

Polk County, Texas

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED SEPTEMBER 30, 2020



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*COMPREHENSIVE
ANNUAL FINANCIAL REPORT*

of

POLK COUNTY, TEXAS

For the Year Ended
September 30, 2020

Prepared by:
County Auditor's Office

Louis Ploth
County Auditor

POLK COUNTY, TEXAS

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INTRODUCTORY SECTION

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Polk County Auditor
E. Church St., Suite 108
Livingston, Texas 77351

Polk County

Livingston, Texas

March 17, 2021

State law requires that every general purpose local government publish, within six months of the close of each fiscal year, a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended September 30, 2020.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free from material misstatement.

Belt Harris Pechacek, LLLP, Certified Public Accountants, has issued an unmodified (“clean”) opinion on Polk County’s (the “County”) financial statements for the year ended September 30, 2020. The independent auditors’ report is the first item in the financial section of this report.

Management’s discussion and analysis (MD&A) immediately follows the independent auditors’ report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of Polk County

Polk County was formed in 1846 as a political subdivision of the Republic of Texas. The County was named in honor of James K. Polk, then President of the United States. The County is located in the tall pine forests of deep east Texas, about 70 miles north of Houston. It occupies a total of 1,095 square miles and serves an estimated population of 51,353. The County is empowered to levy a property tax on real property located within its boundaries.

The County’s governing body is the Commissioners’ Court (the “Court”). The Texas Constitution specifies that the Court consists of a County Judge, who is elected at large and serves as presiding officer, and four County commissioners elected by the voters of their individual precincts. The Court exercises the powers provided by law to conduct the varied business of the County. The Local Government Code prescribes the duties and grants authority to the Court and other County officers relating to financial management. In compliance with state statutes, the Court maintains budgetary control to ensure that provisions embodied within the annually appropriated budget are met for most County functions. According to the budget laws of the State of Texas, expenditures may not exceed the amount appropriated for each fund.

The County provides a full range of services complemented by statute or charter. This includes law enforcement, legal and judicial services, licenses and permits, vital statistics, waste management facilities, construction and maintenance of roads and bridges, and other infrastructure. The County, as the financial reporting entity, includes all the funds of the primary government (i.e., the County as legally defined), as well as any component units. Component units are legally separate entities for which the primary government is financially accountable. The County has one component unit: IAH Public Facility Corporation, which is reported separately within the County's financial statements. Additional information on this legally separate entity can be found in the notes to the financial statements (see note I.A).

The Court is required to adopt a budget for the fiscal year no later than September 30 preceding the beginning of the fiscal year on October 1. This annual budget serves as the foundation for the County's financial planning and control. The budget is prepared by fund, function (e.g., public safety), and department (e.g., sheriff). The County adopts an itemized budget. Any transfers within and between departments requires approval from the Court.

Local Economy

The County's local economy of farming changed drastically in the 1800's, when the railroads came into the area, to a timber economy. Today, the timber industry is still a vital part of the local economy and the County's largest employer. The County is the State's largest producer of timber, with over half the land in the County owned by the timber industry. The land of the County is over 80 percent forest and made up of predominantly pine trees.

The County's close proximity to the greater Houston area (fourth largest city in the U.S.) provides the County numerous benefits, the first of which is access to an international airport only 56 miles from the County Courthouse. The County's recreational opportunities also provide an excellent retreat for big city dwellers wanting to escape to a more relaxed lifestyle. Although the County is easily accessible to the Texas Medical Center in Houston, first class medical services are available from CHI St. Luke's Health Memorial Livingston, which opened its \$25 million facility in the summer of 2000 and has completed a five-year, \$30 million expansion and improvement program. The complex, located on the Highway 59 Bypass, includes a 66-bed hospital with emergency, surgery, intensive care/critical care, cardiopulmonary, radiology, and women's health departments supported by a community of skilled physicians and specialists.

Construction in 2017 expanded our Memorial Livingston Emergency Department to 23,500 square feet. With state-of-the-art technology and increased resources, our Emergency Department can now serve even more of our growing community. The new facility includes 26 treatment stations, including 3 trauma rooms, 16 exam rooms, and adjacent radiology, ultrasound, and CT rooms. There are also designated areas for disaster response and decontamination.

Due to the COVID-19 pandemic, the Polk County unemployment rate has increased to 9.7% as of September 2020 with Texas at 8.3% and the U.S. at 7.8% per the information reported on the Texas Labor Market Information website. During the past ten years, the unemployment rate has varied from a low of 4.6% in the year 2018, to a peak high of 10.5% in the year 2010.

Median household incomes within the County are lower than the State as a whole. According to the U.S. Census Bureau (the most recent data in 2019 dollars), Polk County's median household income was \$49,279 with the median income in Texas at \$61,874; while the median income in the United States was at \$62,843. The County's population has increased from the 2010 census from 45,413 to an estimated 51,353 as of July 2019. It is possible that people have started moving back due to the prior decrease in fuel costs. According to the latest information available (stated in 2019 dollars), the U.S. housing market has increased to a median price of \$217,500 for a single family home and increased to \$110,200 in Polk County. With

the exception of the recent COVID-19 pandemic, over the past ten plus years, the County has experienced a period of economic growth and investment.

The County currently has “A+/Stable” bond ratings by Standard & Poor’s. The County continues to work with its financial advisors and bond counsel to manage debt service to offset any new debt issued with older debt and limiting the impact to the budget.

Through tax abatement incentives and additional support in applications for the Texas Enterprise Zone and Texas Capital Fund programs, the County will experience the positive impact of the East Texas Hydroelectric Plant at the Lake Livingston dam which was completed in December 2020 as well as completed projects such as Roy O. Martin’s construction of the Corrigan OSB Plant, and expansion of the Georgia Pacific plant in Camden. The Roy O. Martin Corrigan OSB plant started operations in 2017 and added 165 new jobs to Polk County.

Efforts to retain existing business and attract new business and industry to the area serve to increase employment opportunities and strengthen the County’s tax base. In the fiscal year 2021, the County saw the start of an upsurge in new restaurants coming into the area which includes Chick fil-A, Panda Express, and Starbucks.

The Polk County College/Commerce Center (the “Center”), located on the Highway 59 Bypass near the hospital, provides advanced curriculum study and technical training through Angelina College and offers much needed public auditorium space. The Center construction began in fiscal year 2012 and opened for its first event in August 2013. Angelina College opened the doors for the fall 2013 semester with both day and evening classes. The County financed this project (not tax supported) with an Economic Development Grant of \$4,000,000 and an additional \$3,537,864 in Disaster Recovery and Community Development Block Grant funds. Locally, additional funds were raised in the amount of \$1,755,929 and \$750,000 in support and was pledged by the T.L.L. Temple Foundation. The Center provides a conference center capable of meeting local needs that were previously found only in communities located 50 to 60 miles away and has a very favorable impact on the local economy.

During fiscal year 2018, the County completed the construction on a Polk County Senior Center (“the Senior Center”), which was funded by a grant from the U.S. Department of Housing and Urban Development in the amount of \$275,000 and matching County funds of \$125,000. The Senior Center’s grand opening was held on February 14, 2018. Due to the COVID-19 pandemic, the facility had to be closed down temporarily but is expected to reopen in March 2021. During this close down home meals were still being delivered to senior citizens and the center was open one day a week for seniors to pick up that week’s meals.

In fiscal year 2019, the County continued to fund the full cost of employee health insurance premiums, unlike many counties and other employers responding to rising health insurance costs by requiring employee contributions toward their insurance premiums. In fiscal year 2019, the Commissioners Court implemented a new salary schedule based on a third-party study of County employee salaries and benefits. All employees received an adjustment of at least 2.5%, while some employees received more to bring their salary up to market minimum and some employees received more to reflect their length of employment with the County. In the fiscal year 2020 budget, the Commissioners Court was able to provide a final salary adjustment to all employees that had been with the County for a minimum of eight years, thus completing the implementation of the new salary schedule. The County contributed \$627,000 of the funding recommended by the actuary for the Retiree Health Benefits Trust to ensure availability of health insurance benefits to eligible County retirees and the necessary funding to meet the contribution rate determined annually by the Texas County and District Retirement System to fully fund retiree pensions.

Total fund balance (the total of the nonspendable, restricted, committed, assigned, and unassigned components of fund balance) in the general fund at year end was 59% of total general fund expenditures. This amount was above the policy guidelines set by the Court for budgetary and planning purposes (i.e., three months of general fund expenditures, approximately 25%). The year end amount is above the minimum target set by the policy guidelines because of a \$1,282,654 in revenues over expenditures during the year ended September 30, 2020.

Relevant Financial Policies

The County has a policy that requires the adoption of a balanced annual operating budget (i.e., estimated revenues equal to or in excess of appropriations). The County had budgeted for revenues to exceed expenditures based on the original adopted budget. In cases where expenditures exceed appropriations, the policy allows for the appropriation of fund balance to close the gap. However, thanks to measures taken during the year to control expenditures, the County did not have to rely on any fund balance to close any operating deficit.

In addition to the increase in the fund balance during the fiscal year, the County was also able to maintain an adequate fund balance, which is in compliance with the minimum fund balance policy (i.e., three months of general fund expenditures, approximately 25%), approved by the Court.

Economic Factors and Next Year's Budget

The economy faced several challenges in the fiscal year 2020 due to the COVID-19 pandemic, causing the Commissioners' Court to face challenges during the 2021 budget process. At this time, the County cannot assess the long-term outcome of the Senate Bill 2 that restricts the County's ability to increase tax rates. Sales tax revenue is expected to remain relatively constant during the fiscal year 2021 as compared to fiscal year 2020. The fiscal year 2021 budget for current property taxes is expected to generate \$13,132,389, which is an increase of \$216,075 over the fiscal year 2020 budgeted taxes.

The County continues to face budgetary pressures on the expenditure side related to economic conditions. Although continued growth and stability are anticipated in fiscal year 2021 and beyond, there can be no assurances that the County's economic stability will not be negatively affected near-term by the pandemic that is still affecting the County.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2019. This was the ninth year that the County has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the County has to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable program requirements.

A Certificate of Achievement for Excellence in Financial Reporting is valid for a period of one year only. However, we believe that our current CAFR continues to meet the Certificate of Achievement for Excellence in Financial Reporting Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

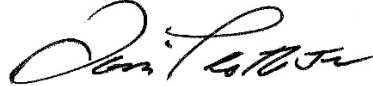
The County received the GFOA's Distinguished Budget Presentation Award since the County's first submittal to the award program of the annual budget for the fiscal year beginning October 1, 1999. To qualify the fiscal year for the Distinguished Budget Presentation Award, the County's budget document

Polk County, Texas
Letter of Transmittal

had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

The preparation of this report would not have been possible without the leadership of the District Judges and the skill, effort, and dedication of the entire Auditor's office, combined with special assistance from Human Resources, the Treasurer's Office, and Information Technologies. We wish to thank all County departments for their assistance in providing the data necessary to prepare this report. Credit also is due to the County Judge and Court for their unfailing support for maintaining the highest standards of professionalism in the management of the County's finances.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Louis Ploth", written in a cursive style.

Louis Ploth, County Auditor

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Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Polk County
Texas**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

September 30, 2019

Christopher P. Morrill

Executive Director/CEO

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POLK COUNTY, TEXAS

List of Elected and Appointed Officials

For the Year Ended September 30, 2020

DISTRICT JUDGES:

Kaycee L. Jones	411th District Judge
Travis E. Kitchens, Jr.	258th District Judge

COMMISSIONERS' COURT:

Sydney Murphy	County Judge
Robert C. Willis	Commissioner, Precinct #1
Ronnie L. Vincent	Commissioner, Precinct #2
Milton B. Purvis	Commissioner, Precinct #3
Charles T. Overstreet	Commissioner, Precinct #4

JUDICIAL:

Lee Hon	District Attorney
Bobbye Richards	District Clerk

COUNTY COURT AT LAW:

Tom Brown	Judge, County Court at Law
Schelana Hock	County Clerk

JUSTICE COURTS:

Darrell Longino	Justice of Peace, Precinct #1
Sarah Rasberry	Justice of Peace, Precinct #2
Robert Johnson	Justice of Peace, Precinct #3
Jamie Richardson	Justice of Peace, Precinct #4

LAW ENFORCEMENT:

Kenneth Hammack	County Sheriff
Scott Hughes	Constable, Precinct #1
William "Bill" Cunningham	Constable, Precinct #2
Anthony "Ray" Myers	Constable, Precinct #3
Darwon Evans	Constable, Precinct #4

FINANCIAL ADMINISTRATION:

Leslie Jones Burks	Tax Assessor/Collector
Terri Williams	County Treasurer
Louis Ploth	County Auditor*

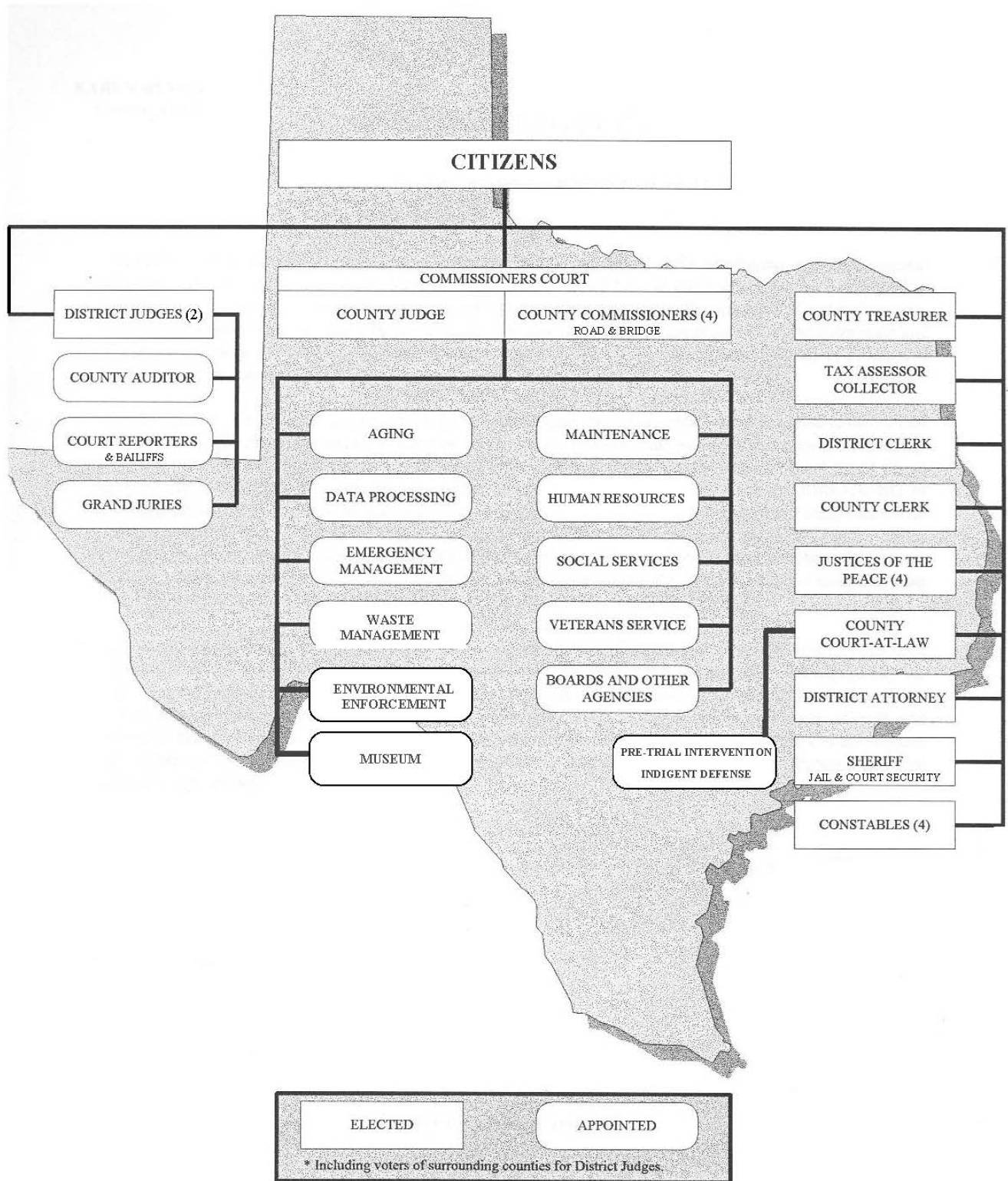
*Designated appointed official. All others are elected.

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POLK COUNTY, TEXAS

ORGANIZATIONAL CHART

September 30, 2020



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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

To the Honorable County Judge and
Members of the Commissioners' Court of
Polk County, Texas:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Polk County, Texas (the "County") as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County'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 County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County as of September 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter – Going Concern

IAH Public Facility Corporation (the “Corporation”) has been included in the reporting entity as a discretely presented component unit. The Corporation was created under the Public Facility Corporation Act Chapter 303 of the Texas Local Government Code by the County in 2004 for the purpose of financing for, and on behalf of, the County-eligible jail and criminal detention facility projects and other public buildings and facilities for use by the County. Separate financial statements of the Corporation may be obtained from the County Auditor’s office. The Corporation is a legal separate entity from the County and the County is not liable for the Corporation.

The accompanying financial statements have been prepared assuming that the Corporation will continue as a going concern. The Corporation’s cash flows have been insufficient at times to meet obligations necessitating amendments to previous agreements. The Corporation incurred \$5,653,155 loss during the year primarily due to the decrease in occupancy which was primarily attributed to the pandemic. This condition raises substantial doubt about the Corporation’s ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management’s Discussion and Analysis, budgetary comparison information, schedule of changes in net pension liability and related ratios, and schedule of contributions, identified as Required Supplementary Information on the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Required Supplementary Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County’s basic financial statements. The introductory section, combining statements and schedules, and statistical section are presented for purposes of additional analysis and are not required parts of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 17, 2021 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

BELT HARRIS PECHACEK, LLLP

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas
March 17, 2021

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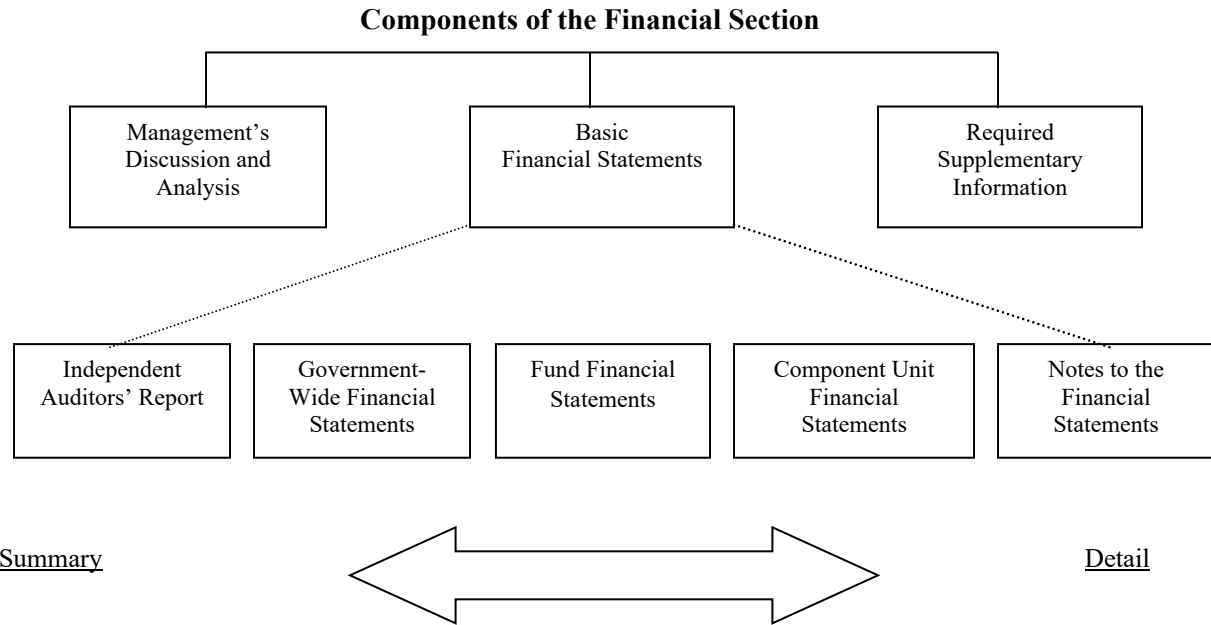
MANAGEMENT'S DISCUSSION AND ANALYSIS

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POLK COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2020

The purpose of the Management's Discussion and Analysis (MD&A) is to give the readers an objective and easily readable analysis of the financial activities of Polk County, Texas (the "County") for the year ending September 30, 2020. The analysis is based on currently known facts, decisions, or economic conditions. It presents short and long-term analysis of the County's activities, compares current year results with those of the prior year, and discusses the positive and negative aspects of that comparison. Please read the MD&A in conjunction with the transmittal letter at the front of this report and the County's financial statements, which follow this section.

THE STRUCTURE OF OUR ANNUAL REPORT



The County's basic financial statements include (1) government-wide financial statements, (2) individual fund financial statements, and (3) notes to the financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

GOVERNMENT-WIDE STATEMENTS

The government-wide statements report information for the County as a whole. These statements include transactions and balances relating to all assets, including infrastructure capital assets. These statements are designed to provide information about cost of services, operating results, and financial position of the County as an economic entity. The Statement of Net Position and the Statement of Activities, which appear first in the County's financial statements, report information on the County's activities that enable the reader to understand the financial condition of the County. These statements are prepared using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account even if cash has not yet changed hands.

The Statement of Net Position presents information on all of the County's assets, liabilities, and deferred outflows/inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating. Other nonfinancial factors, such as the County's property tax base and the condition of the County's infrastructure, need to be considered in order to assess the overall health of the County.

POLK COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2020

The Statement of Activities presents information showing how the County's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows using the accrual method rather than modified accrual that is used in the fund level statements.

In the Statement of Net Position and the Statement of Activities, the County has only one type of activity:

1. *Governmental Activities* – Most of the County's basic services are reported here such as general government, administration of justice, roads and bridges, health and human services, tax administration, and interest and fiscal agent fees on long-term debt. Property tax, sales tax, charges for services, and intergovernmental revenue finance most of these activities.

The government-wide financial statements include not only the County itself (known as the primary government), but also a legally separate public corporation for which the County is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found after the MD&A.

FUND FINANCIAL STATEMENTS

Funds may be considered as operating companies of the parent corporation, which is the County. They are usually segregated for specific activities or objectives. The County uses fund accounting to ensure and demonstrate compliance with finance related legal reporting requirements. The two categories of County funds are governmental and fiduciary.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the year. Such information may be useful in evaluating the County's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the County's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The County maintains 34 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund, road and bridge fund, and grants fund, which are considered to be major funds for reporting purposes.

The County adopts an annual appropriated budget for its general, road and bridge, debt service, and select special revenue funds. Budgetary comparison schedules have been provided for the general, road and bridge, debt service, and select special revenue funds to demonstrate compliance with these budgets.

POLK COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2020

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reported in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accrual basis of accounting is used for fiduciary funds. The County maintains six fiduciary funds. The County's fiduciary activities are reported in a separate statement of fiduciary net position and statement of changes in fiduciary net position.

Notes to Financial Statements

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

Other Information

In addition to basic financial statements, this MD&A, and accompanying notes, this report also presents certain Required Supplementary Information (RSI). The RSI includes budgetary comparison schedules for the general fund and road and bridge fund, as well as a schedule of changes in net pension liability and related ratios and schedule of contributions for the Texas County and District Retirement System and a schedule of other postemployment benefits (OPEB) for the Polk County Retiree Healthcare Plan. RSI can be found after the notes to the basic financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve, over time, as a useful indicator of the County's financial position. Assets and deferred outflows of resources exceed liabilities and deferred inflows of resources by \$45,067,730 as of September 30, 2020. This compares to \$42,137,467 from the prior fiscal year. A significant portion of the County's net position reflects its investments in capital assets (e.g., construction in progress, buildings, equipment, and infrastructure) less any debt used to acquire those assets that is still outstanding. 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 related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities.

POLK COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2020

Statement of Net Position

The following table reflects the condensed Statement of Net Position:

	Governmental Activities	
	2020	2019
Current and other assets	\$ 26,212,220	\$ 23,085,551
Capital assets, net	58,205,144	59,698,073
Total Assets	84,417,364	82,783,624
Deferred charge on refunding	1,193,495	219,259
Deferred outflows - pensions	1,292,818	4,967,147
Deferred outflows - OPEB	2,418,067	2,251,432
Total Deferred Outflows of Resources	4,904,380	7,437,838
Other liabilities	7,713,774	6,460,811
Long-term liabilities	31,669,091	37,709,563
Total Liabilities	39,382,865	44,170,374
Deferred inflows - pensions	1,945,775	553,900
Deferred inflows - OPEB	2,925,374	3,359,721
Total Deferred Inflows of Resources	4,871,149	3,913,621
Net Position:		
Net investment in capital assets	40,272,870	38,630,639
Restricted	6,817,883	5,501,000
Unrestricted	(2,023,023)	(1,994,172)
Total Net Position	\$ 45,067,730	\$ 42,137,467

A portion of the County's net position, \$6,817,883 or 15.1 percent, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position is a deficit of \$2,023,023. The County had an increase to net position of \$2,930,263 for the fiscal year, which is primarily due to the County's implementation of a cap on OPEB benefits, which had a positive impact on the OPEB liability that was recorded in the previous fiscal year.

Current assets increased by \$3,126,669 to \$26,212,220 as compared to capital assets, which decreased by \$1,492,929 to \$58,205,144. Long-term liabilities decreased by \$6,040,472 in fiscal year 2020 due to the current year debt reductions, along with the decrease in the OPEB liability, the decreases in the County's liability were offset by an increase in TMRS pension liability of \$4,947,791.

POLK COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2020

Statement of Activities

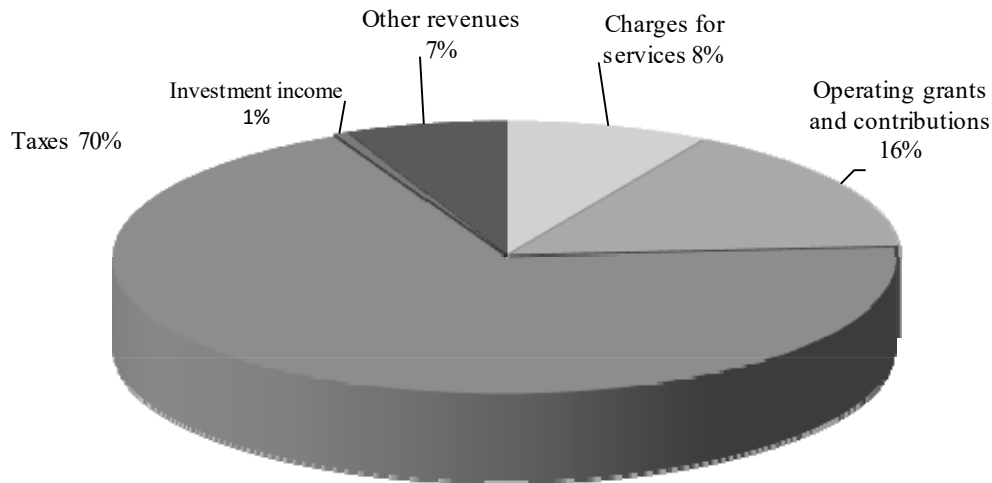
The following table provides a summary of the County's changes in net position:

	Governmental Activities	
	2020	2019
Revenues		
Program revenues:		
Charges for services	\$ 2,866,564	\$ 2,673,882
Operating grants and contributions	6,020,646	3,263,193
General revenues:		
Taxes	26,632,818	25,002,843
Investment income	213,083	499,843
Other revenues	2,552,147	2,054,018
Total Revenues	38,285,258	33,493,779
Expenses		
General government	12,183,608	5,907,007
Administration of justice	12,540,565	8,089,203
Roads and bridges	7,017,278	6,774,803
Health and human services	1,368,351	1,284,264
Tax administration	1,393,851	996,187
Interest and fiscal agent fees on long-term debt	851,342	580,035
Total Expenses	35,354,995	23,631,499
Change in Net Position	2,930,263	9,862,280
Beginning net position	42,137,467	32,275,187
Ending Net Position	\$ 45,067,730	\$ 42,137,467

POLK COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2020

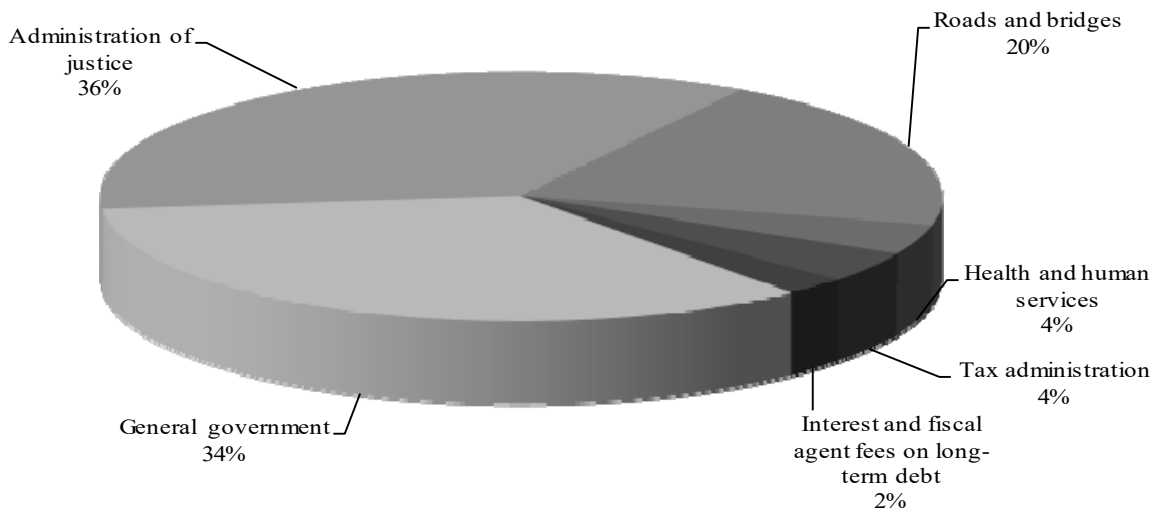
Graphic presentations of selected data from the summary tables follow to assist in the analysis of the County's activities:

Governmental Revenues



Total governmental revenues increased by \$4,791,479 from the prior year. This increase is primarily the result of an increase in operating grants and contributions received by the County. In addition, there was an increase in property taxes and fees received by the County.

Governmental Expenses



Governmental expenses increased by \$11,723,496 from the prior year. The increase in expenses was mainly attributed to increases in general government and administration of justice. General government expenses increased significantly primarily due to expenses that occurred within emergency management related to the tornado that devastated an area in the county and COVID 19 related expenses. The increase in administration of justice was related to prior year large reduction of OPEB expenses. During the current year, the County

POLK COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2020

experienced an increase of \$4,947,791 in TMRS pension liability. There was also an increase in interest and fees with new and refunding debt in the current year.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

As noted earlier, fund accounting is used to demonstrate and ensure 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. In particular, unassigned fund balance may serve as a useful measure of the County's net resources available for spending at the end of the year.

The County's governmental funds reflect a combined fund balance of \$21,332,830. Of this, \$833,612 is restricted for endowments/trusts, \$2,386,247 is restricted for road and bridge, \$3,476,851 is restricted for special projects, \$121,173 is restricted for debt services, \$145 is restricted for capital projects, and \$33,874 is considered as nonspendable for prepaids. The County has also assigned \$805,147 for post closure care costs for its landfill. The amount of unassigned fund balance is \$13,675,781.

There was an increase in the combined fund balance of \$2,606,808 from the prior year. The largest increases in fund balances are in the general fund, road and bridge, and nonmajor governmental funds of \$1,282,654, \$629,502 and \$610,291, respectively. Property, sales and other tax revenue had a combined increase of \$1,629,975, intergovernmental revenue increased by \$2,080,085, this increase was due primarily to the Corona Virus Relief funds grant received during the year. Expenditures for the County increased during the year by \$3,184,743, which is primarily due to an increase in emergency management expenses of \$1,984,912, related to the devastating tornado that impacted the County during the year. In addition to these expenses, the County also experienced increase expenses related to COVID 19 of \$490,708.

The fund balance of the general fund had an increase of \$1,282,654, with an ending fund balance of \$14,295,116. This change can be attributed to an increase in tax revenues. The County's fund balance policy for the general fund is to maintain a minimum balance of 25 percent of average yearly expenditures. Unassigned fund balance for the general fund is in compliance with the policy.

There was an increase of \$84,361 in the debt service fund providing an ending fund balance of \$926,320. Debt service expenditures totaled \$3,593,437 for the year, which is an increase from the prior year.

The road and bridge fund had an increase in fund balance of \$629,502, which brings the ending fund balance to \$2,386,247. The increase was primarily due to an increase in property and sales tax during the year offset with lower expenditures.

There was an increase of \$597,977 in grant revenues and expenditures when compared to the prior year in the grants fund. This was a result of an increase in monies received for improvement for Taylor Lakes Estate. The end result was no change to fund balance for the fiscal year.

GENERAL FUND BUDGETARY HIGHLIGHTS

General fund expenditures were under the final budget by \$1,712,533. This is due to positive expenditure variances in all departments.

POLK COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2020

During the 2020 fiscal year, the Commissioners' Court amended the budget for the following purposes:

- To re-appropriate monies to pay for commitments in the form of encumbrances established prior to September 30, 2020, but not paid by that date;
- To appropriate monies from other governmental units received in year 2020;
- To re-appropriate monies within or between departments; and
- To reflect department year end projections.

CAPITAL ASSETS

At the end of the year, the County's governmental activities had invested \$58,205,144 in a variety of capital assets and infrastructure (net of accumulated depreciation). This represents a net decrease of \$1,492,929.

Major capital asset events during the current year included the following:

- Two vehicle purchases for general government
- Eight vehicle and equipment purchases for the Sheriff's department
- Three pieces of equipment for road and bridge department

More detailed information about the County's capital assets is presented in note III.C to the financial statements.

LONG-TERM DEBT

At the end of the year, the County reported total bonds, tax notes, and capital leases of \$17,606,444. The County issued \$855,000 in tax notes and \$8,340,000 in refunded general obligations during fiscal year 2020.

More detailed information about the County's long-term liabilities is presented in note III.D to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The economy faced several challenges in the fiscal year 2020 due to the pandemic of 2020, causing the Commissioners' Court to face challenges during the 2021 budget process. At this time, the County cannot assess the long-term outcome of Senate Bill 2 that restricts the County's ability to increase tax rates. Sales tax revenue is expected to remain relatively constant during the fiscal year 2021 as compared to fiscal year 2020. The fiscal year 2021 budget for current property taxes is expected to generate \$13,132,389, which is an increase of \$216,075 over the fiscal year 2020 budgeted taxes.

The County continues to face budgetary pressures on the expenditure side related to the economic conditions in the County and the COVID-19 pandemic. Although continued growth and stability are anticipated in fiscal year 2021 and beyond, there can be no assurances that the County's economic stability will not be negatively affected near-term by the pandemic that is still affecting the County.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the County's finances. Questions concerning this report or requests for additional financial information should be directed to Louis Ploth, County Auditor, Polk County, 602 East Church Street, Suite 108, Livingston, Texas 77351.

BASIC FINANCIAL STATEMENTS

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POLK COUNTY, TEXAS

STATEMENT OF NET POSITION

September 30, 2020

	Primary Government	Component Unit
	Governmental Activities	
<u>Assets</u>		
Cash and cash equivalents	\$ 20,283,872	\$ 8,899,152
Receivables, net	5,894,474	1,684,751
Prepays	33,874	-
Total Current Assets	26,212,220	10,583,903
Capital assets:		
Nondepreciable capital assets	3,532,045	330,346
Capital assets, net of accumulated depreciation	54,673,099	12,259,365
Total Capital Assets	58,205,144	12,589,711
Total Assets	84,417,364	23,173,614
<u>Deferred Outflows of Resources</u>		
Deferred charge on refunding	1,193,495	-
Deferred outflows - pensions	1,292,818	-
Deferred outflows - OPEB	2,418,067	-
Total Deferred Outflows of Resources	4,904,380	-
<u>Liabilities</u>		
Current liabilities:		
Accounts payable and accrued liabilities	2,178,212	2,919,503
Accrued interest payable	231,258	182,800
Due to other units	233,781	951,064
Long-term liabilities due within one year	5,070,523	3,105,000
Total Current Liabilities	7,713,774	7,158,367
Noncurrent liabilities:		
Long-term liabilities due in more than one year	31,669,091	15,175,000
Total Noncurrent Liabilities	31,669,091	15,175,000
Total Liabilities	39,382,865	22,333,367
<u>Deferred Inflows of Resources</u>		
Deferred inflows - pensions	1,945,775	-
Deferred inflows - OPEB	2,925,374	-
Total Deferred Inflows of Resources	4,871,149	-
<u>Net Position</u>		
Net investment in capital assets	40,272,870	(5,690,289)
Restricted for:		
Debt service	121,173	6,530,536
Endowments/trusts:	833,612	-
Road and bridge	2,386,247	-
Special projects	3,476,851	-
Unrestricted	(2,023,023)	-
Total Net Position	\$ 45,067,730	\$ 840,247

See Notes to Financial Statements.

POLK COUNTY, TEXAS

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2020

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Primary Government:			
Governmental Activities:			
General government	\$ 12,183,608	\$ 2,007,715	\$ 4,996,372
Administration of justice	12,540,565	351,256	480,715
Roads and bridges	7,017,278	85,823	229,083
Health and human services	1,368,351	421,770	314,476
Tax administration	1,393,851	-	-
Interest and fiscal agent fees on long-term debt	851,342	-	-
Total Governmental Activities	35,354,995	2,866,564	6,020,646
Total Primary Government	\$ 35,354,995	\$ 2,866,564	\$ 6,020,646
 IAH Public Facility Corporation			
Detention facility	\$ -	\$ -	\$ -
Interest and fiscal agent fees on long-term debt	-	-	-
Total Component Unit	\$ -	\$ -	\$ -

General Revenues:

- Property taxes
- Sales taxes
- Other taxes
- Investment income
- Gain on sale of capital assets
- Other revenues

Total General Revenues

Change in Net Position

Beginning net position

Ending Net Position

See Notes to Financial Statements.

Net (Expense) Revenue and Changes in Net Position	
Governmental Activities	Component Unit
\$ (5,179,521)	\$ -
(11,708,594)	-
(6,702,372)	-
(632,105)	-
(1,393,851)	-
(851,342)	-
<u>(26,467,785)</u>	<u>-</u>
<u>(26,467,785)</u>	<u>-</u>
-	(1,258,874)
-	<u>(508,807)</u>
-	<u>(1,767,681)</u>
22,438,063	-
2,795,362	-
1,399,393	-
213,083	-
183,000	-
2,369,147	-
<u>29,398,048</u>	<u>-</u>
2,930,263	(1,767,681)
<u>42,137,467</u>	<u>\$ 2,607,928</u>
<u>\$ 45,067,730</u>	<u>\$ 840,247</u>

POLK COUNTY, TEXAS

BALANCE SHEET

GOVERNMENTAL FUNDS

September 30, 2020

	General	Debt Service	Road and Bridge	Grants
<u>Assets</u>				
Cash and cash equivalents	\$ 12,393,289	\$ 929,839	\$ 2,624,435	\$ 230,172
Receivables, net	4,146,327	425,149	596,148	647,600
Prepays	33,874	-	-	-
Due from other funds	782,553	-	-	37,289
Total Assets	\$ 17,356,043	\$ 1,354,988	\$ 3,220,583	\$ 915,061
 <u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u>				
<u>Liabilities</u>				
Accounts payable and accrued liabilities	\$ 1,677,824	\$ 3,519	\$ 255,282	\$ 45,697
Due to other units	-	-	15,551	5,700
Due to other funds	-	-	37,289	730,733
Total Liabilities	1,677,824	3,519	308,122	782,130
 <u>Deferred Inflows of Resources</u>				
Unavailable revenue - grants	-	-	-	132,931
Unavailable revenue - property taxes	1,383,103	425,149	526,214	-
Total Deferred Inflows of Resources	1,383,103	425,149	526,214	132,931
 <u>Fund Balances</u>				
Nonspendable:				
Prepays	33,874	-	-	-
Restricted:				
Debt service	-	121,173	-	-
Road and bridge	-	-	2,386,247	-
Special projects	585,461	-	-	-
Capital projects	-	-	-	-
Endowments/trusts	-	-	-	-
Assigned:				
Post closure care costs	-	805,147	-	-
Unassigned	13,675,781	-	-	-
Total Fund Balances	14,295,116	926,320	2,386,247	-
 Total Liabilities, Deferred Inflows of of Resources, and Fund Balances	\$ 17,356,043	\$ 1,354,988	\$ 3,220,583	\$ 915,061

See Notes to Financial Statements.

<u>Nonmajor Governmental</u>	<u>Total Governmental Funds</u>
\$ 4,106,137	\$ 20,283,872
79,250	5,894,474
-	33,874
-	819,842
<u>\$ 4,185,387</u>	<u>\$ 27,032,062</u>

\$ 195,890	\$ 2,178,212
212,530	233,781
51,820	819,842
<u>460,240</u>	<u>3,231,835</u>

-	132,931
-	2,334,466
<u>-</u>	<u>2,467,397</u>

-	33,874
-	121,173
-	2,386,247
2,891,390	3,476,851
145	145
833,612	833,612
-	805,147
-	13,675,781
<u>3,725,147</u>	<u>21,332,830</u>

<u>\$ 4,185,387</u>	<u>27,032,062</u>
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POLK COUNTY, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO
THE STATEMENT OF NET POSITION
September 30, 2020

Fund balances - total governmental funds	\$	21,332,830
Adjustments for the Statement of Net Position:		
Capital assets used in governmental activities are not current financial resources and, therefore, not reported in the governmental funds.		
Nondepreciable capital assets		3,532,045
Depreciable capital assets, net		54,673,099
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.		
Deferred revenue		2,467,397
Deferred outflows and deferred inflows related to pension activity and other postemployment benefits (OPEB) are not current financial resources and, therefore, not reported in the governmental funds.		
Deferred outflows - pensions		1,292,818
Deferred inflows - pensions		(1,945,775)
Deferred outflows - OPEB		2,418,067
Deferred inflows - OPEB		(2,925,374)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Accrued interest payable		(231,258)
Deferred charge on refunding		1,193,495
Long-term liabilities due within one year		(5,070,523)
Long-term liabilities due in more than one year		(31,669,091)
Net Position of Governmental Activities	\$	<u>45,067,730</u>

See Notes to Financial Statements.

POLK COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended September 30, 2020

	<u>General</u>	<u>Debt Service</u>	<u>Road and Bridge</u>	<u>Grants</u>
<u>Revenues</u>				
Property taxes	\$ 13,675,653	\$ 3,492,935	\$ 5,059,118	\$ -
Sales taxes	2,795,362	-	-	-
Other taxes	423,786	-	946,178	-
Fines and forfeitures	452,171	-	85,823	-
Charges for services	1,256,161	-	-	-
Intergovernmental	3,961,627	-	224,894	1,034,745
Licenses and permits	285,618	-	-	-
Investment income	168,299	7,286	20,430	-
Other revenue	1,687,542	-	402,971	-
Total Revenues	<u>24,706,219</u>	<u>3,500,221</u>	<u>6,739,414</u>	<u>1,034,745</u>
<u>Expenditures</u>				
Current:				
General government	9,084,595	-	-	1,034,745
Administration of justice	11,470,548	-	-	-
Roads and bridges	-	-	6,127,668	-
Health and human services	839,545	-	-	-
Tax administration	1,356,334	-	-	-
Debt service:				
Principal	-	2,920,000	307,028	-
Interest and fiscal charges	-	502,410	47,768	-
Debt issuance costs	29,030	-	-	-
Capital outlay	<u>1,297,011</u>	<u>171,027</u>	<u>452,945</u>	<u>-</u>
Total Expenditures	<u>24,077,063</u>	<u>3,593,437</u>	<u>6,935,409</u>	<u>1,034,745</u>
Excess (Deficiency) of				
Revenues Over (Under) Expenditures	629,156	(93,216)	(195,995)	-
<u>Other Financing Sources (Uses)</u>				
Transfers in	385,485	-	375,000	-
Transfers (out)	(544,212)	-	(28,948)	-
Debt issued	812,225	8,340,000	296,445	-
Premium on bonds issued	-	1,355,065	-	-
Payment to refunded bond escrow agent	-	(9,517,488)	-	-
Gain on sale of capital assets	-	-	183,000	-
Total Other Financing Sources (Uses)	<u>653,498</u>	<u>177,577</u>	<u>825,497</u>	<u>-</u>
Net Change in Fund Balances	1,282,654	84,361	629,502	-
Beginning fund balances	<u>13,012,462</u>	<u>841,959</u>	<u>1,756,745</u>	<u>-</u>
Ending Fund Balances	<u>\$ 14,295,116</u>	<u>\$ 926,320</u>	<u>\$ 2,386,247</u>	<u>\$ -</u>

See Notes to Financial Statements.

<u>Nonmajor Governmental</u>	<u>Total Governmental Funds</u>
\$ -	\$ 22,227,706
-	2,795,362
29,429	1,399,393
9,648	547,642
777,143	2,033,304
799,380	6,020,646
-	285,618
17,068	213,083
278,634	2,369,147
<u>1,911,302</u>	<u>37,891,901</u>
302,710	10,422,050
458,071	11,928,619
-	6,127,668
395,054	1,234,599
-	1,356,334
-	3,227,028
-	550,178
-	29,030
626	1,921,609
<u>1,156,461</u>	<u>36,797,115</u>
754,841	1,094,786
175,627	936,112
(362,952)	(936,112)
42,775	9,491,445
-	1,355,065
-	(9,517,488)
-	183,000
<u>(144,550)</u>	<u>1,512,022</u>
610,291	2,606,808
<u>3,114,856</u>	<u>18,726,022</u>
<u>\$ 3,725,147</u>	<u>\$ 21,332,830</u>

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POLK 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 September 30, 2020

Net changes in fund balances – total governmental funds \$ 2,606,808

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	776,999
Depreciation expense	(2,179,767)
Capital retirements, net	(90,161)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

Deferred revenue	210,357
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Net pension and other postemployment benefits (OPEB) liability and deferred outflows and deferred inflows related to the County's pension and OPEB plans are not reported in the governmental funds.

Net pension liability	4,947,791
Deferred outflows - pensions	(3,674,329)
Deferred inflows - pensions	(1,391,875)
Net OPEB liability	(1,234,416)
Deferred outflows - OPEB	166,635
Deferred inflows - OPEB	434,347

Bonds and note proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position.

Principal payment	3,234,735
Payment to refunded bond escrow agent	9,372,294
Debt issuance	(9,491,445)
Changes to bond premiums	(954,660)
Amortization of deferred charges	974,236

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. This adjustment reflects the net change on the accrual basis of accounting for these expenses.

Accrued interest payable	(154,223)
Compensated absences	(37,902)
Landfill closure and post closure costs	(585,161)

Change in Net Position of Governmental Activities	\$ 2,930,263
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See Notes to Financial Statements.

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POLK COUNTY, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
September 30, 2020

	Retiree Health Benefit Trust	Agency
<u>Assets</u>		
Cash and cash equivalents	\$ 2,881,403	\$ 5,999,216
Accounts receivable	1,252	-
Due from other unit	-	78,560
Total Assets	2,882,655	6,077,776
<u>Liabilities</u>		
Due to other units	9,707	6,077,776
Total Liabilities	9,707	6,077,776
<u>Net Position</u>		
Held in trust for other postemployment benefits	\$ 2,872,948	\$ -

See Notes to Financial Statements.

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POLK COUNTY, TEXAS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
For the Year Ended September 30, 2020

		<u>Retiree Health Benefit Trust</u>
<u>Additions</u>		
Employer contributions	\$	627,000
Other revenue		177,079
Investment income		22,877
Total Additions		<u>826,956</u>
<u>Deductions</u>		
Benefits		<u>273,287</u>
Total Deductions		<u>273,287</u>
	Change in Net Position	553,669
Beginning net position		<u>2,319,279</u>
	Ending Net Position	<u><u>\$ 2,872,948</u></u>

See Notes to Financial Statements.

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POLK COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Polk County, Texas (the “County”) is an independent government entity created in 1846 from Liberty County by an act of the Texas Legislature. The County is governed by Commissioners’ Court, composed of four County Commissioners and the County Judge, all of whom are elected officials.

The County’s financial statements include the accounts of all County operations. The County provides a vast array of services including administration of justice, health and human services, public improvements, and general and tax administration.

Considerations regarding the potential for inclusion of other entities, organizations, or functions in the County’s financial reporting entity are based on criteria prescribed by generally accepted accounting principles. These same criteria are evaluated in considering whether the County is a part of any other governmental or other type of reporting entity. The overriding elements associated with prescribed criteria considered in determining that the County’s financial reporting entity status is that of a primary government are that it has a separately elected governing body, it is legally separate, and it is fiscally independent of other state and local governments. Additionally, prescribed criteria under generally accepted accounting principles include considerations pertaining to organizations for which the primary government is financially accountable and considerations pertaining to organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

Discretely Presented Component Unit

IAH Public Facility Corporation

IAH Public Facility Corporation (the “Corporation”) has been included in the reporting entity as a discretely presented component unit. The Corporation was created under the Public Facility Corporation Act Chapter 303 of the Texas Local Government Code by the County in 2004 for the purpose of financing for, and on behalf of, the County-eligible jail and criminal detention facility projects and other public buildings and facilities for use by the County. The Board of Directors is appointed by, and serves at the discretion of, the Commissioners’ Court of the County. Commissioners’ Court approval is required for annual budgets and bonded debt issuance. Separate financial statements of the Corporation may be obtained from the County Auditor’s office, 602 East Church Street, Suite 108, Livingston, Texas 77351.

B. Government-Wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component unit. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, of which the County has none. Likewise, the *primary government* is reported separately from a legally separate *component unit* for which the primary government is financially accountable.

POLK COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2020

C. Basis of Presentation – Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the various other functions of the County. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

D. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the County's funds, including its fiduciary funds. Separate statements for each fund category – governmental and fiduciary – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The County reports the following governmental funds:

The *general fund* is used to account for and report all financial resources not accounted for and report in another fund. The principal sources of revenues include local property taxes, sales taxes, other taxes, licenses and permits, fines and forfeitures, and charges for services. Expenditures include general government, administration of justice, health and human services, and tax administration. The general fund is always considered a major fund for reporting purposes.

The *debt service fund* is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The primary source of revenue for debt service is local property taxes. The debt service fund is considered a major fund for reporting purposes.

The *special revenue funds* are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

The following special revenue funds are considered major funds for reporting purposes:

Road and bridge fund – This fund is used to account for revenues of property taxes levied and vehicle registration fees. Uses of funds are restricted for the maintenance of roads, bridges, and the operations of related facilities. All precinct operations, as well as permanent road monies, are accounted for in this fund.

Grants fund – This fund is used to account for various grants received by the County that are not reported in a separate fund.

The remaining special revenue funds are considered nonmajor funds for reporting purposes.

POLK COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2020

The *capital projects funds* are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The college and commerce center and energy savings funds are considered nonmajor funds for reporting purposes.

Permanent funds are governmental funds that are used to account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs.

The County has the following permanent fund, which is considered a nonmajor fund for reporting purposes:

Permanent school fund – This fund was established from proceeds received from the sale of lands granted by the State of Texas (the "State") for educational purposes. Earnings from this fund, other than oil royalties, accrue directly to the available school fund. Oil royalties are deposited to the permanent school fund, which increases the principal.

Additionally, the County reports the following fund type:

The *fiduciary funds* account for assets held by the government in a trustee capacity or as an agent on behalf of others. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The County has the following fiduciary funds:

The *retiree health benefit trust fund* accounts for the funds held in trust for the health care benefit payments for the qualified retired employees of the County.

The *agency funds* are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. These funds are used to account for assets that the County holds for others in an agency capacity.

During the course of operations, the County has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

E. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

POLK COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2020

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

The governmental fund 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 County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the County.

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. Cash and Cash Equivalents

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

2. Investments

Investments, except for certain investment pools, commercial paper, money market funds, and investment contracts, are reported at fair value. The investment pools operate in accordance with appropriate state laws and regulations and are reported at amortized cost. Money market funds, which are short-term highly liquid debt instruments that may include U.S. Treasury and agency obligations and commercial paper that have a remaining maturity of one year or less upon acquisition, are reported at amortized cost. Investments in nonparticipating interest earning contracts, such as certificates of deposit, are reported at cost.

POLK COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2020

The County has adopted a written investment policy regarding the investment of its funds as defined in the Public Funds Investment Act, Chapter 2256, Texas Government Code. In summary, the County is authorized to invest in the following:

- Direct obligations of the U.S. Government or U.S. Government agencies
- Fully collateralized certificates of deposit
- Money market mutual funds that meet certain criteria
- Bankers' acceptances
- Statewide investment pools

3. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

4. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental activities column in the government-wide financial statements. In accordance with GASB Statement No. 34, infrastructure has been capitalized retroactively. Capital assets are defined by the County as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. Major outlays for capital assets and improvements are capitalized as projects are constructed.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Property, plant, and equipment of the County are depreciated using the straight-line method over the following estimated useful years.

<u>Asset Description</u>	<u>Estimated Useful Life</u>
Infrastructure	10 to 45 years
Buildings	20 to 50 years
Improvements other than buildings	5 to 30 years
Equipment	3 to 25 years

The costs of a significant portion of capital assets have been estimated based on management's estimated historical cost.

POLK COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2020

5. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. 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.

Deferred outflows/inflows of resources are amortized as follows:

- Deferred outflows/inflows from pension/other postemployment benefits (OPEB) activities are amortized over the average of the expected service lives of pension/OPEB plan members, except for the net differences between the projected and actual investment earnings on the pension/OPEB plan assets, which are amortized over a period of five years.
- For employer pension/OPEB plan contributions that were made subsequent to the measurement date through the end of the District's fiscal year, the amount is deferred and recognized as a reduction to the net pension/OPEB liability during the measurement period in which the contributions were made.
- A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

At the fund level, the District has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and grants. These amounts are deferred and recognized as inflows of resources in the period that the amounts become available.

6. Compensated Employee Absences

It is the County's policy to not allow employees to accumulate earned but unused holiday, vacation, and compensatory time. Certain allowances are made for holiday time for law enforcement personnel and extensions can be granted by the employee's supervising elected official or Department head. No liability is reported for unpaid accumulated sick leave since it does not vest. Employees are allowed to maintain an accrual of up to 480 hours of sick leave although it is not compensated on termination. Vacation, compensatory time, and holiday pay that is expected to be liquidated with expendable, available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it when it matures or becomes due. Amounts of vested or accumulated vacation leave and compensatory time that are not expected to be liquidated with expendable, available financial resources are maintained separately and represent a reconciling item between the fund and government-wide presentations.

7. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities Statement of Net Position. Bond premiums and discounts are

POLK COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2020

deferred and amortized over the life of the bonds using the straight-line method, if material. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

The property tax rate is allocated each year between the general, road and bridge, and debt service funds. The full amount estimated to be required for debt service on general obligation debt is provided by the tax along with the interest earned in the debt service fund.

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

8. Net Position Flow Assumption

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

9. Fund Balance Flow Assumptions

Sometimes the County will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the County's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

10. Fund Balance Policies

Fund balances of governmental funds are reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The County itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

Amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact are classified as nonspendable fund balance. Amounts that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions are classified as restricted.

POLK COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2020

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the County's highest level of decision-making authority. The Commissioners' Court is the highest level of decision-making authority for the County that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the County for specific purposes but do not meet the criteria to be classified as committed. Based on the County policy, the Commissioners' Court may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

In accordance with Commissioners' Court policy, the County must maintain a minimum of 25 percent of expenditures in unassigned fund balance in the general fund.

11. Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

12. Pensions

For the purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Texas County and District Retirement System (TCDRS) and additions to/deductions from TCERS's fiduciary net position have been determined on the same basis as they are reported by TCERS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

13. Other Postemployment Benefits

For the purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB expense, information about the fiduciary net position of the Polk County Retiree Benefits Trust Plan (the "Plan") and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments, as applicable, are reported at fair value.

G. Revenues and Expenditures/Expenses

1. Program Revenues

Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2)

POLK COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2020

grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

2. Property Taxes

Property taxes are recorded as revenue when levied for the current year and are due, payable, and collected in the current year. Uncollected amounts at year end are reported as deferred revenue. Delinquent property taxes collected within 60 days subsequent to year end were not considered material.

The property tax calendar dates are:

Levy date and due date – October 1
Collection dates – October 1 through January 31
Lien date – February 1

The County bills and collects its own taxes and those for certain government entities within the County. Collections of the property taxes and subsequent remittances to the proper entities are accounted for in the tax assessor collector agency fund. Tax collections deposited for the County are distributed on a periodic basis to the general, road and bridge, and debt service funds of the County. This distribution is based upon the tax rate established for each fund by order of the Commissioners' Court for the tax year for which the collections are made.

The appraisal of property within the County is the responsibility of the County-wide appraisal district, which is required under the property tax code to assess all property within the appraisal district on the basis of 100 percent of its appraised value, and is prohibited from applying any assessment ratios. The appraisal district must review the value of the property within the County every three years unless the County, at its own expense, requires more frequent reviews. The County may challenge the appraised values through various appeals and, if necessary, legal action. Under this legislation, the County sets tax rates on County property.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

The original budget is adopted by the Commissioners' Court prior to the beginning of the fiscal year. The legal level of control is at the department level in the general fund and road and bridge fund. The debt service fund's legal level of control is at the fund level. The remaining special revenue funds with adopted budgets are: County and district court technology, courthouse security, law library, aging, County records management, County clerk records preservation, hotel/motel tax, justice court technology, available school, district attorney collection, district clerk records preservation, waste management, jail commissary, district attorney special, justice court building security, pre-trial intervention program, Sheriff federal revenue sharing, child abuse prevention, court reporter service, guardianship, fire marshall, and forfeiture. The legal level control for these special revenue funds is at the fund level. Although budgets are adopted annually for these special revenue funds, they are not subject to performance measurement. Management may not amend the budget without the approval of Commissioners' Court.

Appropriations lapse at the end of the year for all funds. Budgets are adopted on a generally accepted accounting principles basis for all budgeted funds, except for the college and commerce center and energy saving funds, which adopt project length budgets. Supplemental budget appropriations were made for the year ended September 30, 2020.

POLK COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2020

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

As of September 30, 2020, the County had the following investments:

<u>Investment Type</u>	<u>Value</u>	<u>Weighted Average Maturity (Years)</u>
TexPool	\$ 8,875,016	0.10
Texas CLASS	7,371,793	0.06
Total	\$ 16,246,809	
Portfolio weighted average maturity		0.10

Interest rate risk. In accordance with its investment policy, the County manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to five years or less.

Credit risk. State law and the County’s investment policy limit investments to obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than “A” or its equivalent. Further, commercial paper must be rated not less than “A-1” or “P-1” or an equivalent rating by at least two nationally recognized credit rating agencies. As of September 30, 2020, the County’s investments in investment pools were rated “AAAm” and “AAA” by Standard & Poor’s.

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the County’s deposits may not be returned to it. The County’s investment policy requires funds on deposit at the depository bank to be collateralized by securities and FDIC insurance. As of September 30, 2020, bank balances did not exceed the market values of pledged securities and FDIC insurance.

TexPool

TexPool was established as a trust company with the Treasurer of the State as trustee, segregated from all other trustees, investments, and activities of the trust company. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The advisory board members review the investment policy and management fee structure. Finally, Standard & Poor’s rates TexPool “AAAm”. As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard & Poor’s, as well as to the office of the Comptroller of Public Accounts for review.

TexPool is an external investment pool measured at amortized cost. In order to meet the criteria to be recorded at amortized cost, must transact at a stable net asset value per share and maintain certain maturity, quality, liquidity, and diversification requirements within TexPool. TexPool transacts at a net asset value of \$1.00 per share, has weighted average maturities of 60 days or less, and weighted average lives of 120 days or less. Investments held are highly rated by nationally recognized statistical rating organizations, have no more than five percent of portfolio with one issuer (excluding U.S. government securities), and can meet reasonably foreseeable redemptions. TexPool has a redemption notice period of one day and may redeem daily. TexPool’s authority may only impose restrictions on redemptions in the event of a general suspension of trading on major national markets, general banking moratorium, or a national state of emergency that affects TexPool’s liquidity.

POLK COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2020

Texas CLASS

The Texas Cooperative Liquid Assets Securities System Trust (CLASS) is a public funds investment pool under Section 2256.016 of the Public Funds Investment Act, Texas Government Code, as amended. CLASS is created under an amended and restated trust agreement, dated as of December 14, 2011 (the “Agreement”), among certain Texas governmental entities investing in Texas CLASS (the “Participants”), with Cutwater Investor Services Corporation as program administrator and Wells Fargo Bank Texas, NA as custodian. Texas CLASS is not SEC registered and is not subject to regulation by the State. Under the Agreement, however, Texas CLASS is administered and supervised by a seven-member board of trustees (the “Board”), whose members are investment officers of the Participants, elected by the Participants for overlapping two-year terms. In the Agreement and by resolution of the Board, Texas CLASS has contracted with Cutwater Investors Service Corporation to provide for the investment and management of the public funds of Texas CLASS. Separate financial statements for Texas CLASS may be obtained from Texas CLASS’ website at www.texasclass.com.

B. Receivables

The following comprise receivable balances at year end:

	General	Debt Service	Road and Bridge	Grants	Nonmajor	Total
Property taxes	\$ 1,376,026	\$ 425,149	\$ 526,214	\$ -	\$ -	\$ 2,327,389
Other	2,770,301	-	69,934	647,600	79,250	3,567,085
	<u>\$ 4,146,327</u>	<u>\$ 425,149</u>	<u>\$ 596,148</u>	<u>\$ 647,600</u>	<u>\$ 79,250</u>	<u>\$ 5,894,474</u>

POLK COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2020

C. Capital Assets

A summary of changes in capital assets for the year ended September 30, 2020 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>(Decreases)</u>	<u>Ending Balance</u>
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 1,601,305	\$ -	\$ -	\$ 1,601,305
Construction in progress	1,930,740	-	-	1,930,740
Total capital assets not being depreciated	<u>3,532,045</u>	<u>-</u>	<u>-</u>	<u>3,532,045</u>
Other capital assets:				
Infrastructure	96,202,398	-	-	96,202,398
Buildings	45,694,979	-	-	45,694,979
Improvements	4,927,431	-	-	4,927,431
Equipment	18,159,786	776,999	(769,255)	18,167,530
Total other capital assets	<u>164,984,594</u>	<u>776,999</u>	<u>(769,255)</u>	<u>164,992,338</u>
Less accumulated depreciation for:				
Infrastructure	(87,443,907)	(229,496)	-	(87,673,403)
Buildings	(8,167,257)	(858,268)	-	(9,025,525)
Improvements	(1,775,513)	(169,440)	-	(1,944,953)
Equipment	(11,431,889)	(922,563)	679,094	(11,675,358)
Total accumulated depreciation	<u>(108,818,566)</u>	<u>(2,179,767)</u>	<u>679,094</u>	<u>(110,319,239)</u>
Other capital assets, net	<u>56,166,028</u>	<u>(1,402,768)</u>	<u>(90,161)</u>	<u>54,673,099</u>
Governmental Activities Capital Assets, Net	<u>\$ 59,698,073</u>	<u>\$ (1,402,768)</u>	<u>\$ (90,161)</u>	<u>58,205,144</u>
			Less associated debt	(19,125,769)
			Plus deferred charge on refunding	<u>1,193,495</u>
			Net Investment in Capital Assets	<u>\$ 40,272,870</u>

POLK COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2020

Depreciation was charged to governmental functions as follows:

General government	\$ 501,346
Administration of justice	588,537
Roads and bridges	980,895
Health and human services	108,989
Total Governmental Activities Depreciation Expense	\$ 2,179,767

D. Long-Term Liabilities

The following is a summary of changes in the County's total governmental long-term liabilities for the year ended September 30, 2020. In general, the County uses the general, road and bridge, and debt service funds to liquidate governmental long-term liabilities.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>(Reductions)</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds, notes payable, and capital leases:					
General obligation	\$ 15,665,000	\$ 8,340,000	(11,435,000)	\$ 12,570,000	\$ 1,925,000
Tax notes	555,000	-	(250,000)	305,000	260,000
Obligations under capital leases	1,267,028	296,444	(307,028)	1,256,444	1,004,152
Direct borrowings/placements:					
Tax notes	3,235,000	855,000	(615,000)	3,475,000	610,000
Less deferred amounts:					
Premium	564,665	1,355,056	(400,396)	1,519,325	960,000
	<u>21,286,693</u>	<u>10,846,500</u>	<u>(13,007,424)</u>	<u>19,125,769</u> *	<u>4,759,152</u>
Other:					
Compensated absences	308,066	799,238	(761,336)	345,968	311,371
Net pension liability	7,964,056	-	(4,947,791)	3,016,265	-
Net OPEB liability	8,174,180	1,234,416	-	9,408,596	-
Landfill closure and post closure care costs	4,257,855	585,161	-	4,843,016	-
	<u>20,704,157</u>	<u>2,618,815</u>	<u>(5,709,127)</u>	<u>17,613,845</u>	<u>311,371</u>
Total Governmental Activities	\$ 41,990,850	\$ 13,465,315	\$ (18,716,551)	\$ 36,739,614	\$ 5,070,523
Long-term liabilities due in more than one year				\$ 31,669,091	
* Debt associated with capital assets				\$ 19,125,769	

See note IV.C. for additional information regarding landfill closure and post closure care costs. The County is not obligated in any manner for special assessment debt.

Long-term liabilities applicable to the County's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities in the governmental funds. The governmental activities compensated absences and net pension and OPEB liability are generally liquidated by the general fund. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.

POLK COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2020

Long term debt as of September 30, 2020 was comprised of the following debt issues:

	<u>Interest Rate Percentage</u>	<u>Original Amount</u>	<u>Balance</u>
General Obligation			
Contractual Obligation, Series 2016	1.935	\$ 2,120,000	\$ 1,800,000
Contractual Obligation, Series 2017	4.000-4.130	\$ 3,900,000	2,430,000
Contractual Obligation, Series 2020	4.300-4.125	\$ 8,340,000	8,340,000
			<u>12,570,000</u>
Tax Notes			
Series 2014	1.00-2.00	\$ 1,570,000	\$ 240,000
Series 2016	1.93	\$ 145,000	65,000
			<u>305,000</u>
From direct borrowings/placements:			
Series 2015	1.93	\$ 1,060,000	315,000
Series 2018	2.87	\$ 995,000	790,000
Series 2019	2.17	\$ 1,750,000	1,515,000
Series 2020	2.30	\$ 855,000	855,000
			<u>3,475,000</u>
			<u>3,780,000</u>
Capital Leases			
Bankcorp South Corporation	3.84	\$ 1,062,820	\$ 960,000
First National Bank Leasing	2.55	\$ 296,444	296,444
			<u>1,256,444</u>
			<u>Total \$ 17,606,444</u>

A summary of the County's debt service requirements, including interest, is as follows:

Year Ending Sept. 30	<u>Governmental Activities</u>					
	<u>General Obligation</u>		<u>Tax Notes</u>		<u>Capital Leases</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 1,925,000	\$ 535,269	\$ 260,000	\$ 3,522	\$ 1,004,152	\$ 9,686
2022	2,015,000	450,400	20,000	714	45,386	8,452
2023	2,100,000	361,686	25,000	255	46,906	6,931
2024	1,335,000	281,727	-	-	160,000	-
2025	1,395,000	219,325	-	-	-	-
2026-2030	3,585,000	269,274	-	-	-	-
2031	215,000	2,080	-	-	-	-
Totals	<u>\$ 12,570,000</u>	<u>\$ 2,119,762</u>	<u>\$ 305,000</u>	<u>\$ 4,491</u>	<u>\$ 1,256,444</u>	<u>\$ 25,069</u>

Current Refunding

The County has issued \$8,340,000 in general obligation refunding bonds, series 2020 with an interest rate of three percent. The proceeds were used to provide for a current refunding of \$9,380,000 of outstanding certificates of obligation, series 2012 which had an interest rate of three percent. The net proceeds of \$9,695,065 (including a \$1,355,056 premium and after payment of \$175,578 in underwriting fees and other issuance costs) were deposited in an irrevocable trust with an escrow agent to provide funds for the

POLK COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2020

future debt service payment on the refunded bonds. As a result, this portion of the series 2012 certificate of obligation is considered defeased and the liability for that certificate has been removed from the statement of net position. The reacquisition price exceeded the net carrying amount of the debt by \$7,706 and this has been expensed based on materiality. The current refunding reduced future total debt service payments by \$490,533 and resulted in an economic gain of \$466,916.

The annual requirements to amortize debt issues outstanding for the direct borrowings/placements at year end are as follows:

Year Ending Sept. 30	Direct Borrowings Placement	
	Tax Anticipation	
	Notes	
	Principal	Interest
2021	\$ 610,000	\$ 60,472
2022	690,000	52,202
2023	540,000	40,662
2024	545,000	28,291
2025	555,000	16,544
2026-2030	535,000	8,815
Totals	\$ 3,475,000	\$ 206,986

Machinery and equipment acquired under current capital lease obligations totaled \$903,940.

Federal Arbitrage

The Tax Reform Act of 1986 instituted certain arbitrage consisting of complex regulations with respect to issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service (IRS) at least every five years for applicable bond issues. Accordingly, there is the risk that if such calculations are not performed correctly, a substantial liability to the County could result. Although the County does not anticipate that it will have any arbitrage liability, it periodically engages an arbitrage consultant to perform the calculations in accordance with the rules and regulations of the IRS.

POLK COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2020

E. Interfund Transactions

Operating transfers between the governmental funds during the year were as follows:

<u>Transfer Out</u>	<u>Transfer In</u>	<u>Amounts</u>
Major funds:		
General fund	Road and bridge fund	\$ 375,000
General fund	Nonmajor governmental funds	169,211
Road and bridge fund	General fund	28,949
Nonmajor governmental funds	General fund	356,536
Nonmajor governmental funds	Nonmajor governmental funds	6,416
	Total	\$ 936,112

These transfers are for a wide variety of reasons. The transfers from the general fund to the road and bridge fund were made to cover additional expenses. The transfers from the nonmajor governmental funds to the general fund were also made to cover budgeted transfers for the payment of expenses and salaries subsidies.

The composition of interfund balances as of September 30, 2020 is as follows:

<u>Due to</u>	<u>Due from</u>	<u>Amounts</u>
General fund	Grant fund	\$ 730,733
General fund	Nonmajor governmental funds	51,820
Grants	Road and bridge	37,289
	Total	\$ 819,842

Amounts recorded as due to/from are considered to be temporary loans and will be repaid during the following year.

IV. OTHER INFORMATION

A. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the County carries commercial insurance. In addition, the County participates along with 254 other entities in the Texas Association of Counties' (TAC) Workers' Compensation Self-Insurance Fund (the "Pool"). TAC created this Pool in 1974 to insure the County for workers' compensation related claims. The County also provides its employees benefits, including medical and life insurance, which the County obtains through the TAC's Insurance Trust Fund. This Pool purchases commercial insurance at group rates for participants in the Pool. The County has no additional risk or responsibility to either of the Pools in which it participates, outside of payment of insurance premiums. The County has not significantly reduced insurance coverage or had settlements that exceeded coverage amounts for the past three years.

B. Contingent Liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the County expects such

POLK COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2020

amounts, if any, to be immaterial.

The County is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the County's counsel that resolution of these matters will not have a material adverse effect on the financial condition of the County.

The County reports liabilities when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency, and amount of payouts, and other economic and social factors. No claim liabilities are reported at year end.

The continued spread of the COVID-19 pandemic has given rise in uncertainties that may have a significant negative impact on the operating activities and results of the County. The occurrence and extent of such impact will depend on future developments, including (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) the effects on the financial markets, and (iv) the effects on the economy overall, all of which are uncertain.

C. Landfill Closure and Post Closure Care Costs

On December 1, 2001, the County entered into an agreement (the "Agreement") with a private contractor (the "Contractor") to operate the County's landfill and solid waste collection activities. The Agreement also provides for the Contractor to pay for a portion of the closure and post closure care costs for capacity utilized under their management. The Contractor is required to annually obtain a performance bond to provide financial assurance to the County for such costs. Upon the termination of the Agreement, the Contractor is relieved of any financial obligation for closure and post closure care costs. Accordingly, the County is liable or contingently liable for the entire amount of the closure and post closure care costs.

Current state regulations and the U.S. Environmental Protection Agency require the County to place a final cover on its landfill when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and post closure care costs will be paid only near or after the date that the landfill stops accepting waste, the County is required to recognize a portion of the landfill closure and post closure care liability each year. Recognition of the liability is based on the landfill capacity used to date. The operations of the landfill are recorded in the waste management fund, one of the special revenue funds used by the County.

The County revised its estimated closure and post closure care costs in an application for a permit amendment submitted to the Texas Commission on Environmental Quality in 2004 to modify the existing permit for expansion of total permit capacity. The County's estimate of total costs of closure and post closure care for 30 years, under permits and regulations currently in effect, is \$12,137,887.

The \$4,843,016 reported as landfill closure and post closure care liability at September 30, 2020 is based on the use of 39.9 percent of the estimated capacity of the landfill. The estimated net decrease in capacity after the permit modification during the year was 1.2 percent related to new estimates of airspace capacity using digital terrain modeling techniques. The accrued liability increased by \$585,161. The County will recognize the remaining estimated cost of closure and post closure care of \$6,827,677 as the remaining estimated capacity is filled. Based on the current rate of materials deposited, the life of the landfill is 20.4 years.

The estimated costs are based on what it would cost to perform all closure and post closure care in 2020 and do not include provisions for inflation. Based on current projections, the present landfill site will be

POLK COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2020

closed in the year 2051. Monitoring would begin on this date and would continue for the next 30 years. The County expects that future inflation costs will be paid from interest earnings on accumulated landfill earnings. However, if interest earnings are inadequate or additional post closure care requirements are determined (due to changes in technology or applicable laws or regulations, for example), these costs may need to be covered by charges to future landfill users or from future tax revenue.

The County is not currently required to make contributions to a trust fund to finance closure and post closure care costs. The County has reserved \$805,147 in its debt service fund for post closure costs. The County intends to fund the deficiency in amounts currently available and the total estimated costs with contractor franchise fees.

D. Pension Plan

Texas County and District Retirement System

Plan Description

TCDRS is a statewide, agent multiple-employer, public-employee retirement system. TCDRS serves 780 actively participating counties and districts throughout Texas. Each employer maintains its own customized plan of benefits. Plan provisions are adopted by the Board of Directors of each employer, within the options available in the TCDRS Act. Because of that, the County has the flexibility and local control to select benefits and pay for those benefits based on its needs and budgets.

Each employer has a defined benefit plan that functions similarly to a cash balance plan. The assets of the plans 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 pension plan be construed and administered in a manner that the retirement system will be considered a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TCDRS issues a publicly available comprehensive annual financial report that can be obtained at www.tcdrs.org.

All eligible employees (except temporary staff) of the County must be enrolled in the TCDRS.

Benefits Provided

TCDRS is a statewide, agent multiple-employer, public-employee retirement system. The system serves nearly 800 participating counties and districts throughout Texas. Each employer maintains its own customized plan of benefits. Plan provisions are adopted by the governing body of each employer, within the options available in the TCDRS Act. Employers have the flexibility and local control to adjust benefits annually and pay for those benefits based on their needs and budgets.

Each employer has a defined benefit plan that functions similarly to a cash balance plan. The assets of the plans 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 pension plan be construed and administered in a manner that the retirement system will be considered qualified under Section 401(a) of the Internal Revenue Code.

Benefit amounts are determined by the sum of the employee's contribution to TCDRS, with interest, and County-financed monetary credits. The level of these monetary credits is adopted by the Commissioners' Court within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the County's commitment to contribute. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee's

POLK COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2020

accumulated contributions and the County-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

Employees Covered by Benefit Terms

At the December 31, 2019 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	210
Inactive employees entitled to, but not yet receiving, benefits	303
Active employees	324
Total	837

Contributions

A combination of three elements funds each employer’s plan: employee deposits, employer contributions, and investment income.

- The deposit rate for employees is four percent, five percent, six percent, or seven percent of compensation, as adopted by the employer’s governing body.
- Participating employers are required, by law, to contribute at actuarially determined rates, which are determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method.
- Investment income funds a large part of the benefits employees earn.

Employers have the option of paying more than the required contribution rate each year. Extra contributions can help employers “prefund” benefit increases, such as a cost-of-living adjustment to retirees, and they can be used to help offset or mitigate future increases in the required rate due to negative plan experience. There are two approaches for making extra contributions:

- (a) paying an elected contribution rate higher than the required rate and
- (b) making an extra lump-sum contribution to the employer account.

Employees for the County were required to contribute seven percent of their annual gross earnings during the fiscal year. The contribution rates for the County were 13.31 percent and 14.21 percent in calendar years 2019 and 2020, respectively. The County’s contributions to TCDRS for the fiscal year ended September 30, 2020 were \$1,689,122 and were equal to the required contributions.

Net Pension Liability

The County’s Net Pension Liability (NPL) was measured as of December 31, 2019 and the Total Pension Liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The actuarial assumptions that determined the TPL as of December 31, 2019 were based on the results of an actuarial experience study for the period January 1, 2013 through December 31, 2016, except

POLK COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2020

where required to be different by GASB Standard No. 68, *Accounting and Financial Reporting for Pensions* (GASB 68).

Following are the key assumptions and methods used in the December 31, 2019 actuarial valuation:

Valuation Timing	Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.
Actuarial Cost Method	Entry age normal
Amortization Method	Level of percentage of payroll, closed
Remaining Amortization Period	11.9 years
Smoothing Period	5 years
Recognition Method	Non-asymptotic
Corridor	None
Inflation	2.75%
Salary Increases	Varies by age and service. 4.9% average over career, including inflation
Investment Rate of Return	8%, net of administrative and investment expenses, including inflation
Cost-of-Living Adjustments	Cost-of-living adjustments for the County are not considered to be substantively automatic under GASB 68. Therefore, an assumption for future cost-of-living adjustments is included in the GASB calculations. No assumption for future cost-of-living adjustments is included in the funding valuation.

The long-term expected rate of return of TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The target allocation and best estimate of geometric real rate of return for each major asset class are summarized in the following table:

Asset Class	Benchmark	Target Allocation	Geometric Real Rate of Return (Expected minus Inflation)
US Equities	Dow Jones U.S. Total Stock Market Index	14.50%	5.20%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index	20.00%	8.20%
Global Equities	MSCI World (net) Index	2.50%	5.50%
International Equities - Developed	MSCI World Ex USA (net) Index	7.00%	5.20%
International Equities - Emerging	MSCI Emerging Markets (net) Index	7.00%	5.90%
Investment-Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	-0.20%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	12.00%	3.14%
Direct Lending	S&P/LSTA Leveraged Loan Index	11.00%	7.16%
Distressed Debt	Cambridge Associates Distressed Securities Index	4.00%	6.90%
REIT Equities	67% FTSE NAREIT All Equity REITs Index + 33% S&P Global REIT (net) Index	3.00%	4.50%
Master Limited Partnerships (MLPs)	Alerian MLP Index	2.00%	8.40%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index	6.00%	5.50%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	8.00%	2.30%

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NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2020

Discount Rate

The discount rate used to measure the TPL was 8.1 percent. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, TCDRS's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on TCDRS investments was applied to all periods of projected benefit payments to determine the TPL.

Changes in the NPL

	Increase (Decrease)		
	Total Pension	Plan Fiduciary	Net Pension
	Liability	Net Position	Liability
	(A)	(B)	(A) - (B)
Changes for the year:			
Service cost	\$ 1,717,165	\$ -	\$ 1,717,165
Interest	5,292,389	-	5,292,389
Change in current period benefits	-	-	-
Difference between expected and actual experience	(229,118)	-	(229,118)
Changes in assumptions	-	-	-
Contributions - employer	-	1,571,701	(1,571,701)
Contributions - employee	-	826,589	(826,589)
Net investment income	-	9,398,114	(9,398,114)
Benefit payments, including refunds of employee contributions	(3,196,180)	(3,196,180)	-
Administrative expense	-	(50,109)	50,109
Other changes	-	(18,068)	18,068
Net changes	3,584,256	8,532,047	(4,947,791)
Balance at December 31, 2018	65,187,949	57,223,893	7,964,056
Balance at December 31, 2019	\$ 68,772,205	\$ 65,755,940	\$ 3,016,265

Sensitivity of the NPL to Changes in the Discount Rate

The following presents the NPL of the County, calculated using the discount rate of 8.1 percent, as well as what the County's NPL would be if it were calculated using a discount rate that is one percentage point lower (7.1%) or one percentage point higher (9.1%) than the current rate:

	1% Decrease in	Discount Rate	1% Increase in
	(7.1%)	(8.1%)	(9.1%)
County's Net Pension Liability	\$ 11,833,055	\$ 3,016,265	\$ (4,391,371)

Pension Plan Fiduciary Net Position

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

POLK COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2020

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

For the fiscal year ended September 30, 2020, the County recognized pension expense of \$1,650,400.

At September 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 3,102	\$ 331,186
Changes in actuarial assumptions	45,843	-
Difference between projected and actual investment earnings	-	1,614,589
Contributions subsequent to the measurement date	1,243,873	-
Total	\$ 1,292,818	\$ 1,945,775

\$1,243,873 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the NPL for the fiscal year ending September 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ended September 30:	Pension Expense
2021	\$ (570,331)
2022	(520,568)
2023	153,545
2024	(959,476)
Total	\$ (1,896,830)

E. Other Postemployment Benefits

Healthcare Plan

Plan Description

In order to recognize and reward long-term employees, as well as to provide an incentive for remaining in the County's employment, the County administers a single-employer defined benefit OPEB plan, known as Polk County Retiree Benefits Trust Plan (the "Plan"). The Commissioners' Court has been appointed as the trustees for the Plan. The trustees have the power to amend or modify this Plan in order to comply with applicable legal requirements or to carry out the purposes of this Plan.

Each full-time employee who separates from the service of the County and who, at the time of their separation, is eligible for retirement under the TCDRS guidelines, and either (1) has total creditable service with TCDRS and continuous service as a full-time employee of the County for 20 years or more or (2) has total creditable service with TCDRS and continuous service as an elected official of the County for 16 years or more; and whose full salary has been paid entirely from the County funds or grant funds received from Federal, State, or other local governments by the County continuously for 20 years or more or for 16 years or more as an elected official; and is covered by the County group health plan at the time of their retirement will have the same dollar amount contributed towards their group medical premiums by the County that the County contributes towards such premiums for its full-time employees.

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NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2020

For employees and elected officials retiring on or after October 1, 2019 who are eligible for the Plan, a maximum of \$800 per month toward the premium for eligible retirees participating in the County's group health plan (pre-65) will be paid by the County and the retiree will be responsible for any portion of the total premium amount exceeding the County's maximum contribution.

Upon reaching Medicare eligibility (retiree must have Medicare A and B, and may have to be 65 or older), employees who meet the above requirements will be eligible to participate in the Plan offered by the County. For employees and elected officials retiring on or after October 1, 2018 who are eligible for the Plan, a maximum of \$400 per month toward the premium for eligible retirees electing to participate in the Plan will be paid by the County and the retiree will be responsible for any portion of the total premium amount exceeding the County's maximum contribution.

Coverage for spouses and dependents who are participants in the County's group health plan on the date of the employee's retirement may also be continued. Premiums for spouses and dependents shall be paid by the retiree. Coverage for spouses or dependents ceases at midnight on the last day of any month in which the premium is not received in the Treasurer's office when due.

The following provides a summary of the number of participants in the plan as of September 30, 2020:

Inactive employees or beneficiaries currently receiving benefits	29
Inactive employees entitled to, but not yet receiving, benefits	-
Active employees	258
Total	<u><u>287</u></u>

Net OPEB Liability

The County's net OPEB liability of \$9,408,596 was determined by an actuarial valuation as of December 31, 2019.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	0.50% to 5.00%, not including wage inflation of 3.25%.
Discount rate	2.75% as of December 31, 2019
Actuarial cost method	Individual entry-age normal
Demographic assumptions	Based on experience study covering the four-year period ending December 31, 2016 as conducted for TCDRS. For the OPEB valuation, the standard TCDRS retirement rates were adjusted to reflect the impact of the County's retiree medical plan design.
Mortality	For healthy retirees, the gender-distinct RP2014 Healthy Annuitant Mortality Tables are used with male rates multiplied by 130% and female rates multiplied by 110%. Those rates are projected on a fully generational basis on 110% of the ultimate rates of Scale MP-2014.
Healthcare costs trend rate	Pre-65: Initial rate of 7.20% declining to an ultimate rate of 4.25% after 15 years; Post-65: Initial rate of 6.50% declining to an ultimate rate of 4.25% after 15 years.
Participation rates	95% of retirees that are eligible for subsidized coverage; 0% of retirees that are not eligible for subsidized coverage

POLK COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2020

Funding Policy

The County has elected to finance the Plan on a pay-as-you-go basis, paying an amount each year equal to the claims paid.

Investments

The Plan is authorized to invest in the same options available to the County as authorized by the Public Funds Investment Act, Chapter 2256, Texas Government Code. Investments, except for certain investment pools, commercial paper, money market funds, and investment contracts, are reported at fair value. No investments were held by the Plan as of its most recent fiscal year end.

Changes in the Net OPEB Liability

	<u>Total OPEB Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net OPEB Liability</u>
Changes for the year:			
Service cost	\$ 386,941	\$ -	\$ 386,941
Interest	373,435	-	373,435
Change in benefit terms	-	-	-
Difference between expected and actual experience	39,938	-	39,938
Changes in assumption	1,143,965	-	1,143,965
Employer contributions	-	663,699	(663,699)
Net investment income	-	49,164	(49,164)
Benefit payments	(308,230)	(308,230)	-
Administrative expense	-	(3,000)	3,000
Net Changes	<u>1,636,049</u>	<u>401,633</u>	<u>1,234,416</u>
Beginning balance	10,026,268	1,852,088	8,174,180
Ending Balance	<u>\$ 11,662,317</u>	<u>\$ 2,253,721</u>	<u>\$ 9,408,596</u>

Consistent with the requirements of GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, the employer contributions include amounts for OPEB as the benefits come due that will not be reimbursed to the employer using OPEB plan assets. The employer contributions shown above include trust contributions of \$602,448 and implicit benefit payments of \$61,251 which were paid by the County using its own assets.

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

The following presents the net OPEB liability of the County, as well as what the County's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate:

	<u>1% Decrease in Discount Rate (1.75%)</u>	<u>Discount Rate (2.75%)</u>	<u>1% Increase in Discount Rate (3.75%)</u>
County's Net OPEB Liability	<u>\$ 11,125,525</u>	<u>\$ 9,408,596</u>	<u>\$ 7,989,426</u>

POLK COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2020

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the net OPEB liability of the County, as well as what the County's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current healthcare cost trend rate:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
County's Net OPEB Liability	\$ 8,449,408	\$ 9,408,596	\$ 10,576,883

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

For the year ended September 30, 2020, the County recognized OPEB expense of \$507,307. The County reported deferred outflows/inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 35,366	\$ 2,925,374
Changes in actuarial assumptions	2,362,381	-
Excess investment returns	20,320	-
Total	\$ 2,418,067	\$ 2,925,374

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

Fiscal Year Ended September 30	OPEB Expense
2021	\$ (74,876)
2022	(74,876)
2023	(78,433)
2024	(82,423)
2025	(82,732)
Thereafter	(113,967)
Total	\$ (507,307)

POLK COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2020

F. Jointly Governed and Related Organizations

The Adult Probation and Juvenile Probation divisions are operated as combined departments doing business as the 258th and 411th Community Supervision and Correction Departments (the “Departments”). A different board (the “Board”) governs each department, although the District Judges preside on both Boards. The Departments service the counties of Polk, San Jacinto, and Trinity. Each county is required to provide office space for the operations of the Departments. Substantially all of the Departments’ funding is provided by the State. The participating counties provide approximately ten percent of the Departments’ budgets.

The Juvenile Probation Board consists of the Polk County Judge and the Polk County Court-at-Law Judge, along with two District judges and County judges from San Jacinto and Trinity Counties. The Adult Probation Department’s Board consists of two District judges and the County Court-at-Law Judge from the County. The Departments and their divisions are considered to be legally separate from the County. In addition, the County is not able to appoint a voting majority to either of the Departments’ Boards or otherwise able to impose its will. The Departments are not fiscally dependent on the County since the County’s approvals are ministerial in nature. While the Department’s divisions are closely affiliated with the County, they are not considered to be part of the reporting entity, i.e., component units of the County.

G. Component Unit Disclosures

1. Long-Term Debt

The following is a summary of changes in the Corporation’s total governmental long-term liabilities for the year ended September 30, 2020. The Corporation uses the general fund to liquidate governmental long-term liabilities.

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
Bonds payable:					
2017 Project Revenue Bonds	\$ 23,765,000	\$ -	\$ (5,485,000)	\$ 18,280,000	\$ 3,105,000
Total Governmental Activities	\$ 23,765,000	\$ -	\$ (5,485,000)	\$ 18,280,000	\$ 3,105,000
Long-term liabilities due in more than one year				\$ 15,175,000	

In October 2019, U.S. Bank National Association serving as trustee (the “Trustee”) conducted a Reverse Dutch Auction whereas \$3,125,000 was retired for \$2,191,775, resulting in a gain of \$933,225. In April 2020, the Trustee conducted a Reverse Dutch Auction whereas \$2,360,000 was retired for \$1,523,400, resulting in a gain of \$836,600. This totals a gain for the fiscal year of \$1,769,825.

POLK COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2020

Long-term debt obligations of the Corporation as of September 30, 2020 are as follows:

Year Ending Sept. 30	Principal	Interest	Total
2021	\$ 3,105,000	\$ 398,900	\$ 3,503,900
2022	3,165,000	335,900	3,500,900
2023	3,225,000	271,318	3,496,318
2024	3,295,000	204,290	3,499,290
2025	3,355,000	208,010	3,563,010
2026	2,135,000	132,647	2,267,647
Total	\$ 18,280,000	\$ 1,551,065	\$ 19,831,065

Long-term liabilities applicable to the Corporation’s governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities in the governmental fund. Interest on long-term debt is not accrued in the governmental fund, but rather is recognized as an expenditure when due.

The debt service of the 2017 Project Revenue Bonds (the “Bonds”) is payable from project revenues as a result of the operation of the Corporation’s facility. The Bonds do not constitute an obligation, either special, general, or moral, of the County, the State, or any other political subdivision thereof.

At least 30, but not more than 60, days prior to any sinking fund payment date, each bond holder shall have right, but not the obligation, to offer its bonds for purchase by the issuer in lieu of sinking fund redemption pursuant to a Reverse Dutch Auction at a price less than the principal amount thereof from funds available therefore in the bond fund.

The Bonds were issued to finance a project that consists of the acquisition of real property in the County and the construction, furnishing, and equipping of a multi-classification secure detention center. Separate financial statements are available from the County Auditor’s office.

2. Net Position

The Corporation reports a deficit net investment in capital assets. This is due to the carrying value of the capital assets, net of depreciation, being lower than the remaining outstanding debt. This is due to a large portion of the principal on the bonds being scheduled for repayment at the end of the bond repayment term, while the carrying value of the capital assets continues to decrease each year due to depreciation.

3. Subsequent Events for Component Unit

Reverse Dutch Auction

Subsequent to year end, the Trustees initiated the October 2020 Reverse Dutch Auction in which \$2,165,000 in bonds were retired for \$1,465,750, resulting in a gain on extinguishment of debt of \$699,250. The next Reverse Dutch Auction is scheduled for April 2021, of which the results are presently unknown.

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REQUIRED SUPPLEMENTARY INFORMATION

POLK COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Page 1 of 2)
GENERAL FUND

For the Year Ended September 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property taxes	\$ 13,531,446	\$ 13,531,446	\$ 13,675,653	\$ 144,207
Sales taxes	2,480,000	2,480,000	2,795,362	315,362
Other taxes	368,000	368,000	423,786	55,786
Fines and forfeitures	585,620	585,620	452,171	(133,449)
Charges for services	1,287,400	1,295,100	1,256,161	(38,939)
Intergovernmental	1,425,199	2,026,448	3,961,627	1,935,179
Licenses and permits	167,875	274,875	285,618	10,743
Investment income	300,000	300,000	168,299	(131,701)
Other revenue	1,234,643	1,408,254	1,687,542	279,288
Total Revenues	21,380,183	22,269,743	24,706,219	2,436,476
Expenditures				
General Government:				
County Judge	261,687	261,687	248,388	13,299
Commissioners' Court	961,132	1,143,542	1,124,153	19,389
County Clerk	707,886	709,139	656,128	53,011
County Treasurer	189,592	189,592	178,610	10,982
County Auditor	390,554	390,554	311,685	78,869
Data processing	596,619	639,861	638,533	1,328
Human resources	189,550	190,791	181,143	9,648
Fire Marshal	94,096	98,833	96,943	1,890
Maintenance	919,330	971,428	844,762	126,666
Fire department support	192,912	199,778	187,852	11,926
Emergency management	283,521	2,795,226	2,786,035	9,191
General operating	1,269,051	1,464,140	1,445,613	18,527
Grants and Contracts	54,584	54,584	52,773	1,811
Other unclassified	467,624	468,624	331,977	136,647
	6,578,138	9,577,779	9,084,595	493,184
Administration of Justice:				
Jury	61,273	61,537	26,384	35,153
County Court-at-law	789,774	789,774	697,208	92,566
District Clerk	593,647	593,647	563,774	29,873
District Judges	1,208,424	1,208,424	862,586	345,838
Pretrial services	4,000	4,000	3,550	450
Justice of the Peace Pct. 1	238,122	238,122	224,007	14,115
Justice of the Peace Pct. 2	196,423	196,723	196,715	8
Justice of the Peace Pct. 3	190,814	190,814	184,531	6,283
Justice of the Peace Pct. 4	182,914	182,914	182,417	497
District Attorney	1,238,694	1,233,752	1,189,032	44,720
Sheriff	4,068,882	4,112,627	3,923,051	189,576
Jail	3,334,390	3,342,816	3,136,551	206,265
Constables	250,696	248,196	209,763	38,433
DPS	74,160	74,160	70,979	3,181
	12,432,213	12,477,506	11,470,548	1,006,958

POLK COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Page 2 of 2)
GENERAL FUND

For the Year Ended September 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Expenditures (continued)</u>				
Health and Human Services:				
Museum	\$ 61,271	\$ 61,271	\$ 57,100	\$ 4,171
Permit/inspections	119,983	119,983	107,981	12,002
Social services	344,944	415,324	407,427	7,897
Veterans services	61,137	62,262	60,290	1,972
County extension	118,092	118,092	115,480	2,612
Environmental services	95,027	95,027	91,267	3,760
	<u>800,454</u>	<u>871,959</u>	<u>839,545</u>	<u>32,414</u>
Tax Administration:				
Appraisal District	444,452	444,452	444,452	-
Tax Assessor Collector	1,002,545	1,005,698	911,882	93,816
	<u>1,446,997</u>	<u>1,450,150</u>	<u>1,356,334</u>	<u>93,816</u>
Debt Service:				
Debt issuance costs	-	29,030	29,030	-
	<u>-</u>	<u>29,030</u>	<u>29,030</u>	<u>-</u>
Capital Outlay	<u>320,420</u>	<u>1,383,172</u>	<u>1,297,011</u>	<u>86,161</u>
Total Expenditures	<u>21,578,222</u>	<u>25,789,596</u>	<u>24,077,063</u>	<u>1,712,533</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(198,039)</u>	<u>(3,519,853)</u>	<u>629,156</u>	<u>4,149,009</u>
<u>Other Financing Sources (Uses)</u>				
Transfers in	387,045	387,045	385,485	(1,560)
Transfers (out)	(188,777)	(564,887)	(544,212)	20,675
Debt issuance	-	812,225	812,225	-
Total Other Financing Sources	<u>198,268</u>	<u>634,383</u>	<u>653,498</u>	<u>19,115</u>
Net Change in Fund Balance	<u>\$ 229</u>	<u>\$ (2,885,470)</u>	<u>1,282,654</u>	<u>\$ 4,168,124</u>
Beginning fund balance			<u>13,012,462</u>	
Ending Fund Balance			<u>\$ 14,295,116</u>	

Notes to Required Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

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POLK COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
ROAD AND BRIDGE FUND
For the Year Ended September 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property taxes	\$ 5,008,284	\$ 5,008,284	\$ 5,059,118	\$ 50,834
Other taxes	985,000	985,000	946,178	(38,822)
Fines and forfeitures	72,500	72,500	85,823	13,323
Intergovernmental	-	192,764	224,894	32,130
Investment income	31,400	31,400	20,430	(10,970)
Other revenue	49,300	344,878	402,971	58,093
Total Revenues	6,146,484	6,634,826	6,739,414	104,588
Expenditures				
Roads and bridges:				
Precinct 1	1,345,118	1,850,781	1,774,288	76,493
Precinct 2	1,357,817	1,660,623	1,279,740	380,883
Precinct 3	1,651,601	1,754,344	1,451,205	303,139
Precinct 4	1,591,204	1,823,333	1,622,435	200,898
Debt service:				
Principal	1,080,347	1,084,028	307,028	777,000
Interest	51,449	47,768	47,768	-
Capital outlay				
	-	452,945	452,945	-
Total Expenditures	7,077,536	8,673,822	6,935,409	1,738,413
(Deficiency) of Revenues (Under) Expenditures	(931,052)	(2,038,996)	(195,995)	1,843,001
Other Financing Sources (Uses)				
Transfers in	171,796	460,546	375,000	(85,546)
Transfers (out)	(200,744)	(200,744)	(28,948)	171,796
Debt issuance	-	296,445	296,445	-
Gain on sale of capital assets	960,000	960,000	183,000	(777,000)
Total Other Financing Sources	931,052	1,516,247	825,497	(690,750)
Net Change in Fund Balance	\$ -	\$ (522,749)	629,502	\$ 1,152,251
Beginning fund balance			1,756,745	
Ending Fund Balance			\$ 2,386,247	

Notes to Required Supplementary Information:

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

POLK COUNTY, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM
For the Year Ended September 30, 2020

	Measurement Year*			
	2014	2015	2016	2017
Total Pension Liability				
Service cost	\$ 1,609,408	\$ 1,635,340	\$ 1,775,942	\$ 1,800,150
Interest (on the total pension liability)	3,913,810	4,187,330	4,425,097	4,723,059
Changes of benefit terms	-	(312,590)	-	109,415
Difference between expected and actual experience	(345,432)	(878,518)	(940,817)	(637,391)
Change of assumptions	-	575,540	-	183,374
Benefit payments, including refunds of employee contributions	(1,834,960)	(2,054,587)	(2,375,085)	(2,652,608)
Net Change in Total Pension Liability	<u>3,342,826</u>	<u>3,152,515</u>	<u>2,885,137</u>	<u>3,525,999</u>
Beginning total pension liability	<u>48,429,228</u>	<u>51,772,054</u>	<u>54,924,569</u>	<u>57,809,706</u>
Ending Total Pension Liability	<u><u>\$ 51,772,054</u></u>	<u><u>\$ 54,924,569</u></u>	<u><u>\$ 57,809,706</u></u>	<u><u>\$ 61,335,705</u></u>
Plan Fiduciary Net Position				
Contributions - employer	\$ 1,311,060	\$ 1,294,127	\$ 1,300,420	\$ 1,438,245
Contributions - employee	742,511	749,514	769,300	787,437
Net investment income	3,140,528	(761,831)	3,616,677	7,556,897
Benefit payments, including refunds of employee contributions	(1,834,961)	(2,054,587)	(2,375,085)	(2,652,608)
Administrative expense	(37,125)	(35,522)	(39,392)	(39,173)
Other	(184,795)	13,191	(406,128)	(6,091)
Net Change in Plan Fiduciary Net Position	<u>3,137,218</u>	<u>(795,108)</u>	<u>2,865,792</u>	<u>7,084,707</u>
Beginning plan fiduciary net position	<u>46,611,088</u>	<u>49,748,306</u>	<u>48,953,198</u>	<u>51,818,990</u>
Ending Plan Fiduciary Net Position	<u><u>\$ 49,748,306</u></u>	<u><u>\$ 48,953,198</u></u>	<u><u>\$ 51,818,990</u></u>	<u><u>\$ 58,903,697</u></u>
Net Pension Liability	<u><u>\$ 2,023,748</u></u>	<u><u>\$ 5,971,371</u></u>	<u><u>\$ 5,990,716</u></u>	<u><u>\$ 2,432,008</u></u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	96.09%	89.13%	89.64%	96.03%
Covered Payroll	\$ 10,607,304	\$ 10,677,523	\$ 11,032,245	\$ 10,957,089
Net Pension Liability as a Percentage of Covered Payroll	19.08%	55.92%	54.30%	22.20%

*Only six years of information is currently available. The County will build this schedule over the next four-year period.

Measurement Year*

	2018		2019
\$	1,689,624	\$	1,717,165
	4,992,429		5,292,389
	-		-
	6,205		(229,118)
	-		-
	(2,836,014)		(3,196,180)
	<u>3,852,244</u>		<u>3,584,256</u>
	<u>61,335,705</u>		<u>65,187,949</u>
\$	<u><u>65,187,949</u></u>	\$	<u><u>68,772,205</u></u>

\$	1,520,716	\$	1,571,701
	794,408		826,589
	(1,103,184)		9,398,114
	(2,836,014)		(3,196,180)
	(45,962)		(50,109)
	(9,768)		(18,068)
	<u>(1,679,804)</u>		<u>8,532,047</u>
	<u>58,903,697</u>		<u>57,223,893</u>
\$	<u><u>57,223,893</u></u>	\$	<u><u>65,755,940</u></u>
\$	<u><u>7,964,056</u></u>	\$	<u><u>3,016,265</u></u>

87.78% 95.61%

\$ 11,348,691 11,808,411

70.18% 25.54%

POLK COUNTY, TEXAS
SCHEDULE OF CONTRIBUTIONS
TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM
For the Year Ended September 30, 2020

	Fiscal Year*			
	2014	2015	2016	2017
Actuarially determined contribution	\$ 1,289,676	\$ 1,302,182	\$ 1,257,017	\$ 1,375,377
Contributions in relation to the actuarially determined contribution	<u>1,289,676</u>	<u>1,302,182</u>	<u>1,257,017</u>	<u>1,375,377</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 Covered payroll	 \$ 10,160,018	 \$ 10,693,266	 \$ 10,597,164	 \$ 10,860,701
 Contributions as a percentage of covered payroll	 12.69%	 12.18%	 11.86%	 12.66%

*Only seven years of information is currently available. The County will build this schedule over the next three-year period.

Notes to Required Supplementary Information:

There were no benefit changes during the year.

Fiscal Year*		
2018	2019	2020
\$ 1,494,403	\$ 1,520,716	\$ 1,689,122
<u>1,494,403</u>	<u>1,520,716</u>	<u>1,689,122</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 11,244,476	\$ 11,640,558	\$ 12,098,729
13.29%	13.06%	13.96%

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POLK COUNTY, TEXAS
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
For the Year Ended September 30, 2020

	Measurement Year*		
	2017	2018	2019
Total OPEB Liability			
Service cost	\$ 1,056,692	\$ 1,277,734	\$ 386,941
Interest (on the total OPEB liability)	658,785	682,731	373,435
Changes of benefit terms	-	(8,228,980)	-
Difference between expected and actual experience	(2,118)	(3,792,181)	39,938
Changes of assumptions	1,746,883	224,992	1,143,965
Benefit payments	(219,817)	(250,958)	(308,230)
Net Change in Total OPEB Liability	3,240,425	(10,086,662)	1,636,049
Beginning total OPEB liability	16,872,505	20,112,930	10,026,268
Ending Total OPEB Liability	\$ 20,112,930	\$ 10,026,268	\$ 11,662,317
Plan Fiduciary Net Position			
Contributions - employer	\$ 514,673	\$ 580,708	\$ 663,699
OPEB plan net investment income	15,783	21,707	49,164
Benefit payments	(219,817)	(250,958)	(308,230)
OPEB plan administrative expense	(6,798)	(1,800)	(3,000)
Other	-	-	-
Net Change in Plan Fiduciary Net Position	303,841	349,657	401,633
Beginning plan fiduciary net position	1,198,590	1,502,431	1,852,088
Ending Plan Fiduciary Net Position	\$ 1,502,431	\$ 1,852,088	\$ 2,253,721
Net OPEB Liability	\$ 18,610,499	\$ 8,174,180	\$ 9,408,596
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	7.47%	18.47%	19.32%
Covered Payroll	\$ 9,598,064	\$ 11,348,691	\$ 11,808,411
Net OPEB Liability as a Percentage of Covered Payroll	193.90%	72.03%	79.68%

*Only three years of information is currently available. The County will build this schedule over the next seven-year period.

Notes to Required Supplementary Information:

Changes in Assumptions

Changes in assumptions reflect a change in the discount rate from 3.71% as of December 31, 2018 to 2.75% as of December 31, 2019, updates to the participation assumption for future subsidized retirees, and updates to the health care trend assumption.

Changes in Benefits

Changes in benefit terms reflect a \$400 maximum monthly premium contribution from the County for Medicare retirees who retire after October 1, 2018 and an \$800 maximum monthly premium contribution from the County for non-Medicare retirees who retire after October 1, 2019. Changes of assumptions reflect an increase in the participation assumption from 90% to 95% for retirees who are eligible for subsidized coverage, and updates to the healthcare trend assumptions.

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***COMBINING STATEMENTS
AND SCHEDULES***

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

County and District Court Technology - This fund and the associated fees assessed to certain offenders and case filings were approved by the Legislature and became effective in late 2009. Monies will be utilized, per statute, to improve the technology in County and District courts.

Courthouse Security Fund - This fund is used to account for special fees collected by the District clerk and County clerk for the purpose of defraying expenses related to providing security in the County's court rooms.

Law Library Fund - This fund accounts for revenues and expenditures to maintain a County law library at the County seat. Commissioners' Court has established a fee for each civil case filed in the County or District court.

Aging Fund - This fund is used to account for a program created by the County and is funded in part by the Deep East Texas Council of Governments. This program provides senior citizens with nutrition and activity centers, home delivered meal programs, and counseling.

County Records Management Fund - Fees collected by the District clerk and County clerk-at-law, as approved by the Texas Legislature, are accounted for in this fund. The requests to expend funds collected are addressed to Commissioners' Court.

County Clerk Records Preservation Fund - Fees collected by the County clerk for filing official documents, such as birth and death certificates, are deposited in this fund and are expended for the purpose of preservation of documents within the County clerk's office.

Hotel/Motel Tax Fund - This fund is used to account for revenues generated from a hotel/motel occupancy tax and expenditures for improvements that serve the purpose of attracting visitors and tourists.

Justice Court Technology Fund - This fund is used to account for fees collected by Justice Court and designated for technology expenditures.

Historical Commission Fund - Revenues received by the Historical Commission are recorded in this fund. The purpose of the fund is to preserve the heritage of the Polk County area and to promote its history.

Available School Fund - This fund is used to accumulate investment earnings from the permanent school fund including lease payments received on properties owned by the County in Throckmorton and Baylor counties.

District Attorney Collection Fund - Fees collected in connection with processing checks issued or passed in violation of the Texas Penal Code are deposited in this fund and used for the purposes of defraying the salaries and expenses of the District attorney.

District Clerk Records Preservation Fund - This fund is used to account for records preserved by the District clerk and fees collected.

Forfeiture Fund - Funds collected in connection with gambling, drug seizures, and forfeitures for the use of the District attorney or sheriff are deposited into this fund. Depending on the nature of funds obtained, these monies can be used for either department.

NONMAJOR GOVERNMENTAL FUNDS (Continued)

Special Revenue Funds (continued)

District Clerk TDCJ Fund - Monies contributed by the Texas Department of Criminal Justice (TDCJ) to help offset the additional costs of the District clerk's office for having a prison located within the County are recorded within this fund.

Judiciary Fund - Fees collected by the County and District clerk for various agencies are accumulated in this fund until payment is made.

Officials' Fee Account Fund - This fund is used to account for monies held in official fee bank accounts. County officials (two justices of the peace and the County clerk) have bank accounts into which they deposit their collections.

Sheriff Federal Revenue Sharing Fund - This fund is used to account for revenues seized and distributed by the federal government to the County.

District Attorney's Check Restitution Fund - This fund is used to collect and remit restitution for insufficient checks. Fees collected are remitted to the District Attorney collection fund.

Waste Management Fund - This fund is used to account for all revenues generated from the operation of the County landfill and citizens' collection stations.

Jail Commissary Fund - This fund is used to account for all revenues generated from the County's jails.

District Attorney Special Fund - Money requested by the District Attorney from the State is deposited into this fund and used for the purposes of defraying costs of salaries within the District Attorney's office. Also, funds from the State for the District Attorney's investigators for education and training expenses are included.

Justice Court Building Security Fund - This fund is used to account for special fees collected for the purpose of defraying expenses related to providing security in the County's court rooms.

Pre-Trial Intervention Fund - This fund is used to account for special fees collected for the purpose of defraying expenses related to the pretrial intervention program.

Child Abuse Prevention Fund - This fund is used to account for special fees collected for the purpose of child abuse prevention.

Fire Marshall - This fund is restricted for the administration and enforcement of the fire code.

Guardianship Fund - This fund is used to account for the legislated fees collected in probate cases and administered by the Commissioners Court for guardianship programs.

Court Reporter Service Fund - This fund is used to account for the legislated fees collected as a court cost in civil cases to be used to assist in the payment of court-reporter-related services.

Permanent Fund

Permanent funds are governmental funds which are used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs.

Permanent School Fund - This fund is used to account for mineral lease revenue derived from property awarded in Texas land grants to be held for the benefit of schools within the County. These funds may be distributed if approved by the Commissioners' Court.

Capital Projects Funds

Capital projects funds are governmental funds that are used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlay, including the acquisition or construction of capital facilities and other capital assets.

College/Commerce Center Fund - This fund was established from proceeds received from grants and foundation funds. Its purpose is to develop and build the College and Commerce Center.

Energy Savings Fund - This fund is used to account for contractual obligation proceeds associated with the energy savings program.

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POLK COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (page 1 of 4)
September 30, 2020

Special Revenue Funds				
	County and District Court Technology	Courthouse Security	Law Library	Aging
<u>Assets</u>				
Cash and cash equivalents	\$ 9,859	\$ 25,437	\$ 84,789	\$ 142,477
Receivables, net	-	-	-	-
Total Assets	\$ 9,859	\$ 25,437	\$ 84,789	\$ 142,477
<u>Liabilities and Fund Balances</u>				
<u>Liabilities:</u>				
Accounts payable	\$ -	\$ 3,599	\$ -	\$ 10,787
Due to other funds	-	-	-	46,812
Due to other units	-	-	-	-
Total Liabilities	-	3,599	-	57,599
<u>Fund Balances:</u>				
Restricted:				
Special projects	9,859	21,838	84,789	84,878
Capital projects	-	-	-	-
Endowments/trusts	-	-	-	-
Total Fund Balances	9,859	21,838	84,789	84,878
Total Liabilities and Fund Balances	\$ 9,859	\$ 25,437	\$ 84,789	\$ 142,477

Special Revenue Funds

County Records Mgmt.	County Clerk Records Preservation	Hotel/Motel Tax	Justice Court Technology	Historical Commission	Available School
\$ 22,846	\$ 913,020	\$ 84,700	\$ 4,164	\$ 314,143	\$ 259,840
-	-	10,222	-	-	-
<u>\$ 22,846</u>	<u>\$ 913,020</u>	<u>\$ 94,922</u>	<u>\$ 4,164</u>	<u>\$ 314,143</u>	<u>\$ 259,840</u>
\$ -	\$ -	\$ 12,385	\$ -	\$ -	\$ -
-	-	-	4,164	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>12,385</u>	<u>4,164</u>	<u>-</u>	<u>-</u>
22,846	913,020	82,537	-	314,143	-
-	-	-	-	-	-
-	-	-	-	-	259,840
<u>22,846</u>	<u>913,020</u>	<u>82,537</u>	<u>-</u>	<u>314,143</u>	<u>259,840</u>
<u>\$ 22,846</u>	<u>\$ 913,020</u>	<u>\$ 94,922</u>	<u>\$ 4,164</u>	<u>\$ 314,143</u>	<u>\$ 259,840</u>

POLK COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (page 2 of 4)
September 30, 2020

	Special Revenue Funds			
	District Attorney Collection	District Clerk Records Preservation	Forfeiture	District Clerk TDCJ
<u>Assets</u>				
Cash and cash equivalents	\$ 31,653	\$ 71,305	\$ 813,789	\$ 1,990
Receivables, net	-	-	-	-
Total Assets	\$ 31,653	\$ 71,305	\$ 813,789	\$ 1,990
<u>Liabilities and Fund Balances</u>				
<u>Liabilities:</u>				
Accounts payable	\$ -	\$ -	\$ 32,814	\$ -
Due to other funds	-	-	-	-
Due to other units	-	-	166,190	1,990
Total Liabilities	-	-	199,004	1,990
<u>Fund Balances:</u>				
Restricted:				
Special projects	31,653	71,305	614,785	-
Capital projects	-	-	-	-
Endowments/trusts	-	-	-	-
Total Fund Balances	31,653	71,305	614,785	-
Total Liabilities and Fund Balances	\$ 31,653	\$ 71,305	\$ 813,789	\$ 1,990

Special Revenue Funds

Judiciary	Officials' Fee Account	Sheriff Federal Revenue Sharing	District Attorney's Check Restitution	Waste Management	Jail Commissary
\$ 134,957	\$ 45,194	\$ 26,538	\$ 494	\$ 264,935	\$ 99,733
-	-	-	-	69,028	-
<u>\$ 134,957</u>	<u>\$ 45,194</u>	<u>\$ 26,538</u>	<u>\$ 494</u>	<u>\$ 333,963</u>	<u>\$ 99,733</u>
\$ 134,957	\$ -	\$ -	\$ 494	\$ -	\$ 854
-	844	-	-	-	-
-	44,350	-	-	-	-
<u>134,957</u>	<u>45,194</u>	<u>-</u>	<u>494</u>	<u>-</u>	<u>854</u>
-	-	26,538	-	333,963	98,879
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>26,538</u>	<u>-</u>	<u>333,963</u>	<u>98,879</u>
<u>\$ 134,957</u>	<u>\$ 45,194</u>	<u>\$ 26,538</u>	<u>\$ 494</u>	<u>\$ 333,963</u>	<u>\$ 99,733</u>

POLK COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (page 3 of 4)
September 30, 2020

	Special Revenue Funds			
	District Attorney Special	Justice Court Building Security	Pre-Trial Intervention	Child Abuse Prevention
<u>Assets</u>				
Cash and cash equivalents	\$ 2,432	\$ 51,480	\$ 118,037	\$ 1,354
Receivables, net	-	-	-	-
Total Assets	\$ 2,432	\$ 51,480	\$ 118,037	\$ 1,354
<u>Liabilities and Fund Balances</u>				
<u>Liabilities:</u>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
Due to other units	-	-	-	-
Total Liabilities	-	-	-	-
<u>Fund Balances:</u>				
Restricted:				
Special projects	2,432	51,480	118,037	1,354
Capital projects	-	-	-	-
Endowments/trusts	-	-	-	-
Total Fund Balances	2,432	51,480	118,037	1,354
Total Liabilities and Fund Balances	\$ 2,432	\$ 51,480	\$ 118,037	\$ 1,354

<u>Special Revenue Funds</u>			<u>Permanent Fund</u>	<u>Capital Projects Funds</u>		
<u>Fire Marshall</u>	<u>Guardianship</u>	<u>Court Reporter Service</u>	<u>Permanent School</u>	<u>College/Commerce Center</u>	<u>Energy Savings</u>	
\$ 3,225	\$ 3,760	\$ 69	\$ 573,772	\$ 145	\$ -	
-	-	-	-	-	-	
<u>\$ 3,225</u>	<u>\$ 3,760</u>	<u>\$ 69</u>	<u>\$ 573,772</u>	<u>\$ 145</u>	<u>\$ -</u>	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
-	-	-	-	-	-	
-	-	-	-	-	-	
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
3,225	3,760	69	-	-	-	
-	-	-	-	145	-	
-	-	-	573,772	-	-	
<u>3,225</u>	<u>3,760</u>	<u>69</u>	<u>573,772</u>	<u>145</u>	<u>-</u>	
<u>\$ 3,225</u>	<u>\$ 3,760</u>	<u>\$ 69</u>	<u>\$ 573,772</u>	<u>\$ 145</u>	<u>\$ -</u>	

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POLK COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (page 4 of 4)
September 30, 2020

	Total Nonmajor Governmental Funds
<u>Assets</u>	
Cash and cash equivalents	\$ 4,106,137
Receivables, net	79,250
Total Assets	\$ 4,185,387
 <u>Liabilities and Fund Balances</u>	
<u>Liabilities:</u>	
Accounts payable	\$ 195,890
Due to other funds	51,820
Due to other units	212,530
Total Liabilities	460,240
 <u>Fund Balances:</u>	
Restricted:	
Special projects	2,891,390
Capital projects	145
Endowments/trusts	833,612
Total Fund Balances	3,725,147
Total Liabilities and Fund Balances	\$ 4,185,387

POLK COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (page 1 of 4)
For the Year Ended September 30, 2020

	Special Revenue Funds			
	County and District Court Technology	Courthouse Security	Law Library	Aging
Revenues				
Other taxes	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	1,317	-	-	-
Charge for services	-	24,940	11,396	-
Intergovernmental	-	-	-	314,476
Investment income	-	-	-	-
Other revenue	-	-	-	3,834
Total Revenues	<u>1,317</u>	<u>24,940</u>	<u>11,396</u>	<u>318,310</u>
Expenditures				
Current:				
General government	-	-	9,186	-
Administration of justice	-	158,829	-	-
Health and human services	-	-	-	395,054
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>-</u>	<u>158,829</u>	<u>9,186</u>	<u>395,054</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,317</u>	<u>(133,889)</u>	<u>2,210</u>	<u>(76,744)</u>
Other Financing Sources (Uses)				
Transfers in	-	138,623	-	764
Transfers (out)	-	-	-	-
Debt issuance	-	-	-	42,775
Total Other Financing Sources (Uses)	<u>-</u>	<u>138,623</u>	<u>-</u>	<u>43,539</u>
Net Change in Fund Balances	1,317	4,734	2,210	(33,205)
Beginning fund balances	<u>8,542</u>	<u>17,104</u>	<u>82,579</u>	<u>118,083</u>
Ending Fund Balances	<u>\$ 9,859</u>	<u>\$ 21,838</u>	<u>\$ 84,789</u>	<u>\$ 84,878</u>

Special Revenue Funds

County Records Mgmt.	County Clerk Records Preservation	Hotel/Motel Tax	Justice Court Technology	Historical Commission	Available School
\$ -	\$ -	\$ 29,429	\$ -	\$ -	\$ -
-	-	-	6,806	-	-
13,765	291,301	-	-	-	-
-	-	-	-	-	-
-	2,861	-	-	2,945	2,392
-	-	-	-	262	156,614
<u>13,765</u>	<u>294,162</u>	<u>29,429</u>	<u>6,806</u>	<u>3,207</u>	<u>159,006</u>
-	54,891	28,148	-	59	164,652
-	-	-	40,850	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>54,891</u>	<u>28,148</u>	<u>40,850</u>	<u>59</u>	<u>164,652</u>
<u>13,765</u>	<u>239,271</u>	<u>1,281</u>	<u>(34,044)</u>	<u>3,148</u>	<u>(5,646)</u>
-	-	-	29,824	-	6,416
-	(136,536)	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>(136,536)</u>	<u>-</u>	<u>29,824</u>	<u>-</u>	<u>6,416</u>
13,765	102,735	1,281	(4,220)	3,148	770
<u>9,081</u>	<u>810,285</u>	<u>81,256</u>	<u>4,220</u>	<u>310,995</u>	<u>259,070</u>
<u>\$ 22,846</u>	<u>\$ 913,020</u>	<u>\$ 82,537</u>	<u>\$ -</u>	<u>\$ 314,143</u>	<u>\$ 259,840</u>

POLK COUNTY, TEXAS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS (page 2 of 4)
For the Year Ended September 30, 2020

	Special Revenue Funds			
	District Attorney Collection	District Clerk Records Preservation	Forfeiture	District Clerk TDCJ
Revenues				
Other taxes	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	-	-
Charge for services	270	13,701	-	-
Intergovernmental	-	-	454,997	-
Investment income	-	-	3,479	-
Other revenue	-	-	-	-
Total Revenues	270	13,701	458,476	-
Expenditures				
Current:				
General government	-	-	-	-
Administration of justice	1,336	5,818	213,823	-
Health and human services	-	-	-	-
Capital outlay	-	626	-	-
Total Expenditures	1,336	6,444	213,823	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,066)	7,257	244,653	-
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Debt issuance	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	(1,066)	7,257	244,653	-
Beginning fund balances	32,719	64,048	370,132	-
Ending Fund Balances	\$ 31,653	\$ 71,305	\$ 614,785	\$ -

Special Revenue Funds

Judiciary	Officials' Fee Account	Sheriff Federal Revenue Sharing	District Attorney's Check Restitution	Waste Management	Jail Commissary
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	421,770	-
-	-	14,505	-	-	-
-	-	-	-	-	-
-	-	-	-	-	49,271
-	-	14,505	-	421,770	49,271
-	-	-	-	-	-
-	-	1,325	-	-	7,269
-	-	-	-	-	-
-	-	-	-	-	-
-	-	1,325	-	-	7,269
-	-	13,180	-	421,770	42,002
-	-	-	-	-	-
-	-	-	-	(220,000)	-
-	-	-	-	-	-
-	-	-	-	(220,000)	-
-	-	13,180	-	201,770	42,002
-	-	13,358	-	132,193	56,877
\$ -	\$ -	\$ 26,538	\$ -	\$ 333,963	\$ 98,879

POLK COUNTY, TEXAS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS (page 3 of 4)
For the Year Ended September 30, 2020

	Special Revenue Funds			
	District Attorney Special	Justice Court Building Security	Pre-Trial Intervention	Child Abuse Prevention
Revenues				
Other taxes	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	-	1,525	-	-
Charge for services	-	-	-	-
Intergovernmental	-	-	6,950	434
Investment income	-	-	-	-
Other revenue	28,294	-	-	-
Total Revenues	28,294	1,525	6,950	434
Expenditures				
Current:				
General government	-	-	-	-
Administration of justice	26,421	-	2,400	-
Health and human services	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	26,421	-	2,400	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,873	1,525	4,550	434
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Debt issuance	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	1,873	1,525	4,550	434
Beginning fund balances	559	49,955	113,487	920
Ending Fund Balances	\$ 2,432	\$ 51,480	\$ 118,037	\$ 1,354

Special Revenue Funds			Permanent Fund	Capital Projects Funds	
Fire Marshall	Guardianship	Court Reporter Service	Permanent School	College/Commerce Center	Energy Savings
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
4,189	3,760	69	-	-	-
-	-	-	5,391	-	-
-	-	-	40,359	-	-
<u>4,189</u>	<u>3,760</u>	<u>69</u>	<u>45,750</u>	<u>-</u>	<u>-</u>
964	-	-	44,810	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>964</u>	<u>-</u>	<u>-</u>	<u>44,810</u>	<u>-</u>	<u>-</u>
3,225	3,760	69	940	-	-
-	-	-	-	-	-
-	-	-	(6,416)	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,416)</u>	<u>-</u>	<u>-</u>
3,225	3,760	69	(5,476)	-	-
-	-	-	579,248	145	-
<u>\$ 3,225</u>	<u>\$ 3,760</u>	<u>\$ 69</u>	<u>\$ 573,772</u>	<u>\$ 145</u>	<u>\$ -</u>

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POLK COUNTY, TEXAS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS (page 4 of 4)
For the Year Ended September 30, 2020

	Total Nonmajor Governmental Funds
<u>Revenues</u>	
Other taxes	\$ 29,429
Fines and forfeitures	9,648
Charge for services	777,143
Intergovernmental	799,380
Investment income	17,068
Other revenue	278,634
Total Revenues	1,911,302
 <u>Expenditures</u>	
Current:	
General government	302,710
Administration of justice	458,071
Health and human services	395,054
Capital outlay	626
Total Expenditures	1,156,461
Excess (Deficiency) of Revenues Over (Under) Expenditures	754,841
 <u>Other Financing Sources (Uses)</u>	
Transfers in	175,627
Transfers (out)	(362,952)
Debt issuance	42,775
Total Other Financing Sources (Uses)	(144,550)
Net Change in Fund Balances	610,291
Beginning fund balances	3,114,856
Ending Fund Balances	\$ 3,725,147

POLK COUNTY, TEXAS
COMBINING ROAD AND BRIDGE SUB-FUNDS
SCHEDULE OF ASSETS, LIABILITIES, AND FUND BALANCES
September 30, 2020

	Road and Bridge Capital Leases	Road and Bridge Precinct No. 1	Road and Bridge Precinct No. 2	Road and Bridge Precinct No. 3
<u>Assets</u>				
Cash and cash equivalents	\$ -	\$ 280,435	\$ 698,147	\$ 1,073,749
Receivables, net	-	119,187	122,567	145,288
Due from other funds	-	-	-	-
Total Assets	\$ -	\$ 399,622	\$ 820,714	\$ 1,219,037
<u>Liabilities</u>				
Accounts payable	\$ -	\$ 107,107	\$ 57,746	\$ 55,817
Due to other units	-	-	-	-
Due to other funds	-	37,289	-	-
Total Liabilities	-	144,396	57,746	55,817
<u>Deferred Inflows of Resources</u>				
Unavailable revenue - property taxes	-	119,187	119,766	145,288
<u>Fund Balances</u>				
Restricted	-	136,039	643,202	1,017,932
Total Fund Balances	-	136,039	643,202	1,017,932
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ -	\$ 399,622	\$ 820,714	\$ 1,219,037

Road and Bridge Precinct No. 4	Interfund Activity Elimination	Total Road and Bridge Funds
\$ 572,104	\$ -	\$ 2,624,435
209,106	-	596,148
-	-	-
<u>\$ 781,210</u>	<u>\$ -</u>	<u>\$ 3,220,583</u>
\$ 34,612	\$ -	\$ 255,282
15,551	-	15,551
-	-	37,289
<u>50,163</u>	<u>-</u>	<u>308,122</u>
<u>141,973</u>	<u>-</u>	<u>526,214</u>
<u>589,074</u>	<u>-</u>	<u>2,386,247</u>
<u>589,074</u>	<u>-</u>	<u>2,386,247</u>
<u>\$ 781,210</u>	<u>\$ -</u>	<u>\$ 3,220,583</u>

POLK COUNTY, TEXAS
COMBINING ROAD AND BRIDGE SUB-FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For the Year Ended September 30, 2020

	Road and Bridge Capital Leases	Road and Bridge Precinct No. 1	Road and Bridge Precinct No. 2	Road and Bridge Precinct No. 3
Revenues				
Property taxes	\$ -	\$ 1,164,538	\$ 1,154,961	\$ 1,401,045
Other taxes	-	217,621	217,621	255,468
Fines and forfeitures	-	20,162	20,360	23,082
Intergovernmental	-	192,764	-	6,524
Investment income	-	3,534	2,475	7,598
Other	-	109,203	237,930	26,700
Total Revenues	-	1,707,822	1,633,347	1,720,417
Expenditures				
Current:				
Roads and bridges	-	1,774,288	1,279,740	1,451,205
Debt service:				
Principal	307,028	-	-	-
Interest charges	47,768	-	-	-
Capital outlay	296,445	-	-	-
Total Expenditures	651,241	1,774,288	1,279,740	1,451,205
Excess (Deficiency) of Revenues Over (Under) Expenditures	(651,241)	(66,466)	353,607	269,212
Other Financing Sources (Uses)				
Debt issued	296,445	-	-	-
Transfers in	171,796	86,250	86,250	101,250
Transfers (out)	-	(68,114)	(44,210)	(44,210)
Gain on sale of capital assets	183,000	-	-	-
Total Other Financing Sources	651,241	18,136	42,040	57,040
Net Change in Fund Balances	-	(48,330)	395,647	326,252
Beginning fund balances	-	184,369	247,555	691,680
Ending Fund Balances	\$ -	\$ 136,039	\$ 643,202	\$ 1,017,932

Road and Bridge Precinct No. 4	Interfund Activity Elimination	Total Road and Bridge Funds
\$ 1,338,574	\$ -	\$ 5,059,118
255,468	-	946,178
22,219	-	85,823
25,606	-	224,894
6,823	-	20,430
29,138	-	402,971
<u>1,677,828</u>	<u>-</u>	<u>6,739,414</u>
1,622,435	-	6,127,668
-	-	307,028
-	-	47,768
156,500	-	452,945
<u>1,778,935</u>	<u>-</u>	<u>6,935,409</u>
<u>(101,107)</u>	<u>-</u>	<u>(195,995)</u>
-	-	296,445
101,250	(171,796)	375,000
(44,210)	171,796	(28,948)
-	-	183,000
<u>57,040</u>	<u>-</u>	<u>825,497</u>
(44,067)	-	629,502
<u>633,141</u>	<u>-</u>	<u>1,756,745</u>
<u>\$ 589,074</u>	<u>\$ -</u>	<u>\$ 2,386,247</u>

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POLK COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE FUND
For the Year Ended September 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Property taxes	\$ 3,457,895	\$ 3,457,895	\$ 3,492,935	\$ 35,040
Investment income	10,000	10,000	7,286	(2,714)
Total Revenues	<u>3,467,895</u>	<u>3,467,895</u>	<u>3,500,221</u>	<u>32,326</u>
<u>Expenditures</u>				
Principal	2,920,000	2,920,000	2,920,000	-
Interest and fiscal charges	547,872	376,845	502,410	(125,565)
Debt issuance costs	-	171,027	171,027	-
Total Expenditures	<u>3,467,872</u>	<u>3,467,872</u>	<u>3,593,437</u>	<u>(125,565)</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	<u>23</u>	<u>23</u>	<u>(93,216)</u>	<u>(93,239)</u>
<u>Other Financing Sources (Uses)</u>				
Debt issued	-	9,688,514	8,340,000	(1,348,514)
Premium	-	-	1,355,065	1,355,065
Payment to refunding bond escrow agent	-	(9,517,488)	(9,517,488)	-
Total Other Financing Sources	<u>-</u>	<u>171,026</u>	<u>177,577</u>	<u>6,551</u>
Net Change in Fund Balance	<u>\$ 23</u>	<u>\$ 171,049</u>	<u>84,361</u>	<u>\$ (86,688)</u>
Beginning fund balance			<u>841,959</u>	
Ending Fund Balance			<u>\$ 926,320</u>	

POLK COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
ROAD AND BRIDGE FUND - Precinct One
For the Year Ended September 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Property taxes	\$ 1,152,868	\$ 1,152,868	\$ 1,164,538	\$ 11,670
Other taxes	226,550	226,550	217,621	(8,929)
Fines and forfeitures	16,675	16,675	20,162	3,487
Intergovernmental	-	192,764	192,764	-
Investment income	5,800	5,800	3,534	(2,266)
Other	11,339	87,988	109,203	21,215
Total Revenues	<u>1,413,232</u>	<u>1,682,645</u>	<u>1,707,822</u>	<u>25,177</u>
<u>Expenditures</u>				
Current:				
Precinct 1	1,345,118	1,850,781	1,774,288	76,493
Total Expenditures	<u>1,345,118</u>	<u>1,850,781</u>	<u>1,774,288</u>	<u>76,493</u>
Excess (Deficiency) of				
Revenues Over (Under) Expenditures	<u>68,114</u>	<u>(168,136)</u>	<u>(66,466)</u>	<u>101,670</u>
<u>Other Financing Sources (Uses)</u>				
Transfers in	-	86,250	86,250	-
Transfers (out)	(68,114)	(68,114)	(68,114)	-
Total Other Financing Sources (Uses)	<u>(68,114)</u>	<u>18,136</u>	<u>18,136</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ (150,000)</u>	<u>(48,330)</u>	<u>\$ 101,670</u>
Beginning fund balance			<u>184,369</u>	
Ending Fund Balance			<u>\$ 136,039</u>	

POLK COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
ROAD AND BRIDGE FUND - Precinct Two
For the Year Ended September 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Property taxes	\$ 1,143,363	\$ 1,143,363	\$ 1,154,961	\$ 11,598
Other taxes	226,550	226,550	217,621	(8,929)
Fines and forfeitures	16,675	16,675	20,360	3,685
Investment income	4,100	4,100	2,475	(1,625)
Other	11,339	227,896	237,930	10,034
Total Revenues	<u>1,402,027</u>	<u>1,618,584</u>	<u>1,633,347</u>	<u>14,763</u>
<u>Expenditures</u>				
Current:				
Precinct 2	1,357,817	1,660,623	1,279,740	380,883
Total Expenditures	<u>1,357,817</u>	<u>1,660,623</u>	<u>1,279,740</u>	<u>380,883</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>44,210</u>	<u>(42,039)</u>	<u>353,607</u>	<u>395,646</u>
<u>Other Financing Sources (Uses)</u>				
Transfers in	-	86,250	86,250	-
Transfers (out)	(44,210)	(44,210)	(44,210)	-
Total Other Financing Sources (Uses)	<u>(44,210)</u>	<u>42,040</u>	<u>42,040</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ 1</u>	395,647	<u>\$ 395,646</u>
Beginning fund balance			<u>247,555</u>	
Ending Fund Balance			<u>\$ 643,202</u>	

POLK COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
ROAD AND BRIDGE FUND - Precinct Three
For the Year Ended September 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Property taxes	\$ 1,386,975	\$ 1,386,975	\$ 1,401,045	\$ 14,070
Other taxes	265,950	265,950	255,468	(10,482)
Fines and forfeitures	19,575	19,575	23,082	3,507
Intergovernmental	-	-	6,524	6,524
Investment income	10,000	10,000	7,598	(2,402)
Other	13,311	14,804	26,700	11,896
Total Revenues	<u>1,695,811</u>	<u>1,697,304</u>	<u>1,720,417</u>	<u>23,113</u>
<u>Expenditures</u>				
Current:				
Precinct 3	1,651,601	1,754,344	1,451,205	303,139
Total Expenditures	<u>1,651,601</u>	<u>1,754,344</u>	<u>1,451,205</u>	<u>303,139</u>
Excess (Deficiency) of				
Revenues Over (Under) Expenditures	<u>44,210</u>	<u>(57,040)</u>	<u>269,212</u>	<u>326,252</u>
<u>Other Financing Sources (Uses)</u>				
Transfers in	-	101,250	101,250	-
Transfers (out)	(44,210)	(44,210)	(44,210)	-
Total Other Financing Sources (Uses)	<u>(44,210)</u>	<u>57,040</u>	<u>57,040</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>326,252</u>	<u>\$ 326,252</u>
Beginning fund balance			<u>691,680</u>	
Ending Fund Balance			<u>\$ 1,017,932</u>	

POLK COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
ROAD AND BRIDGE FUND - Precinct Four
For the Year Ended September 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Property taxes	\$ 1,325,078	\$ 1,325,078	\$ 1,338,574	\$ 13,496
Other taxes	265,950	265,950	255,468	(10,482)
Fines and forfeitures	19,575	19,575	22,219	2,644
Intergovernmental	-	-	25,606	25,606
Investment income	11,500	11,500	6,823	(4,677)
Other	13,311	14,190	29,138	14,948
Total Revenues	<u>1,635,414</u>	<u>1,636,293</u>	<u>1,677,828</u>	<u>41,535</u>
<u>Expenditures</u>				
Current:				
Precinct 4	1,591,204	1,823,333	1,622,435	200,898
Capital outlay	-	156,500	156,500	-
Total Expenditures	<u>1,591,204</u>	<u>1,979,833</u>	<u>1,778,935</u>	<u>200,898</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>44,210</u>	<u>(343,540)</u>	<u>(101,107)</u>	<u>242,433</u>
<u>Other Financing Sources (Uses)</u>				
Transfers (in)	-	101,250	101,250	-
Transfers (out)	(44,210)	(44,210)	(44,210)	-
Total Other Financing Sources (Uses)	<u>(44,210)</u>	<u>57,040</u>	<u>57,040</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ (286,500)</u>	<u>(44,067)</u>	<u>\$ 242,433</u>
Beginning fund balance			<u>633,141</u>	
Ending Fund Balance			<u>\$ 589,074</u>	

POLK COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
ROAD AND BRIDGE FUND - Capital Leases
For the Year Ended September 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Expenditures</u>				
Debt service:				
Principal	\$ 1,080,347	\$ 1,084,028	\$ 307,028	\$ 777,000
Interest	51,449	47,768	47,768	-
Capital outlay	-	296,445	296,445	-
Total Expenditures	<u>1,131,796</u>	<u>1,428,241</u>	<u>651,241</u>	<u>777,000</u>
(Deficiency) of Revenues (Under) Expenditures	<u>(1,131,796)</u>	<u>(1,428,241)</u>	<u>(651,241)</u>	<u>777,000</u>
<u>Other Financing Sources (Uses)</u>				
Transfers in	171,796	171,796	171,796	-
Debt issued	-	296,445	296,445	-
Gain on sale of capital assets	960,000	960,000	183,000	(777,000)
Total Other Financing Sources	<u>1,131,796</u>	<u>1,428,241</u>	<u>651,241</u>	<u>(777,000)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Beginning fund balance			<u>-</u>	
Ending Fund Balance			<u>\$ -</u>	

POLK COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
COUNTY AND DISTRICT COURT TECHNOLOGY
For the Year Ended September 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Fines and forfeitures	\$ 1,600	\$ 1,600	\$ 1,317	\$ (283)
Total Revenues	<u>1,600</u>	<u>1,600</u>	<u>1,317</u>	<u>(283)</u>
Net Change in Fund Balance	<u>\$ 1,600</u>	<u>\$ 1,600</u>	1,317	<u>\$ (283)</u>
Beginning fund balance			<u>8,542</u>	
Ending Fund Balance			<u>\$ 9,859</u>	

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
COURTHOUSE SECURITY
For the Year Ended September 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Charges for services	\$ 30,130	\$ 30,130	\$ 24,940	\$ (5,190)
Total Revenues	<u>30,130</u>	<u>30,130</u>	<u>24,940</u>	<u>(5,190)</u>
<u>Expenditures</u>				
Administration of justice	192,473	192,473	158,829	33,644
Total Expenditures	<u>192,473</u>	<u>192,473</u>	<u>158,829</u>	<u>33,644</u>
(Deficiency) of Revenues (Under) Expenditures	<u>(162,343)</u>	<u>(162,343)</u>	<u>(133,889)</u>	<u>28,454</u>
<u>Other Financing Sources (Uses)</u>				
Transfers in	162,343	162,343	138,623	(23,720)
Total Other Financing Sources	<u>162,343</u>	<u>162,343</u>	<u>138,623</u>	<u>(23,720)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	4,734	<u>\$ 4,734</u>
Beginning fund balance			<u>17,104</u>	
Ending Fund Balance			<u>\$ 21,838</u>	

POLK COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
LAW LIBRARY
For the Year Ended September 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for services	\$ 13,500	\$ 13,500	\$ 11,396	\$ (2,104)
Total Revenues	13,500	13,500	11,396	(2,104)
Expenditures				
General government	13,500	13,500	9,186	4,314
Total Expenditures	13,500	13,500	9,186	4,314
Net Change in Fund Balance	\$ -	\$ -	2,210	\$ 2,210
Beginning fund balance			82,579	
Ending Fund Balance			\$ 84,789	

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
AGING
For the Year Ended September 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 337,994	\$ 357,994	\$ 314,476	\$ (43,518)
Other	-	-	3,834	3,834
Total Revenues	337,994	357,994	318,310	(39,684)
Expenditures				
Health and human services	373,386	415,181	395,054	20,127
Total Expenditures	373,386	415,181	395,054	20,127
(Deficiency) of Revenues				
(Under) Expenditures	(35,392)	(57,187)	(76,744)	(19,557)
Other Financing Sources (Uses)				
Transfers in	764	764	764	-
Debt issuance	-	-	42,775	42,775
Total Other Financing Sources	764	764	43,539	42,775
Net Change in Fund Balance	\$ (34,628)	\$ (56,423)	(33,205)	\$ 23,218
Beginning fund balance			118,083	
Ending Fund Balance			\$ 84,878	

POLK COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
COUNTY RECORDS MANAGEMENT
For the Year Ended September 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for services	\$ 18,000	\$ 18,000	\$ 13,765	\$ (4,235)
Total Revenues	18,000	18,000	13,765	(4,235)
Expenditures				
General government	15,875	15,875	-	15,875
Total Expenditures	15,875	15,875	-	15,875
Net Change in Fund Balance	\$ 2,125	\$ 2,125	13,765	\$ 11,640
Beginning fund balance			9,081	
Ending Fund Balance			\$ 22,846	

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
COUNTY CLERK RECORDS PRESERVATION
For the Year Ended September 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for services	\$ 285,600	\$ 285,600	\$ 291,301	\$ 5,701
Investment income	-	-	2,861	2,861
Total Revenues	285,600	285,600	294,162	8,562
Expenditures				
General government	127,233	127,233	54,891	72,342
Total Expenditures	127,233	127,233	54,891	72,342
Excess of Revenues Over Expenditures	158,367	158,367	239,271	80,904
Other Financing Sources (Uses)				
Transfers (out)	(136,536)	(136,536)	(136,536)	-
Total Other Financing (Uses)	(136,536)	(136,536)	(136,536)	-
Net Change in Fund Balance	\$ 21,831	\$ 21,831	102,735	\$ 80,904
Beginning fund balance			810,285	
Ending Fund Balance			\$ 913,020	

POLK COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
HOTEL/MOTEL TAX
For the Year Ended September 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Other taxes	\$ 35,000	\$ 35,000	\$ 29,429	\$ (5,571)
Total Revenues	<u>35,000</u>	<u>35,000</u>	<u>29,429</u>	<u>(5,571)</u>
<u>Expenditures</u>				
General government	35,000	35,000	28,148	6,852
Total Expenditures	<u>35,000</u>	<u>35,000</u>	<u>28,148</u>	<u>6,852</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	1,281	<u>\$ 1,281</u>
Beginning fund balance			<u>81,256</u>	
Ending Fund Balance			<u>\$ 82,537</u>	

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
JUSTICE COURT TECHNOLOGY
For the Year Ended September 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Fines and forfeitures	\$ 14,070	\$ 14,070	\$ 6,806	\$ (7,264)
Total Revenues	<u>14,070</u>	<u>14,070</u>	<u>6,806</u>	<u>(7,264)</u>
<u>Expenditures</u>				
Administration of justice	39,740	40,850	40,850	-
Total Expenditures	<u>39,740</u>	<u>40,850</u>	<u>40,850</u>	<u>-</u>
(Deficiency) of Revenues (Under) Expenditures	<u>(25,670)</u>	<u>(26,780)</u>	<u>(34,044)</u>	<u>(7,264)</u>
<u>Other Financing Sources (Uses)</u>				
Transfers in	25,670	26,780	29,824	3,044
Total Other Financing Sources	<u>25,670</u>	<u>26,780</u>	<u>29,824</u>	<u>3,044</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	(4,220)	<u>\$ (4,220)</u>
Beginning fund balance			<u>4,220</u>	
Ending Fund Balance			<u>\$ -</u>	

POLK COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
AVAILABLE SCHOOL
For the Year Ended September 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Investment income	\$ 5,500	\$ 5,500	\$ 2,392	\$ (3,108)
Other	156,614	156,614	156,614	-
Total Revenues	162,114	162,114	159,006	(3,108)
<u>Expenditures</u>				
General government	162,114	164,652	164,652	-
Total Expenditures	162,114	164,652	164,652	-
(Deficiency) of Revenues (Under)				
Expenditures	-	(2,538)	(5,646)	(3,108)
<u>Other Financing Sources (Uses)</u>				
Transfers in	-	2,538	6,416	3,878
Total Other Financing Sources	-	2,538	6,416	3,878
Net Change in Fund Balance	\$ -	\$ -	770	\$ 770
Beginning fund balance			259,070	
Ending Fund Balance			\$ 259,840	

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
DISTRICT ATTORNEY COLLECTION
For the Year Ended September 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Charges for services	\$ -	\$ -	\$ 270	\$ 270
Total Revenues	-	-	270	270
<u>Expenditures</u>				
Administration of justice	-	1,336	1,336	-
Total Expenditures	-	1,336	1,336	-
Net Change in Fund Balance	\$ -	\$ (1,336)	(1,066)	\$ 270
Beginning fund balance			32,719	
Ending Fund Balance			\$ 31,653	

POLK COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
DISTRICT CLERK RECORDS PRESERVATION
For the Year Ended September 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for services	\$ 16,000	\$ 16,000	\$ 13,701	\$ (2,299)
Other revenue	-	-	-	-
Total Revenues	16,000	16,000	13,701	(2,299)
Expenditures				
Administration of justice	2,000	2,000	5,818	(3,818)
Capital outlay	550	550	626	(76)
Total Expenditures	2,550	2,550	6,444	(3,894)
Net Change in Fund Balance	\$ 13,450	\$ 13,450	7,257	\$ (6,193)
Beginning fund balance			64,048	
Ending Fund Balance			\$ 71,305	

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FORFEITURE
For the Year Ended September 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 766	\$ 130,766	\$ 454,997	\$ 324,231
Investment income	-	-	3,479	3,479
Total Revenues	766	130,766	458,476	327,710
Expenditures				
Administration of justice	766	214,075	213,823	252
Total Expenditures	766	214,075	213,823	252
Net Change in Fund Balance	\$ -	\$ (83,309)	244,653	\$ 327,962
Beginning fund balance			370,132	
Ending Fund Balance			\$ 614,785	

POLK COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
SHERIFF FEDERAL REVENUE SHARING
For the Year Ended September 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 20,000	\$ 20,000	\$ 14,505	\$ (5,495)
Total Revenues	<u>20,000</u>	<u>20,000</u>	<u>14,505</u>	<u>(5,495)</u>
Expenditures				
Administration of justice	20,000	20,000	1,325	18,675
Total Expenditures	<u>20,000</u>	<u>20,000</u>	<u>1,325</u>	<u>18,675</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	13,180	<u>\$ 13,180</u>
Beginning fund balance			<u>13,358</u>	
Ending Fund Balance			<u>\$ 26,538</u>	

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
WASTE MANAGEMENT
For the Year Ended September 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for services	\$ 220,000	\$ 220,000	\$ 421,770	\$ 201,770
Total Revenues	<u>220,000</u>	<u>220,000</u>	<u>421,770</u>	<u>201,770</u>
Excess of Revenues Over Expenditures	<u>220,000</u>	<u>220,000</u>	<u>421,770</u>	<u>201,770</u>
Other Financing Sources (Uses)				
Transfers (out)	(220,000)	(220,000)	(220,000)	-
Total Other Financing (Uses)	<u>(220,000)</u>	<u>(220,000)</u>	<u>(220,000)</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	201,770	<u>\$ 201,770</u>
Beginning fund balance			<u>132,193</u>	
Ending Fund Balance			<u>\$ 333,963</u>	

POLK COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
JAIL COMMISSARY
For the Year Ended September 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Other	\$ 26,500	\$ 26,500	\$ 49,271	\$ 22,771
Total Revenues	26,500	26,500	49,271	22,771
Expenditures				
Administration of justice	26,500	26,500	7,269	19,231
Total Expenditures	26,500	26,500	7,269	19,231
Net Change in Fund Balance	\$ -	\$ -	42,002	\$ 42,002
Beginning fund balance			56,877	
Ending Fund Balance			\$ 98,879	

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
DISTRICT ATTORNEY SPECIAL
For the Year Ended September 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Other	\$ 28,200	\$ 28,200	\$ 28,294	\$ 94
Total Revenues	28,200	28,200	28,294	94
Expenditures				
Administration of justice	28,200	28,200	26,421	1,779
Total Expenditures	28,200	28,200	26,421	1,779
Net Change in Fund Balance	\$ -	\$ -	1,873	\$ 1,873
Beginning fund balance			559	
Ending Fund Balance			\$ 2,432	

POLK COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
JUSTICE COURT BUILDING SECURITY
For the Year Ended September 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines and forfeitures	\$ 3,980	\$ 3,980	\$ 1,525	\$ (2,455)
Total Revenues	<u>3,980</u>	<u>3,980</u>	<u>1,525</u>	<u>(2,455)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	1,525	<u>\$ 1,525</u>
Beginning fund balance			<u>49,955</u>	
Ending Fund Balance			<u>\$ 51,480</u>	

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
PRE-TRIAL INTERVENTION PROGRAM
For the Year Ended September 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 16,000	\$ 16,000	\$ 6,950	\$ (9,050)
Total Revenues	<u>16,000</u>	<u>16,000</u>	<u>6,950</u>	<u>(9,050)</u>
Expenditures				
Administration of justice	16,000	16,000	2,400	13,600
Total Expenditures	<u>16,000</u>	<u>16,000</u>	<u>2,400</u>	<u>13,600</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	4,550	<u>\$ 4,550</u>
Beginning fund balance			<u>113,487</u>	
Ending Fund Balance			<u>\$ 118,037</u>	

POLK COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
CHILD ABUSE PREVENTION
For the Year Ended September 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 400	\$ 400	\$ 434	\$ 34
Total Revenues	400	400	434	34
Net Change in Fund Balance	\$ 400	\$ 400	434	\$ 34
Beginning fund balance			920	
Ending Fund Balance			\$ 1,354	

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FIRE MARSHALL
For the Year Ended September 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ -	\$ 3,940	\$ 4,189	\$ 249
Total Revenues	-	3,940	4,189	249
Expenditures				
General government	-	-	964	(964)
Total Expenditures	-	-	964	(964)
Net Change in Fund Balance	\$ -	\$ 3,940	3,225	\$ (715)
Beginning fund balance			-	
Ending Fund Balance			\$ 3,225	

POLK COUNTY, TEXAS
*SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 GUARDIANSHIP*
 For the Year Ended September 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Intergovernmental	\$ -	\$ -	\$ 3,760	\$ 3,760
Total Revenues	<u>-</u>	<u>-</u>	<u>3,760</u>	<u>3,760</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	3,760	<u>\$ 3,760</u>
Beginning fund balance			<u>-</u>	
Ending Fund Balance			<u>\$ 3,760</u>	

*SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 COURT REPORTER SERVICE*
 For the Year Ended September 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Intergovernmental	\$ -	\$ -	\$ 69	\$ 69
Total Revenues	<u>-</u>	<u>-</u>	<u>69</u>	<u>69</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	69	<u>\$ 69</u>
Beginning fund balance			<u>-</u>	
Ending Fund Balance			<u>\$ 69</u>	

POLK COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
PERMANENT SCHOOL
For the Year Ended September 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Investment income	\$ -	\$ -	\$ 5,391	\$ 5,391
Other	55,000	61,500	40,359	(21,141)
Total Revenues	<u>55,000</u>	<u>61,500</u>	<u>45,750</u>	<u>(15,750)</u>
<u>Expenditures</u>				
General government	55,000	55,000	44,810	10,190
Total Expenditures	<u>55,000</u>	<u>55,000</u>	<u>44,810</u>	<u>10,190</u>
Excess of Revenues				
Over Expenditures	<u>-</u>	<u>6,500</u>	<u>940</u>	<u>(5,560)</u>
<u>Other Financing Sources (Uses)</u>				
Transfers (out)	-	(6,500)	(6,416)	84
Total Other Financing (Uses)	<u>-</u>	<u>(6,500)</u>	<u>(6,416)</u>	<u>84</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>(5,476)</u>	<u>\$ (5,476)</u>
Beginning fund balance			<u>579,248</u>	
Ending Fund Balance			<u>\$ 573,772</u>	

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POLK COUNTY, TEXAS
COMBINING STATEMENT OF NET POSITION
AGENCY FUNDS
September 30, 2020

	<u>County Clerk's Probate Trust</u>	<u>District Clerk's Trust</u>	<u>Tax Assessor Collector</u>	<u>Adult Probation</u>
<u>Assets</u>				
Cash and cash equivalents	\$ 568,797	\$ 4,061,548	\$ 1,368,871	\$ -
Due from other units	-	-	-	30,115
Total Assets	<u>\$ 568,797</u>	<u>\$ 4,061,548</u>	<u>\$ 1,368,871</u>	<u>\$ 30,115</u>
<u>Liabilities</u>				
Due to other units	\$ 568,797	\$ 4,061,548	\$ 1,368,871	\$ 30,115
Total Liabilities	<u>\$ 568,797</u>	<u>\$ 4,061,548</u>	<u>\$ 1,368,871</u>	<u>\$ 30,115</u>

<u>Juvenile Probation</u>	<u>Total Agency Funds</u>
\$ -	\$ 5,999,216
48,445	78,560
<u>\$ 48,445</u>	<u>\$ 6,077,776</u>
<u>\$ 48,445</u>	<u>\$ 6,077,776</u>
<u>\$ 48,445</u>	<u>\$ 6,077,776</u>

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POLK COUNTY, TEXAS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
For the Year Ended September 30, 2020

	Balance October 1, 2019	Additions	Deductions	Balance September 30, 2020
<u>County Clerk's Probate Trust</u>				
<u>Assets</u>				
Cash and cash equivalents	\$ 1,676,708	\$ -	\$ (1,107,911)	\$ 568,797
Total Assets	\$ 1,676,708	\$ -	\$ (1,107,911)	\$ 568,797
<u>Liabilities</u>				
Due to other units	\$ 1,676,708	\$ -	\$ (1,107,911)	\$ 568,797
Total Liabilities	\$ 1,676,708	\$ -	\$ (1,107,911)	\$ 568,797
<u>District Clerk's Trust</u>				
<u>Assets</u>				
Cash and cash equivalents	\$ 3,499,658	\$ 561,890	\$ -	\$ 4,061,548
Total Assets	\$ 3,499,658	\$ 561,890	\$ -	\$ 4,061,548
<u>Liabilities</u>				
Due to other units	\$ 3,499,658	\$ 561,890	\$ -	\$ 4,061,548
Total Liabilities	\$ 3,499,658	\$ 561,890	\$ -	\$ 4,061,548
<u>Tax Assessor Collector</u>				
<u>Assets</u>				
Cash and cash equivalents	\$ 1,319,297	\$ 49,574	\$ -	\$ 1,368,871
Total Assets	\$ 1,319,297	\$ 49,574	\$ -	\$ 1,368,871
<u>Liabilities</u>				
Due to other units	\$ 1,319,297	\$ 49,574	\$ -	\$ 1,368,871
Total Liabilities	\$ 1,319,297	\$ 49,574	\$ -	\$ 1,368,871
<u>Adult Probation</u>				
<u>Assets</u>				
Due from other units	\$ 47,047	\$ -	\$ (16,932)	\$ 30,115
Total Assets	\$ 47,047	\$ -	\$ (16,932)	\$ 30,115
<u>Liabilities</u>				
Due to other units	\$ 47,047	\$ -	\$ (16,932)	\$ 30,115
Total Liabilities	\$ 47,047	\$ -	\$ (16,932)	\$ 30,115
<u>Juvenile Probation</u>				
<u>Assets</u>				
Due from other units	\$ 8,057	\$ 40,388	\$ -	\$ 48,445
Total Assets	\$ 8,057	\$ 40,388	\$ -	\$ 48,445
<u>Liabilities</u>				
Due to other units	\$ 8,057	\$ 40,388	\$ -	\$ 48,445
Total Liabilities	\$ 8,057	\$ 40,388	\$ -	\$ 48,445

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STATISTICAL SECTION

This part of the County's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and Required Supplementary Information says about the County's overall financial health.

Contents

Financial Trends (Page 140)

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

Revenue Capacity (Page 148)

These schedules contain information to help the reader assess the County's most significant local revenue source, property tax.

Debt Capacity (Page 158)

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

Demographic and Economic Information (Page 166)

These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.

Operating Information (Page 171)

These schedules contain service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs.

POLK COUNTY, TEXAS

NET POSITION BY COMPONENT

Last Ten Years

(Accrual basis of accounting)

	Fiscal Year			
	2011	2012	2013	2014
Governmental activities				
Net investment in capital assets	\$ 13,205,126	\$ 19,677,873	\$ 27,247,770	\$ 29,864,824
Restricted	2,542,014	5,086,759	4,430,353	5,567,823
Unrestricted	7,276,085	6,321,114	4,014,357	3,799,287
Total Governmental Activities Net Position	\$ 23,023,225	\$ 31,085,746	\$ 35,692,480	\$ 39,231,934

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 31,763,084	\$ 34,652,210	\$ 36,559,546	\$ 37,695,725	\$ 38,630,639	\$ 40,272,870
5,576,469	5,766,620	4,627,091	4,415,662	5,501,000	6,817,883
2,503,356	1,879,843	2,032	(9,836,200)	(1,994,172)	(2,023,023)
<u>\$ 39,842,909</u>	<u>\$ 42,298,673</u>	<u>\$ 41,188,669</u>	<u>\$ 32,275,187</u>	<u>\$ 42,137,467</u>	<u>\$ 45,067,730</u>

POLK COUNTY, TEXAS

CHANGES IN NET POSITION

Last Ten Years

(Accrual basis of accounting)

	Fiscal Year			
	2011	2012	2013	2014
Expenses				
Governmental activities				
General government	\$ 5,400,250	\$ 7,113,066	\$ 10,804,098	\$ 7,453,356
Administration of justice	9,883,929	10,501,266	10,179,505	10,840,429
Roads and bridges	6,343,810	4,646,530	4,732,628	5,182,543
Health and human services	977,523	1,055,093	1,068,339	1,121,303
Tax administration	1,042,231	1,042,583	1,174,054	1,247,269
Interest and fiscal agent fees	1,247,829	1,527,916	925,609	937,773
Total Governmental Activities Expenses	\$ 24,895,572	\$ 25,886,454	\$ 28,884,233	\$ 26,782,673
Program Revenues				
Governmental activities				
Charges for services				
General government	\$ 2,286,156	\$ 2,227,281	\$ 2,044,160	\$ 2,048,349
Administration of justice	52,826	39,145	221,211	291,860
Roads and bridges	74,070	99,227	82,282	67,811
Health and human services	141,251	132,073	139,624	129,909
Operating grants and contributions	2,673,300	8,748,161	9,137,367	4,118,523
Total Governmental Activities Program Revenues	5,227,603	11,245,887	11,624,644	6,656,452
Net (Expense)				
Governmental activities	\$ (19,667,969)	\$ (14,640,567)	\$ (17,259,589)	\$ (20,126,221)
General Revenues and Other Changes in Net Position				
Governmental activities				
Taxes	\$ 19,089,029	\$ 19,047,013	\$ 20,113,427	\$ 21,645,908
Investment earnings	49,727	58,869	20,216	10,250
Gain on sale of capital assets	-	-	-	-
Other revenues	1,830,102	4,081,736	1,834,354	2,009,517
Total Governmental Activities	20,968,858	23,187,618	21,967,997	23,665,675
Change in Net Position				
Governmental activities	\$ 1,300,889	\$ 8,547,051	\$ 4,708,408	\$ 3,539,454

Fiscal Year

2015	2016	2017	2018	2019	2020
\$ 7,183,313	\$ 8,247,032	\$ 8,052,484	\$ 7,277,465	\$ 5,907,007	\$ 12,183,608
10,950,781	11,216,535	12,429,450	13,024,986	8,089,203	12,540,565
7,124,431	5,864,408	9,257,802	7,388,389	6,774,803	7,017,278
1,044,763	1,192,366	1,192,373	1,292,738	1,284,264	1,368,351
1,235,406	1,240,282	1,303,518	1,374,349	996,187	1,393,851
878,067	877,747	784,356	624,347	580,035	851,342
<u>\$ 28,416,761</u>	<u>\$ 28,638,369</u>	<u>\$ 33,019,983</u>	<u>\$ 30,982,274</u>	<u>\$ 23,631,499</u>	<u>\$ 35,354,995</u>
\$ 2,204,713	\$ 1,976,516	\$ 2,101,994	\$ 2,143,912	\$ 2,023,645	\$ 2,007,715
337,454	336,248	354,383	356,482	346,923	351,256
105,240	108,232	125,057	92,555	74,950	85,823
143,881	145,676	183,360	238,896	228,364	421,770
2,688,631	3,181,552	3,627,839	2,650,189	3,263,193	6,020,646
<u>5,479,919</u>	<u>5,748,224</u>	<u>6,392,633</u>	<u>5,482,034</u>	<u>5,937,075</u>	<u>8,887,210</u>
<u>\$ (22,936,842)</u>	<u>\$ (22,890,145)</u>	<u>\$ (26,627,350)</u>	<u>\$ (25,500,240)</u>	<u>\$ (17,694,424)</u>	<u>\$ (26,467,785)</u>
\$ 22,354,430	\$ 22,981,912	\$ 23,064,315	\$ 24,338,387	\$ 25,002,843	\$ 26,632,818
30,436	59,910	140,485	310,990	499,843	213,083
-	-	-	126,759	111,559	183,000
1,988,796	2,304,087	2,087,173	1,584,686	1,942,459	2,369,147
<u>24,373,662</u>	<u>25,345,909</u>	<u>25,291,973</u>	<u>26,360,822</u>	<u>27,556,704</u>	<u>29,398,048</u>
<u>\$ 1,436,820</u>	<u>\$ 2,455,764</u>	<u>\$ (1,335,377)</u>	<u>\$ 860,582</u>	<u>\$ 9,862,280</u>	<u>\$ 2,930,263</u>

POLK COUNTY, TEXAS
FUND BALANCES, GOVERNMENTAL FUNDS
 Last Ten Years
 (Modified accrual basis of accounting)

	Fiscal Year			
	2011	2012	2013	2014
General Fund				
Nonspendable	\$ 18,292	\$ 15,547	\$ 13,763	\$ 15,548
Special projects	-	-	-	-
Unassigned	6,744,271	6,840,851	6,605,018	7,105,228
Total General Fund	<u><u>\$ 6,762,563</u></u>	<u><u>\$ 6,856,398</u></u>	<u><u>\$ 6,618,781</u></u>	<u><u>\$ 7,120,776</u></u>
 All Other Governmental Funds				
Restricted	\$ 5,297,356	\$ 6,471,158	\$ 4,430,313	\$ 5,567,823
Assigned	758,046	758,908	759,628	759,884
Unassigned	(28,095)	-	-	-
Total All Other Governmental Funds	<u><u>\$ 6,027,307</u></u>	<u><u>\$ 7,230,066</u></u>	<u><u>\$ 5,189,941</u></u>	<u><u>\$ 6,327,707</u></u>

Fiscal Year

2015	2016	2017	2018	2019	2020
\$ -	\$ -	\$ -	\$ -	\$ 12,468	\$ 33,874
-	-	-	-	585,461	585,461
7,440,074	8,365,306	9,083,198	10,475,683	12,414,533	13,675,781
<u>\$ 7,440,074</u>	<u>\$ 8,365,306</u>	<u>\$ 9,083,198</u>	<u>\$ 10,475,683</u>	<u>\$ 13,012,462</u>	<u>\$ 14,295,116</u>
\$ 5,576,469	\$ 7,323,132	\$ 4,787,736	\$ 4,524,661	\$ 4,915,684	\$ 6,232,567
760,277	762,472	767,770	779,642	797,876	805,147
-	-	(51,791)	-	-	-
<u>\$ 6,336,746</u>	<u>\$ 8,085,604</u>	<u>\$ 5,503,715</u>	<u>\$ 5,304,303</u>	<u>\$ 5,713,560</u>	<u>\$ 7,037,714</u>

POLK COUNTY, TEXAS
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
Last Ten Years
(Modified accrual basis of accounting)

	Fiscal Year			
	2011	2012	2013	2014
Revenues				
Taxes	\$ 18,953,467	\$ 19,189,170	\$ 20,213,918	\$ 21,466,960
Licenses and permits	160,603	164,353	175,398	178,133
Fines and forfeitures	836,365	866,696	718,960	652,276
Charges for services	1,569,874	1,466,677	1,592,959	1,707,520
Intergovernmental	2,660,761	8,748,161	9,137,367	4,118,523
Investment earnings	49,727	58,869	20,216	10,250
Other revenue	1,830,102	4,081,736	1,834,354	2,009,517
Total Revenues	26,060,899	34,575,662	33,693,172	30,143,179
Expenditures				
General government	5,433,652	12,269,676	15,307,259	8,711,024
Administration of justice	9,399,418	9,992,612	9,886,816	10,726,732
Roads and bridges	4,993,689	4,613,980	4,819,560	4,664,171
Health and human services	916,618	972,777	971,190	1,016,281
Tax administration	1,041,238	1,041,590	1,174,054	1,247,269
Capital outlay	13,107,972	2,280,999	93,215	1,078,353
Debt service				
Principal	3,249,886	3,137,930	3,258,789	3,267,645
Debt issuance costs	30,025	600,040	28,213	52,847
Interest and paying agent	1,364,011	1,013,583	956,778	869,231
Payment to refunding bond escrow agent	-	17,834,875	-	-
Advance refunding escrow	-	386,221	-	-
Total Expenditures	39,536,509	54,144,283	36,495,874	31,633,553
(Deficiency) of revenues (under) expenditures	(13,475,610)	(19,568,621)	(2,802,702)	(1,490,374)
Other Financing Sources (Uses)				
Transfers in	257,695	612,412	2,826,354	1,029,953
Transfers out	(257,695)	(612,412)	(2,826,354)	(1,029,953)
Issuance of debt	1,194,779	19,566,434	525,000	2,395,865
Payment to refunding bond escrow agent	-	-	-	-
Premium on bonds issued	-	658,576	-	26,552
Sale of capital assets	876,640	640,205	-	707,678
Total Other Financing Sources	2,071,419	20,865,215	525,000	3,130,095
Net change in fund balances	\$ (11,404,191)	\$ 1,296,594	\$ (2,277,702)	\$ 1,639,721
Debt service as a percentage of noncapital expenditures	17.23%	43.64%	11.59%	13.56%

Fiscal Year

	2015	2016	2017	2018	2019	2020
\$	22,182,899	\$ 23,022,338	\$ 22,907,667	\$ 24,353,603	\$ 25,138,592	\$ 26,422,461
	160,261	174,746	171,385	173,822	190,967	285,618
	721,504	657,667	799,538	778,876	666,431	547,642
	1,909,523	1,734,259	1,793,871	1,879,147	1,816,484	2,033,304
	2,688,631	3,181,552	3,627,839	2,650,189	3,263,193	6,020,646
	30,436	59,910	140,485	310,990	499,843	213,083
	1,988,796	2,304,087	2,087,173	1,584,686	1,942,459	2,369,147
	<u>29,682,050</u>	<u>31,134,559</u>	<u>31,527,958</u>	<u>31,731,313</u>	<u>33,517,969</u>	<u>37,891,901</u>
	7,020,291	7,268,461	7,002,234	6,235,358	6,757,948	10,422,050
	10,456,874	10,675,120	11,046,954	11,617,784	11,946,817	11,928,619
	5,954,742	5,667,284	7,324,181	5,975,553	5,655,314	6,127,668
	941,598	1,073,199	1,051,857	1,153,656	1,383,842	1,234,599
	1,238,932	1,221,446	1,234,171	1,302,814	1,310,620	1,356,334
	2,050,961	2,320,390	3,337,273	2,624,567	2,876,391	1,921,609
	3,509,860	3,762,198	3,653,094	3,686,949	3,719,030	3,227,028
	31,226	58,033	98,014	671,453	35,825	29,030
	827,127	777,664	771,061	32,953	631,766	550,178
	-	-	4,119,069	-	-	-
	-	-	-	-	-	-
	<u>32,031,611</u>	<u>32,823,795</u>	<u>39,637,908</u>	<u>33,301,087</u>	<u>34,317,553</u>	<u>36,797,115</u>
	(2,349,561)	(1,689,236)	(6,679,230)	(784,785)	(799,584)	1,094,786
	407,626	370,335	734,434	584,863	638,364	936,112
	(407,626)	(370,335)	(734,434)	(584,863)	(638,364)	(936,112)
	1,921,898	3,572,326	4,941,160	2,025,795	2,812,820	9,491,445
	-	-	-	-	-	(9,517,488)
	-	-	320,953	-	-	1,355,065
	756,000	791,000	983,840	948,000	932,800	183,000
	<u>2,677,898</u>	<u>4,363,326</u>	<u>6,245,953</u>	<u>2,973,795</u>	<u>3,745,620</u>	<u>1,512,022</u>
\$	<u>328,337</u>	<u>\$ 2,674,090</u>	<u>\$ (433,277)</u>	<u>\$ 2,189,010</u>	<u>\$ 2,946,036</u>	<u>\$ 2,606,808</u>
	14.90%	15.74%	12.41%	11.98%	14.04%	10.49%

POLK COUNTY, TEXAS
TAX REVENUES BY SOURCE, GOVERNMENTAL ACTIVITIES
 Last Ten Years
 (Accrual basis of accounting)

Function	Fiscal Year			
	2011	2012	2013	2014
Property taxes	\$ 16,069,131	\$ 16,000,772	\$ 16,548,137	\$ 18,212,134
Sales taxes	1,812,359	1,824,271	2,354,141	2,063,194
Other taxes	1,165,523	1,221,970	1,211,149	1,370,580
Total Taxes	\$ 19,047,013	\$ 19,047,013	\$ 20,113,427	\$ 21,645,908

Fiscal Year						Change
2015	2016	2017	2018	2019	2020	2019-2020
\$ 18,586,644	\$ 19,168,536	\$ 19,052,802	\$ 20,458,921	\$ 21,081,991	\$ 22,227,706	5.4%
2,210,700	2,470,991	2,437,411	2,502,791	2,502,854	2,795,362	11.7%
1,385,555	1,342,385	1,417,454	1,376,675	1,417,998	1,399,393	-1.3%
<u>\$ 22,182,899</u>	<u>\$ 22,981,912</u>	<u>\$ 22,907,667</u>	<u>\$ 24,338,387</u>	<u>\$ 25,002,843</u>	<u>\$ 26,422,461</u>	5.7%

POLK COUNTY, TEXAS
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
Last Ten Years

	Fiscal Year			
	2011	2012	2013	2014
Real property	\$ 1,864,972,789	\$ 1,888,429,689	\$ 1,886,501,642	\$ 2,038,542,297
Personal property	432,705,637	443,841,435	470,556,096	512,183,088
Mineral	318,143,220	287,995,665	349,102,310	352,464,821
Total assessed value (1)	<u>2,615,821,646</u>	<u>2,620,266,789</u>	<u>2,706,160,048</u>	<u>2,903,190,206</u>
Less: real property exemptions	<u>(277,276,388)</u>	<u>(415,465,243)</u>	<u>(429,347,409)</u>	<u>(442,563,250)</u>
Total Taxable Assessed Value (Net)(1)	<u>2,338,545,258</u>	<u>2,204,801,546</u>	<u>2,276,812,639</u>	<u>2,460,626,956</u>
Less: freeze taxable exemptions	<u>(281,802,394)</u>	<u>(278,671,325)</u>	<u>(310,369,756)</u>	<u>(352,192,056)</u>
Total Freeze Adjusted Taxable(1)	<u>\$ 2,056,742,864</u>	<u>\$ 1,926,130,221</u>	<u>\$ 1,966,442,883</u>	<u>\$ 2,108,434,900</u>
Total Direct Tax Rate	\$ 0.6277	\$ 0.6277	\$ 0.6277	\$ 0.6277

(1) Property is assessed at actual value; therefore, the assessed values are equal to actual value.
Source: Polk Central Appraisal District

Fiscal Year

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ 2,584,070,818	\$ 2,743,880,166	\$ 2,873,191,987	\$ 3,047,723,414	\$ 3,154,514,774	\$ 3,380,313,153
535,973,582	575,589,894	604,117,476	690,425,326	835,555,725	858,270,565
336,421,796	232,753,563	109,579,830	198,273,059	196,736,488	179,051,026
<u>3,456,466,196</u>	<u>3,552,223,623</u>	<u>3,586,889,293</u>	<u>3,936,421,799</u>	<u>4,186,806,987</u>	<u>4,417,634,744</u>
<u>(456,123,623)</u>	<u>(475,602,352)</u>	<u>(463,299,119)</u>	<u>(598,407,562)</u>	<u>(771,896,150)</u>	<u>(815,715,833)</u>
<u>3,000,342,573</u>	<u>3,076,621,271</u>	<u>3,123,590,174</u>	<u>3,338,014,237</u>	<u>3,414,910,837</u>	<u>3,601,918,911</u>
<u>(393,901,443)</u>	<u>(421,853,708)</u>	<u>(454,131,686)</u>	<u>(516,439,579)</u>	<u>(538,128,396)</u>	<u>(577,952,726)</u>
<u>\$ 2,606,441,130</u>	<u>\$ 2,654,767,563</u>	<u>\$ 2,669,458,488</u>	<u>\$ 2,821,574,658</u>	<u>\$ 2,876,782,441</u>	<u>\$ 3,023,966,185</u>
\$ 0.6461	\$ 0.6461	\$ 0.6461	\$ 0.6461	\$ 0.6461	\$ 0.6461

POLK COUNTY, TEXAS
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
Last Ten Years

	Fiscal Year			
	2011	2012	2013	2014
<u>Polk County by fund:</u>				
General	\$ 0.33760	\$ 0.33310	\$ 0.33350	\$ 0.36390
Road and bridge	0.15150	0.15430	0.15050	0.14880
Debt service	0.13860	0.14030	0.14370	0.13340
	<u>0.62770</u>	<u>0.62770</u>	<u>0.62770</u>	<u>0.64610</u>
<u>Cities:</u>				
City of Corrigan	0.48610	0.48610	0.48150	0.48150
City of Goodrich	0.50000	0.50000	0.55150	0.50840
<u>School Districts:</u>				
Big Sandy ISD	1.19750	1.21610	1.19480	1.18210
Corrigan-Camden ISD	1.20200	1.20750	1.19290	1.20000
Goodrich ISD	1.04000	1.04000	1.04000	1.17000
Leggett ISD	1.13520	1.13150	1.14500	1.14190
Livingston ISD	1.41350	1.39500	1.39500	1.39500
Onalaska ISD	1.18000	1.16800	1.16500	1.15600
<u>Utility Districts:</u>				
Memorial Point Utility District	0.84000	0.89000	0.89000	0.89000
Polk County FWSD	0.38700	0.37300	0.37300	0.35800
Total Direct and Overlapping Rates	<u>\$ 10.00900</u>	<u>\$ 10.03490</u>	<u>\$ 10.05640</u>	<u>\$ 10.12900</u>

Tax rates per \$100 of assessed valuation
Source: Polk County Tax Assessor/Collector

Fiscal Year						
2015	2016	2017	2018	2019	2020	
\$ 0.37570	\$ 0.37980	\$ 0.38680	\$ 0.39840	\$ 0.39744	\$ 0.39744	
0.14880	0.14290	0.14710	0.14710	0.14710	0.14710	
0.12160	0.12340	0.11220	0.10060	0.10156	0.10156	
<u>0.64610</u>	<u>0.64610</u>	<u>0.64610</u>	<u>0.64610</u>	<u>0.64610</u>	<u>0.64610</u>	
0.44310	0.43540	0.35180	0.43600	0.42770	0.42000	
0.49320	0.45730	0.40840	0.42600	0.43290	0.42810	
1.17540	1.21650	1.26940	1.26900	1.20450	1.20830	
1.18000	1.18000	1.18000	1.18000	1.11000	1.10000	
1.17000	1.17000	1.33000	1.33100	1.20530	1.15750	
1.14000	1.15290	1.20000	1.18200	1.17740	1.26337	
1.39500	1.39000	1.39000	1.39000	1.32330	1.30970	
1.29880	1.27980	1.23500	1.24900	1.17890	1.16530	
0.89000	0.89000	0.89000	0.90000	0.90000	0.90000	
0.35800	0.33500	0.33500	0.33500	0.33500	0.33500	
<u>\$ 10.18960</u>	<u>\$ 10.15300</u>	<u>\$ 10.23570</u>	<u>\$ 10.34410</u>	<u>\$ 9.94110</u>	<u>\$ 9.93337</u>	

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POLK COUNTY, TEXAS

PRINCIPAL PROPERTY TAXPAYERS

Current Year and Nine Years Ago

Property Taxpayer	2020			2011		
	2019 Taxable Assessed Value	Rank	% of Taxable Assessed Value	2010 Taxable Assessed Value	Rank	% of Taxable Assessed Value
Georgia Pacific LLC	\$ 114,371,560	1	3.18%	\$ 61,626,400	2	2.47%
Transcanada Keystone Pipeline LP	93,168,176	2	2.59%	-	n/a	0.00%
Unit Petroleum Company	73,381,011	3	2.04%	27,680,070	6	1.11%
RMS Texas Timberlands I LP	29,637,765	4	0.82%	34,606,717	4	1.39%
Union Pacific Railroad Co.	29,473,166	5	0.82%	-	n/a	0.00%
Amplify Energy Operating LLC	19,404,347	6	0.54%	-	n/a	0.00%
Black Stone Materials	18,740,063	7	0.52%	17,158,010	10	0.69%
Midcoast Pipelines LP	17,796,650	8	0.49%	-	n/a	0.00%
Kinder Morgan Tejas Pipeline LP	17,514,400	9	0.49%	20,751,640	7	0.83%
Gulf South Pipeline Co LP	16,885,640	10	0.47%	-	n/a	0.00%
Comstock Oil and Gas	-	n/a	0.00%	88,271,370	1	3.54%
ETC Katy Pipeline Limited	-	n/a	0.00%	40,917,440	3	1.64%
Enbridge Pipelines	-	n/a	0.00%	30,790,390	5	1.23%
Meridian Resources Exploration	-	n/a	0.00%	18,158,100	8	0.73%
Delta Exploration Co., Inc.	-	n/a	0.00%	17,716,650	9	0.71%
Subtotal	<u>430,372,778</u>		<u>11.95%</u>	<u>357,676,787</u>		<u>14.34%</u>
Other taxpayers	<u>3,171,546,133</u>		<u>88.05%</u>	<u>2,136,128,202</u>		<u>85.66%</u>
Total	<u>\$ 3,601,918,911</u>		<u>100.00%</u>	<u>\$ 2,493,804,989</u>		<u>100.00%</u>

Source: Polk Central Appraisal District

POLK COUNTY, TEXAS
PROPERTY TAX LEVIES AND COLLECTIONS
 Last Ten Years

	Fiscal Year			
	2011	2012	2013	2014
Adjusted tax levy	\$ 15,868,728	\$ 15,837,389	\$ 16,354,546	\$ 17,876,863
Current tax collected	\$ 15,192,264	\$ 15,230,709	\$ 15,776,269	\$ 17,270,190
Percentage of current tax collections	95.74%	96.17%	96.46%	96.61%
Delinquent tax collections	583,947	511,218	477,679	490,068
Total Tax Collections	\$ 15,776,211	\$ 15,741,927	\$ 16,253,949	\$ 17,760,258
Total collections as a percentage of current levy	99.38%	99.35%	99.32%	99.27%
Outstanding Delinquent Taxes	\$ 92,517	\$ 95,462	\$ 100,597	\$ 116,605
Outstanding delinquent taxes as percentage of current levy	0.62%	0.65%	0.68%	0.73%

Source: Polk County Tax Assessor/Collector

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 18,472,325	\$ 18,827,503	\$ 18,891,307	\$ 20,298,419	\$ 20,793,624	\$ 21,980,245
\$ 17,690,427	\$ 18,220,530	\$ 18,238,267	\$ 19,600,034	\$ 20,197,962	\$ 21,256,031
95.77%	96.78%	96.54%	96.56%	97.14%	96.71%
637,808	454,634	485,221	482,394	311,976	-
\$ 18,328,235	\$ 18,675,164	\$ 18,723,488	\$ 20,082,428	\$ 20,509,938	\$ 21,256,031
99.12%	99.05%	98.89%	98.43%	97.14%	96.71%
\$ 144,090	\$ 152,339	\$ 167,819	\$ 215,991	\$ 283,686	\$ 724,214
0.88%	0.95%	1.11%	1.57%	2.86%	3.29%

POLK COUNTY, TEXAS
RATIO OF GENERAL BONDED DEBT OUTSTANDING
 Last Ten Years

	Fiscal Year			
	2011	2012	2013	2014
Net Taxable Assessed Value				
All property	\$ 2,235,684,028	\$ 2,204,801,546	\$ 2,284,032,548	\$ 2,460,626,956
Net Bonded Debt				
Gross bonded debt	\$ 32,094,000	\$ 30,663,243	\$ 28,319,066	\$ 27,045,440
Less debt service funds	-	30,092	33,694	39,975
Total Net Bonded Debt	\$ 32,094,000	\$ 30,633,151	\$ 28,285,372	\$ 27,005,465
Ratio of Net Bonded Debt To Assessed Value	1.4355%	1.3894%	1.2384%	1.0975%
Population (1,2,3)	45,413	45,725	45,790	46,079
Net Bonded Debt per Capita	\$ 707	\$ 670	\$ 618	\$ 586

Data sources:

- (1) U.S. Bureau of Economic Analysis**
- (2) Texas Association of Counties (County Information Project)**
- (3) US Census Bureau**

**Most current information available from these data sources.

Fiscal Year					
2015	2016	2017	2018	2019	2020
<u>\$ 3,000,342,573</u>	<u>\$ 3,076,621,771</u>	<u>\$ 3,123,590,174</u>	<u>\$ 3,338,014,237</u>	<u>\$ 3,348,109,940</u>	<u>\$ 3,601,918,911</u>
\$ 26,083,036	\$ 25,351,776	\$ 22,777,368	\$ 21,042,017	\$ 20,019,665	\$ 17,869,325
48,183	63,588	51,766	-	44,083	121,173
<u>\$ 26,034,853</u>	<u>\$ 25,288,188</u>	<u>\$ 22,725,602</u>	<u>\$ 21,042,017</u>	<u>\$ 20,019,665</u>	<u>\$ 17,748,152</u>
0.8677%	0.8219%	0.7275%	0.6304%	0.5979%	0.4927%
46,079	46,972	46,972	49,162	50,031	51,353
\$ 565	\$ 538	\$ 484	\$ 459	\$ 400	\$ 346

POLK COUNTY, TEXAS
RATIO OF OUTSTANDING DEBT BY TYPE
 Last Nine Years(1)

	Fiscal Year			
	2011	2012	2013	2014
Governmental activities:				
General obligation	\$ 26,795,000	\$ 25,735,000	\$ 24,455,000	\$ 22,810,000
Tax notes	5,299,000	4,928,243	3,864,066	4,235,440
Obligations under capital leases	761,980	791,434	399,645	825,865
Direct borrowings/placement	-	-	-	-
Premium	(146,864)	(790,825)	(731,143)	(698,013)
Net Governmental Activities Debt	\$ 32,709,116	\$ 30,663,852	\$ 27,987,568	\$ 27,173,292
Percentage of personal income	1.89%	1.63%	1.47%	1.42%
Net Bonded Debt per Capita	\$ 720	\$ 671	\$ 611	\$ 593

Note: Details regarding the outstanding debt can be found in the notes to the financial statements.

(1) The requirement for statistical data is ten years; only the current year and prior nine years are available at this time.

Fiscal Year						
2015	2016	2017	2018	2019	2020	
\$ 21,762,567	\$ 22,092,278	\$ 20,329,842	\$ 18,293,460	\$ 15,665,000	\$ 12,570,000	
4,290,469	3,259,498	2,447,527	2,748,557	3,790,000	305,000	
862,198	1,307,326	1,281,393	1,253,238	1,267,033	1,256,444	
-	-	-	-	3,235,000	3,475,000	
(637,567)	(577,278)	(769,368)	(667,017)	(564,665)	(1,519,325)	
<u>\$ 26,277,667</u>	<u>\$ 26,081,824</u>	<u>\$ 23,289,394</u>	<u>\$ 21,628,238</u>	<u>\$ 23,392,368</u>	<u>\$ 16,087,119</u>	
1.58%	1.53%	1.34%	1.15%	1.19%	0.79%	
\$ 570	\$ 555	\$ 486	\$ 440	\$ 468	\$ 313	

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POLK COUNTY, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
September 30, 2020

<u>Governmental Unit</u>	<u>Net Bonded Debt Outstanding</u>	<u>Estimated Percentage Applicable (1)</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Cities:			
Corrigan	\$ 568,000	100.00%	\$ 568,000
Goodrich	152,000	100.00%	152,000
Livingston	-	100.00%	-
Onalaska	-	100.00%	-
School Districts:			
Big Sandy ISD	1,370,000	100.00%	1,370,000
Corrigan-Camden ISD	2,180,000	100.00%	2,180,000
Goodrich ISD	2,675,000	100.00%	2,675,000
Leggett ISD	2,905,000	100.00%	2,905,000
Livingston ISD	56,065,000	100.00%	56,065,000
Onalaska ISD	10,762,961	100.00%	10,762,961
Woodville ISD	3,246,000	1.22%	38,303
Subtotal, overlapping debt	<u>79,923,961</u>		<u>76,716,264</u>
Polk County direct debt	<u>16,350,000</u>	100.00%	<u>16,350,000</u>
Total Direct and Overlapping debt	<u><u>\$ 96,273,961</u></u>		<u><u>\$ 93,066,264</u></u>

Source: Texas Municipal Reports

(1) Estimated Percentage Applicable obtained from Municipal Advisory Council of Texas: "The percentage of overlapping debt applicable is determined by dividing the County's certified taxable value within the taxing jurisdiction by the certified taxable value of the taxing jurisdiction."

POLK COUNTY, TEXAS
LEGAL DEBT MARGIN INFORMATION
 Last Ten Years

	Fiscal Year			
	2011	2012	2013	2014
Debt limit	\$ 558,921,007	551,200,387	\$ 571,008,137	\$ 615,244,268
Total net debt applicable to limit	32,094,000	25,704,908	28,272,306	26,968,025
Legal Debt Margin	\$ 526,827,007	525,495,479	\$ 542,735,831	\$ 588,276,243
Total net debt applicable to the limit as a percentage of debt limit	5.74%	4.66%	4.95%	4.38%

Legal Debt Margin Calculation for 2020

Assessed value	\$ 3,601,868,911
Debt limit (25% of assessed value)	900,467,228
Debt applicable to limit:	
General obligation bonds	12,570,000
Tax notes	305,000
Direct borrowings/placement	3,475,000
Total net debt applicable to limit	16,350,000
Legal Debt Margin	\$ 884,117,228

Fiscal Year

2015	2016	2017	2018	2019	2020
\$ 750,085,643	\$ 769,155,318	\$ 780,897,544	\$ 834,503,559	\$ 853,727,709	\$ 900,467,228
25,335,817	24,685,412	22,059,766	20,375,000	19,455,000	16,350,000
<u>\$ 724,749,826</u>	<u>\$ 744,469,906</u>	<u>\$ 758,837,778</u>	<u>\$ 814,128,559</u>	<u>\$ 834,272,709</u>	<u>\$ 884,117,228</u>
3.38%	3.21%	2.82%	2.44%	2.28%	1.82%

POLK COUNTY, TEXAS
DEMOGRAPHIC AND ECONOMIC STATISTICS
 Last Ten Years

	Fiscal Year			
	2011	2012	2013	2014
Population (1,2,4)**	45,413	45,725	45,790	46,079
Personal income (4)**	\$1,726,151,000	\$1,875,855,000	\$1,907,585,000	\$1,907,585,000
Per capita personal income (4)**	\$ 37,839	\$ 41,014	\$ 41,659	\$ 37,194
Median age (1,4,5)**	42.9	43.2	42.9	42.9
School enrollment (2)				
Big Sandy ISD	453	470	494	464
Chester ISD	174	166	181	155
Corrigan-Camden ISD	923	930	1,018	945
Goodrich ISD	224	220	235	207
Leggett ISD	170	174	187	159
Livingston ISD	3,829	3,862	4,098	3,788
Onalaska ISD	889	881	942	846
Total	<u>6,663</u>	<u>6,701</u>	<u>7,155</u>	<u>6,564</u>
Unemployment rate (3)	10.50%	7.70%	8.00%	6.80%

Data sources:

- (1) U.S. Bureau of Economic Analysis**
- (2) Texas Education Agency
- (3) Texas Workforce Commission
- (4) Texas Association of Counties (County Information Project)**
- (5) US Census Bureau**

**Most current information available from these data sources.

Fiscal Year					
2015	2016	2017	2018	2019	2020
46,079	46,972	47,916	49,162	50,031	51,353
\$ 1,663,552,000	\$1,706,994,000	\$1,736,049,000	\$1,878,484,000	\$1,973,118,000	\$ 2,044,752,000
\$ 36,102	\$ 39,662	\$ 36,231	\$ 38,210	\$ 24,686	\$ 39,818
43.6	43.5	43.7	43.4	43.7	43.6
455	498	528	528	507	503
157	175	194	194	206	203
911	988	917	917	890	820
225	239	227	227	241	259
150	168	163	163	179	195
3,826	4,049	4,063	4,063	4,056	3,970
846	893	1,026	1,026	1,110	1,143
<u>6,570</u>	<u>7,010</u>	<u>7,118</u>	<u>7,118</u>	<u>7,189</u>	<u>7,093</u>
6.20%	6.50%	6.30%	4.60%	5.00%	9.70%

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POLK COUNTY, TEXAS

PRINCIPAL EMPLOYERS

Current Year and Nie Years Ago

Employer	2020			2011		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Georgia Pacific*	1,000	1	2.51%	1,000	1	2.64%
Texas Dept of Criminal Justice, Polunsky Unit	835	2	2.10%	767	3	2.03%
Livingston ISD	614	3	1.54%	630	2	1.66%
Wal-Mart	480	4	1.21%	400	4	1.06%
Alabama-Coushatta Tribe of Texas	475	5	1.19%	250	7	0.66%
CHI St. Lukes's Health Memorial Livingston	431	6	1.08%	388	n/a	1.03%
Polk County	335	7	0.84%	300	5	0.79%
Corrigan/Camden ISD	197	8	0.49%	185	6	0.49%
Sam Houston Electric Cooperative	160	9	0.40%	-	n/a	0.00%
Lowe's	125	10	0.31%	-	n/a	0.00%
CEC (IAH Detention Facility)	-	n/a	0.00%	245	8	0.65%
Brookshire Brothers (Corrigan, Livingston, Onalaska)	-	n/a	0.00%	206	9	0.54%
Total	<u>4,652</u>		<u>11.68%</u>	<u>4,371</u>		<u>10.36%</u>

Sources: (2020) Current data collection from Employers as provided to Polk County Judge's Office

(2011) Polk County Economic and Industrial Development Corporation Texas Workforce Co.

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POLK COUNTY, TEXAS

COUNTY EMPLOYEES

Last Ten Years

Function/Program	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Government:										
County Judge	3	3	3	3	3	3	3	2	3	3
Commissioners' Court	1	1	1	1	1	1	1	1	1	1
County Clerk	10	10	10	10	10	10	11	11	11	12
County Auditor	5	5	5	5	4	5	4	5	5	5
County Treasurer	3	3	3	3	3	3	3	3	3	3
Information Technology*	2	2	2	2	2	3	3	3	3	3
Maintenance/Custodial	3	4	-	-	-	-	-	-	-	-
Maintenance/Engineering	7	7	11	11	11	12	12	10	11	12
Emergency Management	5	5	5	5	5	3	3	4	4	4
Personnel/Human Resources	3	3	3	3	2	3	3	3	3	3
Grants and Contracts***	-	-	-	-	-	-	-	-	1	1
Road and Bridges:										
Commissioners	4	4	4	4	4	4	4	4	4	4
Road and Bridge Workers	45	45	47	37	36	35	34	43	34	33
Administration of Justice:										
County Court-at-Law	4	4	4	3	4	4	3	4	5	5
District Clerk	10	10	10	9	10	9	10	10	12	12
District Judges	7	7	8	9	9	11	8	10	10	8
JP Precinct 1	4	4	3	3	3	4	4	4	4	4
JP Precinct 2	3	4	3	3	3	3	3	2	4	4
JP Precinct 3	3	3	3	3	3	3	3	3	3	3
JP Precinct 4	3	3	3	2	3	3	3	3	3	3
District Attorney	18	17	16	16	18	18	17	18	18	17
Sheriff's Dept	50	52	54	50	53	51	54	51	53	59
Jail	35	37	41	39	41	46	49	45	48	46
Constables	4	4	4	4	4	4	4	4	3	4
Department of Public Safety	1	1	1	1	1	1	1	1	1	1
Courthouse Security	1	2	2	2	2	3	3	2	4	4
Fire Marshall	-	-	-	-	-	-	-	-	1	1
Health and Human Services:										
Library and Museum	2	2	2	2	1	1	1	1	1	1
Social Services	2	2	2	2	2	1	1	1	2	2
Veterans Service	2	1	1	1	1	1	1	1	1	1
County Extension	4	4	4	4	4	4	3	3	3	3
Permits/Inspections**	-	-	-	-	-	2	2	2	2	2
Environmental Enforcement	-	1	-	-	-	1	1	1	2	2
Aging Services	1	4	1	1	1	4	4	4	7	7
Tax Administration:										
Tax Assessor/Collector	14	14	17	12	14	14	14	14	14	15
Total:	259	268	273	250	258	270	270	273	284	288

Source: Polk County Human Resources (Based on Full-Time Status)

*Previously named Data Processing

**FY2016 separated these functions from Emergency Management.

POLK COUNTY, TEXAS

OPERATING INDICATORS BY FUNCTION

Last Ten Years

	Fiscal Year			
	2011*	2012	2013	2014
<u>County Court</u>				
Civil Cases				
Pending Beginning of Year	1,051	1,305	1,472	1,678
Docket Adjust	-	(16)	(31)	46
Added	743	723	813	789
Disposed	(490)	(540)	(576)	(779)
Pending End of Year	1,305	1,472	1,678	1,734
Criminal Cases				
Pending Beginning of Year	2,560	2,856	3,120	3,142
Docket Adjust	(1)	(8)	(15)	(6)
Added	1,276	1,243	874	1,145
Disposed	(979)	(971)	(837)	(1,101)
Pending End of Year	2,856	3,120	3,142	3,180
<u>District Court</u>				
Civil Cases				
Pending Beginning of Year	803	862	860	889
Docket Adjust	(2)	(50)	(35)	-
Added	330	1,021	304	334
Disposed	(269)	(973)	(240)	(267)
Pending End of Year	862	860	889	956
Criminal Cases				
Pending Beginning of Year	778	1,198	1,639	1,561
Docket Adjust	(3)	(14)	(48)	-
Added	1,187	1,256	967	919
Disposed	(764)	(801)	(997)	(793)
Pending End of Year	1,198	1,639	1,561	1,687
<u>Justice of the Peace Courts</u>				
Cases Filed				
Traffic	4,922	5,833	4,290	4,162
Nontraffic	1,828	2,962	2,913	2,507
Small Claims Suits	73	38	44	168
Forcible Entry and Detainer	106	128	106	165
Other Civil Suits	209	292	238	195
Cases Disposed				
Traffic	4,240	4,798	3,780	3,658
Nontraffic	1,971	2,382	2,373	2,007
Small Claims Suits	61	42	33	170
Forcible Entry and Detainer	101	113	95	147
Other Civil Suits	145	233	200	101
Cases Appealed				
Traffic	15	16	12	10
Nontraffic	9	26	2	5
Small Claims Suits	-	2	-	-
Forcible Entry and Detainer	1	5	-	1
Other Civil Suits	-	-	-	-
Miscellaneous				
Examining Trials	4	-	-	1
Inquests	212	209	215	243

Source: Texas Courts Online (Office of Court Administration)

*FY11 had reporting changes

Fiscal Year					
2015	2016	2017	2018	2019	2020
1,734	1,724	2,504	2,461	2414	2338
-	-	(18)	(67)	(37)	(60)
707	988	860	855	864	757
(673)	(875)	(871)	(835)	(903)	(883)
1,724	2,504	2,461	2,414	2338	2152
3,180	2,294	2,555	1,873	1692	3088
-	-	1	(41)	994	11
994	984	1,078	734	606	922
(957)	(501)	(446)	(874)	(204)	(251)
2,294	2,555	1,873	1,692	3088	3770
956	707	679	776	761	749
-	-	(7)	-	(53)	-
272	357	428	327	390	345
(227)	(383)	(321)	(342)	(349)	(334)
707	679	776	761	749	760
1,687	918	639	832	637	554
-	-	(9)	(338)	(21)	283
704	871	688	998	830	1019
(513)	(941)	(1,032)	(855)	(892)	(598)
918	639	832	637	554	1258
4,837	3,172	4,447	6,101	5541	3528
2,100	1,892	1,217	1,724	2053	1480
155	277	130	131	179	155
179	72	207	179	204	63
281	120	387	487	533	343
2,922	2,682	2,837	4,246	3565	2019
1,545	1,257	984	1,264	1241	903
182	173	122	97	175	70
188	210	178	173	199	164
208	272	266	395	508	471
10	4	5	5	17	22
-	3	-	1	1	2
-	3	-	1	4	2
2	80	5	5	-	2
-	-	-	-	-	-
-	-	-	-	8	1
312	299	307	334	347	417

POLK COUNTY, TEXAS
CAPITAL ASSET STATISTICS BY FUNCTION
 Last Ten Years

Function/Program	Fiscal Year			
	2011	2012	2013	2014
<u>General Government</u>				
Commissioners' Court	1	1	2	2
County Clerk	4	4	6	6
Veterans Service	-	-	-	-
General Operations	41	54	69	46
District Clerk	1	1	2	2
JP Precinct 1	-	-	-	-
JP Precinct 2	-	1	1	1
JP Precinct 4	-	-	-	-
Judicial	4	5	5	5
District Attorney	6	7	6	6
County Auditor	2	2	2	2
County Treasurer	2	2	2	2
Tax Assessor/Collector	3	3	3	3
Delinquent Tax Collection	1	1	-	-
Information Technology	13	13	14	14
Maintenance/Engineering	36	34	30	33
Jail	9	8	13	14
Constable Precinct 1	1	1	1	1
Constable Precinct 2	1	1	2	2
Constable Precinct 3	1	1	1	2
Constable Precinct 4	1	1	1	1
Sheriff's Department	77	80	88	96
Social Services	3	3	2	3
Extension	1	1	1	1
Emergency Management	11	11	12	13
Environmental Enforcement	2	2	3	-
<u>Road and Bridge</u>				
Road and Bridge Precinct 1	46	46	40	40
Road and Bridge Precinct 2	39	38	39	41
Road and Bridge Precinct 3	77	78	83	83
Road and Bridge Precinct 4	66	66	66	67
<u>Security</u>				
Security Department	1	1	1	1
<u>Historical Commission</u>				
Historical	2	2	2	2
<u>Waste Management</u>				
Waste Management	35	35	34	35
<u>Aging</u>				
Aging Services	8	9	11	10

Source: County Inventory Reports

Fiscal Year					
2015	2016	2017	2018	2019	2020
2	2	2	2	2	2
7	7	7	7	7	37
-	-	-	-	-	-
44	48	51	48	50	51
2	2	2	2	2	2
-	1	1	1	1	1
1	-	-	-	-	-
-	5	-	5	5	1
5	6	5	6	6	1
6	2	6	2	2	6
2	2	2	2	2	2
2	3	2	3	3	2
4	1	3	1	1	1
-	-	-	-	-	-
13	13	16	13	14	16
32	32	33	32	33	35
14	13	14	13	13	17
2	2	2	2	2	4
3	3	4	3	3	5
2	2	2	2	2	3
1	1	1	1	1	2
93	91	92	91	93	99
3	3	3	3	3	2
1	21	1	21	22	1
14	14	14	14	14	14
3	3	3	3	3	3
41	42	44	42	43	40
41	42	42	42	41	44
82	83	83	83	84	87
68	68	69	68	70	74
1	1	1	1	1	-
2	2	2	2	2	2
35	35	34	35	35	35
10	10	11	10	10	9

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