-	761,782
Total fund balances	<u>\$ 2,473,403</u>	<u>\$ 1,295,071</u>	<u>\$ 3,768,474</u>
Total liabilities and fund balances	<u>\$ 4,502,695</u>	<u>\$ 1,295,071</u>	<u>\$ 5,797,766</u>
Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:			
Total fund balances per above			\$ 3,768,474
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			
Land		\$ 725,315	
Buildings and improvements		23,276,289	
Machinery and equipment		3,529,488	
Construction in progress		<u>442,516</u>	27,973,608
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.			
Pension related items		\$ 19,293,690	
OPEB related items		<u>3,601,424</u>	22,895,114
Long-term liabilities, including compensated absences, net OPEB liabilities, and net pension liability, are not due and payable in the current period and, therefore, are not reported in the funds.			
Compensated absences		\$ (1,024,712)	
Net OPEB liabilities		(16,542,549)	
Net pension liabilities		<u>(74,454,499)</u>	(92,021,760)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.			
Pension related items		\$ (8,262,948)	
OPEB related items		<u>(1,229,659)</u>	(9,492,607)
Net position of governmental activities			<u>\$ (46,877,171)</u>

County of Franklin, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds - Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2021

	School Operating Fund	School Activity Fund*	Total School Board
REVENUES			
Revenue from the use of money and property	\$ 2	\$ -	\$ 2
Charges for services	448,039	649,206	1,097,245
Miscellaneous	2,500	-	2,500
Recovered costs	1,272,374	-	1,272,374
Intergovernmental	88,278,777	-	88,278,777
Total revenues	<u>\$ 90,001,692</u>	<u>\$ 649,206</u>	<u>\$ 90,650,898</u>
EXPENDITURES			
Current:			
Education	\$ 85,646,638	\$ 997,270	\$ 86,643,908
Capital projects	1,379,618	-	1,379,618
Total expenditures	<u>\$ 87,026,256</u>	<u>\$ 997,270</u>	<u>\$ 88,023,526</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 2,975,436</u>	<u>\$ (348,064)</u>	<u>\$ 2,627,372</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ 190,128	\$ 563,125	\$ 753,253
Transfers out	(563,125)	(190,128)	(753,253)
Sale of capital assets	11,213	-	11,213
Total other financing sources (uses)	<u>\$ (361,784)</u>	<u>\$ 372,997</u>	<u>\$ 11,213</u>
Net change in fund balances	\$ 2,613,652	\$ 24,933	\$ 2,638,585
Fund balances - beginning, as restated	(140,249)	1,270,138	1,129,889
Fund balances - ending	<u>\$ 2,473,403</u>	<u>\$ 1,295,071</u>	<u>\$ 3,768,474</u>

Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different because:

Net change in fund balances - total governmental funds - per above	\$ 2,638,585
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 the depreciation exceeded capital outlays in the current period.	
Capital outlays	\$ 2,004,901
Depreciation expense	<u>(2,257,778)</u>
	(252,877)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.	
Transfer of asset from County	5,205,297
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.	
Change in compensated absences	\$ (101,667)
Changes in OPEB related items	612,823
Changes in pension related items	<u>(1,212,231)</u>
	(701,075)
Change in net position of governmental activities	<u>\$ 6,889,930</u>

*The School Activity Fund does not require a legally adopted budget.

County of Franklin, Virginia
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2021

	School Operating Fund			
	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 2	\$ 2
Charges for services	980,720	980,720	448,039	(532,681)
Miscellaneous	4,200	4,200	2,500	(1,700)
Recovered costs	1,385,595	1,385,595	1,272,374	(113,221)
Intergovernmental	85,351,535	86,849,926	88,278,777	1,428,851
Total revenues	<u>\$ 87,722,050</u>	<u>\$ 89,220,441</u>	<u>\$ 90,001,692</u>	<u>\$ 781,251</u>
EXPENDITURES				
Current:				
Education	\$ 87,738,550	\$ 87,890,942	\$ 85,646,638	\$ 2,244,304
Capital projects	-	1,458,054	1,379,618	78,436
Total expenditures	<u>\$ 87,738,550</u>	<u>\$ 89,348,996</u>	<u>\$ 87,026,256</u>	<u>\$ 2,322,740</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (16,500)</u>	<u>\$ (128,555)</u>	<u>\$ 2,975,436</u>	<u>\$ 3,103,991</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ 190,128	\$ 190,128
Transfers out	-	-	(563,125)	(563,125)
Sale of capital assets	16,500	16,500	11,213	(5,287)
Total other financing sources (uses)	<u>\$ 16,500</u>	<u>\$ 16,500</u>	<u>\$ (361,784)</u>	<u>\$ (378,284)</u>
Net change in fund balances	\$ -	\$ (112,055)	\$ 2,613,652	\$ 2,725,707
Fund balances - beginning	-	112,055	(140,249)	(252,304)
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,473,403</u>	<u>\$ 2,473,403</u>

Note: All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

County of Franklin, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Primary Government:				
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 41,703,021	\$ 42,003,021	\$ 42,849,613	\$ 846,592
Real and personal public service corporation taxes	1,078,513	1,078,513	1,209,521	131,008
Personal property taxes	11,035,950	11,535,950	13,269,177	1,733,227
Mobile home taxes	220,000	220,000	249,487	29,487
Machinery and tools taxes	890,159	890,159	1,004,055	113,896
Merchant's capital	706,150	706,150	834,594	128,444
Penalties	463,707	463,707	554,045	90,338
Interest	180,000	180,000	244,546	64,546
Total general property taxes	<u>\$ 56,277,500</u>	<u>\$ 57,077,500</u>	<u>\$ 60,215,038</u>	<u>\$ 3,137,538</u>
Other local taxes:				
Local sales and use taxes	\$ 4,531,324	\$ 4,798,370	\$ 6,505,973	\$ 1,707,603
Consumers' utility taxes	996,808	996,808	1,011,793	14,985
Business license taxes	3,083	3,083	5,297	2,214
Utility license taxes	244,986	244,986	211,989	(32,997)
Motor vehicle licenses	2,029,011	2,029,011	2,122,224	93,213
Bank stock taxes	175,334	175,334	178,470	3,136
Taxes on recordation and wills	510,322	510,322	1,122,616	612,294
Hotel and motel room taxes	62,352	62,352	228,461	166,109
Local probate tax	14,112	14,112	18,474	4,362
Restaurant food taxes	855,513	855,513	1,324,144	468,631
Total other local taxes	<u>\$ 9,422,845</u>	<u>\$ 9,689,891</u>	<u>\$ 12,729,441</u>	<u>\$ 3,039,550</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 23,954	\$ 23,954	\$ 21,329	\$ (2,625)
Zoning and planning fees	43,195	43,195	62,751	19,556
Erosion and sediment control	9,820	9,820	18,823	9,003
Building permits	271,989	271,989	388,892	116,903
Land use application fees	17,707	17,707	19,840	2,133
Transfer fees	2,135	2,135	3,065	930
Other permits and licenses	26,441	26,441	42,113	15,672
Total permits, privilege fees, and regulatory licenses	<u>\$ 395,241</u>	<u>\$ 395,241</u>	<u>\$ 556,813</u>	<u>\$ 161,572</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 39,501	\$ 39,501	\$ 16,086	\$ (23,415)
Total fines and forfeitures	<u>\$ 39,501</u>	<u>\$ 39,501</u>	<u>\$ 16,086</u>	<u>\$ (23,415)</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 641,514	\$ 641,514	\$ 459,025	\$ (182,489)
Revenue from use of property	148,716	173,716	177,252	3,536
Total revenue from use of money and property	<u>\$ 790,230</u>	<u>\$ 815,230</u>	<u>\$ 636,277</u>	<u>\$ (178,953)</u>

County of Franklin, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2021

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Primary Government: (Continued)				
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Charges for services:				
Charges for courthouse security	\$ 53,000	\$ 103,000	\$ 58,889	\$ (44,111)
Charges for courthouse maintenance	44,000	44,000	26,159	(17,841)
Charges for law enforcement and traffic control	98,442	98,442	106,411	7,969
Excess Clerk of Court fees	3,248	3,248	-	(3,248)
Charges for Commonwealth's Attorney	4,610	4,610	6,381	1,771
Miscellaneous jail and inmate fees	4,694	4,694	11,890	7,196
Miscellaneous animal fees	2,250	2,250	3,361	1,111
Charges for private landfills	90,000	90,000	101,890	11,890
Charges for sale of maps and codes and copies	11,371	11,371	7,704	(3,667)
Charges for emergency medical services billing	1,621,656	1,621,656	1,509,316	(112,340)
Charges for sanitation and waste removal	868,332	1,118,332	1,215,479	97,147
Charges for parks and recreation	204,943	218,730	114,105	(104,625)
Charges for aging services	14,833	14,833	11,075	(3,758)
Charges for library	41,255	57,325	29,225	(28,100)
Charges for law library	10,000	10,000	10,258	258
Charges for concealed weapons permits	35,644	35,644	75,644	40,000
Sale of recycled goods	35,422	35,422	77,861	42,439
Total charges for services	<u>\$ 3,143,700</u>	<u>\$ 3,473,557</u>	<u>\$ 3,365,648</u>	<u>\$ (107,909)</u>
Miscellaneous:				
Miscellaneous	\$ 134,050	\$ 150,790	\$ 229,399	\$ 78,609
Total miscellaneous	<u>\$ 134,050</u>	<u>\$ 150,790</u>	<u>\$ 229,399</u>	<u>\$ 78,609</u>
Recovered costs:				
Health department	\$ 24,308	\$ 24,308	\$ 59,450	\$ 35,142
Court reporting fees	31,777	31,777	49,958	18,181
School resource officer	86,658	86,658	86,658	-
Blue ridge soil and water	175,404	175,404	183,810	8,406
Jail payphone commissions	16,404	16,404	24,715	8,311
Other recovered costs	336,646	443,310	482,051	38,741
Total recovered costs	<u>\$ 671,197</u>	<u>\$ 777,861</u>	<u>\$ 886,642</u>	<u>\$ 108,781</u>
Total revenue from local sources	<u>\$ 70,874,264</u>	<u>\$ 72,419,571</u>	<u>\$ 78,635,344</u>	<u>\$ 6,215,773</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carrier tax (rolling stock)	\$ 38,272	\$ 38,272	\$ 36,708	\$ (1,564)
Mobile home titling tax	79,917	79,917	152,244	72,327
Grantor's tax	-	-	322,039	322,039
Motor vehicle rental tax	36,052	36,052	41,356	5,304
Communications tax	1,819,210	1,819,210	1,634,426	(184,784)
Game of skills	-	-	170,352	170,352
Personal property tax relief funds	2,626,618	2,626,618	2,626,618	-
Total noncategorical aid	<u>\$ 4,600,069</u>	<u>\$ 4,600,069</u>	<u>\$ 4,983,743</u>	<u>\$ 383,674</u>

County of Franklin, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2021

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Primary Government: (Continued)				
General Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth:(Continued)				
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 631,538	\$ 631,538	\$ 615,454	\$ (16,084)
Sheriff	3,477,392	3,510,764	3,385,261	(125,503)
Commissioner of revenue	172,968	172,968	175,126	2,158
Treasurer	163,635	163,635	161,190	(2,445)
Registrar/electoral board	49,903	52,401	50,822	(1,579)
Clerk of the Circuit Court	386,828	430,625	447,259	16,634
Total shared expenses	\$ 4,882,264	\$ 4,961,931	\$ 4,835,112	\$ (126,819)
Other categorical aid:				
Public assistance and welfare administration	\$ 2,328,442	\$ 2,753,403	\$ 2,332,264	\$ (421,139)
Comprehensive services act	4,306,704	4,306,704	3,696,899	(609,805)
Office on youth-juvenile	21,332	21,332	21,332	-
Family resource center-family violence prevention	136,370	136,370	189,981	53,611
Four for life	-	60,292	60,292	-
Asset forfeiture funds	10,000	10,000	9,463	(537)
Library grants	153,449	153,449	180,362	26,913
Workforce development grants	50,190	50,190	89,950	39,760
Litter control grant	12,846	13,292	13,292	-
Transportation grant	9,314	9,314	4,770	(4,544)
Victim witness	70,000	70,000	17,657	(52,343)
Bulletproof vest grant	-	-	3,240	3,240
Drug court grant	-	57,563	31,276	(26,287)
School resource officer	-	-	84,652	84,652
DHCD grant	-	10,000	10,000	-
Other categorical aid	18,688	279,374	134,500	(144,874)
Total other categorical aid	\$ 7,117,335	\$ 7,931,283	\$ 6,879,930	\$ (1,051,353)
Total categorical aid	\$ 11,999,599	\$ 12,893,214	\$ 11,715,042	\$ (1,178,172)
Total revenue from the Commonwealth	\$ 16,599,668	\$ 17,493,283	\$ 16,698,785	\$ (794,498)
Revenue from the federal government:				
Noncategorical aid:				
Payments in lieu of taxes	\$ 19,137	\$ 19,137	\$ 20,267	\$ 1,130
Total noncategorical aid	\$ 19,137	\$ 19,137	\$ 20,267	\$ 1,130

County of Franklin, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2021

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Primary Government: (Continued)				
General Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the federal government: (Continued)				
Categorical aid:				
Department of Health and Human Services payments	\$ 4,121,535	\$ 4,121,535	\$ 4,391,355	\$ 269,820
Violence against women grant	80,000	192,890	35,389	(157,501)
State and highway safety grant	-	10,850	12,495	1,645
State homeland security program	-	51,917	4,281	(47,636)
Title III	41,959	41,959	43,182	1,223
Crime victim assistance grant	125,667	125,667	174,959	49,292
Senior transportation grant	7,309	7,309	2,836	(4,473)
Coronavirus relief fund	-	7,696,896	7,631,677	(65,219)
HAVA grant	-	-	65,218	65,218
Coronavirus emergency supplemental funding grant	-	-	38,531	38,531
Total categorical aid	<u>\$ 4,376,470</u>	<u>\$ 12,249,023</u>	<u>\$ 12,399,923</u>	<u>\$ 150,900</u>
Total revenue from the federal government	<u>\$ 4,395,607</u>	<u>\$ 12,268,160</u>	<u>\$ 12,420,190</u>	<u>\$ 152,030</u>
Total General Fund	<u>\$ 91,869,539</u>	<u>\$ 102,181,014</u>	<u>\$ 107,754,319</u>	<u>\$ 5,573,305</u>
County Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ 21,164	\$ 21,164
Total revenue from use of money and property	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,164</u>	<u>\$ 21,164</u>
Miscellaneous:				
Donations	\$ -	\$ -	\$ 2,500	\$ 2,500
Miscellaneous	-	50,000	226,120	176,120
Total miscellaneous	<u>\$ -</u>	<u>\$ 50,000</u>	<u>\$ 228,620</u>	<u>\$ 178,620</u>
Total revenue from local sources	<u>\$ -</u>	<u>\$ 50,000</u>	<u>\$ 249,784</u>	<u>\$ 199,784</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Other categorical aid				
Virginia fire programs	\$ -	\$ 194,823	\$ 194,823	\$ -
Economic development grants	-	1,796,696	-	(1,796,696)
Public safety grants	-	53,400	-	(53,400)
VDOT grant	-	1,259,737	233,129	(1,026,608)
FLAP grant	-	633,559	53,660	(579,899)
DHCD grant	-	2,383,039	1,888,161	(494,878)
Total other categorical aid	<u>\$ -</u>	<u>\$ 6,321,254</u>	<u>\$ 2,369,773</u>	<u>\$ (3,951,481)</u>
Total revenue from the Commonwealth	<u>\$ -</u>	<u>\$ 6,321,254</u>	<u>\$ 2,369,773</u>	<u>\$ (3,951,481)</u>
Total County Capital Projects Fund	<u>\$ -</u>	<u>\$ 6,371,254</u>	<u>\$ 2,619,557</u>	<u>\$ (3,751,697)</u>

County of Franklin, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2021

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Special Revenue Fund:				
E-911 Fund:				
Revenue from local sources:				
Miscellaneous:				
Other miscellaneous	\$ -	\$ -	\$ 163,931	\$ 163,931
Total miscellaneous	\$ -	\$ -	\$ 163,931	\$ 163,931
Total revenue from local sources	\$ -	\$ -	\$ 163,931	\$ 163,931
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Wireless board reimbursement	\$ 60,000	\$ 60,000	\$ 196,722	\$ 136,722
RSAF grant	-	142,912	5,000	(137,912)
Total categorical aid	\$ 60,000	\$ 202,912	\$ 201,722	\$ (1,190)
Total revenue from the Commonwealth	\$ 60,000	\$ 202,912	\$ 201,722	\$ (1,190)
Total E-911 Fund	\$ 60,000	\$ 202,912	\$ 365,653	\$ 162,741
Total Primary Government	\$ 91,929,539	\$ 108,755,180	\$ 110,739,529	\$ 1,984,349
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 2	\$ 2
Total revenue from use of money and property	\$ -	\$ -	\$ 2	\$ 2
Charges for services:				
Other charges for education	\$ 119,200	\$ 119,200	\$ 5	\$ (119,195)
Cafeteria sales	850,000	850,000	102,784	(747,216)
Payments from other localities	-	-	332,738	332,738
Cannery fees	11,520	11,520	-	(11,520)
Transportation of pupils	-	-	12,512	12,512
Total charges for services	\$ 980,720	\$ 980,720	\$ 448,039	\$ (532,681)
Miscellaneous:				
Miscellaneous	\$ 4,200	\$ 4,200	\$ 2,500	\$ (1,700)
Total miscellaneous	\$ 4,200	\$ 4,200	\$ 2,500	\$ (1,700)

County of Franklin, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2021

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Revenue from local sources: (Continued)				
Recovered costs:				
Insurance recoveries and rebates	\$ 14,000	\$ 14,000	\$ 48,728	\$ 34,728
Sale of supplies	7,500	7,500	6,709	(791)
Famis/Medicare reimbursement	300,000	300,000	375,834	75,834
E-rate program	342,000	342,000	633,600	291,600
JROTC	42,095	42,095	22,051	(20,044)
Other recovered costs	680,000	680,000	185,452	(494,548)
Total recovered costs	<u>\$ 1,385,595</u>	<u>\$ 1,385,595</u>	<u>\$ 1,272,374</u>	<u>\$ (113,221)</u>
 Total revenue from local sources	 <u>\$ 2,370,515</u>	 <u>\$ 2,370,515</u>	 <u>\$ 1,722,915</u>	 <u>\$ (647,600)</u>
 Intergovernmental:				
Revenues from local governments:				
Contribution from County of Franklin, Virginia	\$ 34,417,672	\$ 35,916,063	\$ 33,456,453	\$ (2,459,610)
Total revenues from local governments	<u>\$ 34,417,672</u>	<u>\$ 35,916,063</u>	<u>\$ 33,456,453</u>	<u>\$ (2,459,610)</u>
 Revenue from the Commonwealth:				
Categorical aid:				
Account title remediation	\$ 128,983	\$ 128,983	\$ -	\$ (128,983)
Adult literacy	52,269	52,269	45,131	(7,138)
Algebra readiness	99,987	99,987	97,668	(2,319)
At risk four-year olds	566,149	566,149	-	(566,149)
At risk payments	1,230,659	1,230,659	1,193,115	(37,544)
Basic school aid	18,944,121	18,944,121	18,302,042	(642,079)
Breakfast after the bell	-	-	4,826	4,826
English as a second language	85,916	85,916	72,465	(13,451)
Early reading intervention	-	-	122,533	122,533
Gifted and talented	202,711	202,711	196,531	(6,180)
GED funds	-	-	106,073	106,073
Group life	87,969	87,969	85,287	(2,682)
Homebound education	42,838	42,838	33,473	(9,365)
Mentor teacher program	6,109	6,109	6,078	(31)
No loss funding	-	-	1,614,364	1,614,364
National board certification	-	-	21,780	21,780
Primary class size	876,845	876,845	833,558	(43,287)
Project graduation	9,008	9,008	9,008	-
Race to GED	110,525	110,525	-	(110,525)
Regional specialist	125,000	125,000	62,056	(62,944)
Regular foster care	-	-	111,057	111,057
Remedial education	703,750	703,750	682,297	(21,453)
Remedial summer education	134,791	134,791	57,014	(77,777)

County of Franklin, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2021

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
Retirement fringe benefits	\$ 2,880,020	\$ 2,880,020	\$ 2,792,226	\$ (87,794)
School food	821,105	821,105	36,076	(785,029)
Share of state sales tax	8,225,481	8,225,481	9,898,365	1,672,884
Social security fringe benefits	1,235,387	1,235,387	1,197,728	(37,659)
Special education	3,109,503	3,109,503	3,014,714	(94,789)
Special education - foster children	369,290	369,290	259,366	(109,924)
Special education-regional program	501,000	501,000	647,391	146,391
State lottery payments	1,055,116	1,055,116	1,546,358	491,242
Textbook payment	411,043	411,043	398,513	(12,530)
Virginia preschool initiative	-	-	542,435	542,435
VA workplace readiness	-	-	2,790	2,790
Vocational standards of quality education	344,225	344,225	333,732	(10,493)
Vocational education - equipment	-	-	12,891	12,891
VPSA technology grant	466,000	466,000	466,000	-
Other state funds	120,417	120,417	160,812	40,395
Total categorical aid	<u>\$ 42,946,217</u>	<u>\$ 42,946,217</u>	<u>\$ 44,965,753</u>	<u>\$ 2,019,536</u>
Total revenue from the Commonwealth	<u>\$ 42,946,217</u>	<u>\$ 42,946,217</u>	<u>\$ 44,965,753</u>	<u>\$ 2,019,536</u>
Revenue from the federal government:				
Categorical aid:				
Adult literacy	\$ 471,200	\$ 471,200	\$ 460,986	\$ (10,214)
School food program	1,712,250	1,712,250	-	(1,712,250)
Title I funds	2,100,000	2,100,000	1,519,230	(580,770)
Title II Teacher improvement	247,000	247,000	206,288	(40,712)
Title III funds	-	-	6,000	6,000
Title VI-B, special education flow-through	1,753,000	1,753,000	1,746,437	(6,563)
Title VI-B, special education pre-school	34,426	34,426	37,332	2,906
Vocational education	117,076	117,076	184,455	67,379
Student support and academic enrichment	-	-	128,107	128,107
Summer feeding	60,000	60,000	2,747,994	2,687,994
Child and adult care food program	-	-	6,514	6,514
Coronavirus relief fund	1,492,694	1,492,694	1,327,590	(165,104)
Education stabilization fund	-	-	1,478,543	1,478,543
Grants for state assessment and related activities	-	-	7,095	7,095
Total categorical aid	<u>\$ 7,987,646</u>	<u>\$ 7,987,646</u>	<u>\$ 9,856,571</u>	<u>\$ 1,868,925</u>
Total revenue from the federal government	<u>\$ 7,987,646</u>	<u>\$ 7,987,646</u>	<u>\$ 9,856,571</u>	<u>\$ 1,868,925</u>
Total School Operating Fund	<u>\$ 87,722,050</u>	<u>\$ 89,220,441</u>	<u>\$ 90,001,692</u>	<u>\$ 781,251</u>

County of Franklin, Virginia
 Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2021

<u>Fund, Function, Activity, and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Primary Government:				
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 474,588	\$ 514,960	\$ 514,871	\$ 89
Total legislative	<u>\$ 474,588</u>	<u>\$ 514,960</u>	<u>\$ 514,871</u>	<u>\$ 89</u>
General and financial administration:				
County administrator	\$ 458,622	\$ 573,982	\$ 572,593	\$ 1,389
Risk management	566,813	586,813	574,333	12,480
Human resources	128,635	189,650	172,302	17,348
Commissioner of revenue	651,249	665,782	637,243	28,539
Reassessment	130,000	2,590	2,589	1
Treasurer	550,946	583,748	581,440	2,308
Director of finance	372,721	379,987	371,735	8,252
Information technology	1,278,215	1,321,889	1,321,871	18
Total general and financial administration	<u>\$ 4,137,201</u>	<u>\$ 4,304,441</u>	<u>\$ 4,234,106</u>	<u>\$ 70,335</u>
Board of elections:				
Registrar	\$ 239,855	\$ 353,562	\$ 350,348	\$ 3,214
Electoral board	90,565	90,565	60,217	30,348
Total board of elections	<u>\$ 330,420</u>	<u>\$ 444,127</u>	<u>\$ 410,565</u>	<u>\$ 33,562</u>
Total general government administration	<u>\$ 4,942,209</u>	<u>\$ 5,263,528</u>	<u>\$ 5,159,542</u>	<u>\$ 103,986</u>
Judicial administration:				
Courts:				
Circuit court	\$ 108,399	\$ 116,325	\$ 115,054	\$ 1,271
General district court	6,180	11,812	11,309	503
Law library	10,000	10,000	-	10,000
Special magistrates	1,500	1,500	-	1,500
Juvenile and domestic relations court	16,150	75,213	43,537	31,676
Juvenile court services	466,901	466,901	372,750	94,151
Sheriff-courts	748,098	716,103	696,349	19,754
Clerk of the circuit court	660,226	760,978	760,012	966
Total courts	<u>\$ 2,017,454</u>	<u>\$ 2,158,832</u>	<u>\$ 1,999,011</u>	<u>\$ 159,821</u>
Commonwealth's attorney:				
Commonwealth's attorney	\$ 838,157	\$ 869,304	\$ 828,602	\$ 40,702
Total commonwealth's attorney	<u>\$ 838,157</u>	<u>\$ 869,304</u>	<u>\$ 828,602</u>	<u>\$ 40,702</u>
Total judicial administration	<u>\$ 2,855,611</u>	<u>\$ 3,028,136</u>	<u>\$ 2,827,613</u>	<u>\$ 200,523</u>
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 4,701,102	\$ 4,682,188	\$ 4,587,862	\$ 94,326
Total law enforcement and traffic control	<u>\$ 4,701,102</u>	<u>\$ 4,682,188</u>	<u>\$ 4,587,862</u>	<u>\$ 94,326</u>
Correction and detention:				
County operated institutions and regional jail	\$ 4,213,286	\$ 4,922,921	\$ 4,906,475	\$ 16,446
Total correction and detention	<u>\$ 4,213,286</u>	<u>\$ 4,922,921</u>	<u>\$ 4,906,475</u>	<u>\$ 16,446</u>
Inspections:				
Building	\$ 483,797	\$ 495,100	\$ 481,103	\$ 13,997
Total inspections	<u>\$ 483,797</u>	<u>\$ 495,100</u>	<u>\$ 481,103</u>	<u>\$ 13,997</u>

County of Franklin, Virginia
 Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2021

<u>Fund, Function, Activity, and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Primary Government: (Continued)				
General Fund: (Continued)				
Public safety: (Continued)				
Other protection:				
Director of public safety	\$ 3,168,957	\$ 3,245,258	\$ 3,127,003	\$ 118,255
Animal control	293,963	278,427	263,147	15,280
Department of forestry	24,006	24,006	22,284	1,722
EMS career billing	1,417,704	1,164,374	1,143,007	21,367
EMS volunteer billing	203,952	203,952	139,153	64,799
Radio system	379,372	382,357	371,612	10,745
Victim witness	70,000	91,615	74,218	17,397
Pandemic response	-	7,631,678	7,631,678	-
Total other protection	<u>\$ 5,557,954</u>	<u>\$ 13,021,667</u>	<u>\$ 12,772,102</u>	<u>\$ 249,565</u>
Total public safety	<u>\$ 14,956,139</u>	<u>\$ 23,121,876</u>	<u>\$ 22,747,542</u>	<u>\$ 374,334</u>
Public works:				
Sanitation and waste removal:				
Refuse collection and disposal	\$ 1,785,251	\$ 1,830,288	\$ 1,664,903	\$ 165,385
Recycling program	102,236	125,339	125,251	88
Collection and recycling center	482,474	503,310	453,983	49,327
Scale house	70,662	86,277	75,088	11,189
Public works	258,418	263,262	227,355	35,907
Total sanitation and waste removal	<u>\$ 2,699,041</u>	<u>\$ 2,808,476</u>	<u>\$ 2,546,580</u>	<u>\$ 261,896</u>
Maintenance of general buildings and grounds:				
General properties	\$ 1,297,717	\$ 1,254,672	\$ 1,171,008	\$ 83,664
Mechanic	280,439	291,504	276,816	14,688
Courthouse maintenance	44,000	43,750	-	43,750
Total maintenance of general buildings and grounds	<u>\$ 1,622,156</u>	<u>\$ 1,589,926</u>	<u>\$ 1,447,824</u>	<u>\$ 142,102</u>
Total public works	<u>\$ 4,321,197</u>	<u>\$ 4,398,402</u>	<u>\$ 3,994,404</u>	<u>\$ 403,998</u>
Health and welfare:				
Health:				
Supplement of local health department	\$ 381,598	\$ 381,598	\$ 381,598	\$ -
Total health	<u>\$ 381,598</u>	<u>\$ 381,598</u>	<u>\$ 381,598</u>	<u>\$ -</u>
Mental health services:				
Development center of Franklin	\$ 40,000	\$ 40,000	\$ 40,000	\$ -
Total mental health services	<u>\$ 40,000</u>	<u>\$ 40,000</u>	<u>\$ 40,000</u>	<u>\$ -</u>
Welfare:				
Public assistance and welfare administration	\$ 7,893,760	\$ 8,446,286	\$ 8,347,917	\$ 98,369
Youth services agency (CSA)	5,445,387	5,563,199	5,312,249	250,950
Family resource center	382,185	429,245	362,630	66,615
Area agency on aging	198,275	207,397	164,397	43,000
Contribution to health and welfare organizations	74,358	74,358	74,358	-
Assistance - institutions	104,635	104,635	104,635	-
Total welfare	<u>\$ 14,098,600</u>	<u>\$ 14,825,120</u>	<u>\$ 14,366,186</u>	<u>\$ 458,934</u>
Total health and welfare	<u>\$ 14,520,198</u>	<u>\$ 15,246,718</u>	<u>\$ 14,787,784</u>	<u>\$ 458,934</u>

County of Franklin, Virginia
 Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2021

<u>Fund, Function, Activity, and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Primary Government: (Continued)				
General Fund: (Continued)				
Education:				
Other instructional costs:				
Contribution to County School Board	\$ 33,988,760	\$ 34,230,063	\$ 31,770,453	\$ 2,459,610
Total education	<u>\$ 33,988,760</u>	<u>\$ 34,230,063</u>	<u>\$ 31,770,453</u>	<u>\$ 2,459,610</u>
Parks, recreation, and cultural:				
Parks and recreation:				
Parks and recreation	\$ 1,350,123	\$ 1,352,174	\$ 1,241,821	\$ 110,353
Parks and recreation-Summit View	-	28,000	17,062	10,938
Total parks and recreation	<u>\$ 1,350,123</u>	<u>\$ 1,380,174</u>	<u>\$ 1,258,883</u>	<u>\$ 121,291</u>
Library:				
Library administration	\$ 919,333	\$ 975,671	\$ 820,787	\$ 154,884
Westlake branch library	112,588	113,395	113,394	1
Total library	<u>\$ 1,031,921</u>	<u>\$ 1,089,066</u>	<u>\$ 934,181</u>	<u>\$ 154,885</u>
Total parks, recreation, and cultural	<u>\$ 2,382,044</u>	<u>\$ 2,469,240</u>	<u>\$ 2,193,064</u>	<u>\$ 276,176</u>
Community development:				
Planning and community development:				
Community development	\$ 630,804	\$ 663,878	\$ 492,126	\$ 171,752
Economic development	1,074,258	1,042,006	931,562	110,444
Tourism	235,182	353,655	152,183	201,472
GIS and mapping	210,465	222,494	200,004	22,490
4-H youth	3,750	3,750	3,750	-
Planning	168,314	173,661	171,552	2,109
Franklin career center	231,639	235,676	198,695	36,981
Stormwater	4,000	14,588	13,247	1,341
Contributions to other entities	179,053	185,053	184,106	947
Total planning and community development	<u>\$ 2,737,465</u>	<u>\$ 2,894,761</u>	<u>\$ 2,347,225</u>	<u>\$ 547,536</u>
Environmental management:				
Contribution to soil and water district	\$ 175,404	\$ 187,201	\$ 187,199	\$ 2
Total environmental management	<u>\$ 175,404</u>	<u>\$ 187,201</u>	<u>\$ 187,199</u>	<u>\$ 2</u>
Cooperative extension program:				
Extension office	\$ 126,104	\$ 126,104	\$ 92,136	\$ 33,968
Total cooperative extension program	<u>\$ 126,104</u>	<u>\$ 126,104</u>	<u>\$ 92,136</u>	<u>\$ 33,968</u>
Total community development	<u>\$ 3,038,973</u>	<u>\$ 3,208,066</u>	<u>\$ 2,626,560</u>	<u>\$ 581,506</u>
Nondepartmental:				
Contingencies	\$ 679,794	\$ 365,403	\$ -	\$ 365,403
Total nondepartmental	<u>\$ 679,794</u>	<u>\$ 365,403</u>	<u>\$ -</u>	<u>\$ 365,403</u>
Debt service:				
Principal retirement	\$ 2,940,000	\$ 4,561,359	\$ 3,911,652	\$ 649,707
Interest and other fiscal charges	1,331,423	1,552,915	1,244,381	308,534
Bond issuance costs	-	-	566,091	(566,091)
Total debt service	<u>\$ 4,271,423</u>	<u>\$ 6,114,274</u>	<u>\$ 5,722,124</u>	<u>\$ 392,150</u>
Total General Fund	<u>\$ 85,956,348</u>	<u>\$ 97,445,706</u>	<u>\$ 91,829,086</u>	<u>\$ 5,616,620</u>

County of Franklin, Virginia
 Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2021

<u>Fund, Function, Activity, and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
County Capital Projects Fund:				
Capital projects:				
General government	\$ 40,000	\$ 2,450,857	\$ 101,109	\$ 2,349,748
Information technology	223,584	692,163	295,946	396,217
Public safety	954,570	4,907,306	1,239,740	3,667,566
Public works	20,000	1,970,687	256,444	1,714,243
General property improvements	410,000	8,308,394	4,136,456	4,171,938
Parks and recreation	269,080	1,709,453	242,079	1,467,374
Community development	225,000	16,174,526	2,671,238	13,503,288
Education	340,000	325,957	2,900	323,057
Total capital projects	<u>\$ 2,482,234</u>	<u>\$ 36,539,343</u>	<u>\$ 8,945,912</u>	<u>\$ 27,593,431</u>
Education:				
Other instructional costs:				
Contribution to County School Board	\$ 880,000	\$ 1,686,000	\$ 1,686,000	\$ -
Total education	<u>\$ 880,000</u>	<u>\$ 1,686,000</u>	<u>\$ 1,686,000</u>	<u>\$ -</u>
Total County Capital Projects Fund	<u>\$ 3,362,234</u>	<u>\$ 38,225,343</u>	<u>\$ 10,631,912</u>	<u>\$ 27,593,431</u>
Special Revenue Fund:				
E-911 Fund:				
Public safety:				
Other protection:				
E-911 Administration	\$ 1,250,671	\$ 1,333,836	\$ 1,283,763	\$ 50,073
Total other protection	<u>\$ 1,250,671</u>	<u>\$ 1,333,836</u>	<u>\$ 1,283,763</u>	<u>\$ 50,073</u>
Total public safety	<u>\$ 1,250,671</u>	<u>\$ 1,333,836</u>	<u>\$ 1,283,763</u>	<u>\$ 50,073</u>
Total E-911 Fund	<u>\$ 1,250,671</u>	<u>\$ 1,333,836</u>	<u>\$ 1,283,763</u>	<u>\$ 50,073</u>
Total Primary Government	<u>\$ 90,569,253</u>	<u>\$ 137,004,885</u>	<u>\$ 103,744,761</u>	<u>\$ 33,260,124</u>
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Education:				
Administration of schools:				
Administration cost	\$ 3,239,269	\$ 3,239,269	\$ 4,085,235	\$ (845,966)
Total administration of schools	<u>\$ 3,239,269</u>	<u>\$ 3,239,269</u>	<u>\$ 4,085,235</u>	<u>\$ (845,966)</u>
Instruction costs:				
Instruction cost	\$ 65,560,150	\$ 66,927,844	\$ 63,443,205	\$ 3,484,639
Total instruction costs	<u>\$ 65,560,150</u>	<u>\$ 66,927,844</u>	<u>\$ 63,443,205</u>	<u>\$ 3,484,639</u>
Operating costs:				
Pupil transportation	\$ 5,856,352	\$ 6,196,352	\$ 6,513,516	\$ (317,164)
Operation and maintenance of school plant	9,279,080	7,723,778	8,418,584	(694,806)
School food and non-instructional	3,803,699	3,803,699	3,186,098	617,601
Total operating costs	<u>\$ 18,939,131</u>	<u>\$ 17,723,829</u>	<u>\$ 18,118,198</u>	<u>\$ (394,369)</u>
Total education	<u>\$ 87,738,550</u>	<u>\$ 87,890,942</u>	<u>\$ 85,646,638</u>	<u>\$ 2,244,304</u>
Capital projects:				
Capital projects	\$ -	\$ 1,458,054	\$ 1,379,618	\$ 78,436
Total capital projects	<u>\$ -</u>	<u>\$ 1,458,054</u>	<u>\$ 1,379,618</u>	<u>\$ 78,436</u>
Total School Operating Fund	<u>\$ 87,738,550</u>	<u>\$ 89,348,996</u>	<u>\$ 87,026,256</u>	<u>\$ 2,322,740</u>

Note 1: School Board appropriations occur at the fund level

STATISTICAL SECTION

Statistical Section

Contents

Tables

Financial Trends

These tables contain trend information to help the reader understand how the the County's financial performance and well-being have changed over time.

1 - 4

Revenue Capacity

These tables contain information to help the reader assess the factors affecting the County's ability to generate its property and sales taxes.

5 - 9

Debt Capacity

These tables present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue debt in the future.

10 - 13

Demographic and Economic Information

These tables offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place and to help make comparisons over time and with other governments.

14 - 15

Operating Information

These tables contain information about the County's operations and resources to help the reader understand how the County's financial information relate to the services the County provides and the activities it performs.

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Sources: Unless otherwise noted, the information in these tables is derived from the comprehensive annual financial reports for the relevant year.

COUNTY OF FRANKLIN, VIRGINIA

Table 1

Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities										
Net investment in capital assets	40,509,583	47,333,389	47,869,639	50,269,458	55,268,337	60,976,383	54,940,545	56,760,775	56,780,102	48,462,359
Restricted	295,849	388,906	373,539	365,467	540,757	685,889	839,910	1,169,763	1,440,174	1,722,119
Unrestricted	23,388,187	19,852,817	20,000,997	16,603,986	16,208,679	13,863,514	16,118,363	19,612,849	27,251,925	39,773,484
Total governmental activities net position	64,193,619	67,575,112	68,244,175	67,238,911	72,017,773	75,525,786	71,898,818	77,543,387	85,472,201	89,957,962
Business-type activities										
Net investment in capital assets	1,167,776	1,134,931	1,102,086	1,069,241	1,036,396	1,003,551	970,706	937,861	905,016	872,171
Unrestricted	944,367	182,806	210,379	241,149	259,552	88,379	152,635	184,179	215,360	278,277
Total business-type activities net position	2,112,143	1,317,737	1,312,465	1,310,390	1,295,948	1,091,930	1,123,341	1,122,040	1,120,376	1,150,448
Primary government										
Net investment in capital assets	41,677,359	48,468,320	48,971,725	51,338,699	56,304,733	61,979,934	55,911,251	57,698,636	57,685,118	49,334,530
Restricted	295,849	388,906	373,539	365,467	540,757	685,889	839,910	1,169,763	1,440,174	1,722,119
Unrestricted	24,332,554	20,035,623	20,211,376	16,845,135	16,468,231	13,951,893	16,270,998	19,797,028	27,467,285	40,051,761
Total primary government net position	66,305,762	68,892,849	69,556,640	68,549,301	73,313,721	76,617,716	73,022,159	78,665,427	86,592,577	91,108,410

Source: County financial reports

COUNTY OF FRANKLIN, VIRGINIA

Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses										
Governmental activities:										
General government administration	4,851,681	4,297,357	4,618,400	4,197,118	4,470,418	4,239,321	4,037,345	4,887,402	5,301,085	5,454,676
Judicial administration	2,344,133	2,535,881	2,317,632	2,471,939	2,615,409	2,687,951	2,625,816	2,623,997	2,803,943	2,972,592
Public safety	14,445,531	14,590,942	14,813,690	14,616,834	14,292,437	15,633,686	15,199,187	17,841,422	19,407,905	26,181,049
Public works	6,855,118	4,728,017	5,018,567	4,911,210	5,136,964	5,258,525	5,777,535	6,643,021	8,514,375	7,836,486
Health and welfare	10,430,549	10,269,099	10,968,715	11,009,049	11,324,474	12,182,639	13,349,808	14,487,831	15,203,469	14,877,939
Education	29,873,835	31,912,383	32,492,221	33,439,404	33,018,170	33,293,793	39,361,738	34,270,534	32,371,513	39,256,053
Parks, recreation and cultural	2,165,867	2,071,985	1,952,891	2,287,730	2,513,834	2,509,282	2,869,781	3,323,089	3,637,616	2,550,035
Community development	3,029,603	3,003,651	3,572,124	3,298,671	3,091,287	3,272,246	2,587,937	3,156,262	2,309,353	3,700,446
Interest on long-term debt	1,171,325	946,745	1,046,709	1,071,097	1,061,631	1,391,894	1,151,364	1,989,275	1,611,750	2,280,755
Total governmental activities expenses	75,167,642	74,356,060	76,800,949	77,303,052	77,524,624	80,469,337	86,960,511	89,222,833	91,161,009	105,110,031
Business-type activities:										
Utility fund	41,741	42,490	47,643	45,390	42,039	46,549	44,286	47,768	43,575	56,148
Total business-type activities expenses	41,741	42,490	47,643	45,390	42,039	46,549	44,286	47,768	43,575	56,148
Total primary government expenses	75,209,383	74,398,550	76,848,592	77,348,442	77,566,663	80,515,886	87,004,797	89,270,601	91,204,584	105,166,179
Program Revenues										
Governmental activities:										
Charges for services:										
General government administration	12,989	7,980	12,224	7,104	6,009	19,490	17,761	11,501	9,705	7,704
Judicial administration	49,506	103,748	162,402	128,609	69,044	65,325	81,650	59,083	50,134	32,725
Public safety	1,601,892	1,781,500	1,943,658	1,781,811	1,815,624	1,896,279	1,886,658	2,072,110	2,282,205	2,322,324
Public works	740,686	952,990	942,265	888,773	889,386	961,582	1,057,377	1,309,122	1,326,812	1,421,389
Health and welfare	19,056	13,425	18,731	23,630	22,071	20,997	17,863	19,700	16,567	11,075
Parks, recreation and cultural	100,043	194,202	188,675	251,127	225,093	215,302	262,204	282,591	177,919	143,330
Community development	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	11,722,367	11,412,589	12,501,912	12,667,126	13,275,673	13,963,045	15,158,226	17,279,540	19,656,629	26,491,637
Capital grants and contributions	994,357	864,885	299,810	832,390	543,093	798,442	205,004	207,831	186,191	194,823
Total governmental activities program revenues	15,240,896	15,331,319	16,069,677	16,580,570	16,845,993	17,940,462	18,686,743	21,241,478	23,706,162	30,625,007
Business-type activities:										
Charges for services:										
Water	112,522	31,084	25,371	26,315	23,576	27,531	60,697	31,467	26,911	71,220
Capital grants and contributions	164,456	-	-	-	-	-	-	-	-	-
Total business-type activities program revenues	276,978	31,084	25,371	26,315	23,576	27,531	60,697	31,467	26,911	71,220
Total primary government program revenues	15,517,874	15,362,403	16,095,048	16,606,885	16,869,569	17,967,993	18,747,440	21,272,945	23,733,073	30,696,227

COUNTY OF FRANKLIN, VIRGINIA

Changes in Net Position
Last Ten Fiscal Years
(*accrual basis of accounting*)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Net (expense) / revenue	(59,926,746)	(59,024,741)	(60,731,272)	(60,772,482)	(60,678,631)	(62,528,875)	(68,273,768)	(67,981,355)	(67,454,847)	(74,485,024)
Governmental activities	235,237	(11,406)	(22,272)	(19,075)	(18,463)	(19,018)	16,411	(16,301)	(16,664)	15,072
Business-type activities	(59,691,509)	(59,036,147)	(60,753,544)	(60,741,557)	(60,697,094)	(62,547,893)	(68,257,357)	(67,997,656)	(67,471,511)	(74,469,952)
Total primary government net expense										
General Revenues and Other Changes										
In Net Position										
Governmental activities:										
Taxes										
Property taxes	45,783,087	46,330,843	46,505,312	48,388,606	49,225,877	49,452,460	49,934,797	55,666,274	57,612,940	60,074,403
Local sales and use taxes	3,867,957	4,029,528	4,087,355	4,222,615	4,355,903	4,550,334	4,733,806	5,544,968	5,664,739	6,505,973
Taxes on recordation and wills	465,882	513,088	468,085	469,299	470,807	547,449	523,550	533,816	691,985	1,141,090
Motor vehicle licenses taxes	1,159,789	1,148,502	833,472	1,930,605	2,100,109	2,024,297	2,011,649	2,058,850	2,030,181	2,122,224
Consumers' utility taxes	971,693	973,782	976,804	979,527	982,747	987,461	992,508	996,808	999,577	1,011,793
Business licenses taxes	4,585	4,798	13,745	4,079	3,314	3,986	4,744	3,659	3,633	5,297
Other local taxes (1)	1,294,561	1,429,674	1,465,873	1,560,260	1,558,683	1,587,171	1,729,848	1,833,757	1,686,820	1,943,064
Unrestricted grants and contributions	5,379,777	5,478,612	5,371,657	5,313,289	5,243,473	5,232,245	5,195,015	5,045,493	4,992,431	5,004,010
Unrestricted revenues from use of money and property	1,139,124	1,129,807	1,142,792	907,931	1,012,753	1,147,211	1,002,611	1,519,309	1,129,087	657,441
Miscellaneous	541,242	584,600	552,240	2,928,292	507,848	319,274	280,591	437,990	587,268	520,490
Transfers	(555,256)	783,000	(17,000)	(17,000)	(4,021)	185,000	(15,000)	(15,000)	(15,000)	(15,000)
Total governmental activities	60,052,441	62,406,234	61,400,335	66,687,503	65,457,493	66,036,888	66,394,119	73,625,924	75,383,661	78,970,785
Business-type activities:										
Transfers	555,256	(783,000)	17,000	17,000	4,021	(185,000)	15,000	15,000	15,000	15,000
Total business-type activities	555,256	(783,000)	17,000	17,000	4,021	(185,000)	15,000	15,000	15,000	15,000
Total primary government	60,607,697	61,623,234	61,417,335	66,704,503	65,461,514	65,851,888	66,409,119	73,640,924	75,398,661	78,985,785
Change in Net Position										
Governmental activities	125,695	3,381,493	669,063	5,965,021	4,778,862	3,508,013	(1,879,649)	5,644,569	7,928,814	4,485,761
Business-type activities	790,493	(794,406)	(5,272)	(2,075)	(14,442)	(204,018)	31,411	(1,301)	(1,664)	30,072
Total primary government	916,188	2,587,087	663,791	5,962,946	4,764,420	3,303,995	(1,848,238)	5,643,268	7,927,150	4,515,833

Source: County financial reports

COUNTY OF FRANKLIN, VIRGINIA

Table 3

Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General fund										
Nonspendable	148,078	-	-	-	-	-	-	2,537	-	-
Restricted	243,920	253,224	246,039	207,076	319,373	415,280	455,827	526,067	553,381	622,512
Assigned	210,233	277,289	2,681,011	2,942,604	2,098,960	1,865,429	1,014,989	2,019,020	3,076,648	4,455,744
Unassigned	19,963,500	20,397,311	18,430,083	18,056,775	19,831,096	20,883,932	20,883,942	23,704,454	28,548,226	34,812,872
Total general fund	20,565,731	20,927,824	21,357,133	21,206,455	22,249,429	23,164,641	22,354,758	26,252,078	32,178,255	39,891,128
All other governmental funds										
Nonspendable	-	-	-	-	-	474,741	4,184,291	1,380,049	940,810	1,231,445
Restricted, reported in:										
Special revenue funds	51,929	135,682	127,500	158,391	221,384	270,609	384,083	643,696	886,793	1,099,607
Capital projects funds	-	-	7,303,213	17,880,435	7,622,690	16,301,212	5,033,698	15,299,503	11,658,381	9,722,163
Assigned, reported in:										
Capital projects funds	14,779,718	11,776,528	11,831,695	12,850,860	11,136,278	7,498,512	6,400,142	8,047,775	10,402,852	14,863,919
Total all other governmental funds	14,831,647	11,912,210	19,262,408	30,889,686	18,980,352	24,545,074	16,002,214	25,371,023	23,888,836	26,917,134

Provisions of Governmental Accounting Standards Board Statement 54 (GASB 54) were implemented in the 2011 fiscal year.

Source: County financial reports

COUNTY OF FRANKLIN, VIRGINIA

Table 4

Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues										
General property taxes	46,118,184	46,529,172	46,773,366	48,823,104	49,308,192	49,398,702	49,888,025	55,426,396	57,306,737	60,215,038
Other local taxes	7,764,467	8,099,372	7,845,334	9,166,385	9,471,563	9,700,698	9,996,105	10,971,858	11,076,935	12,729,441
Permits, privilege fees and regulatory licenses	319,277	356,552	381,133	498,402	335,137	399,129	442,699	430,996	475,697	556,813
Fines and forfeitures	17,076	67,474	110,411	110,271	43,159	43,499	57,918	39,501	34,923	16,086
Revenue from use of money and property	1,139,124	1,129,807	1,142,792	1,002,733	1,012,753	1,147,211	1,002,611	1,519,309	1,129,087	657,441
Charges for services	2,187,819	2,629,819	2,776,411	2,472,381	2,648,931	2,736,347	2,822,896	3,283,610	3,352,722	3,365,648
Miscellaneous	541,242	584,600	552,240	327,376	599,515	408,072	371,706	529,143	683,524	621,950
Recovered costs	609,920	515,589	466,701	999,921	974,192	922,698	909,869	697,663	886,642	886,642
Intergovernmental	18,096,501	17,756,086	18,173,379	18,742,805	19,062,239	19,993,732	20,558,245	22,532,864	24,840,251	31,690,470
Total revenues	76,793,610	77,668,471	78,221,767	82,048,576	83,378,602	84,801,582	86,062,903	95,643,546	99,597,539	110,739,529
Expenditures										
General government administration	4,194,731	4,201,866	3,847,437	4,324,399	4,344,882	4,175,626	4,285,933	4,780,174	4,976,543	5,159,542
Judicial administration	2,310,288	2,401,013	2,289,679	2,574,462	2,729,767	2,822,828	2,687,211	2,707,178	2,734,533	2,827,613
Public safety	14,065,589	13,882,120	14,095,720	13,749,080	13,615,077	14,543,850	14,542,008	15,405,011	16,883,628	24,031,305
Public works	3,315,563	3,679,291	3,597,660	3,639,061	3,449,535	3,282,687	3,519,675	3,966,697	3,955,700	3,994,404
Health and welfare	10,670,106	10,357,775	11,053,119	11,525,467	11,475,912	12,320,671	13,509,837	14,769,839	15,209,386	14,787,784
Education	28,249,720	30,878,312	31,546,956	31,726,479	32,117,432	32,395,515	32,514,282	33,679,131	31,766,890	33,456,453
Parks, recreation and cultural	1,814,823	1,915,968	1,950,171	1,936,652	2,003,765	2,088,565	2,221,751	2,375,084	2,171,012	2,193,064
Community development	2,471,002	3,157,331	3,598,642	3,338,880	3,060,972	3,230,670	2,870,399	3,586,272	2,969,538	2,626,560
Nondepartmental	-	46,897	3,978	26,674	-	-	-	-	-	-
Capital projects/outlays	3,408,090	7,103,074	4,090,825	5,171,761	15,726,566	13,993,574	15,781,187	12,182,095	8,452,655	8,945,912
Debt service	-	-	-	-	-	-	-	-	-	-
Principal	3,028,681	6,304,484	3,122,132	3,810,068	4,566,202	4,660,578	4,646,542	4,782,334	4,454,961	3,911,652
Interest and other fiscal charges	1,293,215	1,040,602	852,941	1,103,561	1,150,831	1,053,422	1,218,120	1,424,063	1,563,703	1,244,381
Bond issuance costs	-	14,958	120,500	131,432	-	246,657	-	525,047	142,329	566,091
Total expenditures	74,821,808	84,983,691	80,169,260	83,057,976	94,240,941	94,814,643	97,796,945	100,182,925	95,280,878	103,744,761
Excess of revenues over (under) expenditures	1,971,802	(7,315,220)	(1,947,493)	(1,009,400)	(10,862,339)	(10,013,061)	(11,734,042)	(4,539,379)	4,316,661	6,994,768
Other financing sources (uses)										
Transfers in	3,078,179	9,373,684	7,245,011	8,255,667	6,684,586	5,124,099	6,360,523	5,715,435	7,860,654	8,789,444
Transfers out	(3,633,435)	(8,590,684)	(7,262,011)	(8,272,667)	(6,688,607)	(4,939,099)	(6,375,523)	(5,730,435)	(7,875,654)	(8,804,444)
Bonds and notes issued	-	3,068,750	9,744,000	12,500,000	-	16,154,000	-	16,345,000	142,329	3,611,907
Premium on debt issuance	-	-	-	-	-	-	-	160,508	-	6,844,063
Refunded bonds issued	-	-	-	-	-	12,863,000	-	-	-	38,070,000
Debt service-current refunding-principal	-	-	-	-	-	(12,709,005)	-	-	-	(44,857,000)
Capital leases	-	655,000	-	-	-	-	-	-	-	92,433
Sale of capital assets	10,600	251,124	-	3,000	-	-	2,396,299	1,315,000	-	-
Total other financing sources (uses)	(544,656)	4,757,874	9,727,000	12,486,000	(4,021)	16,492,995	2,381,299	17,805,508	127,329	3,746,403
Net change in fund balances	1,427,146	(2,557,346)	7,779,507	11,476,600	(10,866,360)	6,479,934	(9,352,743)	13,266,129	4,443,990	10,741,171
Debt service as a percentage of noncapital expenditures	6%	10%	5%	6%	7%	7%	7%	7%	7%	5%
Total Debt Service Expenditures	4,321,896	7,345,086	3,975,073	4,913,629	5,717,033	5,714,000	5,864,662	6,206,397	6,018,664	5,156,033
Total Governmental Non-capital Expenditures	71,337,431	76,621,759	76,370,977	77,062,524	78,751,131	81,172,176	82,812,217	90,445,027	90,143,766	98,695,059

Source: County financial reports

COUNTY OF FRANKLIN, VIRGINIA

Table 5

General Governmental Tax Revenues by Source

Last Ten Fiscal Years

(*accrual basis of accounting*)

Fiscal Year	Property Tax	Local sales and use Tax	Consumer Utility Tax	Meals Tax	Hotel & Motel Tax	Utility License Tax	Bank Stock Tax	Motor			Total
								Vehicle License Tax	Record-ation and Wills Tax	Other Tax	
2021	60,215,038	6,505,973	1,011,793	1,324,144	228,461	211,989	178,470	2,122,224	1,122,616	23,771	72,944,479
2020	57,306,737	5,664,739	999,577	1,176,654	144,516	209,174	156,476	2,030,181	678,871	16,747	68,383,672
2019	55,426,396	5,544,968	996,808	1,215,742	120,111	244,986	252,918	2,058,850	516,600	20,875	66,398,254
2018	49,934,797	4,733,806	992,508	1,140,684	124,704	249,841	214,619	2,011,649	523,550	4,744	59,930,902
2017	49,398,702	4,550,334	987,461	1,059,248	117,111	235,453	175,334	2,024,297	531,590	19,845	59,099,375
2016	49,308,192	4,355,903	982,747	1,070,833	109,213	227,848	150,779	2,100,109	455,147	18,984	58,779,755
2015	48,823,104	4,222,615	979,527	1,043,851	88,041	239,118	188,100	1,930,605	469,299	5,229	57,989,489
2014	46,505,312	4,087,355	976,804	990,322	86,010	231,095	156,590	833,472	468,085	15,601	54,350,646
2013	46,330,843	4,029,528	973,782	962,596	85,124	250,098	128,791	1,148,502	513,088	7,863	54,430,215
2012	45,783,087	3,867,957	971,693	912,380	91,628	168,980	119,639	1,159,789	465,882	4,585	53,545,620

Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Real Estate/ Mobile Homes	Personal Property	Merchants' Capital	Machinery & Tools	Common Carrier	Public Service	Total Taxable		Assessed Value
							Assessed Value	Estimated Value	
2021	7,144,852,075	674,789,726	81,388,745	143,364,143	7,852,921	197,146,191	8,249,393,801		
2020	6,763,102,576	612,793,070	78,239,240	132,597,424	6,761,851	179,241,818	7,772,735,979		
2019	6,721,923,140	592,140,050	69,213,253	130,912,682	5,563,622	182,897,775	7,702,650,522		
2018	6,667,834,790	567,350,019	69,884,565	127,061,318	5,736,714	185,338,191	7,623,205,597		
2017	6,610,954,647	554,082,419	68,274,969	121,998,334	5,258,877	183,953,800	7,544,523,046		
2016	6,648,979,758	532,899,913	67,089,476	118,962,981	4,200,962	180,796,084	7,552,929,174		
2015	6,586,125,690	516,358,663	63,154,482	100,793,265	-	174,799,137	7,441,231,237		
2014	6,563,692,254	499,419,869	62,141,114	91,386,941	-	160,408,641	7,377,048,819		
2013	6,512,213,873	478,922,754	62,392,929	97,259,640	-	161,030,712	7,311,819,908		
2012	7,714,753,492	466,053,799	61,116,302	87,420,378	-	163,682,723	8,493,026,694		

Fiscal Year	Real Property Total Direct Tax Rate	Personal Property Tax Rate	Merchants' Capital Tax Rate	Machinery and Tools Tax Rate	Common Carrier Tax Rate	Total Direct Rate (Weighted Average)	Assessed	
							Estimated Value	Value as a Percentage of Actual Value
2021	0.61	2.41	1.08	0.70	0.70	0.76	8,227,432,269	100.27%
2020	0.61	2.46	1.08	0.70	0.70	0.76	7,752,893,562	100.26%
2019	0.61	2.46	1.08	0.70	0.70	0.76	7,504,490,148	102.64%
2018	0.55	2.36	1.08	0.70	0.70	0.69	7,457,191,898	102.23%
2017	0.55	2.36	1.08	0.70	0.70	0.69	7,370,533,186	102.36%
2016	0.55	2.36	1.08	0.70	0.70	0.68	7,372,387,521	102.45%
2015	0.55	2.36	1.08	0.70	0.70	0.68	7,309,902,429	101.80%
2014	0.54	2.34	1.08	0.70	0.70	0.67	7,198,027,786	102.49%
2013	0.54	2.34	1.08	0.70	0.70	0.66	7,100,025,919	102.98%
2012	0.48	2.04	1.08	0.60	0.60	0.57	8,492,757,485	100.00%

Source: Commissioner of Revenue

Property Tax Rates (1)
 Direct and Overlapping Governments
 Last Ten Fiscal Years

Fiscal Years	Direct Rates					Total Direct Rate Weighted Average	Overlapping Rates Town of Rocky Mount	
	Real Estate	Personal Property	Machinery and Tools	Merchant's Capital	Common Carrier		Real Estate	Personal Property
2021	0.61	2.41	0.70	1.08	0.70	0.76	0.13	0.51
2020	0.61	2.46	0.70	1.08	0.70	0.76	0.13	0.51
2019	0.61	2.46	0.70	1.08	0.70	0.76	0.13	0.51
2018	0.55	2.36	0.70	1.08	0.70	0.69	0.13	0.51
2017	0.55	2.36	0.70	1.08	0.70	0.69	0.13	0.51
2016	0.55	2.36	0.70	1.08	0.70	0.68	0.13	0.51
2015	0.55	2.36	0.70	1.08	-	0.68	0.13	0.51
2014	0.54	2.34	0.70	1.08	-	0.67	0.13	0.51
2013	0.54	2.34	0.70	1.08	-	0.66	0.13	0.51
2012	0.48	2.04	0.60	1.08	-	0.57	0.12	0.51

(1) Per \$100 of assessed value

Source: Franklin County Commissioner of Revenue, Town of Rocky Mount Finance Department

COUNTY OF FRANKLIN, VIRGINIA

Table 8

Principal Property Taxpayers
Current Year and the Period Nine Years Prior

Taxpayer	Type Business	Fiscal Year 2021		Fiscal Year 2012	
		Assessed Valuation (Millions)	% of Total Assessed Valuation	Assessed Valuation (Millions)	% of Total Assessed Valuation
Appalachian Power Company	Electric Utility	141	1.90%	98	1.15%
McAirlaids	Manufacturing	36	0.48%		
Trinity Packaging Company	Wholesaler	34	0.46%		
Willard Construction Company of Roanoke Valley Inc.	Construction	25	0.34%	27	0.32%
Lineal Technologies	Manufacturing	21	0.28%		
Ply Gem Industries Inc.	Manufacturing	20	0.27%		
Equitrans Midstream Corp	Gas Transmission	20	0.27%		
Central Telephone Company of Virginia	Telephone Utility	16	0.21%	48	0.57%
Franklin Real Estate Company	Real Estate	16	0.21%	10	0.12%
Walmart	Retail	14	0.18%	48	0.57%
Branch Banking & Trust Company	Banking			41	0.48%
Lake Watch LLC	Real Estate			23	0.27%
RKL Holdings	Real Estate			19	0.22%
Bayview Holdings LLC	Real Estate			16	0.19%
Windstar Properties LLC	Real Estate			13	0.15%
		343	4.60%	343	4.04%

Source: Franklin County Commissioner of Revenue

COUNTY OF FRANKLIN, VIRGINIA

Table 9

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount Collected	Percentage of Levy		Amount Collected	Percentage of Levy
2021	59,637,649	58,234,025	97.65%	-	58,234,025	97.65%
2020	57,016,129	55,249,567	96.90%	1,135,535	56,385,102	98.89%
2019	55,338,694	53,812,063	97.24%	1,215,744	55,027,807	99.44%
2018	49,697,299	48,336,185	97.26%	1,180,631	49,516,816	99.64%
2017	48,928,808	47,636,981	97.36%	1,156,874	48,793,855	99.72%
2016	48,533,373	47,269,739	97.40%	1,262,172	48,531,911	100.00%
2015	47,787,435	46,494,790	97.30%	1,291,907	47,786,697	100.00%
2014	46,835,889	45,285,604	96.69%	1,540,404	46,826,008	99.98%
2013	45,660,712	44,159,107	96.71%	1,496,393	45,655,500	99.99%
2012	45,722,994	45,007,522	98.44%	714,862	45,722,384	100.00%

Source: Commissioner of Revenue, County Treasurer's office

COUNTY OF FRANKLIN, VIRGINIA

Table 10

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Years	Governmental Activities				Business-Type Activities			Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation		Literary Fund Loans (2)	Capital Leases	General Obligation Bonds	Capital Leases				
	Bonds, Revenue Bonds and Notes									
2021	53,486,438	-	-	1,843,941	-	-	55,330,379	0.08%	1,016	
2020	52,255,755	-	-	3,269,864	-	-	55,525,619	0.07%	995	
2019	56,377,013	-	-	3,506,614	-	-	59,883,627	0.06%	1,067	
2018	44,481,268	-	-	2,396,299	-	-	46,877,567	0.08%	831	
2017	49,145,015	-	-	-	-	-	49,145,015	0.08%	874	
2016	37,383,914	-	-	133,345	-	-	37,517,259	0.00%	666	
2015	41,841,733	-	-	264,911	-	-	42,106,644	0.08%	741	
2014	33,164,494	-	-	394,723	-	-	33,559,217	0.10%	593	
2013	26,429,558	-	-	534,770	-	-	26,964,328	0.13%	476	
2012	25,339,439	3,702,750	-	163,141	-	-	29,205,330	0.11%	518	

Note: Details regarding the County's outstanding debt can be found in note 7 in the notes to the financial statements. Amounts above include any unamortized discounts or premiums.

(1) See the Schedule of Demographic and Economic Statistics - Table 14

(2) Literary fund loans were fully defeased in FY2013.

Source: County financial reports

Ratio of Net General Bonded Debt to
Assessed Value and Net Bonded Debt Per Capita
Last Ten Fiscal Years

Fiscal Year	Gross Bonded Debt	Less: Amounts Reserved for Debt Service	Gross and Net Bonded Debt (3)	Ratio of Net General Bonded Debt to the Estimated Actual Value of Taxable Property (2)	Net Bonded Debt per Capita (1)
2021	53,486,438	-	53,486,438	0.65%	981.82
2020	52,255,755	-	52,255,755	0.67%	936.79
2019	56,377,013	-	56,377,013	0.75%	1004.45
2018	44,481,268	-	44,481,268	0.60%	788.30
2017	49,145,015	-	49,145,015	0.67%	874.39
2016	37,383,914	-	37,383,914	0.51%	663.15
2015	41,841,733	-	41,841,733	0.57%	736.74
2014	33,164,494	-	33,164,494	0.46%	585.78
2013	26,429,558	-	26,429,558	0.37%	466.82
2012	29,042,189	-	29,042,189	0.34%	514.76

(1) Population data can be found in the Schedule of Demographic and Economic Statistics - Table 14

(2) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property - Table 6

(3) Includes all long-term general obligation bonded debt, Literary Fund Loans, excludes revenue bonds, capital leases, and compensated absences.

Direct and Overlapping Governmental Activities Debt
As of June 30, 2021

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (1)</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes: Town of Rocky Mount	998,000	100%	998,000
Subtotal, overlapping debt			<u>998,000</u>
County of Franklin, direct debt			<u>55,330,379</u>
Total direct and overlapping debt			<u><u>56,328,379</u></u>

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the County. This table estimates the portion of the outstanding debt of those overlapping government's that is borne by the residents and businesses of the County of Franklin. This process recognizes that, when considering the County's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident and therefore responsible for repaying the debt, of each overlapping government.

(1) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the Town's taxable assessed value that is within the government's boundaries and dividing it by the Town's total taxable assessed value.

COUNTY OF FRANKLIN, VIRGINIA

Table 13

Legal Debt Margin Information
Last Ten Fiscal Years

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Debt limit	771,475,349	651,221,387	656,369,225	658,612,569	664,897,976	661,095,465	666,783,479	672,192,314	6,763,102,576	7,144,852,075
Total net debt applicable to limit	29,042,189	26,429,558	33,164,494	41,841,733	37,383,914	49,145,015	44,481,268	56,377,013	52,255,755	53,486,438
Legal debt margin	742,433,160	624,791,829	623,204,731	616,770,836	627,514,062	611,950,450	622,302,211	615,815,301	6,710,846,821	7,091,365,637
Total net debt applicable to the limit as a percentage of debt limit	3.76%	4.06%	5.05%	6.35%	5.62%	7.43%	6.67%	8.39%	0.77%	0.75%

Legal Debt Margin Calculation for Fiscal Year 2021

Assessed value of real estate	7,144,852,075
Debt limit (10% of total assessed value)	714,485,208
Net debt applicable to limit	53,486,438
Legal debt margin	660,998,770

Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population	Per Capita Personal Income	Total Personal Income (thousands)	Median Age	School Enrollment	Unemployment Rate
2021	54,477	41,795	2,330,099	47	6,050	3.70%
2020	55,782	40,781	2,274,846	46	6,526	3.20%
2019	56,127	38,707	2,172,508	46	6,668	3.10%
2018	56,427	37,300	2,104,727	45	6,832	3.90%
2017	56,205	37,035	2,081,552	45	6,885	4.10%
2016	56,373	34,586	1,949,717	44	6,952	4.20%
2015	56,793	35,374	2,008,996	40	7,098	5.20%
2014	56,616	34,614	1,959,706	40	7,037	5.20%
2013	56,616	34,028	1,926,529	40	7,095	4.90%
2012	56,419	32,626	1,840,726	40	7,080	6.20%

Source: Weldon Cooper Center, Annual school report - prepared by the County School Board, www.fedstats.gov
Bureau of Economic Analysis

Principal Employers
Current Year and Nine Years Ago

Employer	Fiscal Year 2021			Fiscal Year 2011		
	Employees*	Rank	% of Total County Employment**	Employees	Rank	% of Total County Employment
M.W. Manufacturers (Ply Gem)		1		800	2	2.86%
Franklin County Schools		2		1,395	1	4.99%
County of Franklin		3		308	5	1.10%
Trinity Packaging, Inc.		4		300	6	1.07%
Franklin Memorial Hospital		5		270	8	0.97%
Kroger		6				
Ferrum		8		325	4	1.16%
Wal Mart		7		400	3	1.43%
Fleetwood Homes Inc.		9				
Arrington Mgmt Group, LLC		10				
Uttermost				168	9	0.60%
Ronile, Inc.				300	7	1.07%
Mod-U-Kraf Homes, Inc.				125	10	0.45%
Totals				4,266		15.70%

*VEC report no longer includes number of employees

**VEC report no longer includes % of County employment

Source: Virginia Employment Commission, Individual companies

COUNTY OF FRANKLIN, VIRGINIA

Table 16

Full-time Equivalent County Government Employees by Function
Last Ten Fiscal Years

Function	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Government Administration										
Legislative	1	1	1	1	1	1	1	1	1	1
General and financial administration	34	34	34	34	35	35	36	37	37	37
Judicial Administration										
Courts	10	8	6	9	9	9	9	9	9	9
Clerk of Court	10	10	10	10	10	10	10	10	10	10
Commonwealth Attorney	9	9	9	9	9	9	10	11	11	11
Public Safety										
Sheriff: Law Enforcement	34	39	43	54	54	54	55	59	60	60
Correction and Detention	39	37	35	21	21	21	20	21	20	20
Building inspections	7	8	8	9	9	9	8	8	8	8
Animal control	3	3	3	3	3	3	3	3	3	3
Public Safety	24	28	29	29	30	39	39	45	48	48
E911	15	15	14	14	14	14	14	18	18	18
Public Works										
Solid Waste	16	18	18	16	16	16	18	18	18	18
General buildings and grounds	7	7	8	8	8	9	10	10	10	10
Public Works	3	3	3	3	3	3	4	3	3	3
Health and Welfare										
Department of social services	64	64	64	72	72	74	78	78	78	78
CSA	2	2	2	2	2	2	2	2	2	2
Family Resources	2	3	3	5	5	5	6	6	6	6
Aging Services	2	2	2	1	1	1	1	1	1	1
Recreation and Cultural										
Parks and recreation	10	11	10	10	10	11	12	13	13	13
Library	8	8	8	8	8	8	8	8	8	8
Community Development										
GIS and Mapping	2	2	2	2	2	2	2	2	2	2
Economic Development	1	1	2	2	2	2	3	3	3	3
Work Force Consortium	3	3	3	3	3	3	3	3	3	3
Planning	8	8	9	9	8	8	8	8	8	8
Totals	314	324	326	334	335	348	360	377	380	380

Source: Franklin County Adopted Budgets

Operating Indicators by Function
Last Ten Fiscal Years

Function	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General and financial administration										
Commissioner of Revenue:										
Personal Property tax assessments	181,850	195,080	196,000	196,000	338,869	342,257	344,762	345,894	346,992	348,088
Real Estate tax assessments	66,717	65,742	65,000	65,000	127,529	128,931	129,256	130,524	131,329	132,117
Finance:										
GFOA Award for CAFR	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No
GFOA Award for Adopted Budget Book	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Information Technology:										
Tech support (In Days)	5	5	3	4	2	2	2	2	2.6	5.48
Voter Registrar:										
Number of Registered Voters	35,026	35,282	35,235	35,363	35,805	35,786	36,023	36,049	38,738	39,166
Judicial Administration										
Clerk of Court:										
Criminal Cases Commenced	1,517	1,837	1,900	1,635	1,950	1,024	1,830	1,655	2,913	2,486
Deeds Recorded	9,789	9,521	9,600	7,481	8,200	8,459	8,375	7,942	11,640	12,606
Public safety										
Sheriffs department: calls for service										
	21,837	27,969	35,935	41,137	38,203	41,744	40,110	41,953	38,913	33,091
Fire and rescue: number of fire calls										
Number of rescue calls	1,729	3,917	3,065	1,541	2,021	2,012	2,083	2,229	2,206	2,299
Fire Investigations	5,540	6,484	6,625	6,714	6,479	7,021	6,057	7,013	7,050	7,977
	157	148	129	212	\$6.2M	51	44	89	73	55
Building inspections: Permits issued										
Total Value of Permits	1,029	1,137	1,024	1,050	978	1,003	1,058	952	1,126	1,358
	54,910,190	51,347,040	62,465,201	60,805,382	53,556,958	68,046,885	76,119,496	78,579,950	100,978,221	121,166,621
Public works										
Landfill: Refuse collected (tons)										
	52,908	52,910	51,646	46,784	49,142	50,627	52,363	57,482	53,593	62,850
Mulch Recycled (tons)										
	1,349	1,352	1,459	1,804	1,057	622	2,427	704	400	0
Health and Welfare										
Social Services: Children in Foster Care										
SNAP Applications	94	116	107	105	97%	107	102	105	131	93
On-going Medicaid Participants	2,226	2,126	2,006	2,068	55%	2,047	1,787	1,843	2,048	1,886
	9,931	8,535	7,820	8,707	46%	8,723	9,467	11,121	11,473	13,720
CSA: Case Load - Number of Children										
	256	235	249	270	311	298	366	311	333	218
Aging Services:										
Transportation Clients	465	466	444	326	8,228	343	257	185	111	142
Culture and recreation										
Parks and recreation:										
Sports registration/classes	5,350	4,537	4,527	3,685	3,685	3,783	3,751	3,456	2,706	3,570
Shelter reservations	278	167	160	3,670	235	249	315	343	103	375
Park Acreage	696	696	696	11,179	1,140	996	1,140	1,140	1,140	1,140
Library:										
Program Attendance	24,871	25,013	24,117	7,872	8,500	10,833	8,750	11,428	5,640*	520*
Circulation	236,758	254,099	242,338	218,037	233,598	227,519	201,533	206,108	154,581*	141,245*
Community development										
Planning and Community Development:										
Zoning permits issued	1,251	256	250	94	98	141	245	221	183	346
Component Unit - School Board										
Education:										
Local expenditures per pupil	3,990	4,498	4,603	4,605	4,670	4,679	4,670	4,819	5,301	5,401

Source: Individual County departments and the Franklin County School Board

COUNTY OF FRANKLIN, VIRGINIA

Table 18

Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General government administration Administration buildings	1	1	1	1	1	1	1	1	1	1
Judicial administration Courthouses	1	1	1	1	1	1	1	1	1	1
Public safety Sheriffs department: Patrol units	58	58	58	58	58	58	59	59	55	55
Building inspections: Vehicles	6	6	6	6	6	6	6	6	6	6
Animal control: Vehicles	3	3	3	3	3	3	3	3	4	4
Public Safety: Fire Stations	10	10	10	10	10	10	10	10	10	10
Public works Landfill:										
Collection Trucks	7	7	7	7	7	11	11	9	9	9
Green Box Sites	74	74	74	69	69	66	68	38*	37*	27*
Collection Sites	-	-	-	-	-	-	-	19*	22*	18*
Health and welfare Department of Social Services: Vehicles	13	13	13	13	16	17	16	17	15	17
Culture and recreation Parks and recreation: Parks	9	9	9	9	9	10	15	15	15	15
Libraries	2	2	2	2	2	2	2	2	2	2
Component Unit - School Board Education: Schools	15	15	15	15	15	15	15	15	15	15
School buses	162	162	162	162	162	162	178	174	169	170

COMPLIANCE SECTION



**Independent Auditors' 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***

**To the Honorable Members of
The Board of Supervisors
County of Franklin, Virginia**

We have audited, in accordance with the 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 *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the 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 the County of Franklin, Virginia as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the County of Franklin, Virginia's basic financial statements and have issued our report thereon dated November 29, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County of Franklin, Virginia's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County of Franklin, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of the County of Franklin, Virginia'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 internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs, as item 2021-001 that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County of Franklin, Virginia's financial statements are free from 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 financial statements. 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 *Government Auditing Standards*.

County of Franklin, Virginia's Response to Finding

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

Purpose of this Report

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

Robinson, Farmer, Cox Associates

Blacksburg, Virginia
November 29, 2021



**Independent Auditors' Report on Compliance for Each Major Program and on
Internal Control over Compliance Required by the Uniform Guidance**

To the Honorable Members of
The Board of Supervisors
County of Franklin, Virginia

Report on Compliance for Each Major Federal Program

We have audited the County of Franklin, Virginia's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County of Franklin, Virginia's major federal programs for the year ended June 30, 2021. County of Franklin, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the County of Franklin, Virginia'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). Those standards and the Uniform Guidance 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 the County of Franklin, Virginia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the County of Franklin, Virginia 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, 2021.

Report on Internal Control over Compliance

Management of the County of Franklin, Virginia 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 the County of Franklin, Virginia's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an 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 of Franklin, Virginia'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 a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. 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.

Robinson, Farmer, Cox Associates

Blacksburg, Virginia
November 29, 2021

County of Franklin, Virginia
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2021

Federal Grantor/State Pass - Through Grantor/ Program (or Cluster) Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures	Expenditures to Subrecipients
Department of Health and Human Services:				
Pass Through Payments:				
Department of Social Services:				
Promoting Safe and Stable Families Program	93.556	0950119/0950120	\$ 53,275	
Temporary Assistance for Needy Families (TANF)	93.558	40274/400120/400121	332,550	
Refugee and Entrant Assistance - State Replacement Designee Administered Programs	93.566	0500120/0500121	582	
Low Income Home Energy Assistance	93.568	0600420/0600421	47,996	
<i>CCDF Cluster:</i>				
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760120/0760121	71,138	
Chafee Education and Training Vouchers Program	93.599	9160119/9160120	2,425	
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900120/0900121	269	
Adoption Assistance	93.659	1120120/1120121	1,049,991	
Social Services Block Grant	93.667	1000120/1000121	580,173	
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	9150119/9150120	7,794	
Foster Care - Title IV-E	93.658	1100120/1100121	792,657	
Children's Health Insurance Program	93.767	0540120/0540121	7,502	
<i>Medicaid Cluster:</i>				
Medical Assistance Program	93.778	1200120/1200121	616,964	
Southern Area Agency on Aging:				
<i>Aging Cluster:</i>				
Special Programs for the Aging - Title III, Part B- Grants for Supportive Services and Senior Centers and CARES Act for Supportive Services Under Title III-B of the Older Americans Act	93.044	Not available	<u>43,182</u>	
Total Department of Health and Human Services			<u>\$ 3,606,498</u>	
Department of Agriculture:				
Pass Through Payments:				
Department of Agriculture:				
Child and Adult Care Food Program	10.558	70027	\$ 6,338	
COVID-19 - Child and Adult Care Food Program	10.558	70035	<u>176</u>	\$ 6,514
<i>Child Nutrition Cluster:</i>				
Summer Food Services Program for Children	10.559	60302/60303	\$ 2,169,278	
COVID-19 - Summer Food Services Program for Children	10.559	60175/60176	<u>331,347</u>	\$ 2,500,625
Food Distribution (Note C)	10.555	40623	<u>247,369</u>	
<i>Total Child Nutrition Cluster</i>				2,747,994
Department of Social Services:				
<i>SNAP Cluster:</i>				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010120/0010121/ 0040120/0040121		<u>828,039</u>
Total Department of Agriculture			<u>\$ 3,582,547</u>	
Department of the Justice:				
Pass Through Payments:				
Department of Criminal Justice Services:				
Violence Against Women Formula Grants	16.588	116416/118418	\$ 35,389	
Office for Victims of Crime:				
Crime Victim Assistance	16.575	CJS86018		174,959
United States Department of Justice (DOJ):				
COVID-19 Coronavirus Emergency Supplemental Funding Program	16.034	118072		<u>38,531</u>
Total Department of Justice			<u>\$ 248,879</u>	
Department of Treasury:				
Pass Through Payments:				
Virginia Department of Accounts				
COVID-19 - Coronavirus Relief Fund	21.019	SLT0022	\$ 7,631,677	\$ 263,612
Department of Education:				
COVID-19 - Coronavirus Relief Fund	21.019	70056	<u>1,137,325</u>	\$ 8,769,002
Total Department of Treasury			<u>\$ 8,769,002</u>	
Department of Homeland Security:				
Pass Through Payments:				
Department of Emergency Management:				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	116792	<u>\$ 4,281</u>	
Total Department of Homeland Security			<u>\$ 4,281</u>	

County of Franklin, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

Federal Grantor/State Pass - Through Grantor/ Program (or Cluster) Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures	Expenditures to Subrecipients
Department of Transportation:				
Pass Through Payments:				
Southern Area Agency on Aging:				
<i>Transit Services Programs Cluster:</i>				
Enhance Mobility of Seniors and Individuals with Disabilities	20.513	Not available	\$ 2,836	
Department of Motor Vehicles:				
Alcohol Open Container Requirements	20.607	52208	7,245	
<i>Highway Safety Cluster:</i>				
State and Community Highway Safety	20.600	57033	<u>5,250</u>	
Total Department of Transportation			<u>\$ 15,331</u>	
Department of Elections				
Pass through payments from:				
Elections Assistance Commission:				
COVID-19 Help America Vote Act Requirements Payments	90.401	116912	<u>\$ 65,218</u>	
Total Department of Elections			<u>\$ 65,218</u>	
Department of Education:				
Pass Through Payments:				
Department of Education:				
Adult Education - Basic Grants to States	84.002	42801/61111	\$ 460,986	\$ 350,968
Title I, Grants to Local Educational Agencies	84.010	42901	1,519,230	
<i>Special Education Cluster:</i>				
Special Education - Grants to States	84.027	43071	\$ 1,746,437	
Special Education - Preschool Grants	84.173	62521	<u>37,332</u>	
<i>Total Special Education Cluster</i>			1,783,769	
Career and Technical Education -- Basic Grants to States	84.048	60031	184,455	
English Language Acquisition State Grants	84.365	60512	6,000	
Supporting Effective Instruction State Grant	84.367	61480	206,288	
Student Support and Academic Enrichment Program	84.424	60281	135,202	
<i>Education Stabilization Fund:</i>				
COVID-19 Governor's Emergency Education Relief Fund	84.425C	70037	\$ 48,285	
COVID-19 Elementary and Secondary School Emergency Relief Fund	84.425D	60041/60042/ 60170/60173/60177	<u>1,620,523</u>	
<i>Total Education Stabilization Fund</i>			1,668,808	
Total Department of Education			<u>\$ 5,964,738</u>	<u>\$ 614,580</u>
Total Expenditures of Federal Awards			<u>\$ 22,256,494</u>	<u>\$ 614,580</u>

Notes to Schedule of Expenditures of Federal Awards

Note A-Basis of Presentation:

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the County of Franklin, Virginia under programs of the federal government for the year ended June 30, 2021. The information in the Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of the County of Franklin, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County of Franklin, Virginia.

Note B-Summary of Significant Accounting Policies

- (1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures are not allowed or are limited as to reimbursement.
- (2) Pass-through entity identifying numbers are presented where available.
- (3) The County did not elect the 10% de minimus indirect cost rate because they only request direct costs for reimbursement.

Note C-Food Distribution

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed.

Note D-Outstanding Balance of Federal Loans

The County has not received any federal funding through loans.

Note E-Relationship to Financial Statements

Federal expenditures, revenues and capital contributions are reported in the County's basic financial statements as follows:

Primary government:

General Fund - Intergovernmental	\$ 29,118,975
Less: Revenue from the Commonwealth	(16,698,785)
Less: Payments in Lieu of Taxes	(20,267)
Capital Projects Fund - Intergovernmental	2,369,773
Less: Revenue from the Commonwealth	(2,369,773)
E-911 Fund - Intergovernmental	201,722
Less: Revenue from the Commonwealth	(201,722)
Component Unit School Board:	
School Operating Fund - Intergovernmental	88,278,777
Less: Revenue from Local Governments	(33,456,453)
Less: Revenue from the Commonwealth	<u>(44,965,753)</u>

Total federal expenditures per the Schedule of Expenditures of Federal Awards \$ 22,256,494

County of Franklin, Virginia

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	Yes
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR section, 200.516 (a)?	No

Identification of major programs:

Assistance Listing #	Name of Federal Program or Cluster
21.019	COVID-19 - Coronavirus Relief Fund
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program
84.425	Education Stabilization Fund

Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
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Auditee qualified as low-risk auditee?	No
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County of Franklin, Virginia

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021 (continued)

Section II - Financial Statement Findings

Finding 2021-001
(Material Weakness)

Criteria: Identification of a material adjustment to the financial statements that was not detected by the entity's internal controls indicates that a material weakness may exist.

Condition: The School Board's financial statements required year end adjusting entries to ensure such statements complied with Generally Accepted Accounting Principles.

Cause of Condition: The School System did not identify all end of the year entries that were necessary for the books to be presented in accordance with current reporting standards.

Effect of Condition: There is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected by the entity's internal controls over financial reporting.

Recommendation: The School System should review proposed audit adjustments and consider same as they close out the books for the 2021/22 fiscal year. Finance staff should review all accrual entries and balances against subsidiary ledgers and supporting documentation going forward.

Managements Response: Management will implement the procedures recommended by the Auditor above.

Section III - Federal Award Findings and Questioned Costs

There are no federal award findings and questioned costs to report.

County of Franklin, Virginia

Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2021

Finding 2020-001 - Material Weakness

Finding 2020-001 was recurring in fiscal year 2021 as 2021-001.