

FRANKLIN COUNTY, TEXAS

Annual Financial Report

For The Year Ended December 31, 2019

**FRANKLIN COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2019**

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INTRODUCTORY SECTION

**FRANKLIN COUNTY, TEXAS
COUNTY OFFICIALS
December 31, 2019**

County Judge	Scott Lee
Commissioner Precinct 1	Jerry Cooper
Commissioner Precinct 2	Larkin Jumper
Commissioner Precinct 3	Charlie Emerson
Commissioner Precinct 4	Sam Young
County Clerk	Betty Crane
District Clerk	Ellen Jagers
County Treasurer	Betty Sue Allen
Tax Assessor-Collector	Sue Ann Harper
County Auditor	Marla White
Sheriff	Ricky Jones
County Attorney	Gene Stump
Justice of the Peace	Robert W. Zinn
Constable	Randy Green

FINANCIAL SECTION

Mike Ward Accounting & Financial Consulting, PLLC

Mike Ward, CPA
266 RCR 1397
Point, Texas 75472

(903) 269-6211
mward@mikewardcpa.com

INDEPENDENT AUDITOR'S REPORT

Honorable Judge and Commissioners
Franklin County, Texas
200 North Kaufman Street
Mount Vernon, Texas 75457

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Franklin County, Texas ("County") as of and for the year ended December 31, 2019, 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.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 an auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes assessing 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Franklin County, Texas as of December 31, 2019, and the respective changes in financial position, where

applicable, and cash flows, thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of changes in net Pension Liability, Schedule of Contributions and Schedule of Changes in Net Pension Liability and Schedule of Changes in Total OPEB Liability and Related Ratios-TCDRS, 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Franklin County, Texas' basic financial statements. The introductory section and combining individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I do not express an opinion or provide any assurance on them.

Respectfully Submitted,



Mike Ward Accounting & Financial Consulting, PLLC

Point, Texas
May 25, 2020



MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

FRANKLIN COUNTY, TEXAS

MANAGEMENT DISCUSSION AND ANALYSIS

DECEMBER 31, 2019

As management of the Franklin County, Texas ("County"), we offer the readers of the Franklin County, Texas' financial statements this narrative overview and analysis of the financial activities of the County for the year ended December 31, 2019. We encourage readers to read the information presented here in conjunction with additional information that has been furnished in the County's financial statements, which follow this narrative.

Financial Highlights

- The assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$20,890,185 (net position). Of this amount, \$15,578,890, or 75%, is net investment in capital assets. Net position restricted for specific purposes is \$1,322,996, or 6%. The remaining unrestricted position of \$3,988,299, or 19% may be used to meet the County's ongoing obligations to its citizens and creditors in accordance with the County's fiscal policies.
- The County's total net position increased by \$1,560,862, or 8%, due to an increase in governmental activities net position.
- As of the close of the current year, the County's governmental funds reported combined ending fund balances of \$5,426,241, an increase of \$1,288,920, or 31%, in comparison with the prior year. Approximately 54% of this total amount, or \$2,920,584, is available for spending at the County's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the General fund of \$2,920,584 was 53% of total general fund expenditures for the fiscal year.
- The County's total long-term obligations increased by \$776,256, or 97%, during the current year based on an increase in the net pension liability during the year.

Overview of the Financial Statements

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

**FRANKLIN COUNTY, TEXAS
MANAGEMENT DISCUSSION AND ANALYSIS (continued)
DECEMBER 31, 2019**

Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 12,194,443	\$ 10,744,426	\$ 335	\$ 2,382	\$ 12,194,778	\$ 10,746,808
Capital assets	14,892,326	14,561,457	829,300	846,290	15,721,626	15,407,747
Total assets	<u>27,086,769</u>	<u>25,305,883</u>	<u>829,635</u>	<u>848,672</u>	<u>27,916,404</u>	<u>26,154,555</u>
Total deferred outflows of resources	1,584,014	940,351	-	-	1,584,014	940,351
Current liabilities	153,001	180,854	-	-	153,001	180,854
Noncurrent liabilities	1,574,614	798,358	359	-	1,574,973	798,358
Total liabilities	<u>1,727,615</u>	<u>979,212</u>	<u>359</u>	<u>-</u>	<u>1,727,974</u>	<u>979,212</u>
Total deferred inflows of resources	6,882,258	6,786,371	-	-	6,882,258	6,786,371
Net position:						
Net investment in capital assets	14,749,590	14,272,161	829,300	846,290	15,578,890	15,118,451
Restricted	1,322,996	1,165,038	-	-	1,322,996	1,165,038
Unrestricted	3,988,323	3,043,452	(24)	2,382	3,988,299	3,045,834
Total net position	<u>\$ 20,060,909</u>	<u>18,480,651</u>	<u>\$ 829,276</u>	<u>\$ 848,672</u>	<u>\$ 20,890,185</u>	<u>\$ 19,329,323</u>

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The net position of the County exceeded liabilities by \$20,890,185 as of December 31, 2019. The County's net position increased by \$1,560,862, for the year ended December 31, 2019.

Net investment in capital assets:

The largest portion of the County's net position, \$15,578,890, or 75%, reflects the County's investment in capital assets (e.g. land, buildings, machinery and equipment) less any debt still outstanding that was issued to acquire those items. The County uses these capital assets to provide services to citizens, consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities.

Restricted net position:

The restricted portion of the County's net position, \$1,322,996, or 6%, reflects the portion of net assets that contains external constraints placed on the use of resources, or imposed by enabling legislation.

Unrestricted net position:

Unrestricted net position in the amount of \$3,988,299, or 19%, is available to fund the County programs to citizens and obligations to creditors.

FRANKLIN COUNTY, TEXAS
MANAGEMENT DISCUSSION AND ANALYSIS (continued)
DECEMBER 31, 2019

Changes in Net Position

	Governmental Activities		Business Activities		Totals	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program Revenues:						
Charges for services	\$ 2,281,822	\$ 1,495,058	\$ 5,627	\$ 7,608	\$ 2,287,449	\$ 1,502,666
Operating grants and contributions	34,406	36,866	-	-	34,406	36,866
Capital grants and contributions	173,974	27,565	-	-	173,974	27,565
General Revenues:						
Property taxes	6,173,521	5,813,011	-	-	6,173,521	5,813,011
Sales tax	535,903	429,536	-	-	535,903	429,536
Other taxes	67,358	58,807	-	-	67,358	58,807
Investment income	126,749	103,644	-	-	126,749	103,644
Miscellaneous	79,605	41,063	-	-	79,605	41,063
Total Revenues	<u>9,473,338</u>	<u>8,005,550</u>	<u>5,627</u>	<u>7,608</u>	<u>9,478,965</u>	<u>8,013,158</u>
Expenses:						
Program Expenses						
General government	2,300,934	1,985,712	-	-	2,300,934	1,985,712
Public safety	1,323,335	1,084,016	-	-	1,323,335	1,084,016
Public works	1,577,591	2,335,476	-	-	1,577,591	2,335,476
Judicial	2,255,534	1,961,626	-	-	2,255,534	1,961,626
Parks and recreational	57,957	119,224	-	-	57,957	119,224
Health and public welfare	159,529	68,755	-	-	159,529	68,755
Library	207,806	202,599	-	-	207,806	202,599
Interest and fiscal charges	1,394	3,000	-	-	1,394	3,000
Airport	-	-	34,023	22,443	34,023	22,443
Total Expenses	<u>7,884,080</u>	<u>7,760,408</u>	<u>34,023</u>	<u>22,443</u>	<u>7,918,103</u>	<u>7,782,851</u>
Increase (decrease) in net position	1,589,258	245,142	(28,396)	(14,835)	1,560,862	230,307
Other revenues and financing sources (uses)						
Transfers	(9,000)	(5,500)	9,000	5,500	-	-
Total other financing sources (uses)	<u>(9,000)</u>	<u>(5,500)</u>	<u>9,000</u>	<u>5,500</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net position	1,580,258	239,642	(19,396)	(9,335)	1,560,862	230,307
Net position - January 1	18,480,651	18,442,203	848,672	858,007	19,329,323	19,300,210
Prior Period Adjustments	-	(201,194)	-	-	-	(201,194)
Net position - December 31	<u>\$20,060,909</u>	<u>\$18,480,651</u>	<u>\$ 829,276</u>	<u>\$ 848,672</u>	<u>\$20,890,185</u>	<u>\$19,329,323</u>

The Governmental Activities have increased the net position in the current audited fiscal period by \$1,580,258 which is a 9% increase over the prior year.

The Business-type Activities have decreased the net position in the current year by (\$19,396).

**FRANKLIN COUNTY, TEXAS
MANAGEMENT DISCUSSION AND ANALYSIS (continued)
DECEMBER 31, 2019**

Financial Analysis of the County's Funds

As noted earlier, Franklin County, Texas uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds - The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. Specifically, the unassigned fund balance may serve as a measure of net resources available for spending at year end.

As of the close of the current fiscal year, the governmental funds reported combined ending fund balances of \$5,426,241, an increase of \$1,288,920, or 31%, in comparison with the prior year. Of this amount, \$2,920,584, or 54%, constitutes unassigned fund balance, which is available for spending at the County's discretion. The County has assigned fund balances of \$1,182,661, or 22% and a total restricted fund balance of \$1,051,370, or 19%. The County also has \$271,626 of nonexpendable fund balance.

The general fund is the chief operating fund of Franklin County, Texas. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$2,920,584. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total expenditures. Unassigned fund represents 53% of total general fund expenditures.

General Fund Budgetary Highlights: During the fiscal year, the County made several adjustments to the budget. Generally budget amendments fall into one of three categories: (1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; (2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and (3) increases in appropriations that become necessary to maintain services.

Proprietary Funds - The County's proprietary funds provide the same type of information found in the government-wide statements, but in more detail. Unrestricted net position of the proprietary funds at the end of the year amounted to (\$24).

**FRANKLIN COUNTY, TEXAS
MANAGEMENT DISCUSSION AND ANALYSIS (continued)
DECEMBER 31, 2019**

Capital Asset and Debt Administration

Capital Assets - Franklin County, Texas' investment in capital assets for its governmental and business-type activities, as of December 31, 2019, totals \$15,721,626 (net of accumulated depreciation). These assets include land, buildings, improvements, infrastructure, machinery and equipment. This amount represents a net increase of \$313,879, or 2%, (net of accumulated depreciation) over the prior year.

**Capital Assets
December 31, 2019
(net of depreciation)**

	Governmental		Business-type		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 713,155	\$ 713,155	\$ 394,372	\$ 394,372	\$ 1,107,527	\$ 1,107,527
Infrastructure	3,310,634	2,806,233	-	-	3,310,634	2,806,233
Buildings & Improvements	9,131,310	9,381,297	434,928	451,918	9,566,238	9,833,215
Machinery & Equipment	1,737,227	1,660,772	-	-	1,737,227	1,660,772
Total	\$ 14,892,326	\$ 14,561,457	\$ 829,300	\$ 846,290	\$ 15,721,626	\$ 15,407,747

More detailed information about the County's capital assets is presented in Note F to the financial statements.

Long-term Obligations - As of December 31, 2019, the County had total long-term debt outstanding of \$1,574,615 which is a increase of \$776,256, or 97%, from the previous year, based on an increase in the net pension liability.

**Outstanding Debt
As of December 31, 2019**

	Governmental		Business-type		Total	
	2019	2018	2019	2018	2019	2018
Limited Tax Notes	\$ 45,124	\$ 104,405	\$ -	\$ -	\$ 45,124	\$ 104,405
Notes Payable	31,148	62,143	-	-	31,148	62,143
Capital Leases	66,464	122,748	-	-	66,464	122,748
Compensated Absences	58,406	58,406	-	-	58,406	58,406
Net Pension Liability	1,184,794	244,830	-	-	1,184,794	244,830
Net OPEB Liability	188,679	205,827	-	-	188,679	205,827
Total	\$ 1,574,615	\$ 798,359	\$ -	\$ -	\$ 1,574,615	\$ 798,359

More detailed information about the County's long-term obligations is presented in Note I to these financial statements.

**FRANKLIN COUNTY, TEXAS
MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)
DECEMBER 31, 2019**

Requests for Information

This financial report is designed to provide an overview of the County's finances for those with an interest in the County's finances. If you have any questions about this report, or need additional information, contact Franklin County, 200 N. Kaufman St., Mt. Vernon, Texas 75457.



BASIC FINANCIAL STATEMENTS



GOVERNMENT-WIDE FINANCIAL STATEMENTS



**FRANKLIN COUNTY, TEXAS
STATEMENT OF NET POSITION
DECEMBER 31, 2019**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 6,336,351	\$ 335	\$ 6,336,686
Receivables (net of allowance for uncollectibles)	3,608,137	-	3,608,137
Inventory	9,226	-	9,226
Restricted assets:			
Cash and cash equivalents	2,240,729	-	2,240,729
Capital assets not depreciated:			
Land	713,155	394,372	1,107,527
Capital assets net of accumulated depreciation:			
Infrastructure	3,310,634	-	3,310,634
Buildings	9,131,310	434,928	9,566,238
Machinery and equipment	1,737,227	-	1,737,227
Total Assets	27,086,769	829,635	27,916,404
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows from pensions	1,573,162	-	1,573,162
Deferred outflows from OPEB	10,852	-	10,852
Total Deferred Outflows of Resources	1,584,014	-	1,584,014
LIABILITIES			
Accounts payable	106,276	359	106,635
Other liabilities	46,725	-	46,725
Noncurrent Liabilities:			
Due within one year:			
Compensated absences	40,884	-	40,884
Capital lease	41,250	-	41,250
Notes payable	76,271	-	76,271
Due in more than one year:			
Compensated absences	17,522	-	17,522
Net pension liability	1,184,794	-	1,184,794
Net OPEB Liability	188,679	-	188,679
Capital lease	25,214	-	25,214
Total Liabilities	1,727,615	359	1,727,974
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows from pensions	625,055	-	625,055
Deferred inflows from OPEB	6,999	-	6,999
Advance property tax levy	6,250,204	-	6,250,204
Total Deferred Inflows of Resources	6,882,258	-	6,882,258
NET POSITION			
Net investment in capital assets	14,749,590	829,300	15,578,890
Restricted for:			
Debt service	6,704	-	6,704
Library:			
Expendable	10,095	-	10,095
Nonexpendable	271,626	-	271,626
Hotel	143,435	-	143,435
Court	618,153	-	618,153
Attorney	8,228	-	8,228
Revolving Loan	165,712	-	165,712
Commissary	99,043	-	99,043
Unrestricted	3,988,323	(24)	3,988,299
Total Net Position	\$ 20,060,909	\$ 829,276	\$ 20,890,185

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

**FRANKLIN COUNTY, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019**

Function/Program Activities	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities:				
General Government	\$ 2,300,934	\$ 784,762	\$ -	\$ -
Public Safety	1,323,335	622,150	-	163,129
Public Works	1,577,591	839,501	-	-
Judicial	2,255,534	26,939	-	10,845
Parks and Recreation	57,957	2,455	152	-
Health and Public Welfare	159,529	-	14,183	-
Library	207,806	6,015	20,071	-
Interest on Long-Term Debt	1,394	-	-	-
Total governmental activities	7,884,080	2,281,822	34,406	173,974
Business-type Activities:				
Airport	34,023	5,627	-	-
Total business-type activities	34,023	5,627	-	-
Total primary government	7,918,103	2,287,449	34,406	173,974

General revenues:

Property taxes
Sales taxes
Other
Investment income
Miscellaneous
Transfers
Total general revenues
Change in net position
Net position - beginning
Net position - ending

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

**Net (Expense) Revenue
and Changes in Net Position**

Primary Government		
Governmental Activities	Business Activities	Total
\$ (1,516,172)	\$ -	\$ (1,516,172)
(538,056)	-	(538,056)
(738,090)	-	(738,090)
(2,217,750)	-	(2,217,750)
(55,350)	-	(55,350)
(145,346)	-	(145,346)
(181,720)	-	(181,720)
(1,394)	-	(1,394)
<u>(5,393,878)</u>	<u>-</u>	<u>(5,393,878)</u>
-	(28,396)	(28,396)
-	(28,396)	(28,396)
<u>(5,393,878)</u>	<u>(28,396)</u>	<u>(5,422,274)</u>
\$ 6,173,521	\$ -	\$ 6,173,521
535,903	-	535,903
67,358	-	67,358
126,749	-	126,749
79,605	-	79,605
(9,000)	9,000	-
<u>6,974,136</u>	<u>9,000</u>	<u>6,983,136</u>
1,580,258	(19,396)	1,560,862
18,480,651	848,672	19,329,323
<u>\$ 20,060,909</u>	<u>\$ 829,276</u>	<u>\$ 20,890,185</u>

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



FUND FINANCIAL STATEMENTS

**FRANKLIN COUNTY, TEXAS
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2019**

	General Fund	Road and Bridge Fund	County-wide Road and Bridge Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 4,939,862	\$ 1,136,394	\$ 906,938	\$ 1,343,885	\$ 8,327,079
Investments	250,000	-	-	-	250,000
Receivables (net of allowances for uncollectible)	2,502,603	170,620	867,767	67,147	3,608,137
Inventory	-	-	-	9,226	9,226
Total assets	7,692,465	1,307,014	1,774,705	1,420,258	12,194,442
LIABILITIES					
Accounts payable	12,106	32,259	-	41,912	86,277
Other liabilities	45,528	21,196	-	-	66,724
Total liabilities	57,634	53,455	-	41,912	153,001
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	4,565,287	301,541	1,693,022	55,350	6,615,200
Total deferred inflows of resources	4,565,287	301,541	1,693,022	55,350	6,615,200
Fund Balances					
Nonspendable:					
Endowment	-	-	-	271,626	271,626
Restricted for:					
Library	-	-	-	10,095	10,095
Hotel	-	-	-	143,435	143,435
Court	-	-	-	618,153	618,153
Debt Service	-	-	-	6,704	6,704
Attorney	-	-	-	8,228	8,228
Revolving Loan	-	-	-	165,712	165,712
Commissary	-	-	-	99,043	99,043
Assigned for:					
Road & bridge	-	952,018	81,683	-	1,033,701
Health care	142,895	-	-	-	142,895
Parks and recreation	6,065	-	-	-	6,065
Unassigned	2,920,584	-	-	-	2,920,584
Total fund balances	3,069,544	952,018	81,683	1,322,996	5,426,241
Total liabilities, deferred inflows of resources, and fund balances	\$ 7,692,465	\$ 1,307,014	\$ 1,774,705	\$ 1,420,258	\$ 12,194,442

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

**FRANKLIN COUNTY, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2019**

Total fund balances - governmental funds balance sheet	\$ 5,426,241
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds balance sheet.	16,465,488
Some expenses, including compensated absences, reported in the statement of activities do not require the use of current financial resources; therefore, they are not reported as expenditures in the governmental funds balance sheet.	(58,405)
Long-term liabilities, including bonds payable, notes payable, capital leases payable, and net pension liability (net of deferred outflows/inflows) are not due and payable in the current period, therefore, they are not reported in the in the governmental funds balance sheet.	(2,137,410)
Some of the County's revenues, including fines and property taxes, will be collected after year-end, but are not available soon enough to pay current year's expenditures; therefore, they are deferred in the governmental funds balance sheet.	364,995
Net position of governmental activities - statement of net position	<u><u>\$ 20,060,909</u></u>

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

FRANKLIN COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	General Fund	Road and Bridge Fund	County-wide Road and Bridge Fund	Nonmajor Governmental Funds	Total
REVENUES					
Property taxes	\$ 4,211,506	\$ 284,336	\$ 1,595,913	\$ 65,300	\$ 6,157,055
Sales tax collected	535,903	-	-	-	535,903
Hotel	-	-	-	56,196	56,196
Beverage	11,161	-	-	-	11,161
Charge for services	408,192	130,763	284,678	96,358	919,991
Fines and forfeitures	184,850	-	-	263,252	448,102
Licenses and permits	67,101	-	-	4,124	71,225
Donations	13,342	-	-	-	13,342
Intergovernmental	437,403	361,317	-	-	798,720
Grant revenue	176,079	-	-	-	176,079
Investment income	76,381	17,084	10,251	23,034	126,750
Miscellaneous	24,589	39,982	-	-	64,571
Total Revenues	6,146,507	833,482	1,890,842	508,264	9,379,095
EXPENDITURES					
Current:					
General government	1,917,631	-	-	53,454	1,971,085
Health and public welfare	159,529	-	-	-	159,529
Public safety	1,096,733	-	-	119,031	1,215,764
Judicial	1,774,032	-	-	207,771	1,981,803
Parks and recreation	58,106	-	-	-	58,106
Public works	-	1,910,705	360	-	1,911,065
Library	201,831	-	-	-	201,831
Debt Service:					
Principal retirement	72,245	-	-	59,281	131,526
Interest and fiscal agent fees	306	-	-	1,394	1,700
Capital Outlays:					
General government	47,542	-	-	34,322	81,864
Judicial	10,460	-	-	-	10,460
Public works	-	280,842	-	-	280,842
Public safety	138,342	-	-	-	138,342
Total Expenditures	5,476,757	2,191,547	360	475,253	8,143,917
Excess (deficiency) of revenues over (under) expenditures	669,750	(1,358,065)	1,890,482	33,011	1,235,178
Other Revenues and Financing Sources (uses)					
Bond proceeds	-	-	-	-	-
Sale of assets	15,353	47,389	-	-	62,742
Transfers	141,000	1,680,000	(1,830,000)	-	(9,000)
Total Other Financing Sources (uses)	156,353	1,727,389	(1,830,000)	-	53,742
Net Change in Fund Balance	826,103	369,324	60,482	33,011	1,288,920
Fund Balances, January 1	2,243,441	582,694	21,201	1,289,985	4,137,321
Fund Balances, December 31	\$ 3,069,544	\$ 952,018	\$ 81,683	\$ 1,322,996	\$ 5,426,241

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

**FRANKLIN COUNTY, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019**

Net change in fund balances - statement of revenues, expenditures and changes in fund balances - governmental funds \$ 1,288,920

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays in the current period exceeding depreciation expense. 330,869

The issuance of long-term debt, including bonds payable, notes payable, capital leases payable, provides current financial resources to governmental funds, while repayment of the principal of long-term debt consumes the current financial resources of governmental funds. This amount reflects the amount by which principal payments were made through governmental funds during the year. 131,526

Governmental funds report all payments to pension benefits as expenditures. However, in the government-wide statement of activities, the pension expense is actuarially determined. This amount is the total of the net change in pension liability during the year. (202,559)

Revenues in the statement of activities, including fines and property taxes, that do not provide current financial resources, are not reported as revenues in the governmental funds. 31,502

Change in net position - statement of activities \$ 1,580,258

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

FRANKLIN COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET TO ACTUAL - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
REVENUE				
Property taxes	\$ 4,178,006	\$ 4,178,006	\$ 4,211,506	\$ 33,500
Sales tax	396,000	396,000	535,903	139,903
Beverage	5,000	5,000	11,161	6,161
Charge for services	369,874	369,874	408,192	38,318
Fines and forfeitures	186,500	186,500	184,850	(1,650)
Licenses and permits	57,450	57,450	67,101	9,651
Donations	500	500	13,342	12,842
Intergovernmental - state & local	68,300	68,300	437,403	369,103
Grant income	85,048	85,048	176,079	91,031
Investment income	48,190	48,190	76,381	28,191
Miscellaneous	12,200	12,200	24,589	12,389
Total Revenues	<u>5,407,068</u>	<u>5,407,068</u>	<u>6,146,507</u>	<u>739,439</u>
EXPENDITURES				
Current:				
General government	1,895,095	1,895,095	1,917,631	(22,536)
Health and public welfare	209,617	209,617	159,529	50,088
Public safety	1,098,687	1,098,687	1,096,733	1,954
Judicial	1,787,855	1,787,855	1,774,032	13,823
Parks and recreation	76,229	76,229	58,106	18,123
Library	201,817	201,817	201,831	(14)
Debt Service:				
Principal retirement	-	-	72,245	(72,245)
Interest and fiscal agent fees	-	-	306	(306)
Capital Outlays:				
General government	60,100	60,100	47,542	12,558
Health and public welfare	7,375	7,375	-	7,375
Judicial	50,100	50,100	10,460	39,640
Public safety	111,000	111,000	138,342	(27,342)
Total Expenditures	<u>5,497,875</u>	<u>5,497,875</u>	<u>5,476,757</u>	<u>21,118</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(90,807)</u>	<u>(90,807)</u>	<u>669,750</u>	<u>760,557</u>
Other Revenues and Financing Sources (uses)				
Transfers	105,000	105,000	141,000	36,000
Total Other Financing Sources (uses)	<u>105,000</u>	<u>105,000</u>	<u>156,353</u>	<u>20,647</u>
Net change in Fund Balances	14,193	14,193	826,103	781,204
Fund Balances/Equity, beginning of year	2,243,441	2,243,441	2,243,441	
Fund Balances/Equity, end of year	<u>\$ 2,257,634</u>	<u>\$ 2,257,634</u>	<u>\$ 3,069,544</u>	

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

PROPRIETARY FUND FINANCIAL STATEMENTS

**FRANKLIN COUNTY, TEXAS
STATEMENT OF FUND NET POSITION
PROPRIETARY FUND
DECEMBER 31, 2019**

	<u>Airport</u>
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 335
Total Current Assets	<u>335</u>
Noncurrent Assets:	
Capital Assets	
Land	394,374
Buildings	842,339
Less: accumulated depreciation	<u>(407,413)</u>
Total capital assets, net of accumulated depreciation	<u>829,300</u>
Total Assets	<u><u>829,635</u></u>
LIABILITIES	
Current Liabilities:	
Accounts payable	<u>359</u>
Total Liabilities	<u>359</u>
NET POSITION	
Net investment in capital assets	829,300
Unrestricted	<u>(24)</u>
Total Net Position	<u>\$ 829,276</u>
Total Liabilities and Net Position	<u><u>\$ 829,635</u></u>

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

**FRANKLIN COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND NET POSITION - PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Airport</u>
OPERATING REVENUES:	
Charges for sales and services	5,627
Total operating revenues	<u>5,627</u>
OPERATING EXPENSES:	
Operating expenses	17,032
Depreciation	16,991
Total operating expenses	<u>34,023</u>
Operating income (loss)	<u>(28,396)</u>
Transfers	<u>9,000</u>
Changes in net position	(19,396)
Net position, January 1	848,672
Net position, December 31	<u><u>\$ 829,276</u></u>

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

**FRANKLIN COUNTY, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Airport</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 5,626
Cash paid for goods and services	(16,673)
Net cash provided by (used in) operating activities	<u>(11,047)</u>
CASH FLOWS FROM NONCAPITAL FINANCIAL ACTIVITIES	
Transfers from other funds	9,000
Net cash provided by (used in) noncapital financing activities	<u>9,000</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Net cash provided by (used in) capital & related financing activities	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Net cash provided by (used in) investing activities	<u>-</u>
Net increase (decrease) in cash and cash equivalents	(2,047)
Cash and cash equivalents, October 1	2,382
Cash and cash equivalents, September 30	<u>\$ 335</u>
Reconciliation of operating income to net cash provided by operation activities:	
Operating income (loss)	<u>\$ (28,396)</u>
Adjustment to reconcile operating income to net cash provided by operating activities:	
Depreciation	16,991
Increase (decrease) in liabilities:	
Accounts payable	358
Total adjustments	<u>17,349</u>
Net cash provided by (used in) operating activities	<u>\$ (11,047)</u>

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

FIDUCIARY FUNDS

FRANKLIN COUNTY, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2019

	Agency								Total Agency Funds
	Tax Assessor/ Collector	County Clerk	County Attorney	District Clerk	Sheriff	Child Welfare Board	Justice of the Peace	Constable	
ASSETS									
Cash and cash equivalents	\$ 845,251	\$ 29,159	\$ 10,247	\$ 92,766	\$ 46,307	\$ 10,170	\$ 405	\$ 7	\$ 1,034,312
Total assets	<u>\$ 845,251</u>	<u>\$ 29,159</u>	<u>\$ 10,247</u>	<u>\$ 92,766</u>	<u>\$ 46,307</u>	<u>\$ 10,170</u>	<u>\$ 405</u>	<u>\$ 7</u>	<u>\$ 1,034,312</u>
LIABILITIES									
Intergovernmental payable	\$ 845,251	\$ 29,159	\$ 10,247	\$ 92,766	\$ 46,307	\$ 10,170	\$ 405	\$ 7	\$ 1,034,312
Total liabilities	<u>\$ 845,251</u>	<u>\$ 29,159</u>	<u>\$ 10,247</u>	<u>\$ 92,766</u>	<u>\$ 46,307</u>	<u>\$ 10,170</u>	<u>\$ 405</u>	<u>\$ 7</u>	<u>\$ 1,034,312</u>

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

NOTES TO FINANCIAL STATEMENTS

**FRANKLIN COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 30, 2019**

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Franklin County, Texas ("County") reports in accordance with accounting principles generally accepted in the United States of America ("GAAP") as established by the Governmental Accounting Standards Board ("GASB") and the Financial Accounting Standards Board ("FASB"), when applicable. The accounting and reporting framework, significant accounting principles and practices are discussed in subsequent sections of these notes. The remainder of the notes are organized to provide concise explanations, including required disclosures of budgetary matters, assets, liabilities, fund equity, revenues, expenditures/expenses, and other information considered important to gaining a clear picture of the County's financial activities for the year ended December 31, 2019.

Reporting Entity

The County is a public corporation and a political subdivision of the State of Texas. A Commissioners' Court, composed of four (4) elected County Commissioners and one (1) elected County Judge, governs the County. The County provides a vast number of services, including public safety, administration of justice, health and human services, culture and recreation, public improvements, and general administration.

Under GASB Statement No. 14, component units are organizations for which the County is financially accountable and all other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Financial accountability exists if the County appoints a voting majority of an organization's governing board and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the County. The County may be financially accountable for governmental organizations with a separately elected governing board, a governing board appointed by another government, or a jointly appointed board that is fiscally dependent on the County. The financial statements of component units may be discretely presented in a separate column from the primary government, or blended with the financial statements of the primary government. GASB Statement No. 39 added clarification to GASB 34 by including entities which meet all three of the following requirements:

1. The economic resources received or held by the separate organization are entirely for the direct benefit of the primary government, its component units, or its constituents;
2. The primary government, or its component units, is entitled to, or has the ability to otherwise access a majority of the economic resources received or held by the separate organization;
3. The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to other access, are significant to the primary government.

In addition, GASB Statement No. 61 considers an organization that does not meet the financial accountability criteria may be included as a component unit if management's professional judgement determines it to be necessary or misleading if omitted. This evaluation includes consideration of whether a financial benefit or burden exists in the relationship between the entities. Management has not identified any additional organizations that fit this criteria.

There were no component units of the County as of December 31, 2019.

Basis of Presentation, Basis of Accounting

The basic financial statements are prepared in conformity with GASB Statement No. 34 which requires that the government-wide financial statements to be prepared using the accrual basis of accounting, and the economic resources measurement focus. Government-wide financial statements do not provide information by fund, but distinguish between the County's governmental activities and business-type activities on the Statement of Net Position and Statement of Activities. Significantly, the County's Statement of Net Position includes both noncurrent assets and noncurrent liabilities. In addition, the government-wide Statement of Activities reflects depreciation expense on the County's capital assets, including infrastructure.

In addition to the government-wide financial statements, the County has prepared fund financial statements, which use the modified accrual basis of accounting, and the current financial resources measurement focus for the governmental funds. The accrual basis of accounting is utilized by proprietary funds. Under this method, revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred.

Management's Discussion and Analysis includes an analytical overview of the County's financial activities. In addition, a comparison schedule is presented that compares the original adopted and final amended General Fund budget with actual results.

The basic financial statements include both government-wide, (based on the County as a whole), 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 activities of the primary government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely on fees and charges for support.

**FRANKLIN COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 30, 2019**

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The government-wide statement of activities demonstrates the degree to which the direct expenses of a functional category (General Government, Public Works, etc.) or programs are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or program. Program revenues include: a) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or program, b) grants and contributions that are restricted to meeting the operational requirements of a particular function or program, or c) grants and contributions that are restricted to meeting the capital requirements of a particular function or program. Taxes and other items not properly included among program revenues are reported instead as general revenues. Internally dedicated resources are also reported as general revenues rather than as program services.

The net cost (by function) is normally covered by general revenue (property and sales taxes and interest income).

Separate fund financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds, and major individual proprietary funds are reported as separate columns within the funds financial statements. The major governmental funds are the General Fund, Road and Bridge Funds (1-4), and County-Wide Road and Bridge Fund. GASB Statement No. 34 sets forth the minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses or either fund category for the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements. A combining statement is presented after the notes with detail information for each fund.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principle operating revenues of the Airport Fund is lease revenue. Operating expenses for proprietary funds includes the costs of sales and service, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting the definition are reported as nonoperating revenues and expenses.

The government-wide focus is more on the sustainability of the County as an entity, and the change in aggregate financial position resulting from the activities of the fiscal period. The focus of the fund financial statements is on major individual funds of the governmental and proprietary categories. Each presentation provides valuable information that can be analyzed and compared to enhance the usefulness of the information.

Measurement Focus and Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts, and reported within the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the proprietary fund financial statements. The economic resources measurement focus means all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Position, and the operating statements present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized when earned. Expenses are recognized at the time the liability is incurred.

Governmental fund level financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as 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 when 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 expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the obligation has matured and is due.

Ad valorem, sales tax revenues, and other taxes recorded in the General Fund, Road and Bridge Funds, and County-wide Road and Bridge Fund are recognized under the susceptible to accrual concept. Licenses and permits, charges for services, fines and forfeitures, contributions, and miscellaneous revenues are recorded as revenues when received in cash, as the resulting receivable is not measurable. Investment earnings are recorded as earned since they are measurable and available. Intergovernmental grant revenues are recognized when all eligibility requirements have been met.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, and then unrestricted resources as needed.

**FRANKLIN COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 30, 2019**

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental funds are those through which most governmental functions of the County are financed. The acquisition, use and balances of the County's expendable financial resources, and the related liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. The measurement focus is upon determination of changes in financial position, rather than upon net income determination. The following is a description of the County's major governmental funds:

The **General Fund** is the general operating fund of the County. It is used to account for all financial resources, except those required to be accounted for in another fund. All general tax revenues, and other receipts that are not restricted by law or contractual agreement to some other fund, are accounted for in this fund. General operating expenditures, fixed charges, and capital improvements costs, that are not paid through other funds, are paid from this fund.

The **Road & Bridge Funds** are used to account for the revenues restricted for the funding of road repairs and improvements and all expenditures related to the County roads. These funds are broken into two categories; the Road and Bridge Funds 1 - 4 which account for the individual road and bridge accounts of each commissioner and the County-wide Road and Bridge Fund which encompasses the activity for the entire County.

Proprietary funds are accounted for on a flow of economic resources measurement focus. Within the economic measurement focus all assets and all liabilities associated with the operation of these funds are included on the Statement of Net Position. Proprietary fund-type operating statements present increases, (e.g., revenues), and decreases, (e.g., expenses), in net position. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and providing and delivering goods in connection with a proprietary fund's principle ongoing operations. The following is a description of the proprietary fund:

The **Airport Fund** accounts for the operation of the Airport. Activities of the fund include the administration, operation and maintenance of the airport infrastructure. This fund also accounts for airport projects while under construction.

Additionally, the County reports the following fund type:

The **Fiduciary Fund** financial statements include fiduciary funds, which are classified as agency funds used to account for assets held by an agent for individuals, other governments, and other funds. Agency funds do not involve a formal trust agreement. Agency Funds (assets equal liabilities) do not involve measurement of results of operations.

Financial Statement Amounts

Cash, Cash Equivalents, and Investments

Cash of several funds are pooled into a common interest-bearing bank account in order to maximize investment opportunities. Each fund with money deposited in the pooled cash has equity therein, and interest on these funds are allocated based upon relative equity at month-end.

The County's cash and cash equivalents are considered to be cash on hand, demand deposits, certificates of deposit, and short-term investments with original maturities of three months or less from the date of acquisition.

In accordance with GASB Statement No. 72, Fair Value Measurement and Application, investments are recorded at fair value. In accordance with GASB No. 72, the County categorizes its fair value measurements within the fair value hierarchy. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. A detail of the fair value hierarchy of investments held by the County are disclosed in Note C of the financial statements.

Receivable and Payables

Property taxes are levied prior to September 30 based on taxable values as of January 1 and become due October 1 and past due after January 31. Accordingly, receivables and revenues for property taxes are reflected in the government-wide financial statements based on the full accrual method of accounting. Property tax receivables for the current year's levy are shown net of an allowance for uncollectable accounts.

Accounts receivable from other governments include amounts due from grantors for approved grants for specific programs and reimbursements for services performed by the County. Program grants are recorded as receivables and revenue at the time eligibility requirements have been met and reimbursable costs incurred.

Reimbursements for services performed are recorded as receivables and revenues when they become eligible for accrual in the government-wide statements. Included are fines and costs assessed by court action and billable services for certain contracts.

Revenues received in advance of the costs being incurred are recorded as deferred revenue in the fund financial statements.

**FRANKLIN COUNTY, TEXAS
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 30, 2019**

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Lending or borrowing between funds is reflected as a "due to" or "due from". Interfund activity reflected in "due to" or "due from" is eliminated on the government-wide financial statements.

Interfund Activity

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers In and Transfers Out are netted and presented as a single "Transfer" line on the government-wide Statement of Activities.

Inventories and Prepaid Items

Inventory is valued at the lower of cost or market price. Reported inventories are offset by a restriction of fund balance, which indicates that they do not constitute "available resources" even though they are a component of current fund balance.

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.

Restricted Assets

Assets are reported as restricted when limitations on their use change the nature of normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law, through constitutional provisions or enabling legislation. When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources, as they are needed.

Capital Assets

Capital assets, which includes land, buildings, equipment, and improvements, purchased or acquired, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and proprietary fund financial statements. The County defines capital assets as assets with an initial individual cost of more than \$5,000, and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost, if historical cost is not available. Contributed assets are recorded at fair market value as of the date donated. Additions, improvements, and other capital outlays, that significantly extend the useful life of an asset, are capitalized. Other costs incurred for repairs and maintenance are expensed.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Net interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. There was no capitalized interest for this fiscal year.

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Years
Buildings and improvements	5-50 years
Machinery & equipment	5-10 years
Infrastructure	40-50 years

Deferred outflows/inflows of resources

In addition to assets, the Statement of Financial Position reports a separate section for deferred outflows of resources. The 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 (expenses/expenditures) until then. The County has one type of deferred outflow, deferred outflows related to pensions, which arise only under the accrual basis of accounting. It is reported only in the government-wide Statement of Net Position. This amount is deferred and amortized over the actuarial determined recognition period.

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 three types of deferred inflows. Unavailable revenue, which only arises on a modified accrual basis of accounting, is comprised of property taxes and revenue from fines and is reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Advance property tax levy, in the government-wide Statement of Net Position and the governmental funds balance sheet, represents property taxes levied before the period for which they are available for spending. Advances from grants represents funds on hand in which the eligibility requirements have been met; however, the funds have not yet been expended. Finally, deferred inflows related to pensions, which arise only under the accrual basis of accounting. It is reported only in the government-wide Statement of Net Position. This amount is deferred and amortized over the actuarial determined recognition period.

**FRANKLIN COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 30, 2019**

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Long-term Obligations

In the government-wide financial statements, and proprietary fund types within the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities' Statement of Net Position. The long-term debts consists primarily of notes payable, capital leases payable, pension liability, and compensated absences.

Long-term debt for governmental funds is not reported as a liability in the financial statements until due. The debt proceeds are reported as other financing sources, net of applicable premiums or discounts, and payments of principal and interest are reported as expenditures. Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate funds.

Assets acquired under the terms of capital leases are recorded as liabilities and capitalized in the government-wide financial statements at the present value of the net minimum lease payments at inception of the lease. In the governmental fund financial statements, capital lease transactions are recorded as other financing sources and as capital outlay expenditures in the year of acquisition. Lease payments representing both principal and interest recorded as expenditures in the fund financial statements with an approximate reduction of principal recorded in the government-wide financial statements.

Compensated absences

A liability for unused paid time off accruals and compensatory time for full-time employees is calculated and reported in the government-wide financial statements. For financial reporting, the following criteria must be met to be considered as compensated absences; a) leave or compensation is attributable to services already rendered, and b) leave or compensation is not contingent on a specific event (such as illness). These accrued liabilities are typically paid by the General Fund for the governmental fund-type.

Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of net capital assets reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislations adopted by the County or through external restrictions imposed by creditors, grantors, or laws and regulations of other governments.

Fund Balance

In the fund financial statements, governmental funds report reservations of fund balance as nonspendable, restricted, committed, assigned, or unassigned based primarily on the extent to which the County is bound to honor constraints on how specific amounts can be spent.

- **Nonspendable fund balance** - includes the portion of net resources that cannot be spent because of its form (i.e., inventory, long-term loans, or prepaids), or because they must remain intact.
- **Restricted fund balance** - includes the portion of net resources on which limitations are imposed by creditors, grantors, contributors, or by laws or regulations of other governments (i.e. externally imposed limitations). Amounts can be spent only for the specific purposes stipulated by external resource providers, or as allowed by law through constitutional provisions or enabling legislation.
- **Committed fund balance** - represents amounts that can only be used for specific purposes imposed by an order, which is the formal action of the County's highest level of decision making authority, the Commissioners' Court. Committed resources cannot be used for any other purpose unless the Commissioners' Court removes or changes the specified use by the same type of action previously used to commit the amounts.
- **Assigned fund balance** - represents amounts the County intends to use for specific purposes but not meeting the criteria to be reported as committed or restricted. The governing body or the County Auditor has the authority to assign fund balance.
- **Unassigned fund balance** - represents the residual classification of fund balance and includes all spendable amounts not contained within the other classifications.

The purpose of the County's fund balance policy is to maintain a prudent level of financial resources to protect against reducing service levels or raising taxes and fees because of temporary revenue shortfalls or unprecedented one-time expenditures.

It is the long-term goal of the County to maintain a minimum fund balance in the General Fund (total of committed, assigned and unassigned fund balance) equal to three months of the annual operating expenditures. The County is currently in compliance with this policy.

Federal and State Grants

Grants and shared revenues are generally accounted for within the fund financed.

**FRANKLIN COUNTY, TEXAS
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 30, 2019**

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property Taxes

The County bills and collects its own property taxes and those for the Franklin County Water District, Mount Vernon ISD, Saltillo ISD, Sulphur Bluff ISD, County of Winnsboro, and Winnsboro ISD. The County is the only entity controlled by the Commissioners' Court; the County acts as an intermediary in the collection and distribution of property taxes to the other entities.

Property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and personal property located in the County. Assessed value represents the appraised value less applicable exemptions authorized by the Commissioners' Court. The Appraisal Board of Review establishes appraised values at 100% for estimated market value. A tax lien attaches to the property on February 1 each year, to secure the payment of all taxes, penalties, and interest ultimately imposed for the year on the property, whether or not the taxes are imposed in the year the lien attached.

Taxes are due October 1, immediately following the levy date, and are delinquent after the following January 31st. Delinquent property taxes estimated to be collectable within 60 days following the close of the fiscal year have been recognized as revenue at the fund level.

The County's property tax rate is \$0.53296.

Use of Estimates

Preparing the County's financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that effect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

B. COMPLIANCE AND ACCOUNTABILITY

Budgets and Budgetary Accounting

The County prepares its appropriated budget on a basis consistent with generally accepted accounting principles using the organization perspective, that is, the budget follows the formal, usually statutory, patterns of authority and responsibility granted to actually carry out the functions of the government. For example, the County Judge's office has a separate budget from the County Sheriff's office, although various offices may be subsidized from revenues generated by maintenance and operation ad valorem taxes.

The County Auditor and the County Judge prepare an estimated budget based on recommendations and requests submitted by each department head. This estimated budget is presented to the Commissioners, who then begin the process of reallocating specific items that, in their opinion, need to be modified. The proposed budget is filed for public inspection with the County Clerk. Public hearings are then held, if required, and the budget is adjusted, if necessary, and approved in final form by the Commissioners' court. Each fund's appropriated budget is prepared on a detailed line item basis. Revenues are budgeted by source. Revisions to the Budget are made throughout the year.

Deficit Fund Balance or Fund Net Position

There were no funds in a deficit fund balance position on December 31, 2019.

C. DEPOSITS AND INVESTMENTS

Cash and investments, as of December 31, 2019, consist of and are classified in the accompanying financial statements as follows:

Cash and equivalents	\$ 6,336,686
Restricted cash and equivalents:	
Debt service	34,701
Special revenue purposes	1,934,402
Restricted investments:	
Endowment	271,626
Total cash and investments	<u>\$ 8,577,415</u>

Custodial Credit Risk

In the case of deposits, this is the risk that in the event of a bank failure, the County will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require that deposits in financial institutions be fully collateralized by U.S. Government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have fair value of not less than the principal amount of deposits. As of December 31, 2019, the County's deposits were covered by Federal Depository Insurance or by collateral held by a third party custodian.

**FRANKLIN COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 30, 2019**

C. DEPOSITS AND INVESTMENTS (Continued)

Concentration Risk

Concentration risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. It is the County's policy to diversify its portfolio to eliminate the risk of loss resulting from over concentration of assets in a specific maturity, a specific issuer, or a specific class of investments.

Interest-Rate Risk

Interest rate risk is the risk that exchange rates will adversely affect the fair value of an investment or a deposit. The County is not exposed to foreign currency risk.

D. RECEIVABLES

Receivables, as of year end, for the County's individual major funds and non-major funds, including the applicable allowances for uncollectible accounts, are as follows:

	General	Road & Bridge Funds	County-wide Road & Bridge Fund	Non-major Governmental Funds	Total
Receivables:					
Taxes	\$ 2,615,852	\$ 168,096	\$ 960,014	\$ 32,309	\$ 3,776,271
Fees and Charges	855,382	20,000	-	84,292	959,674
Gross Receivables	3,471,234	188,096	960,014	116,601	4,735,945
Less: allowance for uncollectible	(968,632)	(17,477)	(92,246)	(49,453)	(1,127,808)
Net Total Receivables	<u>\$ 2,502,602</u>	<u>\$ 170,619</u>	<u>\$ 867,768</u>	<u>\$ 67,148</u>	<u>\$ 3,608,137</u>

FRANKLIN COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 30, 2019

E. NOTES RECEIVABLE

As of December 31, 2019, five notes receivable were outstanding under the U.S. Department of HUD revolving loan fund program:

	Interest Rate	Original Issue	Beginning Balance	Increase	Decrease	Ending Balance
Impact Printing	4%	\$ 35,531	\$ 14,454	\$ -	\$ (1,169)	\$ 13,285
Fitness Center	4%	35,000	1,644	-	(1,644)	-
Mt Vernon Mower	4%	25,000	19,205	-	-	19,205
Cypress Cajun	4%	30,000	25,291	-	-	25,291
Family Health Center	1%	80,000	39,022	-	(12,510)	26,512
		205,531	99,616	-	(15,323)	84,293
Allowance for uncollectable accounts			(44,496)	-	-	(44,496)
Notes Receivable, net			\$ 55,120	\$ -	\$ (15,323)	\$ 39,797

F. CAPITAL ASSETS

Capital asset activity for the period ended December 31, 2019 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital assets, not being depreciated				
Land	\$ 713,155	\$ -	\$ -	\$ 713,155
Total capital assets, not being depreciated	713,155	-	-	713,155
Capital assets, being depreciated:				
Buildings & Improvements	13,723,326	33,931	-	13,757,257
Machinery & Equipment	7,306,918	441,924	-	7,748,842
Infrastructure	9,343,338	687,701	-	10,031,039
Total capital assets being depreciated	30,373,582	1,163,556	-	31,537,138
Less accumulated depreciation for:				
Buildings & Improvements	(4,342,029)	(283,918)	-	(4,625,947)
Machinery & Equipment	(5,646,146)	(365,469)	-	(6,011,615)
Infrastructure	(6,537,105)	(183,300)	-	(6,720,405)
Total accumulated depreciation	(16,525,280)	(832,687)	-	(17,357,967)
Governmental activities capital assets, net	\$ 14,561,457	\$ 330,869	\$ -	\$ 14,892,326
Business-type Activities				
Capital assets, not being depreciated:				
Land	\$ 394,372	\$ -	\$ -	\$ 394,372
Construction in Progress	-	-	-	-
Total capital assets, not being depreciated	394,372	-	-	394,372
Capital assets, being depreciated:				
Buildings	842,337	-	-	842,337
Total capital assets being depreciated	842,337	-	-	842,337
Less accumulated depreciation for:				
Buildings	(390,419)	(16,990)	-	(407,409)
Total accumulated depreciation	(390,419)	(16,990)	-	(407,409)
Total capital assets, being depreciated, net	451,918	(16,990)	-	434,928
Business-type activities capital assets, net	\$ 846,290	\$ (16,990)	\$ -	\$ 829,300

**FRANKLIN COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 30, 2019**

F. CAPITAL ASSETS (continued)

Depreciation expense was charged to functions of the County as follows:

Governmental activities:	
General government	\$ 105,243
Judicial	273,732
Parks and recreation	14,135
Public safety	89,286
Public works	350,291
Total depreciation expense - governmental activities	<u>\$ 832,687</u>
Business-type activities:	
Airport	\$ 16,990
Total depreciation expense - business-type activities	<u>\$ 16,990</u>

G. LONG-TERM DEBT

A summary of long-term debt transactions, including the current portion, for the year ended December 31, 2019, is as follows:

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Governmental Activities					
Limited tax notes	\$ 104,405	\$ -	\$ (59,281)	\$ 45,124	\$ 45,124
Notes payable	62,143	-	(30,995)	31,148	31,148
Capital leases	122,748	-	(56,284)	66,464	41,250
Compensated absences	58,406	-	-	58,406	40,883
Net pension liability	244,830	939,964	-	1,184,794	-
Net OPEB liability	205,827	-	(17,148)	188,679	-
Total governmental activities	<u>\$ 798,359</u>	<u>\$ 939,964</u>	<u>\$ (163,708)</u>	<u>\$ 1,574,615</u>	<u>\$ 158,405</u>

Limited Tax Notes

The County issues limited tax notes to provide for the acquisition and construction of major capital facilities. The County issued Limited Tax Note, Series 2013 through Guaranty Bond Bank on September 15, 2013 in the amount of \$400,000. The purpose of the note is to fund a portion of the County courthouse renovation. The interest rate is 1.70% and the maturity date is September 15, 2020.

Annual debt service requirements to maturity for limited tax notes are as follows:

Year Ending December 31	Governmental Activities	
	Principal	Interest
2020	45,124	385
	<u>\$ 45,124</u>	<u>\$ 385</u>

Notes Payable

The County entered into a note payable with Election Systems & Software in the amount of \$92,986 in November 2017 for the purchase of 10 election machines. This note will be paid in 3 annual installments of each through January 1, 2020. This liability is being liquidated by the General Fund.

Annual debt service requirements to maturity for notes payable are as follows:

Year Ending December 31	Governmental Activities	
	Principal	Interest
2020	31,148	153
	<u>\$ 31,148</u>	<u>\$ 153</u>

Capital Lease

The County entered into a contractual agreement with Hopkins County EMS whereby the Hopkins County EMS will provide ambulance services to the residents of Franklin County. Hopkins County EMS purchased the ambulance vehicle under the agreement that the County would pay \$41,250 annually for four consecutive years specifically for the cost of the ambulance. At the conclusion of the four year period, the County has the option to purchase the ambulance for \$1 (a bargain purchase). Given the terms of the agreement, Franklin County has recorded a capital lease in the amount of \$165,000 for the year ended December 31, 2019. This capital lease liability is being liquidated by the General Fund.

Following is a schedule of actual payments made in accordance with the terms of the lease, and the remaining note balance:

**FRANKLIN COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 30, 2019**

**G. LONG-TERM DEBT (continued)
Capital Lease (continued)**

Year Ending December 31	Governmental Activities	
	Principal	Interest
2020	41,250	-
	<u>\$ 41,250</u>	<u>\$ -</u>

The County entered into a capital lease with the County Tele-Coin Co. in the amount of \$66,124 in November 2015 for a video visitation system at the County jail. The payments for this lease are based on commissions earned for the use of the system. 57% of commissions earned are to be paid toward this lease. This lease is active until paid in full. This capital lease is being liquidated by the General Fund.

Following is a schedule of actual payments made in accordance with the terms of the lease, and the remaining note balance:

Year Ending December 31	Governmental Activities	
	Payments	Note Balance
		\$ 66,124
2016	14,548	51,576
2017	6,530	45,046
2018	4,797	40,249
2019	15,035	25,214
2020	-	25,214
	<u>\$ 40,910</u>	

H. PENSION PLAN

The County provides retirement, disability, and survivor benefits for all its regular full-time employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System ("TCDRS"). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer retirement system. TCDRS issues a comprehensive annual financial report ("CAFR") on a calendar year basis. The CAFR is available on their website at www.TCDRS.org.

Each employer has a defined benefit plan that functions similarly to a cash balance plan. The assets of the plan are pooled for investment purposes but each employer's plan assets may be used only for the payment of benefits to the members of that employer's plan. In accordance with Texas law, it is intended that the plan be constructed and administered in a manner that the retirement system will be considered qualified under Section 401(a) of the Internal Revenue Code. All full-time and part-time non-temporary employees participate in the plan, regardless of the number of hours they work in a year. Employees in a temporary position are not eligible for membership.

TCDRS does not receive funding from the State of Texas. Each plan is funded by employers, members, and investment earnings. TCDRS is administered by a nine-person board of trustees appointed by the governor and confirmed by the Texas Senate. The board appoints a director, who is responsible for the day-to-day operations, and a chief investment officer, who oversees investment operations.

Benefits Provided

TCDRS provides retirement, disability, and survivor benefits. Benefit provisions are adopted by the governing body of the County, within the options available in the state statutes governing TCDRS.

At retirement, retirees elect to receive their monthly lifetime benefit by choosing from one of the seven payment options. Employers may allow partial lump-sum payments. This allows for the retiring member to receive an immediate lump-sum payment not to exceed their account balance, and choose a reduced lifetime benefit from the payment options.

**FRANKLIN COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 30, 2019**

H. PENSION PLAN (Continued)

Plan provisions for the County were as follows:

	Plan Year 2018	Plan Year 2017
Employee deposit rate	7%	7%
Employer contribution rate	12%	12%
Years required for vesting	8 years	8 years
Rule of age for retirement	75 years	75 years
Service years for retirement of any age	30 years	30 years
Partial lump-sum payment option	No	No

Plan Membership

At the December 31, 2018 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	60
Inactive employees entitled to but not yet receiving benefits	53
Active employees	82
Total	195

Contributions

The contribution rates for employees in TCDRS is 4%, 5%, 6%, or 7% of employee's gross earnings, and the County is required by law, to contribute at actuarially determined rates that are determined annually. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees of the County were required to contribute 7% of their annual earnings during the fiscal year. The contribution rate for the County was 12% for the calendar years 2019 and 2018. The County's contribution to TCDRS for the current fiscal year was \$368,059.

Net Pension Liability

The County's Net Pension Liability (NPL) was measured as of December 31, 2018, and the total pension liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions:

TCDRS system-wide economic assumptions:	
Real rate of return	5.25%
Inflation	2.75%
Long-term investment return	8.00%
Employer-specific economic assumptions:	
Growth in membership	0.0%
Payroll growth for funding calculations	3.25%

The County has no automatic cost of living adjustment ("COLA") and one is not considered to be substantively automatic under GASB 68. Therefore, no assumption for future cost-of-living adjustments is included in the GASB calculation or in the following valuation.

The annual salary increase rates for individual members vary by length of service and by entry-age group. The annual rates consist of a general wage inflation component of 3.25% (made up of 2.75% inflation and 0.5% productivity increase assumptions) and a merit, promotion and longevity component that on average approximates 1.6% per year for a career employee. Salary increases were based on a service-related table.

**FRANKLIN COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 30, 2019**

H. PENSION PLAN (Continued)

Mortality rates for active members, retirees, and beneficiaries were based on the following:

Depositing members	90% of the RP-2014 Active Employee Mortality Table for males and 90% of the RP-2014 Active Mortality Table for females, projected with 110% of the MP-2014 Ultimate scale after 2014.
Service retirees, beneficiaries and non-depositing members	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Health Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.
Disabled retirees	130% of the RP-2014 Disabled Annuitant Mortality Table for males and 115% of the RP-2014 Disabled Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.

The actuarial cost method was Entry Age Normal, as required by GASB 68. The amortization method was a level percentage of payroll, closed.

The actuarial assumptions that determined the total pension liability as of December 31, 2018, were based on the results of actuarial experience study for the period January 1, 2013 - December 31, 2016, except where required to be different by GASB 68. Updated mortality assumptions were adopted in 2017.

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation of expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown are based on January 2018 information for a 10 year time horizon.

The valuation assumption for long-term expected return is re-assessed at a minimum of every four years, and is set based on a 30-year time horizon; the most recent analysis was performed in 2017. The following target asset allocation was adopted by the TCDRS board in April 2018. The geometric real rate of return is net of inflation, assumed at 1.95%, per Cliffwater LLC's 2018 capital market assumptions.

Asset Class	Target Allocation	Geometric Real Rate of Return (Expected Minus Inflation)
US Equities	10.50%	5.40%
Private Equity	18.00%	8.40%
Global Equities	2.50%	5.70%
International Equities-Developed	10.00%	5.40%
International Equities-Emerging	7.00%	5.90%
Investment-Grade Bonds	3.00%	1.60%
Strategic Credit	12.00%	4.39%
Direct Lending	11.00%	7.95%
Distressed Debt	2.00%	7.20%
REIT Equities	2.00%	4.15%
Master Limited Partnerships	3.00%	5.35%
Private Real Estate Partnerships	6.00%	6.30%
Hedge Funds	13.00%	3.90%
Total	100.00%	

Discount Rate

The discount rate used to measure the total pension liability was 8.10%. This rate reflected the long-term rate of return funding valuation assumption of 8.00% plus 0.10% adjustment to be gross of administrative expense as required by GASB 68.

The plan's fiduciary net position is projected to be available to make all projected future benefit payments of current active, inactive, and retired members. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return, and the municipal bond rate does not apply.

**FRANKLIN COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 30, 2019**

H. PENSION PLAN (Continued)

Sensitivity Analysis

The following presents the net pension liability of the County, calculated using the rate of 8.10%, as well as what the County's net position liability would be if it were calculated using a discount rate that is 1 percentage point lower (7.10%) or 1 percentage point higher (9.10%) than the current rate.

	1% Decrease in Discount Rate 7.10%	Discount Rate 8.10%	1% Increase in Discount Rate 9.10%
Total pension liability	\$ 14,486,802	\$ 12,914,832	\$ 11,586,423
Fiduciary net position	11,730,038	11,730,038	11,730,038
Net pension liability/(asset)	<u>\$ 2,756,764</u>	<u>\$ 1,184,794</u>	<u>\$ (143,615)</u>

Change in Net Pension Liability

	Increase (Decrease)		
	Plan		
	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/17	\$ 12,333,214	\$ 12,088,384	\$ 244,830
Changes for the year:			
Service cost	371,643	-	371,643
Interest on total pension liability	1,003,272	-	1,003,272
Effect of plan changes	-	-	-
Effect of economic/demographic gains or losses	(143,065)	-	(143,065)
Effect of assumptions changes or inputs	-	-	-
Refund of contributions	(24,373)	(24,373)	-
Benefit payments	(625,859)	(625,859)	-
Administrative expenses	-	(9,422)	9,422
Member contributions	-	195,342	(195,342)
Net investment income	-	(226,545)	226,545
Employer contributions	-	334,872	(334,872)
Other	-	(2,361)	2,361
Net Changes	<u>581,618</u>	<u>(358,346)</u>	<u>939,964</u>
Balance at 12/31/18	<u>\$ 12,914,832</u>	<u>\$ 11,730,038</u>	<u>\$ 1,184,794</u>

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in a separately-issued TCDRS financial report. This report may be obtained on the TCDRS website at www.TCDRS.org.

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

For the year ended December 31, 2019, the County recognized pension expense of \$541,287.

At December 31, 2019, the County reported deferred outflows and inflows related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual economic experience	\$ 50,681	\$ 206,708
Changes in actuarial assumptions	37,809	-
Differences between projected and actual investment earnings	744,116	-
Contributions subsequent to the measurement date of December 31, 2018	352,209	-
Total	<u>\$ 1,184,815</u>	<u>\$ 206,708</u>

**FRANKLIN COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 30, 2019**

H. PENSION PLAN (Continued)

County contributions subsequent to the measurement date of \$352,209 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ending December 31, 2019. Other amounts reported as deferred outflow of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	
2019	282,249
2020	59,211
2021	44,344
2022	240,094
2023	-
Thereafter	-
Total	\$ 625,898

Group Term Life Insurance

The County participates in a cost-sharing multiple-employer defined benefit group-term life insurance plan operated by the TCDRS. This plan is referred to as the Group Term Life Fund ("GTLF"). This optional plan provides group term life insurance coverage to current eligible employees and, if elected by employers, to retired employees. The County has elected to cover eligible retired employees. The coverage provided to retired employees is a postemployment benefit other than pension benefits ("OPEB"). Retired employees are insured for \$5,000.

Group-term Life Insurance

Depositing members	90% of the RP-2014 Active Employee Mortality Table for males and 90% of the RP-2014 Active Mortality Table for females, projected with 110% of the MP-2014 Ultimate scale after 2014.
Service retirees, beneficiaries and non-depositing members	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Health Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.
Disabled retirees	130% of the RP-2014 Disabled Annuitant Mortality Table for males and 115% of the RP-2014 Disabled Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study for the period January 1, 2013 to December 31, 2016.

Membership

Number of:	12/31/2018	12/31/2017
-Inactive employees currently receiving benefits	46	43
-Inactive employees entitled to but not yet receiving benefits	11	13
-Active employees	82	72
-Average age of active employees	46.53	46.78
-Average length of service in years for active employees	9.39	9.62

Changes in the Total OPEB Liability:

Total OPEB Liability - beginning of year	\$ 205,827
Changes for the year:	
Service costs	5,269
Interest on Total OPEB Liability	7,138
Changes in benefit terms	-
Effect of economic/demographic experience	(3,728)
Effect of assumptions changes or inputs	(18,571)
Benefit payments	(7,256)
Total OPEB Liability - end of year	<u>\$ 188,679</u>

**FRANKLIN COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 30, 2019**

H. PENSION PLAN (Continued)

The following presents the Total OPEB Liability of Franklin County, Texas, as well as what the County's Total OPEB Liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.10 percent) or 1-percentage-point higher (5.10%) than the current discount rate.

	1% Decrease (3.10%)	Current Discount (4.10)	1% Increase (5.10%)
Total OPEB Liability	\$ 217,978	\$ 188,679	\$ 165,249

Deferred (Inflows)/Outflows of Resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 8,706
Changes in assumptions and other inputs	4,988	15,476
Contributions made subsequent to measurement date	5,864	-
Total	\$ 10,852	\$ 24,182

Amounts reported as deferred outflows of resources and deferred inflow of resources related to OPEB will be recognized in OPEB expense as follows:

	Net Deferred Outflows (Inflows) of Resources
2019	\$ (3,869)
2020	(3,869)
2021	(3,869)
2022	(3,869)
2023	(3,718)
Thereafter	-
Total	\$ (19,194)

The Group Term Life (GTL) program is a separate trust administered by the TCDRS board of trustees. Each participating employer contributes to the plan based on a contractually required rate. An annual actuarial valuation is performed and the contractual rate is determined annually on an actuarial method and is equal to the cost of providing a one-year death benefit equal to \$5,000.

I. HEALTH CARE COVERAGE

During the year ended December 31, 2019, employees of the County were covered by a health plan with Blue Cross Blue Shield. The County pays all of the employees' insurance premium which is \$721 per month per employee. Employees, at their option, authorize payroll withholding to pay contributions for dependents. The plan was authorized by Article 3.51-2, Texas Insurance Code and was documented by contractual agreement.

J. RISK MANAGEMENT

The County is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. The County had general liability coverage at a cost that is considered to be economically justifiable. There were no significant reductions in commercial insurance coverage in the past year and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

**FRANKLIN COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 30, 2019**

K. INTERFUND TRANSACTIONS

Transfers between funds during the year were as follows:

Transfers Out	Transfers In				Total
	Governmental			Enterprise	
	General Fund	Countywide Road & Bridge Funds	Nonmajor Funds	Airport Fund	
General Fund	\$ 814,596	\$ -	\$ -	\$ -	\$ 814,596
Road & Bridge Funds	-	855,081	-	-	855,081
Countywide Road & Bridge Fund	-	(869,616)	-	-	(869,616)
Non-Major Governmental Funds	-	-	(809,061)	-	(809,061)
Airport Fund	-	-	-	9,000	9,000
Total	\$ 814,596	\$ (14,535)	\$ (809,061)	\$ 9,000	\$ -

L. LITIGATION

The County is a party to various legal proceedings arising in the ordinary course of its operations. Management believes that the County has adequate legal defenses and/or insurance coverage respecting each of these actions.

M. SUBSEQUENT EVENTS

The County has evaluated all events and transactions that occurred after December 31, 2019 up through May 25, 2020, the date the financial statements were available to be issued. During this time, management is not aware of any events requiring financial statement disclosure other than those mentioned within the report.



REQUIRED SUPPLEMENTARY INFORMATION

**FRANKLIN COUNTY, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2019**

**SCHEDULE OF CONTRIBUTIONS
LAST FIVE FISCAL YEARS (UNAUDITED)**

	<u>12/31/2018</u>	<u>12/31/2017</u>	<u>12/31/2016</u>	<u>12/31/2015</u>	<u>12/31/2014</u>
Actuarially determined contribution	\$ 294,129	\$ 269,066	\$ 287,666	\$ 280,314	\$ 276,515
Contributions in relation to the actuarially determined contribution	\$ 334,871	\$ 319,051	\$ 329,388	\$ 312,037	\$ 298,937
Contributions deficiency (excess)	\$ (40,742)	\$ (49,985)	\$ (41,722)	\$ (31,723)	\$ (22,422)
Covered employee payroll	\$ 2,790,596	\$ 2,658,758	\$ 2,744,908	\$ 2,600,316	\$ 2,491,125
Contributions as a percentage of covered-employee payroll	12.00%	12.00%	12.00%	12.00%	12.00%
	<u>12/31/2013</u>	<u>12/31/2012</u>	<u>12/31/2011</u>	<u>12/31/2010</u>	<u>12/31/2009</u>
Actuarially determined contribution	\$ 254,260	\$ 243,821	\$ 231,108	\$ 222,443	\$ 212,271
Contributions in relation to the actuarially determined contribution	\$ 257,169	\$ 255,735	\$ 255,236	\$ 228,986	\$ 221,868
Contributions deficiency (excess)	\$ (2,909)	\$ (11,914)	\$ (24,128)	\$ (6,543)	\$ (9,597)
Covered employee payroll	\$ 2,354,261	\$ 2,308,911	\$ 2,320,363	\$ 2,180,817	\$ 2,284,943
Contributions as a percentage of covered-employee payroll	10.92%	11.08%	11.00%	10.50%	9.71%

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date:

Notes

Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	7.6 years (based on contribution rate calculated in 12/31/2018 valuation)
Asset Valuation Method	5-year smoothed market
Inflation	2.75%
Salary Increases	Varies by age and service, 4.9% average over career, including inflation.
Investment Rate of Return	8.00%, net of administrative and investment expenses, including inflation
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.

Mortality 130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.

Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions
2015: New inflation mortality and other assumptions were reflected.
2017: New mortality assumptions were reflected.

Changes in Plan Provisions Reflected in the Schedule of Employer Contributions
2015: No changes in plan provisions were reflected in the Schedule.
2016: No Changes in plan provisions were reflected in the Schedule.

**FRANKLIN COUNTY, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2019**

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS-TCDRS**

	12/31/2018	12/31/2017	12/31/2016	12/31/2015	12/31/2014
Total Pension Liability					
Service cost	\$ 371,643	\$ 378,768	\$ 402,584	\$ 348,731	\$ 316,773
Interest (on the Total Pension Liability)	1,003,272	956,292	869,522	816,438	757,571
Changes of benefit terms	-	-	-	(61,617)	-
Difference between expected and actual experience	(143,065)	(165,682)	202,724	(48,288)	76,095
Change of assumptions	-	63,015	-	117,919	-
Benefit payments, including refunds of employee contributions	(650,232)	(640,503)	(531,601)	(502,212)	(433,060)
Net Change in Total Pension Liability	581,618	591,890	943,229	670,971	717,379
Total Pension Liability - Beginning	12,333,214	11,741,324	10,798,095	10,127,124	9,409,745
Total Pension Liability - Ending	\$ 12,914,832	\$ 12,333,214	\$ 11,741,324	\$ 10,798,095	\$ 10,127,124
Plan Fiduciary Net Position					
Contribution - employer	\$ 334,871	\$ 319,051	\$ 329,388	\$ 312,037	\$ 298,937
Contribution - employee	195,342	186,113	212,144	182,022	174,379
Net investment income	(226,545)	1,556,338	725,889	(56,271)	633,076
Benefit payments, including refunds of employee contributions	(650,232)	(640,503)	(531,601)	(502,212)	(433,060)
Administrative expense	(9,422)	(8,039)	(7,887)	(7,071)	(7,344)
Other	(2,360)	(1,890)	139,697	32,088	(38,394)
Net Change in Plan Fiduciary Net Position	(358,346)	1,411,070	867,630	(39,407)	627,594
Plan Fiduciary Net Position - Beginning	12,088,384	10,677,314	9,809,684	9,849,091	9,221,497
Plan Fiduciary Net Position - Ending	\$ 11,730,038	\$ 12,088,384	\$ 10,677,314	\$ 9,809,684	\$ 9,849,091
Net Pension Liability - Ending	\$ 1,184,794	\$ 244,830	\$ 1,064,010	\$ 988,411	\$ 278,033
Plan Fiduciary Net Position as a percentage of Total Pension Liability	90.83%	98.01%	90.94%	90.85%	97.25%
Covered employee payroll	\$ 2,790,596	\$ 2,658,758	\$ 2,744,908	\$ 2,600,316	\$ 2,491,125
Net Pension Liability as a percentage of covered employee payroll	42.46%	9.21%	38.76%	38.01%	11.16%

Note: Years will be added until there are 10 years of comparison

**FRANKLIN COUNTY, TEXAS
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
AND RELATED RATIOS-TCDRS
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>12/31/2018</u>	<u>12/31/2017</u>
Total OPEB Liability		
Service cost	\$ 5,269	\$ 4,544
Interest (on the Total OPEB liability)	7,138	7,652
Changes of benefit terms	-	-
Difference between expected and actual experience	(3,728)	(8,398)
Change of assumptions	(18,571)	7,482
Benefit payments, including refunds of employee contributions	(7,256)	(6,647)
Net Change in Total Pension Liability	<u>(17,148)</u>	<u>4,633</u>
Total OPEB Liability - Beginning	<u>205,827</u>	<u>201,194</u>
Total OPEB Liability - Ending	<u><u>\$ 188,679</u></u>	<u><u>\$ 205,827</u></u>
Covered employee payroll	\$ 2,790,596	\$ 2,658,758
Total OPEB liability as a percentage of covered employee payroll	6.76%	7.74%

See accompanying notes to these financial statements for more detail.

Note: Years will continue to be added until there are 10 years for comparison

SUPPLEMENTAL INFORMATION

**FRANKLIN COUNTY, TEXAS
COMBINING BALANCE SHEET
ROAD AND BRIDGE FUNDS
DECEMBER 31, 2019**

	Road and Bridge Fund # 1	Road and Bridge Fund # 2	Road and Bridge Fund # 3	Road and Bridge Fund # 4	Total Road and Bridge Funds
ASSETS					
Cash and Investments:					
Unrestricted	\$ 352,978	\$ 438,661	\$ 210,440	\$ 134,314	\$ 1,136,393
Receivables (net of allowances for uncollectible)	46,993	52,052	37,384	34,191	170,620
Total Assets	<u>399,971</u>	<u>490,713</u>	<u>247,824</u>	<u>168,505</u>	<u>1,307,013</u>
LIABILITIES					
Accounts Payable	8,514	9,710	5,687	8,347	32,258
Other Liabilities	20,000	1,448	-	(252)	21,196
Total Liabilities	<u>28,514</u>	<u>11,158</u>	<u>5,687</u>	<u>8,095</u>	<u>53,454</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property tax	94,081	64,168	74,843	68,450	301,542
Total Deferred Inflows of Resources	<u>94,081</u>	<u>64,168</u>	<u>74,843</u>	<u>68,450</u>	<u>301,542</u>
FUND BALANCES					
Assigned:					
Road and bridge	277,376	415,387	167,294	91,960	952,017
Total Fund Balances	<u>277,376</u>	<u>415,387</u>	<u>167,294</u>	<u>91,960</u>	<u>952,017</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 399,971</u>	<u>\$ 490,713</u>	<u>\$ 247,824</u>	<u>\$ 168,505</u>	<u>\$ 1,307,013</u>

**FRANKLIN COUNTY, TEXAS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE - ROAD AND BRIDGE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2019**

	Road and Bridge Fund # 1	Road and Bridge Fund # 2	Road and Bridge Fund # 3	Road and Bridge Fund # 4	Total Road and Bridge Funds
REVENUE					
Property taxes	\$ 88,713	\$ 60,507	\$ 70,572	\$ 64,544	\$ 284,336
Charges for services	40,798	27,826	32,455	29,683	130,762
Intergovernmental revenue	-	361,317	-	-	361,317
Interest on investments	5,540	5,305	3,493	2,746	17,084
Miscellaneous	33,565	1,790	25,475	26,540	87,370
Total Revenues	168,616	456,745	131,995	123,513	880,869
EXPENDITURES					
Current:					
Public works	551,726	493,525	446,690	418,764	1,910,705
Capital outlay:					
Public works	142,229	-	76,050	62,563	280,842
Total Expenditures	693,955	493,525	522,740	481,327	2,191,547
Excess (deficiency) of revenues over (under) expenditures	(525,339)	(36,780)	(390,745)	(357,814)	(1,310,678)
Other Revenues and Financing Sources (uses)					
Transfers In(Out)	570,960	239,424	454,206	415,410	1,680,000
Debt service	-	-	-	-	-
Total Other Financing Sources (uses)	570,960	239,424	454,206	415,410	1,680,000
Net Change in Fund Balances	45,621	202,644	63,461	57,596	369,322
Fund Balances/Equity, beginning of year	231,755	212,743	103,833	34,364	582,695
Fund Balances/Equity, end of year	\$ 277,376	\$ 415,387	\$ 167,294	\$ 91,960	\$ 952,017

**FRANKLIN COUNTY, TEXAS
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 DECEMBER 31, 2018**

	<u>Record Retention</u>	<u>County Record Retention</u>	<u>Archival Fund</u>
ASSETS			
Cash and Investments:			
Unrestricted	\$ -	\$ -	\$ -
Restricted	259,504	39,344	164,616
Investments	-	-	-
Receivables (net of allowances for uncollectible)	-	-	-
Prepaid expenses	-	-	-
Inventory	-	-	-
Total Assets	<u>259,504</u>	<u>39,344</u>	<u>164,616</u>
LIABILITIES			
Accounts Payable	195	-	-
Other Liabilities	-	-	-
Total Liabilities	<u>195</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Property Tax	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Nonexpendable:			
Endowment	-	-	-
Restricted for:			
Library	-	-	-
Hotel	-	-	-
Court	259,309	39,344	164,616
Debt service	-	-	-
Attorney	-	-	-
Revolving loan	-	-	-
Commissary	-	-	-
Total Fund Balances	<u>259,309</u>	<u>39,344</u>	<u>164,616</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 259,504</u>	<u>\$ 39,344</u>	<u>\$ 164,616</u>

Record Management District Clerk	District Clerk Technology	Courthouse Security	Justice Court Technology	Revolving Loan	Attorney Check Collection	State Agency
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2,802	3,606	83,330	3,511	125,916	8,228	40,324
-	-	-	-	-	-	-
-	-	-	-	39,796	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>2,802</u>	<u>3,606</u>	<u>83,330</u>	<u>3,511</u>	<u>165,712</u>	<u>8,228</u>	<u>40,324</u>
-	-	-	-	-	-	40,324
-	-	-	-	-	-	-
-	-	-	-	-	-	<u>40,324</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
2,802	3,606	83,330	3,511	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	8,228	-
-	-	-	-	165,712	-	-
-	-	-	-	-	-	-
<u>2,802</u>	<u>3,606</u>	<u>83,330</u>	<u>3,511</u>	<u>165,712</u>	<u>8,228</u>	<u>-</u>
<u>\$ 2,802</u>	<u>\$ 3,606</u>	<u>\$ 83,330</u>	<u>\$ 3,511</u>	<u>\$ 165,712</u>	<u>\$ 8,228</u>	<u>\$ 40,324</u>

Hotel / Motel Tax	County Law Library	Commissary	Total	Permanent Fund Bruce Endowment Fund	Debt Service Fund Interest & Sinking	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 10,095	\$ -	\$ 10,095
143,435	61,718	91,127	1,027,461	271,626	34,701	1,333,788
-	-	-	-	-	-	-
-	-	-	39,796	-	27,352	67,148
-	-	-	-	-	-	-
-	-	9,226	9,226	-	-	9,226
<u>143,435</u>	<u>61,718</u>	<u>100,353</u>	<u>1,076,483</u>	<u>281,721</u>	<u>62,053</u>	<u>1,420,257</u>
-	83	1,310	41,912	-	-	41,912
-	-	-	-	-	-	-
-	<u>83</u>	<u>1,310</u>	<u>41,912</u>	-	-	<u>41,912</u>
-	-	-	-	-	55,349	55,349
-	-	-	-	-	<u>55,349</u>	<u>55,349</u>
-	-	-	-	281,721	-	281,721
-	-	-	-	-	-	-
143,435	-	-	143,435	-	-	143,435
-	61,635	-	618,153	-	-	618,153
-	-	-	-	-	6,704	6,704
-	-	-	8,228	-	-	8,228
-	-	-	165,712	-	-	165,712
-	-	99,043	99,043	-	-	99,043
<u>143,435</u>	<u>61,635</u>	<u>99,043</u>	<u>1,034,571</u>	<u>281,721</u>	<u>6,704</u>	<u>1,322,996</u>
<u>\$ 143,435</u>	<u>\$ 61,718</u>	<u>\$ 100,353</u>	<u>\$ 1,076,483</u>	<u>\$ 281,721</u>	<u>\$ 62,053</u>	<u>\$ 1,420,257</u>

**FRANKLIN COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Record Retention</u>	<u>County Record Retention</u>	<u>Archival Fund</u>
REVENUES			
Property taxes	\$ -	\$ -	\$ -
Sales tax collected	-	-	-
Hotel	-	-	-
Charge for services	-	-	-
Fines and forfeitures	42,189	2,601	29,185
Licenses and permits	-	-	-
Investment income	3,482	558	2,254
Miscellaneous	-	-	-
Total Revenues	<u>45,671</u>	<u>3,159</u>	<u>31,439</u>
EXPENDITURES			
Current:			
General government	31,443	-	16,489
Public safety	-	-	-
Judicial	-	-	-
Parks and recreation	-	-	-
Public works	-	-	-
Library	-	-	-
Debt Service:			
Principal retirement	-	-	-
Interest and fiscal agent fees	-	-	-
Capital Outlays:			
General government	-	-	-
Judicial	-	-	-
Library	-	-	-
Public works	-	-	-
Public safety	-	-	-
Parks and recreation	-	-	-
Total Expenditures	<u>31,443</u>	<u>-</u>	<u>16,489</u>
Excess (deficiency) of revenues over (under) expenditures	<u>14,228</u>	<u>3,159</u>	<u>14,950</u>
Other Revenues and Financing Sources (uses)			
Bond proceeds			
Sale of assets			
Transfers	-	-	-
Total Other Financing Sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	14,228	3,159	14,950
Fund Balances, January 1	245,081	36,185	149,666
Fund Balances, December 31	<u>\$ 259,309</u>	<u>\$ 39,344</u>	<u>\$ 164,616</u>

Record Management District Clerk	District Clerk Technology	Courthouse Security	Justice Court Technology	Revolving Loan	Attorney Check Collection	State Agency
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
2,281	1,516	9,251	4,605	-	350	165,780
-	-	-	-	-	-	4,124
155	75	1,216	-	2,515	118	-
-	-	-	-	-	-	-
<u>2,436</u>	<u>1,591</u>	<u>10,467</u>	<u>4,605</u>	<u>2,515</u>	<u>468</u>	<u>169,904</u>
-	-	-	-	-	-	1,523
-	-	-	-	-	-	-
-	-	4,492	3,439	-	-	196,672
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
27,500	6,822	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>27,500</u>	<u>6,822</u>	<u>4,492</u>	<u>3,439</u>	<u>-</u>	<u>-</u>	<u>198,195</u>
<u>(25,064)</u>	<u>(5,231)</u>	<u>5,975</u>	<u>1,166</u>	<u>2,515</u>	<u>468</u>	<u>(28,291)</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>(25,064)</u>	<u>(5,231)</u>	<u>5,975</u>	<u>1,166</u>	<u>2,515</u>	<u>468</u>	<u>(28,291)</u>
27,866	8,837	77,355	2,345	163,197	7,760	28,291
<u>\$ 2,802</u>	<u>\$ 3,606</u>	<u>\$ 83,330</u>	<u>\$ 3,511</u>	<u>\$ 165,712</u>	<u>\$ 8,228</u>	<u>\$ -</u>

Hotel / Motel Tax	County Law Library	Commissary	Total	Permanent	Debt	Total Nonmajor Governmental Funds
				Fund	Service	
				Bruce Endowment Fund	Interest & Sinking	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 65,300	\$ 65,300
-	-	-	-	-	-	-
56,196	-	-	56,196	-	-	56,196
-	-	96,358	96,358	-	-	96,358
-	5,493	-	263,251	-	-	263,251
-	-	-	4,124	-	-	4,124
-	900	2,800	14,073	8,352	609	23,034
-	-	-	-	-	-	-
<u>56,196</u>	<u>6,393</u>	<u>99,158</u>	<u>434,002</u>	<u>8,352</u>	<u>65,909</u>	<u>508,263</u>
-	-	-	49,455	4,000	-	53,455
-	-	119,031	119,031	-	-	119,031
-	3,168	-	207,771	-	-	207,771
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	59,281	59,281
-	-	-	-	-	1,394	1,394
-	-	-	-	-	-	-
-	-	-	34,322	-	-	34,322
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	3,168	119,031	410,579	4,000	60,675	475,254
56,196	3,225	(19,873)	23,423	4,352	5,234	33,009
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
56,196	3,225	(19,873)	23,423	4,352	5,234	33,009
87,239	58,410	118,916	1,011,148	277,369	1,470	1,289,987
<u>\$ 143,435</u>	<u>\$ 61,635</u>	<u>\$ 99,043</u>	<u>\$ 1,034,571</u>	<u>\$ 281,721</u>	<u>\$ 6,704</u>	<u>\$ 1,322,996</u>