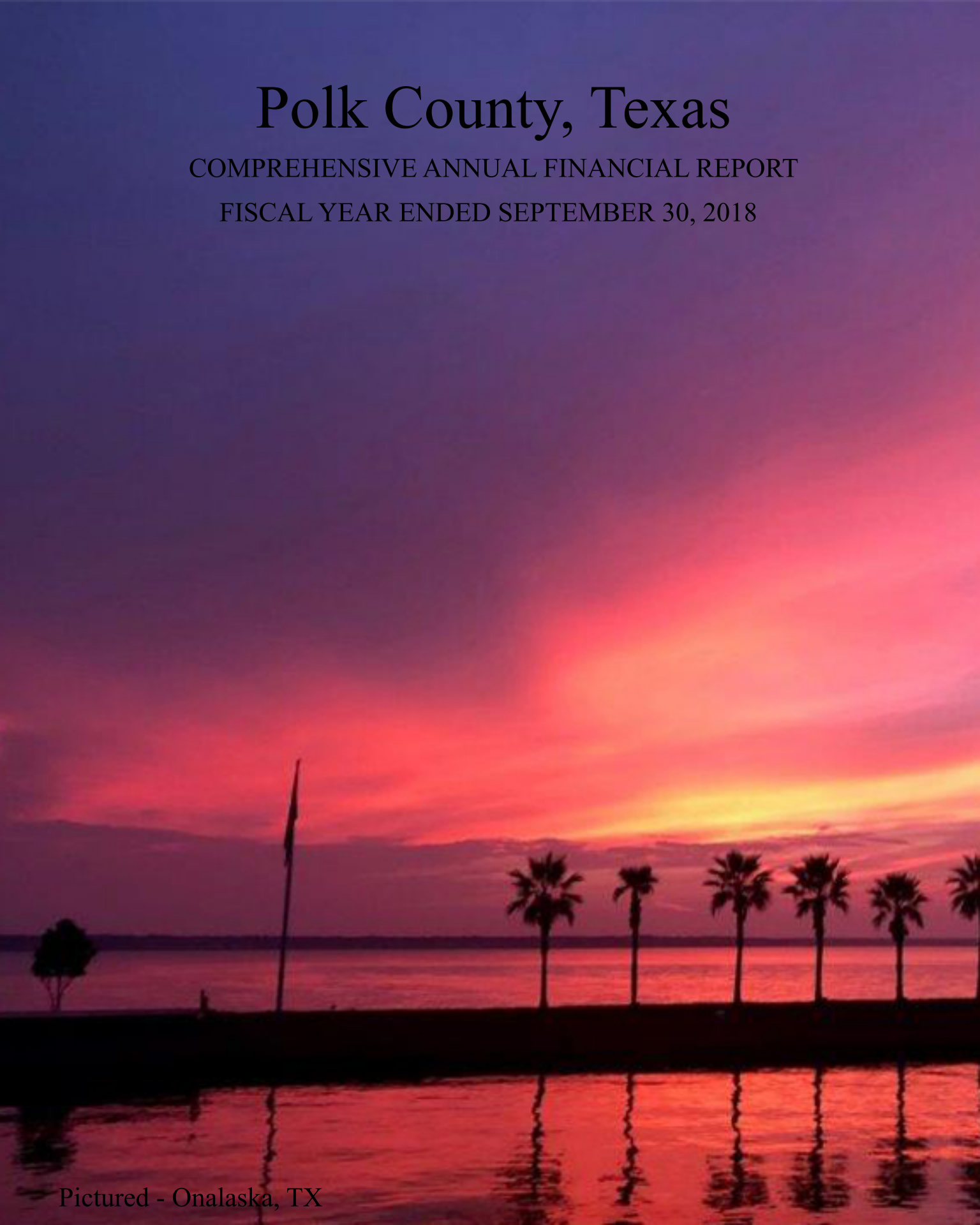


# Polk County, Texas

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED SEPTEMBER 30, 2018



***COMPREHENSIVE  
ANNUAL FINANCIAL REPORT***

of

**POLK COUNTY, TEXAS**

**For the Year Ended  
September 30, 2018**

**Prepared by:  
County Auditor's Office**

**Louis Ploth  
County Auditor**

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# **POLK COUNTY, TEXAS**

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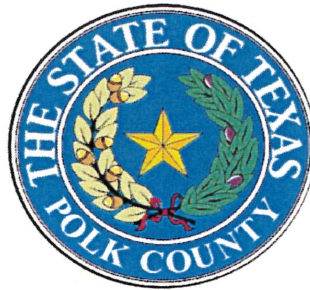
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***INTRODUCTORY SECTION***

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**Polk County**  
Livingston, Texas

June 18, 2019

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, 2018.

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, 2018. 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 49,162. 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 90-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.

Recent construction has 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.

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.

Per the U.S. Census Bureau, the most recent unemployment data has Polk County with an unemployment rate at 4.6% in November 2018. 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. Although unemployment rates have essentially decreased nationwide over the last year, the County continues to experience an unemployment rate above the national average.

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 2017 dollars), Polk County's median household income was

Polk County, Texas  
Letter of Transmittal

\$43,267 with the median income in Texas at \$57,051; while the median income in the United States was at \$57,652. The County's population has increased slightly from the 2010 census from 45,413 to an estimated 49,162 as of November 2018. It is possible that people have started moving back due to the decrease in fuel costs. According to the latest information available (stated in 2017 dollars), the U.S. housing market has increased to a median price of \$193,500 for a single family home and increased to \$84,900 in Polk County. 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 is underway 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.

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 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 ("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. Since the grand opening, Polk County has provided funds to repave the parking lots, install a back-up generator, and enhance the facility landscaping. The Center is licensed to accommodate 96 individuals and provides lunch and space for seniors to socialize. The Center operates Monday through Friday from 7 a.m. to 1:30 p.m. except on Wednesday when the facility closes at 3:30 p.m.

The County's expenditures related to employee health insurance premiums have continued to rise over the past ten years. In fiscal year 2018, 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. Employees received a 2.5% cost-of-living allowance in fiscal year 2018. The County also funded a compensation study to ensure that all positions are being paid within the market range, which was implemented in fiscal year 2019. In fiscal year 2019 the County budgeted \$2,951,635 for the full cost of employee health insurance, which was an increase of \$332,593. The County also contributed \$500,000 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.

Polk County, Texas  
Letter of Transmittal

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 52.2% 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 \$1,603,433 in revenues over expenditures during the year ended September 30, 2018.

***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 \$19,807 in budgeted revenue over 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; revenues exceeded expenditures by \$1,603,433.

***Awards and Acknowledgements***

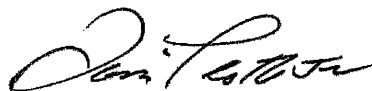
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2017. This was the eighth year that 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 has also 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 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 both the Human Resources and Treasurer Offices. 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,



Louis Ploth, County Auditor



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, 2017**

*Christopher P. Morill*

Executive Director/CEO



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**POLK COUNTY, TEXAS**  
**LIST OF ELECTED AND APPOINTED OFFICIALS**  
September 30, 2018

**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
Jessica Stanton	Justice of Peace, Precinct #2
Robert Johnson	Justice of Peace, Precinct #3
Jamie Jones	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
Dana G. "Bubba" Piper	Constable, Precinct #4

**FINANCIAL ADMINISTRATION:**

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

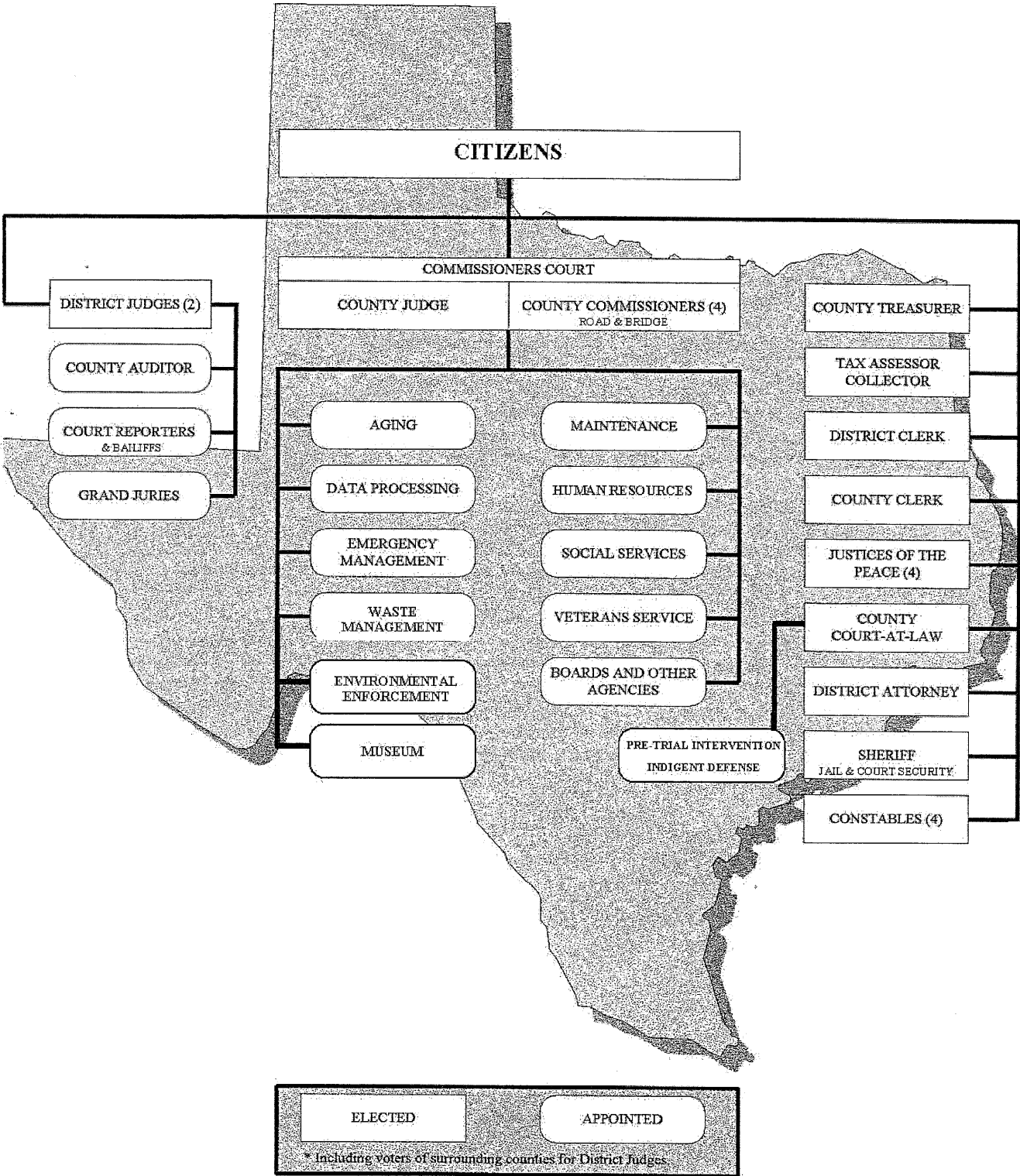
\*Designated appointed official. All others are elected.

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# POLK COUNTY, TEXAS

## ORGANIZATIONAL CHART

September 30, 2018





***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, 2018, 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, 2018, and the respective changes in financial position for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

### *Going Concern for IAH Detention Facility*

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 (the “Act”) 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 cashflows have been insufficient at times to meet obligations necessitating amendments to previous terms with the Project Operator and bond holders. 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.

### *Change in Accounting Principle*

In 2018, the County adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management’s Discussion and Analysis, budgetary comparison information, schedule of changes in net pension and OPEB liabilities 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 June 18, 2019, 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 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  
June 18, 2019

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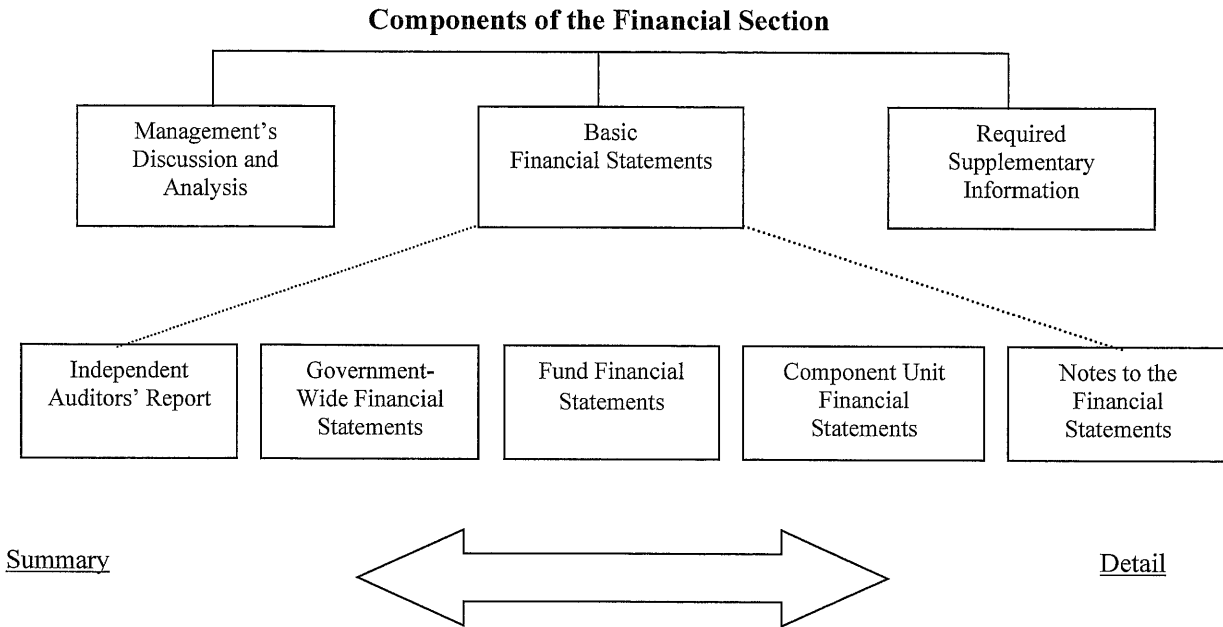
***MANAGEMENT'S DISCUSSION AND ANALYSIS***



**POLK COUNTY, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Year Ended September 30, 2018

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, 2018. 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, 2018

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 31 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, 2018

**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 statement 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 \$32,275,187 as of September 30, 2018. This compares to \$31,414,605 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, 2018

**Statement of Net Position**

The following table reflects the condensed Statement of Net Position:

	<u>Governmental Activities</u>	
	<u>2018</u>	<u>2017</u>
Current and other assets	\$ 20,725,710	\$ 20,189,091
Capital assets, net	<u>59,632,792</u>	<u>60,104,595</u>
<b>Total Assets</b>	<u>80,358,502</u>	<u>80,293,686</u>
Deferred charge on refunding	249,334	279,409
Deferred outflows - pensions	1,374,212	4,729,725
Deferred outflows - OPEB	<u>2,150,510</u>	<u>495,463</u>
<b>Total Deferred Outflows of Resources</b>	<u>3,774,056</u>	<u>5,504,597</u>
Long-term liabilities	47,595,384	49,647,231
Other liabilities	<u>2,645,249</u>	<u>3,505,218</u>
<b>Total Liabilities</b>	<u>50,240,633</u>	<u>53,152,449</u>
Deferred inflows - pensions	1,614,851	1,231,229
Deferred inflows - OPEB	<u>1,887</u>	<u>-</u>
<b>Total Deferred Inflows of Resources</b>	<u>1,616,738</u>	<u>1,231,229</u>
<b>Net Position:</b>		
Net investment in capital assets	37,695,725	36,434,098
Restricted	4,415,662	4,787,736
Unrestricted	<u>(9,836,200)</u>	<u>(9,807,229)</u>
<b>Total Net Position</b>	<u>\$ 32,275,187</u>	<u>\$ 31,414,605</u>

A portion of the County's net position, \$4,415,662 or 13.7 percent, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position is a negative \$9,836,200. The County had an increase to net position of \$860,582 for the fiscal year, which is primarily due to the decrease in general government expenses, as well as a large decrease in road and bridge from the prior year.

Current assets increased by \$536,619 to \$20,725,710 as compared to capital assets, which decreased by \$471,803 to \$59,632,792. Long-term liabilities decreased by \$2,051,847 in fiscal year 2018 due to the current year debt reductions, along with the decrease in the net pension liability.

**POLK COUNTY, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
For the Year Ended September 30, 2018

**Statement of Activities**

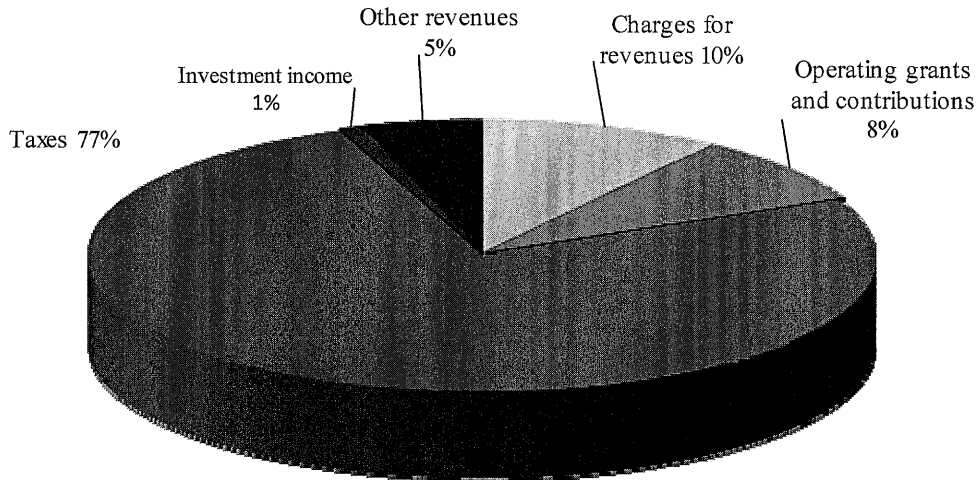
The following table provides a summary of the County's changes in net position:

	<b>Governmental Activities</b>	
	<b>2018</b>	<b>2017</b>
<b>Revenues</b>		
Program revenues:		
Charges for services	\$ 2,831,845	\$ 2,764,794
Operating grants and contributions	2,650,189	3,627,839
General revenues:		
Taxes	24,338,387	23,064,315
Investment income	310,990	140,485
Other revenues	1,711,445	2,087,173
<b>Total Revenues</b>	<b>31,842,856</b>	<b>31,684,606</b>
<b>Expenses</b>		
General government	7,277,465	8,052,484
Administration of justice	13,024,986	12,429,450
Roads and bridges	7,388,389	9,257,802
Health and human services	1,292,738	1,192,373
Tax administration	1,374,349	1,303,518
Interest and fiscal agent fees on long-term debt	624,347	784,356
<b>Total Expenses</b>	<b>30,982,274</b>	<b>33,019,983</b>
<b>Change in Net Position</b>	<b>860,582</b>	<b>(1,335,377)</b>
Beginning net position	31,414,605	32,749,982
<b>Ending Net Position</b>	<b>\$ 32,275,187</b>	<b>\$ 31,414,605</b>

**POLK COUNTY, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
For the Year Ended September 30, 2018

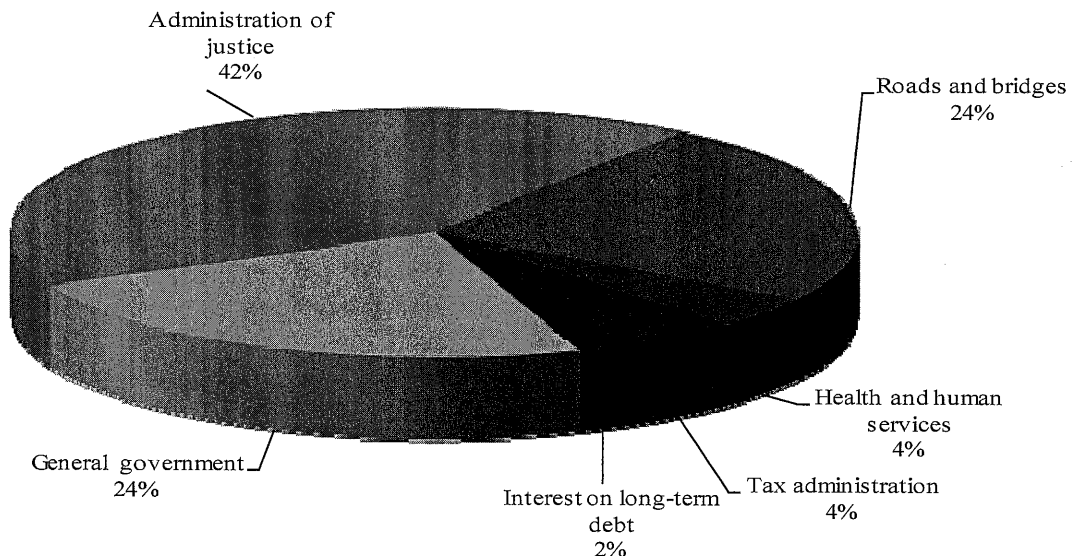
Graphic presentations of selected data from the summary tables follow to assist in the analysis of the County's activities:

**Governmental Revenues**



Total governmental revenues increased by \$158,250 from the prior year. This increase is primarily the result of an increase in property and sales tax revenue due to an increase in property tax values and the economic recovery in the area. This increase was offset by a decrease in operating grants and contributions received by the County.

**Governmental Expenses**



Governmental expenses decreased by \$2,037,709 from the prior year. The decrease in expenses was mainly attributed to a decrease in general government and roads and bridges. During the current year, the County expensed less in pension costs and health benefits in retiree health benefits trust fund as compared to the prior year. Additionally, expenses for road repairs decreased due to less grant funds available for road and bridge projects.

**POLK COUNTY, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
For the Year Ended September 30, 2018

**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 \$15,779,986. Of this, \$856,231 is restricted for endowments/trusts, \$1,420,990 is restricted for road and bridge, \$2,138,441 is restricted for special projects, and \$108,999 is restricted for capital projects. The County has also assigned \$779,642 for post closure care costs for its landfill. The amount of unassigned fund balance is \$10,475,683.

There was an increase in the combined fund balance of \$1,404,021 from the prior year. The largest decreases in fund balances are in the road and bridge and debt service of \$524,856 and \$39,894, respectively. Both property and sales tax revenue had a combined increase of \$1,486,715. Expenditures for the County decreased as well during the year, which is primarily due to a decrease in road and bridge projects and less funding provided by the general fund for the retiree health benefits.

The fund balance of the general fund had an increase of \$1,603,433, with an ending fund balance of \$10,475,683. 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 a decrease of \$39,894 in the debt service fund providing an ending fund balance of \$779,642. Debt service expenditures totaled \$3,264,469 for the year, which is a decrease from the prior year.

The road and bridge fund had a decrease in fund balance of \$524,856, which brings the ending fund balance to \$1,420,990. The decrease was primarily due to expenditures related to road and bridge projects in precinct one during the year.

There was decrease in grant revenues and expenditures when compared to the prior year in the grant fund. This was a result of a decrease in monies received from the Texas General Land Office for Hurricanes Ike and Harvey recovery-related expenditures and local funds provided by the County to complete ongoing grant related projects. The end result was an increase in fund balance of \$51,791 in the grants fund.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

General fund expenditures were under the final budget by \$479,167. 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, 2018**

During the 2018 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, 2018, but not paid by that date;
- To appropriate monies from other governmental units received in year 2018;
- 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 \$59,632,792 in a variety of capital assets and infrastructure (net of accumulated depreciation). This represents a net decrease of \$471,803.

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

- Completion of the Senior Citizen Center
- Election equipment
- Seven vehicle purchases for the Sheriff's department
- Twenty vehicles and 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, certificates of obligation, tax notes, and capital leases of \$21,628,238. The County issued \$995,000 in tax notes and \$1,030,795 in capital lease obligations during fiscal year 2018.

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**

Although economic conditions continued to improve in the County in fiscal year 2018, the Commissioners' Court faced challenges during the 2019 budget process. Sales tax revenue is expected to increase slightly during the fiscal year 2019 as compared to fiscal year 2018. The fiscal year 2019 budget for current property taxes is expected to generate \$12,257,261, which is an increase of \$232,476 over the fiscal year 2018 budgeted taxes. The County continues to face budgetary pressures on the expenditure side related to the rising costs of employee health insurance and benefits. Continued growth and stability are expected in fiscal year 2019 and beyond.

**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, 2018

	<b>Primary Government</b>	<b>Component Unit</b>
	<b>Governmental Activities</b>	<b>Unit</b>
<b><u>Assets</u></b>		
Cash and cash equivalents	\$ 17,030,344	\$ 4,280,307
Investments	-	4,300,000
Receivables, net	3,695,366	3,943,764
<b>Total Current Assets</b>	<b>20,725,710</b>	<b>12,524,071</b>
Capital assets:		
Nondepreciable capital assets	10,566,684	330,346
Capital assets, net of accumulated depreciation	49,066,108	14,937,094
<b>Total Capital Assets</b>	<b>59,632,792</b>	<b>15,267,440</b>
<b>Total Assets</b>	<b>80,358,502</b>	<b>27,791,511</b>
<b><u>Deferred Outflows of Resources</u></b>		
Deferred charge on refunding	249,334	-
Deferred outflows - pensions	1,374,212	-
Deferred outflows - OPEB	2,150,510	-
<b>Total Deferred Outflows of Resources</b>	<b>3,774,056</b>	<b>-</b>
<b><u>Liabilities</u></b>		
Current liabilities:		
Accounts payable and accrued liabilities	2,265,804	3,868,648
Accrued interest payable	92,314	232,375
Due to other units	287,131	-
<b>Total Current Liabilities</b>	<b>2,645,249</b>	<b>4,101,023</b>
Noncurrent liabilities:		
Long-term liabilities due within one year	3,988,043	2,580,000
Long-term liabilities due in more than one year	43,607,341	25,305,000
<b>Total Noncurrent Liabilities</b>	<b>47,595,384</b>	<b>27,885,000</b>
<b>Total Liabilities</b>	<b>50,240,633</b>	<b>31,986,023</b>
<b><u>Deferred Inflows of Resources</u></b>		
Deferred inflows - pensions	1,614,851	-
Deferred inflows - OPEB	1,887	-
<b>Total Deferred Inflows of Resources</b>	<b>1,616,738</b>	<b>-</b>
<b><u>Net Position</u></b>		
Net investment in capital assets	37,695,725	(8,317,560)
Restricted for:		
Endowments/trusts:		
Expendable	856,231	-
Road and bridge	1,420,990	-
Special projects	2,138,441	-
Unrestricted	(9,836,200)	4,123,048
<b>Total Net Position</b>	<b>\$ 32,275,187</b>	<b>\$ (4,194,512)</b>

See Notes to Financial Statements.



# POLK COUNTY, TEXAS

## STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2018

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
<b>Primary Government:</b>			
<b>Governmental Activities:</b>			
General government	\$ 7,277,465	\$ 2,143,912	\$ 1,947,710
Administration of justice	13,024,986	356,482	208,075
Roads and bridges	7,388,389	92,555	53,680
Health and human services	1,292,738	238,896	440,724
Tax administration	1,374,349	-	-
Interest and fiscal agent fees on long-term debt	624,347	-	-
<b>Total Governmental Activities</b>	<b>30,982,274</b>	<b>2,831,845</b>	<b>2,650,189</b>
<b>Total Primary Government</b>	<b>\$ 30,982,274</b>	<b>\$ 2,831,845</b>	<b>\$ 2,650,189</b>
 <b>IAH Public Facility Corporation</b>			
Detention facility	\$ 14,270,008	\$ 18,243,132	\$ -
Interest and fiscal agent fees on long-term debt	688,327	-	-
<b>Total Component Unit</b>	<b>\$ 14,958,335</b>	<b>\$ 18,243,132</b>	<b>\$ -</b>

**General Revenues:**

Property taxes  
 Sales taxes  
 Other taxes  
 Investment income  
 Gain on sale of capital assets  
 Other revenues  
 Gain on early extinguishment of debt

**Total General Revenues**

**Change in Net Position**

Beginning net position

**Ending Net Position**

See Notes to Financial Statements.

<b>Net (Expense) Revenue and Changes in Net Position</b>	
<b>Governmental Activities</b>	<b>Component Unit</b>
\$ (3,185,843)	\$ -
(12,460,429)	-
(7,242,154)	-
(613,118)	-
(1,374,349)	-
(624,347)	-
<u>(25,500,240)</u>	<u>-</u>
<u>(25,500,240)</u>	<u>-</u>
-	3,973,124
<u>-</u>	<u>(688,327)</u>
<u>-</u>	<u>3,284,798</u>
20,458,921	-
2,502,791	-
1,376,675	-
310,990	68,833
126,759	-
1,584,686	-
-	1,037,550
<u>26,360,822</u>	<u>1,106,383</u>
860,582	4,391,181
<u>31,414,605</u>	<u>(8,585,693)</u>
<u>\$ 32,275,187</u>	<u>\$ (4,194,512)</u>

# POLK COUNTY, TEXAS

## BALANCE SHEET

### GOVERNMENTAL FUNDS

September 30, 2018

	General	Debt Service	Road and Bridge	Grants
<b><u>Assets</u></b>				
Cash and cash equivalents	\$ 9,371,920	\$ 783,161	\$ 2,034,512	\$ 1,387,986
Receivables, net	2,420,393	459,838	608,935	96,000
Due from other funds	1,477,986	-	-	-
<b>Total Assets</b>	<b>\$ 13,270,299</b>	<b>\$ 1,242,999</b>	<b>\$ 2,643,447</b>	<b>\$ 1,483,986</b>
 <b><u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u></b>				
<b><u>Liabilities</u></b>				
Accounts payable and accrued liabilities	\$ 1,403,465	\$ 3,519	\$ 621,636	\$ 6,000
Due to other units	-	-	59,021	-
Due to other funds	-	-	-	1,477,986
<b>Total Liabilities</b>	<b>1,403,465</b>	<b>3,519</b>	<b>680,657</b>	<b>1,483,986</b>
 <b><u>Deferred Inflows of Resources</u></b>				
Unavailable revenue - property taxes	1,391,151	459,838	541,800	-
 <b><u>Fund Balances</u></b>				
Restricted:				
Road and bridge	-	-	1,420,990	-
Special projects	-	-	-	-
Capital projects	-	-	-	-
Endowments/trusts	-	-	-	-
Assigned:				
Post closure care costs	-	779,642	-	-
Unassigned	10,475,683	-	-	-
<b>Total Fund Balances</b>	<b>10,475,683</b>	<b>779,642</b>	<b>1,420,990</b>	<b>-</b>
 <b>Total Liabilities, Deferred Inflows of of Resources, and Fund Balances</b>	 <b>\$ 13,270,299</b>	 <b>\$ 1,242,999</b>	 <b>\$ 2,643,447</b>	 <b>\$ 1,483,986</b>

See Notes to Financial Statements.

<u>Nonmajor Governmental</u>	<u>Total Governmental Funds</u>
\$ 3,452,765	\$ 17,030,344
110,200	3,695,366
-	1,477,986
<u>\$ 3,562,965</u>	<u>\$ 22,203,696</u>

\$ 231,184	\$ 2,265,804
228,110	287,131
-	1,477,986
<u>459,294</u>	<u>4,030,921</u>

<u>-</u>	<u>2,392,789</u>
----------	------------------

-	1,420,990
2,138,441	2,138,441
108,999	108,999
856,231	856,231
-	779,642
-	10,475,683
<u>3,103,671</u>	<u>15,779,986</u>

<u>\$ 3,562,965</u>	<u>22,203,696</u>
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**POLK COUNTY, TEXAS**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO**  
**THE STATEMENT OF NET POSITION**  
**September 30, 2018**

Fund balances - total governmental funds	\$	15,779,986
<b>Adjustments for the Statement of Net Position:</b>		
Capital assets used in governmental activities are not current financial resources and, therefore, not reported in the governmental funds.		
Nondepreciable capital assets		10,566,684
Depreciable capital assets, net		49,066,108
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.		
Deferred revenue		2,392,789
Deferred outflows and deferred inflows related to pension activity and other post employment benefits (OPEB) are not current financial resources and, therefore, not reported in the governmental funds.		
Deferred outflows - pensions		1,374,212
Deferred inflows - pensions		(1,614,851)
Deferred outflows - OPEB		2,150,510
Deferred inflows - OPEB		(1,887)
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		(92,314)
Deferred charge on refunding		249,334
Long-term liabilities due within one year		(3,988,043)
Long-term liabilities due in more than one year		(43,607,341)
<b>Net Position of Governmental Activities</b>	<b>\$</b>	<b><u><u>32,275,187</u></u></b>

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, 2018

	<u>General</u>	<u>Debt Service</u>	<u>Road and Bridge</u>	<u>Grants</u>
<b>Revenues</b>				
Property taxes	\$ 12,624,353	\$ 3,187,823	\$ 4,661,961	\$ -
Sales taxes	2,502,791	-	-	-
Other taxes	388,367	-	956,413	-
Fines and forfeitures	663,864	-	92,555	-
Charges for services	1,290,856	-	-	-
Intergovernmental	1,553,697	-	53,680	394,013
Licenses and permits	173,822	-	-	-
Investment income	234,933	13,174	36,946	-
Other revenue	1,161,812	-	135,858	-
<b>Total Revenues</b>	<u>20,594,495</u>	<u>3,200,997</u>	<u>5,937,413</u>	<u>394,013</u>
<b>Expenditures</b>				
<b>Current:</b>				
General government	5,540,458	-	-	364,316
Administration of justice	11,243,981	-	-	-
Roads and bridges	-	-	5,975,553	-
Health and human services	670,570	-	-	-
Tax administration	1,302,814	-	-	-
<b>Debt service:</b>				
Principal	-	2,628,000	1,058,949	-
Interest and fiscal charges	-	636,469	34,984	-
Debt issuance costs	32,953	-	-	-
<b>Capital outlay</b>	<u>1,278,576</u>	<u>-</u>	<u>1,345,991</u>	<u>-</u>
<b>Total Expenditures</b>	<u>20,069,352</u>	<u>3,264,469</u>	<u>8,415,477</u>	<u>364,316</u>
<b>Excess (Deficiency) of</b>				
<b>Revenues Over (Under) Expenditures</b>	525,143	(63,472)	(2,478,064)	29,697
<b>Other Financing Sources (Uses)</b>				
Transfers in	328,699	23,578	1,950	57,862
Transfers (out)	(245,409)	-	(27,537)	(35,768)
Debt issued	995,000	-	1,030,795	-
Gain on sale of capital assets	-	-	948,000	-
<b>Total Other Financing Sources (Uses)</b>	<u>1,078,290</u>	<u>23,578</u>	<u>1,953,208</u>	<u>22,094</u>
<b>Net Change in Fund Balances</b>	1,603,433	(39,894)	(524,856)	51,791
Beginning fund balances	<u>8,872,250</u>	<u>819,536</u>	<u>1,945,846</u>	<u>(51,791)</u>
<b>Ending Fund Balances</b>	<u>\$ 10,475,683</u>	<u>\$ 779,642</u>	<u>\$ 1,420,990</u>	<u>\$ -</u>

See Notes to Financial Statements.

<u>Nonmajor Governmental</u>	<u>Total Governmental Funds</u>
\$ -	\$ 20,474,137
-	2,502,791
31,895	1,376,675
22,457	778,876
588,291	1,879,147
648,799	2,650,189
-	173,822
25,937	310,990
287,016	1,584,686
<u>1,604,395</u>	<u>31,731,313</u>
330,584	6,235,358
373,803	11,617,784
-	5,975,553
483,086	1,153,656
-	1,302,814
-	3,686,949
-	671,453
-	32,953
-	2,624,567
<u>1,187,473</u>	<u>33,301,087</u>
416,922	(1,569,774)
172,774	584,863
(276,149)	(584,863)
-	2,025,795
-	948,000
<u>(103,375)</u>	<u>2,973,795</u>
313,547	1,404,021
<u>2,790,124</u>	<u>14,375,965</u>
<u>\$ 3,103,671</u>	<u>\$ 15,779,986</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, 2018

Net changes in fund balances – total governmental funds	\$ 1,404,021
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	2,248,062
Depreciation expense	(1,964,821)
Capital retirements, net	(755,044)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	
Deferred revenue	(15,216)
Net pension and total 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	3,558,709
Deferred outflows - pensions	(3,355,513)
Deferred inflows - pensions	(383,622)
Net OPEB liability	(2,936,584)
Deferred outflows - OPEB	1,655,047
Deferred inflows - OPEB	(1,887)
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	3,686,949
Debt issuance	(2,025,795)
Changes to bond premiums	102,351
Amortization of deferred charges	(30,075)
Landfill closure and post closure	(342,377)
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 accrued interest payable and compensated absences.	
Accrued interest payable	7,783
Compensated absences	8,594
	<hr/>
<b>Change in Net Position of Governmental Activities</b>	<b>\$ 860,582</b>

See Notes to Financial Statements.

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**POLK COUNTY, TEXAS**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
September 30, 2018

	<u>Retiree Health Benefit Trust</u>	<u>Agency</u>
<b><u>Assets</u></b>		
Cash and cash equivalents	\$ 1,908,652	\$ 6,323,989
<b>Total Assets</b>	<u>\$ 1,908,652</u>	<u>\$ 6,323,989</u>
<b><u>Liabilities</u></b>		
Due to other units	\$ 6,863	\$ 6,323,989
<b>Total Liabilities</b>	<u>6,863</u>	<u>\$ 6,323,989</u>
<b><u>Net Position</u></b>		
Held in trust for other postemployment benefits	<u>\$ 1,901,789</u>	

See Notes to Financial Statements.

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**POLK COUNTY, TEXAS**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
For the Year Ended September 30, 2018

		<u>Retiree Health Benefit Trust</u>
<b><u>Additions</u></b>		
Employer contributions	\$	500,000
Other revenue		34,392
Investment income		27,021
<b>Total Additions</b>		<u>561,413</u>
<b><u>Deductions</u></b>		
Benefits		196,117
Administrative expenses		1,800
<b>Total Deductions</b>		<u>197,917</u>
	<b>Change in Net Position</b>	363,496
Beginning net position		1,538,293
	<b>Ending Net Position</b>	<u><u>\$ 1,901,789</u></u>

See Notes to Financial Statements.

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**POLK COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended September 30, 2018

**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 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 (the “Act”) 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.

**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 certain legally separate *component units* for which the primary government is financially accountable.



**POLK COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2018

**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, 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.

**POLK COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2018**

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

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 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 types:

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 types of 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*

**POLK COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2018**

*financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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 tax, 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 deposits, are reported at cost.

**POLK COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2018**

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. Inventories and Prepaid Items**

The costs of governmental fund inventories are recorded as expenditures when the related liability is incurred (i.e., the purchase method). 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.

**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. The County has four items that qualify for

**POLK COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2018**

reporting in this category on the government-wide Statement of Net Position. 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. A deferred outflow of resources is recognized as a result of the change in actuarial assumptions related to the County's defined benefit pension and OPEB plans. These amounts are deferred and amortized over the average of the expected service lives of pension or OPEB plan members. A deferred charge has been recognized for employer pension and OPEB plan contributions that were made subsequent to the measurement date through the end of the County's fiscal year. This amount is deferred and recognized as a reduction to the net pension or OPEB liability during the measurement period in which the contributions were made. Deferred charges have been recognized for differences between the actuarial expectations and the actual economic experience. This amount is deferred and amortized over the average of the expected service lives of OPEB plan members.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The County has two items that qualify for reporting in this category in the government-wide Statement of Net Position. Deferred charges have been recognized as a result of differences between the actuarial expectations and the actual economic experience related to the County's defined benefit pension and OPEB plans. These amounts are deferred and amortized over the average of the expected service lives of pension or OPEB plan members. Deferred charges have also been recognized as a result of the difference between the projected and actual investments earnings on the pension plan assets. This amount is deferred and amortized over a period of five years. At the fund level, the County 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. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes 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 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

**POLK COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2018**

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.

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

**POLK COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2018**

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.

**POLK COUNTY, TEXAS**  
*NOTES TO FINANCIAL STATEMENTS (Continued)*  
For the Year Ended September 30, 2018

**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) 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's 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.



**POLK COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2018

**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, permanent school, pre-trial intervention program, Sheriff federal revenue sharing, child abuse prevention, 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. Several supplemental budget appropriations were made for the year ended September 30, 2018.

**III. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

As of September 30, 2018, the County had the following investments:

<u>Investment Type</u>	<u>Value</u>	<u>Weighted Average Maturity (Years)</u>
TexPool	\$ 9,134,324	0.08
Texas CLASS	4,158,117	0.06
<b>Total</b>	<b>\$ 13,292,441</b>	
Portfolio weighted average maturity		0.07

*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, 2018, the County’s investments in TexPool were rated “AAAm” and Texas CLASS were rated “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, 2018, bank balances did not exceed the market values of pledged securities and FDIC insurance.

**POLK COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2018

**TexPool**

TexPool was established as a trust company with the Treasurer of the State of Texas 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.

**Texas CLASS**

The Texas Cooperative Liquid Assets Securities System Trust–Texas (CLASS) is a public funds investment pool under Section 2256.016 of the Public Funds Investment Act, Texas Government Code, as amended (the “Act”). 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 CLASS (the “Participants”), with Cutwater Investor Services Corporation as program administrator and Wells Fargo Bank Texas, NA as custodian. CLASS is not SEC registered and is not subject to regulation by the State of Texas. Under the Agreement, however, 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, CLASS has contracted with Cutwater Investors Service Corporation to provide for the investment and management of the public funds of CLASS. Separate financial statements for Texas CLASS may be obtained from CLASS’ website at [www.texasclass.com](http://www.texasclass.com).

**B. Receivables**

The following comprise receivable balances at year end:

	General	Debt Service	Road and Bridge	Grants	Nonmajor	Total
Property taxes	\$ 1,391,151	\$ 459,838	\$ 541,800	\$ -	\$ -	\$ 2,392,789
Other	1,029,242	-	67,135	96,000	110,200	1,302,577
	<u>\$ 2,420,393</u>	<u>\$ 459,838</u>	<u>\$ 608,935</u>	<u>\$ 96,000</u>	<u>\$ 110,200</u>	<u>\$ 3,695,366</u>

**POLK COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2018

**C. Capital Assets**

A summary of changes in capital assets for the year ended September 30, 2018 is as follows:

	<b>Beginning Balance*</b>	<b>Increases</b>	<b>(Decreases)</b>	<b>Ending Balance</b>
<b>Governmental Activities</b>				
Capital assets not being depreciated:				
Land	\$ 1,574,713	\$ -	\$ -	\$ 1,574,713
Construction in progress	8,991,971	-	-	8,991,971
<b>Total capital assets not being depreciated</b>	<b>10,566,684</b>	<b>-</b>	<b>-</b>	<b>10,566,684</b>
Other capital assets:				
Infrastructure	90,960,198	-	-	90,960,198
Buildings	44,904,462	408,110	-	45,312,572
Improvements	2,856,650	-	(4,569)	2,852,081
Equipment	16,657,147	1,839,952	(1,205,747)	17,291,352
<b>Total other capital assets</b>	<b>155,378,457</b>	<b>2,248,062</b>	<b>(1,210,316)</b>	<b>156,416,203</b>
Less accumulated depreciation for:				
Infrastructure	(87,134,952)	(75,844)	-	(87,210,796)
Buildings	(6,457,604)	(851,385)	-	(7,308,989)
Improvements	(1,534,542)	(76,049)	4,518	(1,606,073)
Equipment	(10,713,448)	(961,543)	450,754	(11,224,237)
<b>Total accumulated depreciation</b>	<b>(105,840,546)</b>	<b>(1,964,821)</b>	<b>455,272</b>	<b>(107,350,095)</b>
Other capital assets, net	49,537,911	283,241	(755,044)	49,066,108
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ 60,104,595</b>	<b>\$ 283,241</b>	<b>\$ (755,044)</b>	<b>59,632,792</b>
			Less associated debt	(22,295,255)
			Plus deferred charge on refunding	249,334
			Plus unspent bond proceeds	108,854
			<b>Net Investment in Capital Assets</b>	<b>\$ 37,695,725</b>

\* Beginning balances have been restated

Depreciation was charged to governmental functions as follows:

General government	\$ 451,909
Administration of justice	530,502
Roads and bridges	884,169
Health and human services	98,241
<b>Total Governmental Activities Depreciation Expense</b>	<b>\$ 1,964,821</b>

**POLK COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2018

**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, 2018. 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>
<b>Governmental Activities:</b>					
Bonds, notes payable, and capital leases:					
General obligation	\$ 19,580,000	\$ -	\$ (1,940,000)	\$ 17,640,000	\$ 1,975,000
Tax notes	2,428,000	995,000	(688,000)	2,735,000	695,000
Obligations under capital leases	1,281,392	1,030,795	(1,058,949)	1,253,238	1,049,025
Less deferred amounts:					
Premium	769,368	-	(102,351)	667,017	-
	<u>24,058,760</u>	<u>2,025,795</u>	<u>(3,789,300)</u>	<u>22,295,255</u>	<u>3,719,025</u>
Other:					
Compensated absences	307,503	476,282	(484,876)	298,909	269,018
Total OPEB liability	15,673,915	2,936,584	-	18,610,499	-
Total pension liability	5,990,717	-	(3,558,709)	2,432,008	-
Landfill closure and post closure care costs	3,616,336	342,377	-	3,958,713	-
	<u>25,588,471</u>	<u>3,755,243</u>	<u>(4,043,585)</u>	<u>25,300,129</u>	<u>269,018</u>
<b>Total Governmental Activities</b>	<u>\$ 49,647,231</u>	<u>\$ 5,781,038</u>	<u>\$ (7,832,885)</u>	<u>\$ 47,595,384</u>	<u>\$ 3,988,043</u>
				<u>Long-term liabilities due in more than one year</u>	<u>\$ 43,607,341</u>
				* Debt associated with capital assets	<u>\$ 22,295,255</u>

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, total pension obligation, and total 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, 2018

Long term debt as of September 30, 2018 was comprised of the following debt issues:

	<u>Interest Rate Percentage</u>	<u>Original Amount</u>	<u>Balance</u>
<b>General Obligation</b>			
Refunding Bonds, Series 2012	2.00-3.00	\$ 17,760,000	\$ 11,720,000
Contractual Obligation, Series 2016	1.935	\$ 2,120,000	2,020,000
Contractual Obligation, Series 2017	4.00-4.13	\$ 2,120,000	3,900,000
			<u>17,640,000</u>
<b>Tax Notes</b>			
Series 2012	2.00	\$ 1,015,000	\$ 155,000
Series 2013	1.85	\$ 525,000	160,000
Series 2014	1.00-2.00	\$ 1,570,000	700,000
Series 2015	1.93	\$ 1,060,000	620,000
Series 2016	1.93	\$ 145,000	105,000
Series 2018	2.87	\$ 995,000	995,000
			<u>2,735,000</u>
<b>Capital Leases</b>			
Bankcorp South Corporation	3.22	\$ 1,030,795	1,030,795
First National Bank Leasing	2.55	\$ 257,825	222,443
			<u>1,253,238</u>
		<b>Total</b>	<b>\$ 21,628,238</b>

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 Anticipation Notes</u>		<u>Capital Leases</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 1,975,000	\$ 533,071	\$ 695,000	\$ 53,405	\$ 1,049,025	\$ 42,217
2020	2,055,000	467,643	630,000	41,700	21,292	2,612
2021	2,125,000	399,669	565,000	28,626	182,921	-
2022	2,200,000	329,300	335,000	18,402	-	-
2023	2,270,000	256,536	185,000	11,878	-	-
2024-2027	6,230,000	512,214	325,000	9,399	-	-
2028-2031	785,000	31,492	-	-	-	-
<b>Totals</b>	<u>\$ 17,640,000</u>	<u>\$ 2,529,925</u>	<u>\$ 2,735,000</u>	<u>\$ 163,410</u>	<u>\$ 1,253,238</u>	<u>\$ 44,829</u>

Machinery and equipment acquired under current capital lease obligations totaled \$1,325,376

**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

**POLK COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2018

arbitrage liability, it periodically engages an arbitrage consultant to perform the calculations in accordance with the rules and regulations of the IRS.

**E. Interfund Transactions**

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

<u>Transfer Out</u>	<u>Transfer In</u>	<u>Amounts</u>
General fund	Road and bridge fund	\$ 1,950
General fund	Debt service fund	23,578
General fund	Grant fund	57,862
General fund	Nonmajor governmental funds	162,020
Road and bridge fund	General fund	27,537
Grant fund	General fund	35,768
Nonmajor governmental funds	General fund	265,394
Nonmajor governmental funds	Nonmajor governmental funds	10,754
	<b>Total</b>	<b>\$ 584,863</b>

These transfers are for a wide variety of reasons, some of which are for operations within the various funds and salary subsidies.

The composition of interfund balances as of September 30, 2018 is as follows:

<u>Due to</u>	<u>Due from</u>	<u>Amounts</u>
General fund	Grant funds	\$ 1,477,986
	<b>Total</b>	<b>\$ 1,477,986</b>

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

**F. Restatement of Fund Balance/Net Position**

The County has restated beginning fund balance due to adjustments in accounts payable.

Net position was restated to record a decrease in capital assets associated with equipment. Also, due to the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (GASB 75)*, the County restated its beginning net position as follows:

	<u>General Fund</u>	<u>Governmental Activities</u>
Beginning fund balance/net position - as reported	\$ 9,083,198	\$ 41,188,669
Restatement - accounts payable	(210,948)	(210,948)
Restatement - capital assets	-	(125,448)
Restatement - deferred outflow - contributions after measurement date	-	495,463
Restatement - Net OPEB obligation	-	5,740,784
Restatement - Net OPEB liability	-	(15,673,915)
Beginning fund balance/net position - restated	<u>\$ 8,872,250</u>	<u>\$ 31,414,605</u>

**POLK COUNTY, TEXAS**  
*NOTES TO FINANCIAL STATEMENTS (Continued)*  
For the Year Ended September 30, 2018

**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 279 other entities in the Texas Association of Counties' 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 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.

**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 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 environmental service fund, one of the special revenue funds used by the County.

**POLK COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2018**

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 \$11,781,886.

The \$3,958,713 reported as landfill closure and post closure care liability at September 30, 2018 is based on the use of 33.6 percent of the estimated capacity of the landfill. The estimated net decrease in capacity after the permit modification during the year was 2.2 percent related to new estimates of airspace capacity using digital terrain modeling techniques. The accrued liability increased by \$342,377. The County will recognize the remaining estimated cost of closure and post closure care of \$7,823,173 as the remaining estimated capacity is filled. Based on the current rate of materials deposited, the life of the landfill is 33.1 years.

The estimated costs are based on what it would cost to perform all closure and post closure care in 2018 and do not include provisions for inflation. Based on current projections, the present landfill site will be 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 costs. The County has reserved \$779,642 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 Plans**

**Texas County and District Retirement System**

**Plan Description**

TCDRS is a statewide, agent multiple-employer, public-employee retirement system. TCDRS serves 700 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](http://www.tcdrs.org).

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



**POLK COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2018**

Benefits Provided

TCDRS provides retirement, disability, and death benefits. The benefit provisions are adopted by the Commissioners' Court within the options available in Texas state statutes governing TCDRS. Members can retire at age 60 and above with eight or more years of service, with 30 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after eight years of service, but must leave their accumulated contributions in the plan to receive any County-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by the County.

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 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, 2017 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	182
Inactive employees entitled to, but not yet receiving, benefits	276
Active employees	319
<b>Total</b>	<u><u>777</u></u>

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 13.0 percent and 13.4 percent in

**POLK COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2018**

calendar years 2017 and 2018, respectively. The County's contributions to TCDRS for the fiscal year ended September 30, 2018 were \$1,494,409 and were equal to the required contributions.

Net Pension Liability

The County's Net Pension Liability (NPL) was measured as of December 31, 2017 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, 2017 were based on the results of an actuarial experience study for the period January 1, 2013 through December 31, 2016, except 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, 2017 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 the which the contributions are reported.
Actuarial Cost Method	Entry age normal
Amortization Method	Level of percentage of payroll, closed
Recognition of economic/demographic gains or losses	Straight-line amortization over expected working life
Recognition of assumption changes or inputs	Straight-line amortization over expected working life
Asset Valuation Method	
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	8.10%
Cost-of-Living Adjustments	Cost-of-living adjustments for the County are not considered to be substantively automatic under GASB 68. Therefore, no 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.

**POLK COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2018**

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:

<u>Asset Class</u>	<u>Benchmark</u>	<u>Target Allocation</u>	<u>Geometric Real Rate of Return (Expected minus Inflation)</u>
US Equities	Dow Jones U.S. Total Stock Market Index	11.50%	4.55%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index	16.00%	7.55%
Global Equities	MSCI World (net) Index	1.50%	4.85%
International Equities - Developed	MSCI World Ex USA (net)	11.00%	4.55%
International Equities - Emerging	MSCI Emerging Markets (net) Index	8.00%	5.55%
Investment-Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	0.75%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	8.00%	4.12%
Direct Lending	S&P/LSTA Leveraged Loan Index	10.00%	8.06%
Distressed Debt	Cambridge Associated Distressed Securities Index	2.00%	6.30%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% S&P Global REIT (net) Index	2.00%	4.05%
Master Limited Partnerships (MLP)	Alerian MLP Index	3.00%	6.00%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index	6.00%	6.25%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	18.00%	4.10%

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.

**POLK COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2018

Changes in the NPL

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(A)	(B)	(A) - (B)
Changes for the year:			
Service cost	\$ 1,800,150	\$ -	\$ 1,800,150
Interest	4,723,059	-	4,723,059
Change in current period benefits	109,415	-	109,415
Difference between expected and actual experience	(637,391)	-	(637,391)
Changes in assumptions	183,374	-	183,374
Contributions - employer	-	1,438,245	(1,438,245)
Contributions - employee	-	787,437	(787,437)
Net investment income	-	7,556,897	(7,556,897)
Benefit payments, including refunds of employee contributions	(2,652,608)	(2,652,608)	-
Administrative expense	-	(39,173)	39,173
Other changes	-	(6,091)	6,091
Net changes	3,525,999	7,084,707	(3,558,708)
Balance at December 31, 2016	57,809,706	51,818,990	5,990,716
<b>Balance at December 31, 2017</b>	<b>\$ 61,335,705</b>	<b>\$ 58,903,697</b>	<b>\$ 2,432,008</b>

Sensitivity of the NPL to Changes in the Discount Rate

The following presents the NPL of the County, calculated using the discount rate of 8.10 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 (7.10%)	Discount Rate (8.10%)	1% Increase in Discount Rate (9.10%)
County's Net Pension Liability (Asset)	\$ 10,555,866	\$ 2,432,008	\$ (4,380,954)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in a separately-issued TCERS financial report. That report may be obtained on the Internet at [www.tcdrs.com](http://www.tcdrs.com).

**POLK COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2018

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

For the fiscal year ended September 30, 2018, the County recognized pension expense of \$1,688,656. At September 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual economic experience	\$ -	\$ 1,168,081
Changes in actuarial assumptions	281,416	-
Difference between projected and actual investment earnings	-	446,770
Contributions subsequent to the measurement date	1,092,796	-
<b>Total</b>	<b>\$ 1,374,212</b>	<b>\$ 1,614,851</b>

\$1,092,796 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, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Fiscal Year Ended September 30:</b>	<b>Pension Expense</b>
2019	\$ 63,149
2020	4,501
2021	(725,424)
2022	(675,661)
<b>Total</b>	<b>\$ (1,333,435)</b>

**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 Commissioner’s 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 Trust.

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 the TCDRS and continuous service as a full-time employee of the County for 20 years or more or (2) has total creditable service with the 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

**POLK COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2018**

employees. 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. If the retiree meets the eligibility requirements stated above for premiums to be paid upon reaching Medicare eligibility (must have Medicare A and B, and may have to be 65 or older), the County will pay the premium for the retiree to participate in the Plan designated by the County.

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, 2018:

Inactive employees or beneficiaries currently receiving benefits	21
Inactive employees entitled to but not yet receiving benefits	-
Active employees	251
<b>Total</b>	<u><u>272</u></u>

Net OPEB Liability

The County's net OPEB liability of \$18,610,499 was determined by an actuarial valuation as of December 31, 2016 which was rolled forward to a measurement date of December 31, 2017.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31, 2016 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	3.31% as of December 31, 2017
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 the Texas County and District Retirement System (TCDRS).
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 7.50% declining to an ultimate rate of 5.75% after 8 years; Pre-65: Ultimate trend rate includes a 1.50% adjustment for the excise tax; Pre-65: Initial rate of 6.50% declining to an ultimate rate of 4.25% after 15 years.
Participation rates	90% 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, 2018

Funding Policy

The County has elected to finance the County's 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 Total OPEB Liability

	<b>Total OPEB Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net OPEB Liability</b>
Changes for the year:			
Service cost	\$ 1,056,692	\$ -	\$ 1,056,692
Interest	658,785	-	658,785
Difference between expected and actual experience	(2,118)	-	(2,118)
Changes in assumption	1,746,883	-	1,746,883
Employer contributions	-	514,673	(514,673)
Net investment income	-	15,783	(15,783)
Benefit payments	(219,817)	(219,817)	-
Administrative expense	-	(6,798)	6,798
<b>Net Changes</b>	3,240,425	303,841	2,936,584
Beginning balance	16,872,505	1,198,590	15,673,915
<b>Ending Balance</b>	\$ 20,112,930	\$ 1,502,431	\$ 18,610,499

Consistent with the requirements of GASB Statement No. 74, 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 \$460,381 and implicit benefit payments of \$54,292 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:

	<b>1% Decrease in Discount Rate (2.31%)</b>	<b>Discount Rate (3.31%)</b>	<b>1% Increase in Discount Rate (4.31%)</b>
County's Total OPEB Liability	\$ 22,792,842	\$ 18,610,499	\$ 15,308,288

**POLK COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2018

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:

	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
County's Total OPEB Liability	\$ 14,370,734	\$ 18,610,499	\$ 24,415,099

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

For the year ended September 30, 2018, the County recognized OPEB expense of \$1,882,365. The County reported deferred outflows/inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 14,226	\$ 1,887
Changes in actuarial assumptions	1,556,553	-
Contributions subsequent to the measurement date	579,731	-
<b>Total</b>	<u>\$ 2,150,510</u>	<u>\$ 1,887</u>

\$579,731 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability for the fiscal year ending September 30, 2019.

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

<u>Year Ended September 30</u>	<u>OPEB Expense Amount</u>
2019	\$ (193,655)
2020	(193,655)
2021	(193,655)
2022	(193,655)
2023	(190,099)
Thereafter	(604,172)
<b>Total</b>	<u>\$ (1,568,892)</u>

**F. Jointly Governed and Related Organizations**

The Adult Probation and Juvenile Probation divisions are operated as combined departments doing business as the 258<sup>th</sup> and 411<sup>th</sup> 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



**POLK COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2018

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**

On November 5, 2004, the Corporation issued project revenue bonds series 2004, in the amount of \$24,215,000 and, on December 21, 2006, the Corporation issued project revenue bonds, series 2006 in the amount of \$24,820,000. On June 1, 2017, the Corporation restructured the series 2004 and 2006 project revenue bonds to a series 2017 bonds, (the "Bonds").

Long-term debt obligations of the Corporation as of September 30, 2018 are as follows:

Year Ending Sept. 30	Principal	Interest	Total
2019	\$ 2,580,000	\$ 491,000	\$ 3,071,000
2020	3,035,000	460,650	3,495,650
2021	3,105,000	398,900	3,503,900
2022	3,165,000	335,900	3,500,900
2023	3,225,000	271,700	3,496,700
2024-2026	12,775,000	389,700	13,164,700
<b>Total</b>	<b>\$ 27,885,000</b>	<b>\$ 2,347,850</b>	<b>\$ 30,232,850</b>

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. Because this deficit net investment in capital assets is larger than the Corporation's total net position, net position is reported as a negative amount.

**POLK COUNTY, TEXAS**  
*NOTES TO FINANCIAL STATEMENTS (Continued)*  
For the Year Ended September 30, 2018

**3. Subsequent Events for Component Unit**

**a. Termination Notice**

On September 20, 2017, the Project Operator gave a 180-day termination notice to the County, pursuant to section 2.02 of the Agreement. The effective termination date was August 1, 2018 and the Project Operator has continued to provide services to the Corporation. Management's understanding is that the conditions giving rise to the termination have been resolved, and that if termination was desired, another 180-day termination notice would be required. A subsequent termination notice has not been given.

**b. Reverse Dutch Auction**

Subsequent to year end, the Trustees initiated the November 2018 Reverse Dutch Auction in which \$1,920,000 in bonds were retired for \$1,094,627, resulting in a gain on extinguishment of debt of \$825,373. The next Reverse Dutch Auction is scheduled for April 2019. The results of the April 2019 auction 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, 2018

	<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>		
<b><u>Revenues</u></b>				
Property taxes	\$ 12,672,710	\$ 12,672,710	\$ 12,624,353	\$ (48,357)
Sales taxes	2,350,000	2,483,226	2,502,791	19,565
Other taxes	319,500	319,500	388,367	68,867
Fines and forfeitures	582,500	582,500	663,864	81,364
Charges for services	1,297,985	1,297,985	1,290,856	(7,129)
Intergovernmental	567,380	631,156	1,553,697	922,541
Licenses and permits	156,830	156,830	173,822	16,992
Investment income	90,000	120,213	234,933	114,720
Other revenue	1,106,557	1,205,579	1,161,812	(43,767)
<b>Total Revenues</b>	<u>19,143,462</u>	<u>19,469,699</u>	<u>20,594,495</u>	<u>1,124,796</u>
<b><u>Expenditures</u></b>				
<b>General Government:</b>				
County Judge	253,321	253,321	233,148	20,173
Commissioners' Court	346,718	832,539	808,466	24,073
County Clerk	644,783	640,176	631,981	8,195
County Treasurer	182,001	183,001	182,960	41
County Auditor	294,371	294,371	289,559	4,812
Data processing	357,293	367,475	338,027	29,448
Human resources	164,189	170,189	164,958	5,231
Maintenance	852,058	913,077	913,021	56
Fire department support	172,912	179,028	177,879	1,149
Emergency management	261,388	278,462	266,026	12,436
General operating	1,154,867	1,265,717	1,255,650	10,067
Other unclassified	311,974	279,019	278,783	236
	<u>4,995,875</u>	<u>5,656,375</u>	<u>5,540,458</u>	<u>115,917</u>
<b>Administration of Justice:</b>				
Jury	64,273	60,273	59,910	363
County Court-at-law	627,330	699,127	697,538	1,589
District Clerk	502,379	490,503	487,171	3,332
District Judges	968,661	965,261	962,112	3,149
Pretrial services	47,708	47,708	43,955	3,753
Justice of the Peace Pct. 1	222,637	222,071	213,460	8,611
Justice of the Peace Pct. 2	174,447	175,447	175,444	3
Justice of the Peace Pct. 3	178,723	182,018	180,936	1,082
Justice of the Peace Pct. 4	170,558	172,400	172,293	107
District Attorney	1,184,677	1,196,959	1,196,909	50
Sheriff	3,812,374	3,834,959	3,830,852	4,107
Jail	3,182,294	3,186,210	2,913,243	272,967
Constables	247,793	251,086	244,614	6,472
DPS	69,457	65,639	65,544	95
	<u>11,453,311</u>	<u>11,549,661</u>	<u>11,243,981</u>	<u>305,680</u>

**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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Expenditures (continued)</b>				
<b>Health and Human Services:</b>				
Museum	\$ 57,716	\$ 57,716	\$ 55,474	\$ 2,242
Permit/inspections	111,262	112,803	112,129	674
Social services	258,448	294,266	293,396	870
Veterans services	54,888	54,988	53,347	1,641
County extension	129,599	124,943	88,993	35,950
Environmental services	72,892	72,892	67,231	5,661
	<u>684,804</u>	<u>717,608</u>	<u>670,570</u>	<u>47,038</u>
<b>Tax Administration:</b>				
Appraisal District	413,827	413,827	410,964	2,863
Tax Assessor Collector	893,907	893,907	891,850	2,057
	<u>1,307,734</u>	<u>1,307,734</u>	<u>1,302,814</u>	<u>4,920</u>
<b>Debt Service:</b>				
Debt issuance costs	-	33,013	32,953	60
	<u>-</u>	<u>33,013</u>	<u>32,953</u>	<u>60</u>
<b>Capital Outlay</b>	<u>314,325</u>	<u>1,284,128</u>	<u>1,278,576</u>	<u>5,552</u>
<b>Total Expenditures</b>	<u>18,756,049</u>	<u>20,548,519</u>	<u>20,069,352</u>	<u>479,167</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>387,413</u>	<u>(1,078,820)</u>	<u>525,143</u>	<u>1,603,963</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	292,931	323,811	328,699	4,888
Transfers (out)	(660,537)	(245,410)	(245,409)	1
Debt issuance	-	962,047	995,000	32,953
<b>Total Other Financing Sources (Uses)</b>	<u>(367,606)</u>	<u>1,040,448</u>	<u>1,078,290</u>	<u>37,842</u>
<b>Net Change in Fund Balance</b>	<u>\$ 19,807</u>	<u>\$ (38,372)</u>	1,603,433	<u>\$ 1,641,805</u>
Beginning fund balance			<u>8,872,250</u>	
<b>Ending Fund Balance</b>			<u>\$ 10,475,683</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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenues</b>				
Property taxes	\$ 4,697,982	\$ 4,697,982	\$ 4,661,961	\$ (36,021)
Other taxes	976,500	976,500	956,413	(20,087)
Fines and forfeitures	110,000	110,000	92,555	(17,445)
Intergovernmental	-	36,190	53,680	17,490
Investment income	9,700	9,700	36,946	27,246
Other revenue	49,300	98,228	135,858	37,630
<b>Total Revenues</b>	<b>5,843,482</b>	<b>5,928,600</b>	<b>5,937,413</b>	<b>8,813</b>
<b>Expenditures</b>				
<b>Roads and bridges:</b>				
Precinct 1	1,265,010	1,925,004	1,605,548	319,456
Precinct 2	1,291,770	1,449,348	1,354,828	94,520
Precinct 3	1,497,073	1,522,073	1,315,196	206,877
Precinct 4	1,542,262	1,878,453	1,699,981	178,472
<b>Debt service:</b>				
Principal	1,058,687	1,058,687	1,058,949	(262)
Interest	33,296	35,245	34,984	261
<b>Capital outlay</b>	<b>75,000</b>	<b>1,370,990</b>	<b>1,345,991</b>	<b>24,999</b>
<b>Total Expenditures</b>	<b>6,763,098</b>	<b>9,239,800</b>	<b>8,415,477</b>	<b>824,323</b>
<b>(Deficiency) of</b>				
<b>Revenues (Under) Expenditures</b>	<b>(919,616)</b>	<b>(3,311,200)</b>	<b>(2,478,064)</b>	<b>833,136</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	143,983	143,983	1,950	(142,033)
Transfers out	(171,520)	(171,520)	(27,537)	143,983
Debt issuance	-	1,030,777	1,030,795	18
Gain on sale of capital assets	948,000	948,000	948,000	-
<b>Total Other Financing Sources</b>	<b>920,463</b>	<b>1,951,240</b>	<b>1,953,208</b>	<b>1,968</b>
<b>Net Change in Fund Balance</b>	<b>\$ 847</b>	<b>\$ (1,359,960)</b>	<b>(524,856)</b>	<b>\$ 835,104</b>
Beginning fund balance			1,945,846	
<b>Ending Fund Balance</b>			<b>\$ 1,420,990</b>	

**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 CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
**TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM**  
For the Year Ended September 30, 2018

	Measurement Year*			
	2014	2015	2016	2017
<b>Total Pension Liability</b>				
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)
<b>Net Change in Total Pension Liability</b>	<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>
<b>Ending Total Pension Liability</b>	<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>
<b>Plan Fiduciary Net Position</b>				
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)
<b>Net Change in Plan Fiduciary Net Position</b>	<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>
<b>Ending Plan Fiduciary Net Position</b>	<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>
<b>Net Pension Liability</b>	<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>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	96.09%	89.13%	89.64%	96.03%
<b>Covered Payroll</b>	\$ 10,607,304	\$ 10,677,523	\$ 11,032,245	\$ 10,957,089
<b>Net Pension Liability as a Percentage of Covered Payroll</b>	19.08%	55.92%	54.30%	22.20%

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

**POLK COUNTY, TEXAS**  
**SCHEDULE OF CONTRIBUTIONS**  
**TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM**  
For the Year Ended September 30, 2018

	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 five years of information is currently available. The County will build this schedule over the next five-year period.

**Notes to Required Supplementary Information:**

There were no benefit changes during the year.

**Fiscal Year**

**2018**

\$ 1,494,409

1,494,409

\$ -

\$ 11,244,476

13.29%

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**POLK COUNTY, TEXAS**  
**SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS**  
For the Year Ended September 30, 2018

	Measurement Year*
	2017
<b>Total OPEB Liability</b>	
Service cost	\$ 1,056,692
Interest (on the total OPEB liability)	658,785
Changes of benefit terms	-
Difference between expected and actual experience	(2,118)
Changes of assumptions	1,746,883
Benefit payments	(219,817)
<b>Net Change in Total OPEB Liability</b>	<b>3,240,425</b>
Beginning total OPEB liability	16,872,505
<b>Ending Total OPEB Liability</b>	<b>\$ 20,112,930</b>
<b>Plan Fiduciary Net Position</b>	
Contributions - employer	\$ 514,673
Contributions - employee	-
OPEB plan net investment income	15,783
Benefit payments	(219,817)
OPEB plan administrative expense	(6,798)
Other	-
<b>Net Change in Plan Fiduciary Net Position</b>	<b>303,841</b>
Beginning plan fiduciary net position	1,198,590
<b>Ending Plan Fiduciary Net Position</b>	<b>\$ 1,502,431</b>
<b>Net OPEB Liability</b>	<b>\$ 18,610,499</b>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	7.47%
<b>Covered Payroll</b>	\$ 9,598,064
<b>Total OPEB Liability as a Percentage of Covered Payroll</b>	193.90%

\*Only one year of information is currently available. The County will build this schedule over the next nine-year period.

**Notes to Required Supplementary Information:**

Changes in Assumptions

Changes in assumptions reflect a change in the discount rate from 3.81% as of December 31, 2016 to 3.31% as of December 31, 2017.

Changes in Benefits

There were no changes in benefit terms that affected measurement of the total OPEB liability during the measurement period.

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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 occupancy tax and expenditures for improvements that serve the purpose of attracting visitors and tourists.

***Justice Court Technology Fund*** - This fund is used account for ticket revenues 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.

### **Permanent Fund**

***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.

**POLK COUNTY, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS (page 1 of 3)**  
September 30, 2018

	<b>Special Revenue Funds</b>			
	<b>County and District</b>			
	<b>Court Technology</b>	<b>Courthouse Security</b>	<b>Law Library</b>	<b>Aging</b>
<b><u>Assets</u></b>				
Cash and cash equivalents	\$ 7,117	\$ 19,567	\$ 80,123	\$ 168,249
Receivables, net	-	-	-	36,741
<b>Total Assets</b>	<b>\$ 7,117</b>	<b>\$ 19,567</b>	<b>\$ 80,123</b>	<b>\$ 204,990</b>
<b><u>Liabilities and Fund Balances</u></b>				
<b><u>Liabilities:</u></b>				
Accounts payable	\$ -	\$ 10,922	\$ 330	\$ 19,873
Due to other units	-	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>10,922</b>	<b>330</b>	<b>19,873</b>
<b><u>Fund Balances:</u></b>				
Restricted:				
Special projects	7,117	8,645	79,793	185,117
Capital projects	-	-	-	-
Endowments/trusts	-	-	-	-
<b>Total Fund Balances</b>	<b>7,117</b>	<b>8,645</b>	<b>79,793</b>	<b>185,117</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 7,117</b>	<b>\$ 19,567</b>	<b>\$ 80,123</b>	<b>\$ 204,990</b>

**Special Revenue Funds**

<b>County Records Mgmt.</b>	<b>County Clerk Records Preservation</b>	<b>Hotel/Motel Tax</b>	<b>Justice Court Technology</b>	<b>Historical Commission</b>	<b>Available School</b>
\$ 8,774	\$ 702,022	\$ 78,384	\$ 7,331	\$ 302,695	\$ 250,451
-	-	7,933	-	-	-
<u>\$ 8,774</u>	<u>\$ 702,022</u>	<u>\$ 86,317</u>	<u>\$ 7,331</u>	<u>\$ 302,695</u>	<u>\$ 250,451</u>
\$ -	\$ 1,700	\$ -	\$ -	\$ 20	\$ -
-	-	-	-	-	-
-	<u>1,700</u>	-	-	<u>20</u>	-
8,774	700,322	86,317	7,331	302,675	-
-	-	-	-	-	-
-	-	-	-	-	250,451
<u>8,774</u>	<u>700,322</u>	<u>86,317</u>	<u>7,331</u>	<u>302,675</u>	<u>250,451</u>
<u>\$ 8,774</u>	<u>\$ 702,022</u>	<u>\$ 86,317</u>	<u>\$ 7,331</u>	<u>\$ 302,695</u>	<u>\$ 250,451</u>

**POLK COUNTY, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS (page 2 of 3)**  
September 30, 2018

	Special Revenue Funds			
	District Attorney Collection	District Clerk Records Preservation	Forfeiture	District Clerk TDCJ
<b>Assets</b>				
Cash and cash equivalents	\$ 33,321	\$ 57,038	\$ 531,793	\$ 1,213
Receivables, net	-	-	-	-
<b>Total Assets</b>	<b>\$ 33,321</b>	<b>\$ 57,038</b>	<b>\$ 531,793</b>	<b>\$ 1,213</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 81	\$ -	\$ 6,453	\$ -
Due to other units	-	-	189,539	1,213
<b>Total Liabilities</b>	<b>81</b>	<b>-</b>	<b>195,992</b>	<b>1,213</b>
<b>Fund Balances:</b>				
Restricted:				
Special projects	33,240	57,038	335,801	-
Capital projects	-	-	-	-
Endowments/trusts	-	-	-	-
<b>Total Fund Balances</b>	<b>33,240</b>	<b>57,038</b>	<b>335,801</b>	<b>-</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 33,321</b>	<b>\$ 57,038</b>	<b>\$ 531,793</b>	<b>\$ 1,213</b>

**Special Revenue Funds**

<b>Judiciary</b>	<b>Officials' Fee Account</b>	<b>Sheriff Federal Revenue Sharing</b>	<b>District Attorney's Check Restitution</b>	<b>Waste Management</b>	<b>Jail Commissary</b>
\$ 165,835	\$ 36,938	\$ 25,835	\$ 494	\$ 62,496	\$ 42,887
-	420	-	-	62,801	-
<u>\$ 165,835</u>	<u>\$ 37,358</u>	<u>\$ 25,835</u>	<u>\$ 494</u>	<u>\$ 125,297</u>	<u>\$ 42,887</u>
\$ 165,835	\$ -	\$ 15,102	\$ 494	\$ -	\$ 3,700
-	37,358	-	-	-	-
<u>165,835</u>	<u>37,358</u>	<u>15,102</u>	<u>494</u>	<u>-</u>	<u>3,700</u>
-	-	10,733	-	125,297	39,187
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>10,733</u>	<u>-</u>	<u>125,297</u>	<u>39,187</u>
<u>\$ 165,835</u>	<u>\$ 37,358</u>	<u>\$ 25,835</u>	<u>\$ 494</u>	<u>\$ 125,297</u>	<u>\$ 42,887</u>

**POLK COUNTY, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS (page 3 of 3)**  
September 30, 2018

	<u>Special Revenue Funds</u>			
	<u>District Attorney Special</u>	<u>Justice Court Building Security</u>	<u>Pre-Trial Intervention</u>	<u>Child Abuse Prevention</u>
<b><u>Assets</u></b>				
Cash and cash equivalents	\$ 312	\$ 46,360	\$ 110,572	\$ 484
Receivables, net	-	-	-	-
<b>Total Assets</b>	<b><u>\$ 312</u></b>	<b><u>\$ 46,360</u></b>	<b><u>\$ 110,572</u></b>	<b><u>\$ 484</u></b>
<b><u>Liabilities and Fund Balances</u></b>				
<b><u>Liabilities:</u></b>				
Accounts payable	\$ 28	\$ -	\$ 6,646	\$ -
Due to other units	-	-	-	-
<b>Total Liabilities</b>	<b><u>28</u></b>	<b><u>-</u></b>	<b><u>6,646</u></b>	<b><u>-</u></b>
<b><u>Fund Balances:</u></b>				
Restricted:				
Special projects	284	46,360	103,926	484
Capital projects	-	-	-	-
Endowments/trusts	-	-	-	-
<b>Total Fund Balances</b>	<b><u>284</u></b>	<b><u>46,360</u></b>	<b><u>103,926</u></b>	<b><u>484</u></b>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 312</u></b>	<b><u>\$ 46,360</u></b>	<b><u>\$ 110,572</u></b>	<b><u>\$ 484</u></b>

<u>Permanent Fund</u>	<u>Capital Projects Funds</u>		<u>Total Nonmajor Governmental Funds</u>
<u>Permanent School</u>	<u>College/ Commerce Center</u>	<u>Energy Savings</u>	
\$ 603,475	\$ 145	\$ 108,854	\$ 3,452,765
2,305	-	-	110,200
<u>\$ 605,780</u>	<u>\$ 145</u>	<u>\$ 108,854</u>	<u>\$ 3,562,965</u>
\$ -	\$ -	\$ -	\$ 231,184
-	-	-	228,110
-	-	-	<u>459,294</u>
-	-	-	2,138,441
-	145	108,854	108,999
605,780	-	-	856,231
<u>605,780</u>	<u>145</u>	<u>108,854</u>	<u>3,103,671</u>
<u>\$ 605,780</u>	<u>\$ 145</u>	<u>\$ 108,854</u>	<u>\$ 3,562,965</u>



**POLK COUNTY, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS (page 1 of 3)**  
For the Year Ended September 30, 2018

	Special Revenue Funds			
	County and District Court Technology	Courthouse Security	Law Library	Aging
<b>Revenues</b>				
Other taxes	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	1,254	-	-	-
Charge for services	-	31,735	12,436	-
Intergovernmental	-	-	-	440,724
Investment income	-	-	-	-
Other revenue	-	-	-	341
<b>Total Revenues</b>	<u>1,254</u>	<u>31,735</u>	<u>12,436</u>	<u>441,065</u>
<b>Expenditures</b>				
<b>Current:</b>				
General government	-	-	7,346	-
Administration of justice	668	178,119	-	-
Health and human services	-	-	-	483,086
<b>Total Expenditures</b>	<u>668</u>	<u>178,119</u>	<u>7,346</u>	<u>483,086</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>586</u>	<u>(146,384)</u>	<u>5,090</u>	<u>(42,021)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	139,515	-	-
Transfers (out)	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>139,515</u>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	<u>586</u>	<u>(6,869)</u>	<u>5,090</u>	<u>(42,021)</u>
Beginning fund balances	<u>6,531</u>	<u>15,514</u>	<u>74,703</u>	<u>227,138</u>
<b>Ending Fund Balances</b>	<u>\$ 7,117</u>	<u>\$ 8,645</u>	<u>\$ 79,793</u>	<u>\$ 185,117</u>

**Special Revenue Funds**

<b>County Records Mgmt.</b>	<b>County Clerk Records Preservation</b>	<b>Hotel/Motel Tax</b>	<b>Justice Court Technology</b>	<b>Historical Commission</b>	<b>Available School</b>
\$ -	\$ -	\$ 31,895	\$ -	\$ -	\$ -
-	-	-	17,004	-	-
15,370	273,953	-	-	-	-
-	-	-	-	-	-
-	5,174	-	-	4,691	3,685
-	-	-	-	5,544	156,614
<u>15,370</u>	<u>279,127</u>	<u>31,895</u>	<u>17,004</u>	<u>10,235</u>	<u>160,299</u>
15,120	28,110	22,554	-	357	163,144
-	-	-	33,830	-	-
-	-	-	-	-	-
<u>15,120</u>	<u>28,110</u>	<u>22,554</u>	<u>33,830</u>	<u>357</u>	<u>163,144</u>
<u>250</u>	<u>251,017</u>	<u>9,341</u>	<u>(16,826)</u>	<u>9,878</u>	<u>(2,845)</u>
-	-	-	22,505	-	10,754
-	(98,895)	-	-	-	-
-	(98,895)	-	22,505	-	10,754
250	152,122	9,341	5,679	9,878	7,909
8,524	548,200	76,976	1,652	292,797	242,542
<u>\$ 8,774</u>	<u>\$ 700,322</u>	<u>\$ 86,317</u>	<u>\$ 7,331</u>	<u>\$ 302,675</u>	<u>\$ 250,451</u>

**POLK COUNTY, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCE**  
**NONMAJOR GOVERNMENTAL FUNDS (page 2 of 3)**  
For the Year Ended September 30, 2018

	Special Revenue Funds			
	District Attorney Collection	District Clerk Records Preservation	Forfeiture	District Clerk TDCJ
<b>Revenues</b>				
Other taxes	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	-	-
Charge for services	696	15,205	-	-
Intergovernmental	-	-	174,170	-
Investment income	-	-	2,285	-
Other revenue	-	-	-	-
<b>Total Revenues</b>	<u>696</u>	<u>15,205</u>	<u>176,455</u>	<u>-</u>
<b>Expenditures</b>				
<b>Current:</b>				
General government	-	-	-	-
Administration of justice	2,321	603	43,902	-
Health and human services	-	-	-	-
<b>Total Expenditures</b>	<u>2,321</u>	<u>603</u>	<u>43,902</u>	<u>-</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(1,625)</u>	<u>14,602</u>	<u>132,553</u>	<u>-</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	<u>(1,625)</u>	<u>14,602</u>	<u>132,553</u>	<u>-</u>
Beginning fund balances	<u>34,865</u>	<u>42,436</u>	<u>203,248</u>	<u>-</u>
<b>Ending Fund Balances</b>	<u>\$ 33,240</u>	<u>\$ 57,038</u>	<u>\$ 335,801</u>	<u>\$ -</u>

**Special Revenue Funds**

<u>Judiciary</u>	<u>Officials' Fee Account</u>	<u>Sheriff Federal Revenue Sharing</u>	<u>District Attorney's Check Restitution</u>	<u>Waste Management</u>	<u>Jail Commissary</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	238,896	-
-	-	21,000	-	-	-
-	-	-	-	-	-
-	-	-	-	-	22,537
-	-	21,000	-	238,896	22,537
-	-	-	-	-	-
-	-	27,539	-	-	29,640
-	-	-	-	-	-
-	-	27,539	-	-	29,640
-	-	(6,539)	-	238,896	(7,103)
-	-	-	-	-	-
-	-	-	-	(166,500)	-
-	-	-	-	(166,500)	-
-	-	(6,539)	-	72,396	(7,103)
-	-	17,272	-	52,901	46,290
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,733</u>	<u>\$ -</u>	<u>\$ 125,297</u>	<u>\$ 39,187</u>

**POLK COUNTY, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCE**  
**NONMAJOR GOVERNMENTAL FUNDS (page 3 of 3)**  
For the Year Ended September 30, 2018

	Special Revenue Funds			
	District Attorney Special	Justice Court Building Security	Pre-Trial Intervention	Child Abuse Prevention
<b>Revenues</b>				
Other taxes	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	-	4,199	-	-
Charge for services	-	-	-	-
Intergovernmental	-	-	12,555	350
Investment income	-	-	-	-
Other revenue	28,295	-	-	-
<b>Total Revenues</b>	<u>28,295</u>	<u>4,199</u>	<u>12,555</u>	<u>350</u>
<b>Expenditures</b>				
<b>Current:</b>				
General government	-	-	-	-
Administration of justice	29,065	-	28,116	-
Health and human services	-	-	-	-
<b>Total Expenditures</b>	<u>29,065</u>	<u>-</u>	<u>28,116</u>	<u>-</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(770)</u>	<u>4,199</u>	<u>(15,561)</u>	<u>350</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	<u>(770)</u>	<u>4,199</u>	<u>(15,561)</u>	<u>350</u>
Beginning fund balances	<u>1,054</u>	<u>42,161</u>	<u>119,487</u>	<u>134</u>
<b>Ending Fund Balances</b>	<u>\$ 284</u>	<u>\$ 46,360</u>	<u>\$ 103,926</u>	<u>\$ 484</u>

<u>Permanent Fund</u>	<u>Capital Projects Funds</u>		<u>Total Nonmajor Governmental Funds</u>
<u>Permanent School</u>	<u>College/ Commerce Center</u>	<u>Energy Savings</u>	
\$ -	\$ -	\$ -	\$ 31,895
-	-	-	22,457
-	-	-	588,291
-	-	-	648,799
10,102	-	-	25,937
73,685	-	-	287,016
<u>83,787</u>	<u>-</u>	<u>-</u>	<u>1,604,395</u>
93,953	-	-	330,584
-	-	-	373,803
-	-	-	483,086
<u>93,953</u>	<u>-</u>	<u>-</u>	<u>1,187,473</u>
<u>(10,166)</u>	<u>-</u>	<u>-</u>	<u>416,922</u>
-	-	-	172,774
<u>(10,754)</u>	<u>-</u>	<u>-</u>	<u>(276,149)</u>
<u>(10,754)</u>	<u>-</u>	<u>-</u>	<u>(103,375)</u>
(20,920)	-	-	313,547
<u>626,700</u>	<u>145</u>	<u>108,854</u>	<u>2,790,124</u>
<u>\$ 605,780</u>	<u>\$ 145</u>	<u>\$ 108,854</u>	<u>\$ 3,103,671</u>

# POLK COUNTY, TEXAS

## COMBINING BALANCE SHEET

### ROAD AND BRIDGE FUNDS

September 30, 2018

	Road and Bridge Capital Leases	Road and Bridge Precinct No. 1	Road and Bridge Precinct No. 2	Road and Bridge Precinct No. 3
<b>Assets</b>				
Cash and cash equivalents	\$ -	\$ 664,535	\$ 216,713	\$ 758,835
Receivables, net	-	121,682	122,749	148,162
<b>Total Assets</b>	<b>\$ -</b>	<b>\$ 786,217</b>	<b>\$ 339,462</b>	<b>\$ 906,997</b>
<b>Liabilities</b>				
Accounts payable	\$ -	\$ 355,952	\$ 48,568	\$ 134,731
Due to other units	-	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>355,952</b>	<b>48,568</b>	<b>134,731</b>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue - property taxes	-	121,682	122,749	148,162
<b>Fund Balances</b>				
Restricted	-	308,583	168,145	624,104
<b>Total Fund Balances</b>	<b>-</b>	<b>308,583</b>	<b>168,145</b>	<b>624,104</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ -</b>	<b>\$ 786,217</b>	<b>\$ 339,462</b>	<b>\$ 906,997</b>

<b>Road and Bridge Precinct No. 4</b>	<b>Interfund Activity Elimination</b>	<b>Total Road and Bridge Funds</b>
\$ 394,429	\$ -	\$ 2,034,512
216,342	-	608,935
<u>\$ 610,771</u>	<u>\$ -</u>	<u>\$ 2,643,447</u>
\$ 82,385	\$ -	\$ 621,636
59,021	-	59,021
<u>141,406</u>	<u>-</u>	<u>680,657</u>
<u>149,207</u>	<u>-</u>	<u>541,800</u>
320,158	-	1,420,990
<u>320,158</u>	<u>-</u>	<u>1,420,990</u>
<u>\$ 610,771</u>	<u>\$ -</u>	<u>\$ 2,643,447</u>



**POLK COUNTY, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
**ROAD AND BRIDGE FUNDS**  
For the Year Ended September 30, 2018

	Road and Bridge Capital Leases	Road and Bridge Precinct No. 1	Road and Bridge Precinct No. 2	Road and Bridge Precinct No. 3
<b>Revenues</b>				
Property taxes	\$ -	\$ 1,056,051	\$ 1,061,109	\$ 1,286,962
Other taxes	-	220,097	220,674	258,051
Fines and forfeitures	-	21,065	20,490	25,257
Intergovernmental	-	-	-	-
Investment income	-	6,392	4,475	13,741
Other	-	52,689	18,917	44,281
<b>Total Revenues</b>	<b>-</b>	<b>1,356,294</b>	<b>1,325,665</b>	<b>1,628,292</b>
<b>Expenditures</b>				
<b>Current:</b>				
Roads and bridges	-	1,605,548	1,354,828	1,315,196
<b>Debt service:</b>				
Principal	1,058,949	-	-	-
Interest charges	34,984	-	-	-
<b>Capital outlay</b>	<b>1,030,795</b>	<b>127,054</b>	<b>-</b>	<b>188,142</b>
<b>Total Expenditures</b>	<b>2,124,728</b>	<b>1,732,602</b>	<b>1,354,828</b>	<b>1,503,338</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(2,124,728)</b>	<b>(376,308)</b>	<b>(29,163)</b>	<b>124,954</b>
<b>Other Financing Sources (Uses)</b>				
Debt issued	1,030,795	-	-	-
Transfers in	145,933	-	-	-
Transfers (out)	-	(60,808)	(36,904)	(36,904)
Gain on sale of capital assets	948,000	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>2,124,728</b>	<b>(60,808)</b>	<b>(36,904)</b>	<b>(36,904)</b>
<b>Net Change in Fund Balances</b>	<b>-</b>	<b>(437,116)</b>	<b>(66,067)</b>	<b>88,050</b>
Beginning fund balances	-	745,699	234,212	536,054
<b>Ending Fund Balances</b>	<b>\$ -</b>	<b>\$ 308,583</b>	<b>\$ 168,145</b>	<b>\$ 624,104</b>

<b>Road and Bridge Precinct No. 4</b>	<b>Interfund Activity Elimination</b>	<b>Total Road and Bridge Funds</b>
\$ 1,257,839	\$ -	\$ 4,661,961
257,591	-	956,413
25,743	-	92,555
53,680	-	53,680
12,338	-	36,946
19,971	-	135,858
<u>1,627,162</u>	<u>-</u>	<u>5,937,413</u>
1,699,981	-	5,975,553
-	-	1,058,949
-	-	34,984
-	-	1,345,991
<u>1,699,981</u>	<u>-</u>	<u>8,415,477</u>
<u>(72,819)</u>	<u>-</u>	<u>(2,478,064)</u>
-	-	1,030,795
-	(143,983)	1,950
(36,904)	143,983	(27,537)
-	-	948,000
<u>(36,904)</u>	<u>-</u>	<u>1,953,208</u>
(109,723)	-	(524,856)
<u>429,881</u>	<u>-</u>	<u>1,945,846</u>
<u>\$ 320,158</u>	<u>\$ -</u>	<u>\$ 1,420,990</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, 2018

	<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>		
<b><u>Revenues</u></b>				
Property taxes	\$ 3,263,995	\$ 3,263,995	\$ 3,187,823	\$ (76,172)
Investment income	4,200	4,200	13,174	8,974
<b>Total Revenues</b>	<u>3,268,195</u>	<u>3,268,195</u>	<u>3,200,997</u>	<u>(67,198)</u>
<b><u>Expenditures</u></b>				
Principal	2,631,000	2,630,900	2,628,000	2,900
Interest and fiscal charges	636,369	636,469	636,469	-
<b>Total Expenditures</b>	<u>3,267,369</u>	<u>3,267,369</u>	<u>3,264,469</u>	<u>2,900</u>
<b>Excess of</b> <b>Revenues Over Expenditures</b>	<u>826</u>	<u>826</u>	<u>(63,472)</u>	<u>(64,298)</u>
<b><u>Other Financing Sources (Uses)</u></b>				
Transfers in	-	-	23,578	23,578
<b>Total Other Financing Sources</b>	<u>-</u>	<u>-</u>	<u>23,578</u>	<u>23,578</u>
<b>Net Change in Fund Balance</b>	<u>\$ 826</u>	<u>\$ 826</u>	<u>(39,894)</u>	<u>\$ (40,720)</u>
Beginning fund balance			<u>819,536</u>	
<b>Ending Fund Balance</b>			<u>\$ 779,642</u>	

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**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, 2018

	<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>		
<b><u>Revenues</u></b>				
Property taxes	\$ 1,063,177	\$ 1,063,177	\$ 1,056,051	\$ (7,126)
Other taxes	224,595	224,595	220,097	(4,498)
Fines and forfeitures	25,300	25,300	21,065	(4,235)
Investment income	1,600	1,600	6,392	4,792
Other	11,339	52,689	52,689	-
<b>Total Revenues</b>	<u>1,326,011</u>	<u>1,367,361</u>	<u>1,356,294</u>	<u>(11,067)</u>
<b><u>Expenditures</u></b>				
<b>Current:</b>				
Precinct 1	1,265,010	1,925,004	1,605,548	319,456
Capital outlay	-	127,054	127,054	-
<b>Total Expenditures</b>	<u>1,265,010</u>	<u>2,052,058</u>	<u>1,732,602</u>	<u>319,456</u>
<b>(Deficiency) of</b> <b>Revenues(Under) Expenditures</b>	<u>61,001</u>	<u>(684,697)</u>	<u>(376,308)</u>	<u>308,389</u>
<b><u>Other Financing Sources (Uses)</u></b>				
Transfers (out)	(60,808)	(60,808)	(60,808)	-
<b>Total Other Financing (Uses)</b>	<u>(60,808)</u>	<u>(60,808)</u>	<u>(60,808)</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	<u>\$ 193</u>	<u>\$ (745,505)</u>	<u>(437,116)</u>	<u>\$ 308,389</u>
Beginning fund balance			<u>745,699</u>	
<b>Ending Fund Balance</b>			<u>\$ 308,583</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, 2018

	<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>		
<b><u>Revenues</u></b>				
Property taxes	\$ 1,066,437	\$ 1,066,437	\$ 1,061,109	\$ (5,328)
Other taxes	224,595	224,595	220,674	(3,921)
Fines and forfeitures	25,300	25,300	20,490	(4,810)
Investment income	1,200	1,200	4,475	3,275
Other	11,339	18,917	18,917	-
<b>Total Revenues</b>	<u>1,328,871</u>	<u>1,336,449</u>	<u>1,325,665</u>	<u>(10,784)</u>
<b><u>Expenditures</u></b>				
<b>Current:</b>				
Precinct 2	1,291,770	1,449,348	1,354,828	94,520
<b>Total Expenditures</b>	<u>1,291,770</u>	<u>1,449,348</u>	<u>1,354,828</u>	<u>94,520</u>
<b>(Deficiency) of</b> <b>Revenues(Under) Expenditures</b>	<u>37,101</u>	<u>(112,899)</u>	<u>(29,163)</u>	<u>83,736</u>
<b><u>Other Financing Sources (Uses)</u></b>				
Transfers (out)	(36,904)	(36,904)	(36,904)	-
<b>Total Other Financing (Uses)</b>	<u>(36,904)</u>	<u>(36,904)</u>	<u>(36,904)</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	<u>\$ 197</u>	<u>\$ (149,803)</u>	<u>(66,067)</u>	<u>\$ 83,736</u>
Beginning fund balance			<u>234,212</u>	
<b>Ending Fund Balance</b>			<u>\$ 168,145</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, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>Revenues</u></b>				
Property taxes	\$ 1,298,842	\$ 1,298,842	\$ 1,286,962	\$ (11,880)
Other taxes	263,655	263,655	258,051	(5,604)
Fines and forfeitures	29,700	29,700	25,257	(4,443)
Investment income	3,700	3,700	13,741	10,041
Other	13,311	13,311	44,281	30,970
<b>Total Revenues</b>	<u>1,609,208</u>	<u>1,609,208</u>	<u>1,628,292</u>	<u>19,084</u>
<b><u>Expenditures</u></b>				
<b>Current:</b>				
Precinct 3	1,497,073	1,522,073	1,315,196	206,877
Capital outlay	75,000	213,159	188,142	25,017
<b>Total Expenditures</b>	<u>1,572,073</u>	<u>1,735,232</u>	<u>1,503,338</u>	<u>231,894</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>37,135</u>	<u>(126,024)</u>	<u>124,954</u>	<u>250,978</u>
<b><u>Other Financing Sources (Uses)</u></b>				
Transfers (out)	(36,904)	(36,904)	(36,904)	-
<b>Total Other Financing (Uses)</b>	<u>(36,904)</u>	<u>(36,904)</u>	<u>(36,904)</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	<u>\$ 231</u>	<u>\$ (162,928)</u>	<u>88,050</u>	<u>\$ 250,978</u>
Beginning fund balance			<u>536,054</u>	
<b>Ending Fund Balance</b>			<u>\$ 624,104</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, 2018

	<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>		
<b><u>Revenues</u></b>				
Property taxes	\$ 1,269,526	\$ 1,269,526	\$ 1,257,839	\$ (11,687)
Other taxes	263,655	263,655	257,591	(6,064)
Fines and forfeitures	29,700	29,700	25,743	(3,957)
Intergovernmental	-	36,190	53,680	17,490
Investment income	3,200	3,200	12,338	9,138
Other	13,311	13,311	19,971	6,660
<b>Total Revenues</b>	<u>1,579,392</u>	<u>1,615,582</u>	<u>1,627,162</u>	<u>11,580</u>
<b><u>Expenditures</u></b>				
<b>Current:</b>				
Precinct 4	1,542,262	1,878,453	1,699,981	178,472
<b>Total Expenditures</b>	<u>1,542,262</u>	<u>1,878,453</u>	<u>1,699,981</u>	<u>178,472</u>
<b>Excess (Deficiency) of Revenues</b>				
<b>Over (Under) Expenditures</b>	<u>37,130</u>	<u>(262,871)</u>	<u>(72,819)</u>	<u>190,052</u>
<b><u>Other Financing Sources (Uses)</u></b>				
Transfers (out)	(36,904)	(36,904)	(36,904)	-
<b>Total Other Financing (Uses)</b>	<u>(36,904)</u>	<u>(36,904)</u>	<u>(36,904)</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	<u>\$ 226</u>	<u>\$ (299,775)</u>	<u>(109,723)</u>	<u>\$ 190,052</u>
Beginning fund balance			<u>429,881</u>	
<b>Ending Fund Balance</b>			<u>\$ 320,158</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, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>Expenditures</u></b>				
<b>Debt service:</b>				
Principal	\$ 1,058,687	\$ 1,058,948	\$ 1,058,949	\$ (1)
Interest	33,296	34,984	34,984	-
<b>Capital outlay</b>	-	1,030,777	1,030,795	(18)
<b>Total Expenditures</b>	<u>1,091,983</u>	<u>2,124,709</u>	<u>2,124,728</u>	<u>(19)</u>
<b>Excess (Deficiency) of</b>				
<b>Revenues Over (Under) Expenditures</b>				
	<u>(1,091,983)</u>	<u>(2,124,709)</u>	<u>(2,124,728)</u>	<u>(19)</u>
<b><u>Other Financing Sources (Uses)</u></b>				
Transfers in	143,983	143,983	145,933	1,950
Debt issued	-	1,030,777	1,030,795	18
Gain on sale of capital assets	948,000	948,000	948,000	-
<b>Total Other Financing Sources</b>	<u>1,091,983</u>	<u>2,122,760</u>	<u>2,124,728</u>	<u>1,968</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ (1,949)</u>	<u>-</u>	<u>\$ 1,949</u>
Beginning fund balance			<u>-</u>	
<b>Ending Fund Balance</b>			<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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Fines and forfeitures	\$ 1,300	\$ 1,300	\$ 1,254	\$ (46)
<b>Total Revenues</b>	<b>1,300</b>	<b>1,300</b>	<b>1,254</b>	<b>(46)</b>
<b>Expenditures</b>				
Administration of justice	1,035	1,035	668	367
<b>Total Expenditures</b>	<b>1,035</b>	<b>1,035</b>	<b>668</b>	<b>367</b>
<b>Net Change in Fund Balance</b>	<b>\$ 265</b>	<b>\$ 265</b>	<b>586</b>	<b>\$ 321</b>
Beginning fund balance			6,531	
<b>Ending Fund Balance</b>			<b>\$ 7,117</b>	

**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**COURTHOUSE SECURITY**  
For the Year Ended September 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Charges for services	\$ 30,800	\$ 30,800	\$ 31,735	\$ 935
<b>Total Revenues</b>	<b>30,800</b>	<b>30,800</b>	<b>31,735</b>	<b>935</b>
<b>Expenditures</b>				
Administration of justice	183,719	185,201	178,119	7,082
<b>Total Expenditures</b>	<b>183,719</b>	<b>185,201</b>	<b>178,119</b>	<b>7,082</b>
<b>(Deficiency) of Revenues (Under)</b> <b>Expenditures</b>	<b>(152,919)</b>	<b>(154,401)</b>	<b>(146,384)</b>	<b>8,017</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	138,032	139,515	139,515	-
<b>Total Other Financing Sources</b>	<b>138,032</b>	<b>139,515</b>	<b>139,515</b>	<b>-</b>
<b>Net Change in Fund Balance</b>	<b>\$ (14,887)</b>	<b>\$ (14,886)</b>	<b>(6,869)</b>	<b>\$ 8,017</b>
Beginning fund balance			15,514	
<b>Ending Fund Balance</b>			<b>\$ 8,645</b>	

**POLK COUNTY, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**LAW LIBRARY**

For the Year Ended September 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Charges for services	\$ 12,600	\$ 12,600	\$ 12,436	\$ (164)
<b>Total Revenues</b>	<u>12,600</u>	<u>12,600</u>	<u>12,436</u>	<u>(164)</u>
<b>Expenditures</b>				
General government	12,600	12,600	7,346	5,254
<b>Total Expenditures</b>	<u>12,600</u>	<u>12,600</u>	<u>7,346</u>	<u>5,254</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ -</u>	5,090	<u>\$ 5,090</u>
Beginning fund balance			74,703	
<b>Ending Fund Balance</b>			<u>\$ 79,793</u>	

**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**AGING**

For the Year Ended September 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ 473,680	\$ 473,680	\$ 440,724	\$ (32,956)
Other	-	-	341	341
<b>Total Revenues</b>	<u>473,680</u>	<u>473,680</u>	<u>441,065</u>	<u>(32,615)</u>
<b>Expenditures</b>				
Health and human services	470,362	529,962	483,086	46,876
<b>Total Expenditures</b>	<u>470,362</u>	<u>529,962</u>	<u>483,086</u>	<u>46,876</u>
<b>Net Change in Fund Balance</b>	<u>\$ 3,318</u>	<u>\$ (56,282)</u>	(42,021)	<u>\$ 14,261</u>
Beginning fund balance			227,138	
<b>Ending Fund Balance</b>			<u>\$ 185,117</u>	

**POLK COUNTY, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**COUNTY RECORDS MANAGEMENT**  
For the Year Ended September 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Charges for services	\$ 15,900	\$ 15,900	\$ 15,370	\$ (530)
<b>Total Revenues</b>	<u>15,900</u>	<u>15,900</u>	<u>15,370</u>	<u>(530)</u>
<b>Expenditures</b>				
General government	15,120	15,120	15,120	-
<b>Total Expenditures</b>	<u>15,120</u>	<u>15,120</u>	<u>15,120</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	<u>\$ 780</u>	<u>\$ 780</u>	250	<u>\$ (530)</u>
Beginning fund balance			8,524	
<b>Ending Fund Balance</b>			<u>\$ 8,774</u>	

**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**COUNTY CLERK RECORDS PRESERVATION**  
For the Year Ended September 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Charges for services	\$ 267,650	\$ 267,650	\$ 273,953	\$ 6,303
Investment income	1,600	1,600	5,174	3,574
<b>Total Revenues</b>	<u>269,250</u>	<u>269,250</u>	<u>279,127</u>	<u>9,877</u>
<b>Expenditures</b>				
General government	127,233	127,233	28,110	99,123
<b>Total Expenditures</b>	<u>127,233</u>	<u>127,233</u>	<u>28,110</u>	<u>99,123</u>
<b>Excess of Revenues Over Expenditures</b>	<u>142,017</u>	<u>142,017</u>	<u>251,017</u>	<u>109,000</u>
<b>Other Financing Sources (Uses)</b>				
Transfers (out)	(98,895)	(98,895)	(98,895)	-
<b>Total Other Financing (Uses)</b>	<u>(98,895)</u>	<u>(98,895)</u>	<u>(98,895)</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	<u>\$ 43,122</u>	<u>\$ 43,122</u>	152,122	<u>\$ 109,000</u>
Beginning fund balance			548,200	
<b>Ending Fund Balance</b>			<u>\$ 700,322</u>	

**POLK COUNTY, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**HOTEL/MOTEL TAX**  
For the Year Ended September 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Other taxes	\$ 20,000	\$ 22,554	\$ 31,895	\$ 9,341
<b>Total Revenues</b>	<b>20,000</b>	<b>22,554</b>	<b>31,895</b>	<b>9,341</b>
<b>Expenditures</b>				
General government	20,000	22,554	22,554	-
<b>Total Expenditures</b>	<b>20,000</b>	<b>22,554</b>	<b>22,554</b>	<b>-</b>
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>9,341</b>	<b>\$ 9,341</b>
Beginning fund balance			76,976	
<b>Ending Fund Balance</b>			<b>\$ 86,317</b>	

**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**JUSTICE COURT TECHNOLOGY**  
For the Year Ended September 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Fines and forfeitures	\$ 15,700	\$ 15,700	\$ 17,004	\$ 1,304
<b>Total Revenues</b>	<b>15,700</b>	<b>15,700</b>	<b>17,004</b>	<b>1,304</b>
<b>Expenditures</b>				
Administration of justice	38,205	38,205	33,830	4,375
<b>Total Expenditures</b>	<b>38,205</b>	<b>38,205</b>	<b>33,830</b>	<b>4,375</b>
<b>(Deficiency) of Revenues (Under)</b> <b>Expenditures</b>	<b>(22,505)</b>	<b>(22,505)</b>	<b>(16,826)</b>	<b>5,679</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	22,505	22,505	22,505	-
<b>Total Other Financing Sources</b>	<b>22,505</b>	<b>22,505</b>	<b>22,505</b>	<b>-</b>
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>5,679</b>	<b>\$ 5,679</b>
Beginning fund balance			1,652	
<b>Ending Fund Balance</b>			<b>\$ 7,331</b>	

**POLK COUNTY, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**AVAILABLE SCHOOL**

For the Year Ended September 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Investment income	\$ 4,500	\$ 4,500	\$ 3,685	\$ (815)
Other	156,614	156,614	156,614	-
<b>Total Revenues</b>	<u>161,114</u>	<u>161,114</u>	<u>160,299</u>	<u>(815)</u>
<b>Expenditures</b>				
General government	161,114	163,144	163,144	-
<b>Total Expenditures</b>	<u>161,114</u>	<u>163,144</u>	<u>163,144</u>	<u>-</u>
<b>(Deficiency) of Revenues (Under)</b>				
<b>Expenditures</b>	-	(2,030)	(2,845)	(815)
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	10,754	10,754
<b>Total Other Financing Sources</b>	<u>-</u>	<u>-</u>	<u>10,754</u>	<u>10,754</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ (2,030)</u>	7,909	<u>\$ 9,939</u>
Beginning fund balance			242,542	
<b>Ending Fund Balance</b>			<u>\$ 250,451</u>	

**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**DISTRICT ATTORNEY COLLECTION**

For the Year Ended September 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Charges for services	\$ 1,000	\$ 1,000	\$ 696	\$ (304)
<b>Total Revenues</b>	<u>1,000</u>	<u>1,000</u>	<u>696</u>	<u>(304)</u>
<b>Expenditures</b>				
Administration of justice	1,000	2,321	2,321	-
<b>Total Expenditures</b>	<u>1,000</u>	<u>2,321</u>	<u>2,321</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ (1,321)</u>	(1,625)	<u>\$ (304)</u>
Beginning fund balance			34,865	
<b>Ending Fund Balance</b>			<u>\$ 33,240</u>	

**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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Charges for services	\$ 13,850	\$ 13,850	\$ 15,205	\$ 1,355
<b>Total Revenues</b>	<b>13,850</b>	<b>13,850</b>	<b>15,205</b>	<b>1,355</b>
<b>Expenditures</b>				
Administration of justice	4,000	4,000	603	3,397
<b>Total Expenditures</b>	<b>4,000</b>	<b>4,000</b>	<b>603</b>	<b>3,397</b>
<b>Net Change in Fund Balance</b>	<b>\$ 9,850</b>	<b>\$ 9,850</b>	<b>14,602</b>	<b>\$ 4,752</b>
Beginning fund balance			42,436	
<b>Ending Fund Balance</b>			<b>\$ 57,038</b>	

**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FORFEITURE**  
For the Year Ended September 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ 9,208	\$ 9,208	\$ 174,170	\$ 164,962
Investment income	-	-	2,285	2,285
<b>Total Revenues</b>	<b>9,208</b>	<b>9,208</b>	<b>176,455</b>	<b>167,247</b>
<b>Expenditures</b>				
Administration of justice	9,208	58,697	43,902	14,795
<b>Total Expenditures</b>	<b>9,208</b>	<b>58,697</b>	<b>43,902</b>	<b>14,795</b>
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ (49,489)</b>	<b>132,553</b>	<b>\$ 182,042</b>
Beginning fund balance			203,248	
<b>Ending Fund Balance</b>			<b>\$ 335,801</b>	



**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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ 20,000	\$ 20,000	\$ 21,000	\$ 1,000
<b>Total Revenues</b>	<u>20,000</u>	<u>20,000</u>	<u>21,000</u>	<u>1,000</u>
<b>Expenditures</b>				
Administration of justice	20,000	27,539	27,539	-
<b>Total Expenditures</b>	<u>20,000</u>	<u>27,539</u>	<u>27,539</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ (7,539)</u>	(6,539)	<u>\$ 1,000</u>
Beginning fund balance			<u>17,272</u>	
<b>Ending Fund Balance</b>			<u>\$ 10,733</u>	

**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**WASTE MANAGEMENT**  
For the Year Ended September 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Charges for services	\$ 166,500	\$ 166,500	\$ 238,896	\$ 72,396
<b>Total Revenues</b>	<u>166,500</u>	<u>166,500</u>	<u>238,896</u>	<u>72,396</u>
<b>Excess of Revenues Over Expenditures</b>	<u>166,500</u>	<u>166,500</u>	<u>238,896</u>	<u>72,396</u>
<b>Other Financing Sources (Uses)</b>				
Transfers (out)	(166,500)	(166,500)	(166,500)	-
<b>Total Other Financing (Uses)</b>	<u>(166,500)</u>	<u>(166,500)</u>	<u>(166,500)</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ -</u>	72,396	<u>\$ 72,396</u>
Beginning fund balance			<u>52,901</u>	
<b>Ending Fund Balance</b>			<u>\$ 125,297</u>	

**POLK COUNTY, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**JAIL COMMISSARY**  
For the Year Ended September 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Other	\$ 27,000	\$ 27,000	\$ 22,537	\$ (4,463)
<b>Total Revenues</b>	<b>27,000</b>	<b>27,000</b>	<b>22,537</b>	<b>(4,463)</b>
<b>Expenditures</b>				
Administration of justice	27,000	29,640	29,640	-
<b>Total Expenditures</b>	<b>27,000</b>	<b>29,640</b>	<b>29,640</b>	<b>-</b>
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ (2,640)</b>	<b>(7,103)</b>	<b>\$ (4,463)</b>
Beginning fund balance			46,290	
<b>Ending Fund Balance</b>			<b>\$ 39,187</b>	

**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**DISTRICT ATTORNEY SPECIAL**  
For the Year Ended September 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Other	\$ 28,200	\$ 28,200	\$ 28,295	\$ 95
<b>Total Revenues</b>	<b>28,200</b>	<b>28,200</b>	<b>28,295</b>	<b>95</b>
<b>Expenditures</b>				
Administration of justice	28,200	30,518	29,065	1,453
<b>Total Expenditures</b>	<b>28,200</b>	<b>30,518</b>	<b>29,065</b>	<b>1,453</b>
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ (2,318)</b>	<b>(770)</b>	<b>\$ 1,548</b>
Beginning fund balance			1,054	
<b>Ending Fund Balance</b>			<b>\$ 284</b>	

**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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Fines and forfeitures	\$ 3,830	\$ 3,830	\$ 4,199	\$ 369
<b>Total Revenues</b>	<u>3,830</u>	<u>3,830</u>	<u>4,199</u>	<u>369</u>
<b>Expenditures</b>				
Capital outlay	3,830	3,830	-	3,830
<b>Total Expenditures</b>	<u>3,830</u>	<u>3,830</u>	<u>-</u>	<u>3,830</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ -</u>	4,199	<u>\$ 4,199</u>
Beginning fund balance			<u>42,161</u>	
<b>Ending Fund Balance</b>			<u>\$ 46,360</u>	

**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**PRE-TRIAL INTERVENTION PROGRAM**  
For the Year Ended September 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ 21,000	\$ 21,000	\$ 12,555	\$ (8,445)
<b>Total Revenues</b>	<u>21,000</u>	<u>21,000</u>	<u>12,555</u>	<u>(8,445)</u>
<b>Expenditures</b>				
Administration of justice	21,000	28,116	28,116	-
<b>Total Expenditures</b>	<u>21,000</u>	<u>28,116</u>	<u>28,116</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ (7,116)</u>	(15,561)	<u>\$ (8,445)</u>
Beginning fund balance			<u>119,487</u>	
<b>Ending Fund Balance</b>			<u>\$ 103,926</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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ 100	\$ 100	\$ 350	\$ 250
<b>Total Revenues</b>	<b>100</b>	<b>100</b>	<b>350</b>	<b>250</b>
<b>Net Change in Fund Balance</b>	<b>\$ 100</b>	<b>\$ 100</b>	<b>350</b>	<b>\$ 250</b>
Beginning fund balance			134	
<b>Ending Fund Balance</b>			<b>\$ 484</b>	

**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**PERMANENT SCHOOL**  
For the Year Ended September 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Investment income	\$ -	\$ -	\$ 10,102	\$ 10,102
Other	95,000	95,000	73,685	(21,315)
<b>Total Revenues</b>	<b>95,000</b>	<b>95,000</b>	<b>83,787</b>	<b>(11,213)</b>
<b>Expenditures</b>				
General government	95,000	93,954	93,953	1
<b>Total Expenditures</b>	<b>95,000</b>	<b>93,954</b>	<b>93,953</b>	<b>1</b>
<b>(Deficiency) of Revenues</b>				
<b>(Under) Expenditures</b>	<b>-</b>	<b>1,046</b>	<b>(10,166)</b>	<b>(11,212)</b>
<b>Other Financing Sources (Uses)</b>				
Transfers (out)	-	(10,754)	(10,754)	-
<b>Total Other Financing (Uses)</b>	<b>-</b>	<b>(10,754)</b>	<b>(10,754)</b>	<b>-</b>
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ (9,708)</b>	<b>(20,920)</b>	<b>\$ (11,212)</b>
Beginning fund balance			626,700	
<b>Ending Fund Balance</b>			<b>\$ 605,780</b>	

**POLK COUNTY, TEXAS**  
**COMBINING STATEMENT OF NET POSITION**  
**AGENCY FUNDS**  
September 30, 2018

	<u>County Clerk's Probate Trust</u>	<u>District Clerk's Trust</u>	<u>Tax Assessor Collector</u>	<u>Adult Probation</u>
<b><u>Assets</u></b>				
Cash and cash equivalents	\$ 1,750,674	\$ 3,212,601	\$ 1,360,714	\$ 37,938
<b>Total Assets</b>	<u>\$ 1,750,674</u>	<u>\$ 3,212,601</u>	<u>\$ 1,360,714</u>	<u>\$ 37,938</u>
<b><u>Liabilities</u></b>				
Due to other units	\$ 1,750,674	\$ 3,212,601	\$ 1,360,714	\$ 37,938
<b>Total Liabilities</b>	<u>\$ 1,750,674</u>	<u>\$ 3,212,601</u>	<u>\$ 1,360,714</u>	<u>\$ 37,938</u>

<u>Juvenile Probation</u>	<u>Total Agency Funds</u>
\$ 9,834	\$ 6,323,989
<u>\$ 9,834</u>	<u>\$ 6,323,989</u>
\$ 9,834	\$ 6,323,989
<u>\$ 9,834</u>	<u>\$ 6,323,989</u>

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**POLK COUNTY, TEXAS**  
**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**AGENCY FUNDS**

For the Year Ended September 30, 2018

	Balance October 1, 2017	Additions	Deductions	Balance September 30, 2018
<b><u>County Clerk's Probate Trust</u></b>				
<b><u>Assets</u></b>				
Cash and cash equivalents	\$ 1,654,698	\$ 95,976	\$ -	\$ 1,750,674
<b>Total Assets</b>	<b>\$ 1,654,698</b>	<b>\$ 95,976</b>	<b>\$ -</b>	<b>\$ 1,750,674</b>
<b><u>Liabilities</u></b>				
Due to other units	\$ 1,654,698	\$ 95,976	\$ -	\$ 1,750,674
<b>Total Liabilities</b>	<b>\$ 1,654,698</b>	<b>\$ 95,976</b>	<b>\$ -</b>	<b>\$ 1,750,674</b>
<b><u>District Clerk's Trust</u></b>				
<b><u>Assets</u></b>				
Cash and cash equivalents	\$ 3,327,714	\$ -	\$ (115,113)	\$ 3,212,601
<b>Total Assets</b>	<b>\$ 3,327,714</b>	<b>\$ -</b>	<b>\$ (115,113)</b>	<b>\$ 3,212,601</b>
<b><u>Liabilities</u></b>				
Due to other units	\$ 3,327,714	\$ -	\$ (115,113)	\$ 3,212,601
<b>Total Liabilities</b>	<b>\$ 3,327,714</b>	<b>\$ -</b>	<b>\$ (115,113)</b>	<b>\$ 3,212,601</b>
<b><u>Tax Assessor Collector</u></b>				
<b><u>Assets</u></b>				
Cash and cash equivalents	\$ 1,159,455	\$ 201,259	\$ -	\$ 1,360,714
<b>Total Assets</b>	<b>\$ 1,159,455</b>	<b>\$ 201,259</b>	<b>\$ -</b>	<b>\$ 1,360,714</b>
<b><u>Liabilities</u></b>				
Due to other units	\$ 1,159,455	\$ 201,259	\$ -	\$ 1,360,714
<b>Total Liabilities</b>	<b>\$ 1,159,455</b>	<b>\$ 201,259</b>	<b>\$ -</b>	<b>\$ 1,360,714</b>
<b><u>Adult Probation</u></b>				
<b><u>Assets</u></b>				
Cash and cash equivalents	\$ 44,671	\$ -	\$ (6,733)	\$ 37,938
<b>Total Assets</b>	<b>\$ 44,671</b>	<b>\$ -</b>	<b>\$ (6,733)</b>	<b>\$ 37,938</b>
<b><u>Liabilities</u></b>				
Due to other units	\$ 44,671	\$ -	\$ (6,733)	\$ 37,938
<b>Total Liabilities</b>	<b>\$ 44,671</b>	<b>\$ -</b>	<b>\$ (6,733)</b>	<b>\$ 37,938</b>
<b><u>Juvenile Probation</u></b>				
<b><u>Assets</u></b>				
Cash and cash equivalents	\$ 24,848	\$ -	\$ (15,014)	\$ 9,834
<b>Total Assets</b>	<b>\$ 24,848</b>	<b>\$ -</b>	<b>\$ (15,014)</b>	<b>\$ 9,834</b>
<b><u>Liabilities</u></b>				
Due to other units	\$ 24,848	\$ -	\$ (15,014)	\$ 9,834
<b>Total Liabilities</b>	<b>\$ 24,848</b>	<b>\$ -</b>	<b>\$ (15,014)</b>	<b>\$ 9,834</b>



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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 130)**

*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 138)**

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

#### **Debt Capacity (Page 148)**

*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 156)**

*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 161)**

*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			
	2009	2010	2011	2012
Governmental activities				
Net investment in capital assets	\$ 15,748,347	\$ 11,091,425	\$ 13,205,126	\$ 19,677,873
Restricted	1,096,393	2,785,081	2,542,014	5,086,759
Unrestricted	6,043,734	7,334,856	7,276,085	6,321,114
<b>Total governmental activities net position</b>	<b>\$ 22,888,474</b>	<b>\$ 21,211,362</b>	<b>\$ 23,023,225</b>	<b>\$ 31,085,746</b>

<b>Fiscal Year</b>					
<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
\$ 27,247,770	\$ 29,864,824	\$ 31,763,084	\$ 34,652,210	\$ 36,559,546	\$ 37,695,725
4,430,353	5,567,823	5,576,469	5,766,620	4,627,091	4,415,662
4,014,357	3,799,287	2,503,356	1,879,843	2,032	(9,836,200)
<u>\$ 35,692,480</u>	<u>\$ 39,231,934</u>	<u>\$ 39,842,909</u>	<u>\$ 42,298,673</u>	<u>\$ 41,188,669</u>	<u>\$ 32,275,187</u>

# POLK COUNTY, TEXAS

## CHANGES IN NET POSITION

Last Ten Years

(Accrual basis of accounting)

	Fiscal Year			
	2009	2010	2011	2012
<b>Expenses</b>				
Governmental activities				
General government	\$ 13,153,683	\$ 4,730,688	\$ 5,400,250	\$ 7,113,066
Administration of justice	8,933,374	10,384,722	9,883,929	10,501,266
Roads and bridges	6,126,250	5,774,317	6,343,810	4,646,530
Health and human services	1,164,876	1,062,130	977,523	1,055,093
Tax administration	1,001,973	992,019	1,042,231	1,042,583
Interest and fiscal agent fees	1,602,765	1,611,384	1,247,829	1,527,916
<b>Total governmental activities expenses</b>	<b>\$ 31,982,921</b>	<b>\$ 24,555,260</b>	<b>\$ 24,895,572</b>	<b>\$ 25,886,454</b>
<b>Program Revenues</b>				
Governmental activities				
Charges for services				
General government	\$ 2,473,938	\$ 2,313,774	\$ 2,286,156	\$ 2,227,281
Administration of justice	97,530	42,364	52,826	39,145
Roads and bridges	137,495	77,566	74,070	99,227
Health and human services	148,421	138,900	141,251	132,073
Operating grants and contributions	10,420,519	2,676,971	2,673,300	8,748,161
<b>Total governmental activities program revenues</b>	<b>13,277,903</b>	<b>5,249,575</b>	<b>5,227,603</b>	<b>11,245,887</b>
<b>Net (Expense)</b>				
Governmental activities	<b>\$ (18,705,018)</b>	<b>\$ (19,305,685)</b>	<b>\$ (19,667,969)</b>	<b>\$ (14,640,567)</b>
<b>General Revenues and Other Changes in Net Position</b>				
Governmental activities				
Taxes	\$ 17,595,693	\$ 18,207,997	\$ 19,089,029	\$ 19,047,013
Investment earnings	338,323	163,124	49,727	58,869
Other revenues	1,693,695	1,408,586	1,830,102	4,081,736
Gain on sale of capital assets	-	-	-	-
<b>Total governmental activities</b>	<b>19,627,711</b>	<b>19,779,707</b>	<b>20,968,858</b>	<b>23,187,618</b>
<b>Change in Net Position</b>				
Governmental activities	<b>\$ 922,693</b>	<b>\$ 474,022</b>	<b>\$ 1,300,889</b>	<b>\$ 8,547,051</b>

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ 10,804,098	\$ 7,453,356	\$ 7,183,313	\$ 8,247,032	\$ 8,052,484	\$ 7,277,465
10,179,505	10,840,429	10,950,781	11,216,535	12,429,450	13,024,986
4,732,628	5,182,543	7,124,431	5,864,408	9,257,802	7,388,389
1,068,339	1,121,303	1,044,763	1,192,366	1,192,373	1,292,738
1,174,054	1,247,269	1,235,406	1,240,282	1,303,518	1,374,349
925,609	937,773	878,067	877,747	784,356	624,347
<u>\$ 28,884,233</u>	<u>\$ 26,782,673</u>	<u>\$ 28,416,761</u>	<u>\$ 28,638,369</u>	<u>\$ 33,019,983</u>	<u>\$ 30,982,274</u>
\$ 2,044,160	\$ 2,048,349	\$ 2,204,713	\$ 1,976,516	\$ 2,101,994	\$ 2,143,912
221,211	291,860	337,454	336,248	354,383	356,482
82,282	67,811	105,240	108,232	125,057	92,555
139,624	129,909	143,881	145,676	183,360	238,896
9,137,367	4,118,523	2,688,631	3,181,552	3,627,839	2,650,189
11,624,644	6,656,452	5,479,919	5,748,224	6,392,633	5,482,034
<u>\$ (17,259,589)</u>	<u>\$ (20,126,221)</u>	<u>\$ (22,936,842)</u>	<u>\$ (22,890,145)</u>	<u>\$ (26,627,350)</u>	<u>\$ (25,500,240)</u>
\$ 20,113,427	\$ 21,645,908	\$ 22,354,430	\$ 22,981,912	\$ 23,064,315	\$ 24,338,387
20,216	10,250	30,436	59,910	140,485	310,990
1,834,354	2,009,517	1,988,796	2,304,087	2,087,173	1,584,686
-	-	-	-	-	126,759
21,967,997	23,665,675	24,373,662	25,345,909	25,291,973	26,360,822
<u>\$ 4,708,408</u>	<u>\$ 3,539,454</u>	<u>\$ 1,436,820</u>	<u>\$ 2,455,764</u>	<u>\$ (1,335,377)</u>	<u>\$ 860,582</u>

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

	Fiscal Year			
	2009	2010	2011	2012
General Fund				
Nonspendable	\$ -	\$ -	\$ 18,292	\$ 15,547
Unassigned	6,082,958	5,936,757	6,744,271	6,840,851
<b>Total general fund</b>	<u>\$ 6,082,958</u>	<u>\$ 5,936,757</u>	<u>\$ 6,762,563</u>	<u>\$ 6,856,398</u>
All Other Governmental Funds				
Restricted	\$ 30,498,536	\$ 17,730,144	\$ 5,297,356	\$ 6,471,158
Assigned	625,968	527,160	758,046	758,908
Unassigned	-	-	(28,095)	-
<b>Total all other governmental funds</b>	<u>\$ 31,124,504</u>	<u>\$ 18,257,304</u>	<u>\$ 6,027,307</u>	<u>\$ 7,230,066</u>

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ 13,763	\$ 15,548	\$ -	\$ -	\$ -	\$ -
6,605,018	7,105,228	7,440,074	8,365,306	9,083,198	10,475,683
<u>\$ 6,618,781</u>	<u>\$ 7,120,776</u>	<u>\$ 7,440,074</u>	<u>\$ 8,365,306</u>	<u>\$ 9,083,198</u>	<u>\$ 10,475,683</u>
\$ 4,430,313	\$ 5,567,823	\$ 5,576,469	\$ 7,323,132	\$ 4,787,736	\$ 4,524,661
759,628	759,884	760,277	762,472	767,770	779,642
-	-	-	-	(51,791)	-
<u>\$ 5,189,941</u>	<u>\$ 6,327,707</u>	<u>\$ 6,336,746</u>	<u>\$ 8,085,604</u>	<u>\$ 5,503,715</u>	<u>\$ 5,304,303</u>



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

	Fiscal Year			
	2009	2010	2011	2012
<b>Revenues</b>				
Taxes	\$ 17,590,374	\$ 17,956,886	\$ 18,953,467	\$ 19,189,170
Licenses and permits	159,036	168,435	160,603	164,353
Fines and forfeitures	1,034,937	810,322	836,365	866,696
Charges for services	1,618,011	1,614,709	1,569,874	1,466,677
Intergovernmental	10,465,919	2,656,109	2,660,761	8,748,161
Investment earnings	338,323	163,124	49,727	58,869
Other revenue	1,693,695	1,408,586	1,830,102	4,081,736
<b>Total revenues</b>	<b>32,900,295</b>	<b>24,778,171</b>	<b>26,060,899</b>	<b>34,575,662</b>
<b>Expenditures</b>				
General government	12,980,872	5,221,830	5,433,652	12,269,676
Administration of justice	9,242,196	9,551,963	9,399,418	9,992,612
Roads and bridges	5,289,566	5,473,262	4,993,689	4,613,980
Health and human services	1,018,449	978,597	916,618	972,777
Tax administration	994,935	985,611	1,041,238	1,041,590
Capital outlay	2,805,599	13,562,056	13,107,972	2,280,999
Debt service				
Principal	3,006,295	3,181,266	3,249,886	3,137,930
Debt issuance costs	-	36,839	30,025	600,040
Interest and paying agent	1,536,376	1,450,296	1,364,011	1,013,583
Payment to refunded bond escrow agent	-	-	-	17,834,875
Advance refunding escrow	-	-	-	386,221
<b>Total expenditures</b>	<b>36,874,288</b>	<b>40,441,720</b>	<b>39,536,509</b>	<b>54,144,283</b>
(Deficiency) of revenues (under) expenditures	(3,973,993)	(15,663,549)	(13,475,610)	(19,568,621)
<b>Other Financing Sources (Uses)</b>				
Transfers in	328,837	485,496	257,695	612,412
Transfers out	(328,837)	(485,496)	(257,695)	(612,412)
Issuance of debt	3,044,332	1,775,558	1,194,779	19,566,434
Premium on bonds issued	-	-	-	658,576
Sale of capital assets	739,412	874,590	876,640	640,205
<b>Total other financing sources</b>	<b>3,783,744</b>	<b>2,650,148</b>	<b>2,071,419</b>	<b>20,865,215</b>
<b>Net change in fund balances</b>	<b>\$ (190,249)</b>	<b>\$ (13,013,401)</b>	<b>\$ (11,404,191)</b>	<b>\$ 1,296,594</b>
Debt service as a percentage of noncapital expenditures	13.33%	17.23%	17.23%	43.64%

**Fiscal Year**

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ 20,213,918	\$ 21,466,960	\$ 22,182,899	\$ 23,022,338	\$ 22,907,667	\$ 24,338,387
175,398	178,133	160,261	174,746	171,385	173,822
718,960	652,276	721,504	657,667	799,538	778,876
1,592,959	1,707,520	1,909,523	1,734,259	1,793,871	1,879,147
9,137,367	4,118,523	2,688,631	3,181,552	3,627,839	2,650,189
20,216	10,250	30,436	59,910	140,485	310,990
1,834,354	2,009,517	1,988,796	2,304,087	2,087,173	1,584,686
<u>33,693,172</u>	<u>30,143,179</u>	<u>29,682,050</u>	<u>31,134,559</u>	<u>31,527,958</u>	<u>31,716,097</u>
15,307,259	8,711,024	7,020,291	7,268,461	7,002,234	6,235,358
9,886,816	10,726,732	10,456,874	10,675,120	11,046,954	11,617,784
4,819,560	4,664,171	5,954,742	5,667,284	7,324,181	5,975,553
971,190	1,016,281	941,598	1,073,199	1,051,857	1,153,656
1,174,054	1,247,269	1,238,932	1,221,446	1,234,171	1,302,814
93,215	1,078,353	2,050,961	2,320,390	3,337,273	2,624,567
3,258,789	3,267,645	3,509,860	3,762,198	3,653,094	3,686,949
28,213	52,847	31,226	58,033	98,014	32,953
956,778	869,231	827,127	777,664	771,061	671,453
-	-	-	-	4,119,069	-
-	-	-	-	-	-
<u>36,495,874</u>	<u>31,633,553</u>	<u>32,031,611</u>	<u>32,823,795</u>	<u>39,637,908</u>	<u>33,301,087</u>
(2,802,702)	(1,490,374)	(2,349,561)	(1,689,236)	(8,109,950)	(1,584,990)
2,826,354	1,029,953	407,626	370,335	734,434	584,863
(2,826,354)	(1,029,953)	(407,626)	(370,335)	(734,434)	(584,863)
525,000	2,395,865	1,921,898	3,572,326	4,941,160	2,025,795
-	26,552	-	-	320,953	-
-	707,678	756,000	791,000	983,840	948,000
<u>525,000</u>	<u>3,130,095</u>	<u>2,677,898</u>	<u>4,363,326</u>	<u>6,245,953</u>	<u>2,973,795</u>
<u>\$ (2,277,702)</u>	<u>\$ 1,639,721</u>	<u>\$ 328,337</u>	<u>\$ 2,674,090</u>	<u>\$ (1,863,997)</u>	<u>\$ 1,388,805</u>
11.59%	13.56%	14.90%	15.74%	12.41%	14.03%

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

<u>Function</u>	<u>Fiscal Year</u>			
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Property	\$ 15,107,791	\$ 16,227,341	\$ 16,069,131	\$ 16,000,772
Sales	1,941,259	1,623,603	1,812,359	1,824,271
Other taxes	1,158,947	1,238,085	1,165,523	1,221,970
<b>Total Taxes</b>	<u>\$ 18,207,997</u>	<u>\$ 19,089,029</u>	<u>\$ 19,047,013</u>	<u>\$ 19,047,013</u>

Fiscal Year						Change
2013	2014	2015	2016	2017	2018	2017-2018
\$ 16,548,137	\$ 18,212,134	\$ 18,586,644	\$ 19,168,536	\$ 19,052,802	\$ 20,458,921	7.4%
2,354,141	2,063,194	2,210,700	2,470,991	2,437,411	2,502,791	2.7%
1,211,149	1,370,580	1,385,555	1,342,385	1,417,454	1,376,675	-2.9%
<u>\$ 20,113,427</u>	<u>\$ 21,645,908</u>	<u>\$ 22,182,899</u>	<u>\$ 22,981,912</u>	<u>\$ 22,907,667</u>	<u>\$ 24,338,387</u>	6.2%

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

	Fiscal Year			
	2009	2010	2011	2012
Real Property	\$ 1,954,019,389	\$ 2,149,623,793	\$ 1,864,972,789	\$ 1,888,429,689
Personal Property	415,350,005	447,387,229	432,705,637	443,841,435
Mineral	322,631,740	291,241,527	318,143,220	287,995,665
Total assessed value (1)	<u>2,692,001,134</u>	<u>2,888,252,549</u>	<u>2,615,821,646</u>	<u>2,620,266,789</u>
Less: real property exemptions	<u>(369,238,526)</u>	<u>(394,447,560)</u>	<u>(277,276,388)</u>	<u>(415,465,243)</u>
<b>Total Taxable Assessed Value (Net)(1)</b>	<u>2,322,762,608</u>	<u>2,493,804,989</u>	<u>2,338,545,258</u>	<u>2,204,801,546</u>
Less: freeze taxable exemptions	<u>(214,215,136)</u>	<u>(265,603,022)</u>	<u>(281,802,394)</u>	<u>(278,671,325)</u>
<b>Total Freeze Adjusted Taxable(1)</b>	<u>\$ 2,108,547,472</u>	<u>\$ 2,228,201,967</u>	<u>\$ 2,056,742,864</u>	<u>\$ 1,926,130,221</u>
<b>Total Direct Tax Rate</b>	\$ 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**

<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
\$ 1,886,501,642	\$ 2,038,542,297	\$ 2,584,070,818	\$ 2,743,880,166	\$ 2,873,191,987	\$ 3,047,723,414
470,556,096	512,183,088	535,973,582	575,589,894	604,117,476	690,425,326
349,102,310	352,464,821	336,421,796	232,753,563	109,579,830	198,273,059
<u>2,706,160,048</u>	<u>2,903,190,206</u>	<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>(429,347,409)</u>	<u>(442,563,250)</u>	<u>(456,123,623)</u>	<u>(475,602,352)</u>	<u>(463,299,119)</u>	<u>(598,407,562)</u>
<u>2,276,812,639</u>	<u>2,460,626,956</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>(310,369,756)</u>	<u>(352,192,056)</u>	<u>(393,901,443)</u>	<u>(421,853,708)</u>	<u>(454,131,686)</u>	<u>(516,439,579)</u>
<u>\$ 1,966,442,883</u>	<u>\$ 2,108,434,900</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>
\$ 0.6277	\$ 0.6277	\$ 0.6461	\$ 0.6461	\$ 0.6461	\$ 0.6461

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

	Fiscal Year			
	2009	2010	2011	2012
<b><u>Polk County by fund:</u></b>				
General	\$ 0.32370	\$ 0.33760	\$ 0.33760	\$ 0.33310
Road and Bridge	0.15410	0.15150	0.15150	0.15430
Debt Service	0.14990	0.13860	0.13860	0.14030
	<u>0.62770</u>	<u>0.62770</u>	<u>0.62770</u>	<u>0.62770</u>
<b><u>Cities:</u></b>				
City of Corrigan	0.48610	0.48610	0.48610	0.48610
City of Goodrich	0.55170	0.55170	0.50000	0.50000
<b><u>School Districts:</u></b>				
Big Sandy ISD	1.11130	1.11130	1.19750	1.21610
Corrigan-Camden ISD	1.18900	1.16780	1.20200	1.20750
Goodrich ISD	1.04000	1.04000	1.04000	1.04000
Leggett ISD	1.16610	1.16610	1.13520	1.13150
Livingston ISD	1.40000	1.40000	1.41350	1.39500
Onalaska ISD	1.20020	1.20020	1.18000	1.16800
<b><u>Utility Districts:</u></b>				
Memorial Point Utility District	0.84000	0.84000	0.84000	0.89000
Polk County FWSD	0.44000	0.44000	0.38700	0.37300
<b>Total Direct and Overlapping Rates</b>	<u>\$ 10.05210</u>	<u>\$ 10.03090</u>	<u>\$ 10.00900</u>	<u>\$ 10.03490</u>

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

**Fiscal Year**

	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
\$	0.33350	\$ 0.36390	\$ 0.37570	\$ 0.37980	\$ 0.38680	\$ 0.39840
	0.15050	0.14880	0.14880	0.14290	0.14710	0.14710
	0.14370	0.13340	0.12160	0.12340	0.11220	0.10060
	<u>0.62770</u>	<u>0.64610</u>	<u>0.64610</u>	<u>0.64610</u>	<u>0.64610</u>	<u>0.64610</u>
	0.48150	0.48150	0.44310	0.43540	0.35180	0.43600
	0.55150	0.50840	0.49320	0.45730	0.40840	0.42600
	1.19480	1.18210	1.17540	1.21650	1.26940	1.26900
	1.19290	1.20000	1.18000	1.18000	1.18000	1.18000
	1.04000	1.17000	1.17000	1.17000	1.33000	1.33100
	1.14500	1.14190	1.14000	1.15290	1.20000	1.18200
	1.39500	1.39500	1.39500	1.39000	1.39000	1.39000
	1.16500	1.15600	1.29880	1.27980	1.23500	1.24900
	0.89000	0.89000	0.89000	0.89000	0.89000	0.90000
	0.37300	0.35800	0.35800	0.33500	0.33500	0.33500
\$	<u>10.05640</u>	<u>\$ 10.12900</u>	<u>\$ 10.18960</u>	<u>\$ 10.15300</u>	<u>\$ 10.23570</u>	<u>\$ 10.34410</u>



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**POLK COUNTY, TEXAS**  
**PRINCIPAL PROPERTY TAXPAYERS**  
 Current Year and Nine Years Ago

Property Taxpayer	2018			2009		
	2017 Taxable Assessed Value	Rank	% of Taxable Assessed Value	2008 Taxable Assessed Value	Rank	% of Taxable Assessed Value
Georgia Pacific LLC	\$ 117,971,927	1	3.53%	\$ 65,252,630	2	2.81%
Unit Petroleum Company	96,574,440	2	2.89%	28,055,516	5	1.21%
Transcanada Keystone Pipeline LP	91,424,807	3	2.74%	76,771,247	n/a	3.31%
Union Pacific Railroad Co.	28,362,120	4	0.85%	25,095,640	n/a	1.08%
RMS Texas Timberlands I LP	27,568,367	5	0.83%	31,427,670	4	1.35%
Enbridge Pipelines (East TX)	22,681,050	6	0.68%	32,322,470	3	1.39%
Black Stone Minerals Company LP	19,367,363	7	0.58%	21,022,300	6	0.91%
Kinder Morgan Tejas Pipeline LP	18,613,590	8	0.56%	24,162,380	n/a	1.04%
Amplify Energy Operating LLC	18,125,076	9	0.54%	-	n/a	0.00%
ETC Katy Pipeline Ltd.	15,156,330	10	0.45%	20,579,830	8	0.89%
Comstock Oil & Gas	-	n/a	-	118,542,720	1	5.10%
Devon Energy Production Co. LP	-	n/a	-	20,875,300	7	0.90%
Delta Explorations Co, Inc.	-	n/a	-	17,752,400	9	0.76%
Famcor Oil Inc.	-	n/a	-	16,589,984	10	0.71%
Subtotal	<u>455,845,070</u>		<u>13.66%</u>	<u>498,450,087</u>		<u>21.46%</u>
Other taxpayers	<u>2,882,169,167</u>		<u>86.34%</u>	<u>1,824,312,521</u>		<u>78.54%</u>
<b>Total</b>	<u><u>\$ 3,338,014,237</u></u>		<u><u>100.00%</u></u>	<u><u>\$ 2,322,762,608</u></u>		<u><u>100.00%</u></u>

Source: Polk Central Appraisal District

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

	Fiscal Year			
	2009	2010	2011	2012
Adjusted tax levy	\$ 14,226,340	\$ 15,110,680	\$ 15,868,728	\$ 15,837,389
Current tax collected	\$ 13,669,417	\$ 14,431,072	\$ 15,192,264	\$ 15,230,709
Percentage of current tax collections	96.09%	95.50%	95.74%	96.17%
Delinquent tax collections	468,208	579,024	570,525	494,819
Total tax collections	\$ 14,137,625	\$ 15,010,097	\$ 15,762,789	\$ 15,725,528
Total collections as a percentage of current levy	99.38%	99.33%	99.33%	99.29%
Outstanding delinquent taxes	\$ 88,715	\$ 100,583	\$ 105,939	\$ 111,861
Outstanding delinquent taxes as percentage of current levy	0.62%	0.67%	0.67%	0.71%

Source: Polk County Tax Assessor/Collector

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ 16,354,546	\$ 17,876,863	\$ 18,472,325	\$ 18,827,503	\$ 18,891,307	\$ 20,298,419
\$ 15,776,269	\$ 17,270,190	\$ 17,690,427	\$ 18,220,530	\$ 18,238,267	\$ 19,600,034
96.46%	96.61%	95.77%	96.78%	96.54%	96.56%
434,641	434,777	575,833	362,585	291,450	-
\$ 16,210,911	\$ 17,704,967	\$ 18,266,260	\$ 18,583,115	\$ 18,529,717	\$ 19,600,034
99.12%	99.04%	98.88%	98.70%	98.09%	96.56%
\$ 143,635	\$ 171,896	\$ 206,065	\$ 244,388	\$ 361,590	\$ 698,385
0.88%	0.96%	1.12%	1.30%	1.91%	3.44%

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

	Fiscal Year			
	2009	2010	2011	2012
<b>Net Taxable Assessed Value</b>				
All property	\$ 2,322,762,608	\$ 2,493,804,989	\$ 2,235,684,028	\$ 2,204,801,546
<b>Net Bonded Debt</b>				
Gross bonded debt	\$ 35,335,000	\$ 33,930,000	\$ 32,094,000	\$ 30,663,243
Less debt service funds	40,825	56,042	-	30,092
<b>Net Bonded Debt</b>	<u>\$ 35,294,175</u>	<u>\$ 33,873,958</u>	<u>\$ 32,094,000</u>	<u>\$ 30,633,151</u>
<b>Ratio of Net Bonded Debt     To Assessed Value</b>	1.5195%	1.3583%	1.4355%	1.3894%
<b>Population (1,2,3)</b>	46,530	45,413	45,413	45,725
<b>Net Bonded Debt per Capita</b>	\$ 759	\$ 746	\$ 707	\$ 670

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					
2013	2014	2015	2016	2017	2018
\$ 2,284,032,548	\$ 2,460,626,956	\$ 3,000,342,573	\$ 3,076,621,771	\$ 3,123,590,174	\$ 3,338,014,237
\$ 28,319,066	\$ 27,045,440	\$ 26,083,036	\$ 25,351,776	\$ 22,777,368	\$ 21,042,017
33,694	39,975	48,183	63,588	51,766	-
<u>\$ 28,285,372</u>	<u>\$ 27,005,465</u>	<u>\$ 26,034,853</u>	<u>\$ 25,288,188</u>	<u>\$ 22,725,602</u>	<u>\$ 21,042,017</u>
1.2384%	1.0975%	0.8677%	0.8219%	0.7275%	0.6304%
45,790	46,079	46,079	46,972	46,972	49,162
\$ 618	\$ 586	\$ 565	\$ 538	\$ 459	\$ 428

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

	Fiscal Year			
	2011	2012	2013	2014
<b>Governmental activities:</b>				
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
<b>Net Governmental Debt</b>	<u>\$ 32,855,980</u>	<u>\$ 31,454,677</u>	<u>\$ 28,718,711</u>	<u>\$ 27,871,305</u>
<b>Percentage of personal income</b>	1.72%	1.89%	1.68%	1.61%
<b>Net Bonded Debt per Capita</b>	\$ 713	\$ 683	\$ 632	\$ 582

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 seven years are available at this time.

**Fiscal Year**

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ 21,762,567	\$ 22,092,278	\$ 20,329,842	\$ 18,293,460
4,290,469	3,259,498	2,447,527	2,748,557
862,198	1,307,326	1,281,393	1,253,238
<u>\$ 26,915,234</u>	<u>\$ 26,659,102</u>	<u>\$ 24,058,762</u>	<u>\$ 22,295,255</u>

1.58%

1.53%

1.39%

1.19%

\$ 570	\$ 555	\$ 502	\$ 454
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**POLK COUNTY, TEXAS**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
September 30, 2018

<u>Governmental Unit</u>	<u>Net Bonded Debt Outstanding</u>	<u>Estimated Percentage Applicable (1)</u>	<u>Estimated Share of Overlapping Debt</u>
<b>Debt repaid with property taxes</b>			
Cities:			
Corrigan	\$ 778,000	100.00%	\$ 778,000
Goodrich	220,000	100.00%	220,000
School Districts:			
Big Sandy ISD	\$ 1,865,000	100.00%	\$ 1,865,000
Corrigan-Camden ISD	3,375,000	100.00%	3,375,000
Goodrich ISD	2,845,000	100.00%	2,845,000
Leggett ISD	1,130,000	100.00%	1,130,000
Livingston ISD	60,080,000	100.00%	60,080,000
Onalaska ISD	11,561,481	100.00%	11,561,481
Woodville ISD	1,175,000	1.42%	16,685
Subtotal, overlapping debt	<u>83,029,481</u>		<u>81,871,166</u>
Polk County direct debt	<u>21,042,017</u>	100.00%	<u>21,042,017</u>
<b>Total direct and overlapping debt</b>	<u><u>\$ 104,071,498</u></u>		<u><u>\$ 102,913,183</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			
	2009	2010	2011	2012
Debt limit	\$ 232,276,261	\$ 249,380,499	558,921,007	551,200,387
Total net debt applicable to limit	35,335,000	33,930,000	32,094,000	25,704,908
Legal debt margin	\$ 196,941,261	\$ 215,450,499	\$ 526,827,007	525,495,479
Total net debt applicable to the limit as a percentage of debt limit	15.21%	13.61%	5.74%	4.66%

**Legal Debt Margin Calculation for 2018**

Assessed value	\$ 3,338,014,237
Debt limit (25% of assessed value)	834,503,559
Debt applicable to limit:	
General obligation bonds	17,640,000
Tax notes	2,735,000
Total net debt applicable to limit	20,375,000
Legal debt margin	\$ 814,128,559

**Fiscal Year**

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ 571,008,137	\$ 615,244,268	\$ 750,085,643	\$ 769,155,318	\$ 780,897,544	\$ 834,503,559
<u>28,272,306</u>	<u>26,968,025</u>	<u>25,335,817</u>	<u>24,685,412</u>	<u>22,059,766</u>	<u>20,375,000</u>
<u>\$ 542,735,831</u>	<u>\$ 588,276,243</u>	<u>\$ 724,749,826</u>	<u>\$ 744,469,906</u>	<u>\$ 758,837,778</u>	<u>\$ 814,128,559</u>
4.95%	4.38%	3.38%	3.21%	2.82%	2.44%

**POLK COUNTY, TEXAS**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
 Last Ten Years

	Fiscal Year			
	2009	2010	2011	2012
Population (1,2,4)**	46,530	45,413	45,413	45,725
Personal income (BEA) (4)**	\$1,726,151,000	\$1,726,151,000	\$1,726,151,000	\$1,875,855,000
Per capita personal income (BEA) (4)**	\$ 37,098	\$ 38,747	\$ 37,839	\$ 41,014
Median age (1,4,5)**	42.9	42.9	42.9	43.2
School enrollment (2)				
Big Sandy ISD	465	451	453	470
Chester ISD	71	171	174	166
Corrigan-Camden ISD	956	947	923	930
Goodrich ISD	241	247	224	220
Leggett ISD	190	173	170	174
Livingston ISD	3,733	3,741	3,829	3,862
Onalaska ISD	846	880	889	881
<b>Total</b>	<u>6,502</u>	<u>6,610</u>	<u>6,663</u>	<u>6,701</u>
Unemployment rate (3)	10.50%	10.00%	10.50%	7.70%

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					
2013	2014	2015	2016	2017	2018
45,790	46,079	46,079	46,972	47,916	49,162
\$ 1,907,585,000	\$1,907,585,000	\$1,663,552,000	\$1,706,994,000	\$1,736,049,000	\$ 1,878,484,000
\$ 41,659	\$ 37,194	\$ 36,102	\$ 39,662	\$ 36,231	\$ 38,210
42.9	42.9	43.6	43.5	43.7	43.4
494	464	455	498	528	528
181	155	157	175	194	194
1,018	945	911	988	917	917
235	207	225	239	227	227
187	159	150	168	163	163
4,098	3,788	3,826	4,049	4,063	4,063
942	846	846	893	1,026	1,026
<u>7,155</u>	<u>6,564</u>	<u>6,570</u>	<u>7,010</u>	<u>7,118</u>	<u>7,118</u>
8.00%	6.80%	6.20%	6.50%	6.30%	4.60%

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# POLK COUNTY, TEXAS

## PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

Employer	2018			2009		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Georgia Pacific*	1,000	1	2.03%	1,000	1	2.15%
Texas Dept of Criminal Justice, Polunsky Unit	691	2	1.41%	900	2	1.93%
Alabama-Coushatta Tribe of Texas**	607	3	1.23%	206	9	0.44%
Livingston ISD	574	4	1.17%	642	3	1.38%
Wal-Mart Super Center	454	5	0.92%	400	4	0.86%
Polk County	332	6	0.68%	295	6	0.63%
CHI St. Luke's Health Memorial Livingston	331	7	0.67%	400	5	0.86%
Brookshire Brothers (Corrigan, Livingston, Onalaska)	209	8	0.43%	-	n/a	-
Management & Training Corporation (IAH Detention Center)	180	9	0.37%	235	7	0.51%
Onalaska ISD	175	10	0.36%	-	n/a	-
Corrigan-Camden ISD	-	n/a	-	225	8	0.48%
Sam Houston Electric Cooperative	-	n/a	-	157	10	0.34%
<b>Total</b>	<b>4,553</b>		<b>9.26%</b>	<b>4,460</b>		<b>9.59%</b>

\*Previously named International Paper Company

\*\*Includes Naskila Entertainment Center's 200 employees

Sources: (2018) Current data collection from employers as provided to Polk County Judge's Office  
(2009) 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									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>General Government:</b>										
County Judge	3	3	3	3	3	3	3	3	3	2
Commissioners' Court	1	1	1	1	1	1	1	1	1	1
County Clerk	10	10	10	10	10	10	10	10	11	11
County Auditor	5	5	5	5	5	5	4	5	4	5
County Treasurer	3	3	3	3	3	3	3	3	3	3
Information Technology*	2	2	2	2	2	2	2	3	3	3
Maintenance/Custodial	3	3	3	4	-	-	-	-	-	-
Maintenance/Engineering	7	7	7	7	11	11	11	12	12	10
Emergency Management	5	5	5	5	5	5	5	3	3	4
Personnel/Human Resources	3	3	3	3	3	3	2	3	3	3
<b>Road and Bridges:</b>										
Commissioners	4	4	4	4	4	4	4	4	4	4
Road and Bridge Workers	37	37	45	45	47	37	36	35	34	43
<b>Administration of Justice:</b>										
County Court-at-Law	4	4	4	4	4	3	4	4	3	4
District Clerk	10	10	10	10	10	9	10	9	10	10
District Judges	7	7	7	7	8	9	9	11	8	10
JP Precinct 1	4	4	4	4	3	3	3	4	4	4
JP Precinct 2	3	3	3	4	3	3	3	3	3	2
JP Precinct 3	3	3	3	3	3	3	3	3	3	3
JP Precinct 4	3	3	3	3	3	2	3	3	3	3
District Attorney	15	17	18	17	16	16	18	18	17	18
Sheriff's Dept	50	50	50	52	54	50	53	51	54	51
Jail	33	33	35	37	41	39	41	46	49	45
Constables	4	4	4	4	4	4	4	4	4	4
Department of Public Safety	1	1	1	1	1	1	1	1	1	1
Courthouse Security	1	1	1	2	2	2	2	3	3	2
<b>Health and Human Services:</b>										
Library and Museum	2	2	2	2	2	2	1	1	1	1
Social Services	2	2	2	2	2	2	2	1	1	1
Veterans Service	2	2	2	1	1	1	1	1	1	1
County Extension	4	4	4	4	4	4	4	4	3	3
Permits/Inspections**	-	-	-	-	-	-	-	2	2	2
Environmental Enforcement	-	-	-	1	-	-	-	1	1	1
Aging Services	1	1	1	4	1	1	1	4	4	4
<b>Tax Administration:</b>										
Tax Assessor/Collector	17	17	14	14	17	12	14	14	14	14
<b>Total:</b>	<u>249</u>	<u>251</u>	<u>259</u>	<u>268</u>	<u>273</u>	<u>250</u>	<u>258</u>	<u>270</u>	<u>270</u>	<u>273</u>

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			
	2009	2010	2011*	2012
<b><u>County Court</u></b>				
<b>Civil Cases</b>				
Pending Beginning of Year	2,980	3,212	1,051	1,305
Docket Adjust	56	(435)	-	(16)
Added	1,352	1,306	743	723
Disposed	(1,176)	(1,051)	(490)	(540)
Pending End of Year	3,212	3,032	1,305	1,472
<b>Criminal Cases</b>				
Pending Beginning of Year	2,719	2,669	2,560	2,856
Docket Adjust	113	(9)	(1)	(8)
Added	1,307	1,002	1,276	1,243
Disposed	(1,470)	(1,079)	(979)	(971)
Pending End of Year	2,669	2,583	2,856	3,120
<b><u>District Court</u></b>				
<b>Civil Cases</b>				
Pending Beginning of Year	885	784	803	862
Docket Adjust	(146)	(3)	(2)	(50)
Added	342	324	330	1,021
Disposed	(297)	(227)	(269)	(973)
Pending End of Year	784	878	862	860
<b>Criminal Cases</b>				
Pending Beginning of Year	810	823	778	1,198
Docket Adjust	(77)	(15)	(3)	(14)
Added	980	847	1,187	1,256
Disposed	(890)	(848)	(764)	(801)
Pending End of Year	823	807	1,198	1,639
<b><u>Justice of the Peace Courts</u></b>				
<b>Cases Filed</b>				
Traffic	8,007	4,772	4,922	5,833
NonTraffic	2,526	1,961	1,828	2,962
Small Claims Suits	127	68	73	38
Forcible Entry and Detainer	155	130	106	128
Other Civil Suits	217	174	209	292
<b>Cases Disposed</b>				
Traffic	6,826	4,837	4,240	4,798
NonTraffic	2,102	1,903	1,971	2,382
Small Claims Suits	174	123	61	42
Forcible Entry and Detainer	134	111	101	113
Other Civil Suits	272	212	145	233
<b>Cases Appealed</b>				
Traffic	22	18	15	16
NonTraffic	2	5	9	26
Small Claims Suits	-	2	-	2
Forcible Entry and Detainer	-	2	1	5
Other Civil Suits	1	1	-	-
<b>Miscellaneous</b>				
Examining Trials	-	1	4	-
Inquests	181	178	212	209

Source: Texas Courts Online (Office of Court Administration)

\*FY11 had reporting changes

**Fiscal Year**

<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
1,472	1,678	1,734	1,724	2,504	2,461
(31)	46	-	-	(18)	(67)
813	789	707	988	860	855
(576)	(779)	(673)	(875)	(871)	(835)
1,678	1,734	1,724	2,504	2,461	2,414
3,120	3,142	3,180	2,294	2,555	1,873
(15)	(6)	-	-	1	(41)
874	1,145	994	984	1,078	734
(837)	(1,101)	(957)	(501)	(446)	(874)
3,142	3,180	2,294	2,555	1,873	1,692
860	889	956	707	679	776
(35)	-	-	-	(7)	-
304	334	272	357	428	327
(240)	(267)	(227)	(383)	(321)	(342)
889	956	707	679	776	761
1,639	1,561	1,687	918	639	832
(48)	-	-	-	(9)	(338)
967	919	704	871	688	998
(997)	(793)	(513)	(941)	(1,032)	(855)
1,561	1,687	918	639	832	637
4,290	4,162	4,837	3,172	4,447	6,101
2,913	2,507	2,100	1,892	1,217	1,724
44	168	155	277	130	131
106	165	179	72	207	179
238	195	281	120	387	487
3,780	3,658	2,922	2,682	2,837	4,246
2,373	2,007	1,545	1,257	984	1,264
33	170	182	173	122	97
95	147	188	210	178	173
200	101	208	272	266	395
12	10	10	4	5	5
2	5	-	3	-	1
-	-	-	3	-	1
-	1	2	80	5	5
-	-	-	-	-	-
-	1	-	-	-	-
215	243	312	299	307	334

# POLK COUNTY, TEXAS

## CAPITAL ASSET STATISTICS BY FUNCTION

Last Ten Years

Function/Program	Fiscal Year			
	2009	2010	2011	2012
<b><u>General Government</u></b>				
Commissioners' Court	4	4	1	1
County Clerk	15	15	4	4
Veterans Service	1	1	-	-
General Operations	34	40	41	54
District Clerk	3	3	1	1
JP Precinct 1	-	-	-	-
JP Precinct 2	-	-	-	1
JP Precinct 3	-	-	-	-
JP Precinct 4	-	-	-	-
Judicial	4	4	4	5
District Attorney	6	6	6	7
County Auditor	4	4	2	2
County Treasurer	3	3	2	2
Tax Assessor/Collector	4	4	3	3
Delinquent Tax Collection	1	1	1	1
Data Processing	12	13	13	13
Maintenance/Custodial	4	-	-	-
Maintenance/Engineering	28	37	36	34
Jail	14	17	9	8
Constable Precinct 1	1	1	1	1
Constable Precinct 2	2	1	1	1
Constable Precinct 3	1	1	1	1
Constable Precinct 4	1	1	1	1
Sheriff's Department	70	79	77	80
Social Services	4	4	3	3
Extension	1	1	1	1
Emergency Management	14	14	11	11
Environmental Enforcement	2	2	2	2
<b><u>Road and Bridge</u></b>				
Road and Bridge Precinct 1	84	49	46	46
Road and Bridge Precinct 2	67	40	39	38
Road and Bridge Precinct 3	83	80	77	78
Road and Bridge Precinct 4	78	67	66	66
<b><u>Security</u></b>				
Security Department	1	1	1	1
<b><u>Historical Commission</u></b>				
Historical	2	2	2	2
<b><u>Waste Management</u></b>				
Waste Management	36	35	35	35
<b><u>Aging</u></b>				
Aging Services	8	9	8	9

Source: County Inventory Reports

Fiscal Year

2013	2014	2015	2016	2017	2018
2	2	2	2	2	2
6	6	7	7	7	7
-	-	-	-	-	-
69	46	44	48	51	48
2	2	2	2	2	2
-	-	-	1	1	1
1	1	1	-	-	-
-	-	-	-	-	-
-	-	-	5	-	5
5	5	5	6	5	6
6	6	6	2	6	2
2	2	2	2	2	2
2	2	2	3	2	3
3	3	4	1	3	1
-	-	-	-	-	-
14	14	13	13	16	13
-	-	-	-	-	-
30	33	32	32	33	32
13	14	14	13	14	13
1	1	2	2	2	2
2	2	3	3	4	3
1	2	2	2	2	2
1	1	1	1	1	1
88	96	93	91	92	91
2	3	3	3	3	3
1	1	1	21	1	21
12	13	14	14	14	14
3	-	3	3	3	3
40	40	41	42	44	42
39	41	41	42	42	42
83	83	82	83	83	83
66	67	68	68	69	68
1	1	1	1	1	1
2	2	2	2	2	2
34	35	35	35	34	35
11	10	10	10	11	10

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