



1301 Sam Houston Avenue Room 206

Huntsville, Texas 77340

(936) 436-4948

The Citizens of Walker County, Texas
The Honorable District Judges of the 12th and 278th Judicial Districts
Honorable Walker County Judge and County Commissioners

Ladies and Gentlemen:

As adopted by the Commissioners Court on September 11, 2017, the Walker County budget for the 2017/2018 fiscal year is herein submitted. This budget establishes the legal spending limits for 2017-2018. This budget is a product of diligent review and consensus of the Commissioners Court of Walker County. After hearing from the elected officials and department heads in numerous meetings held to discuss the budget, County Judge Danny Pierce and County Commissioners Danny Kuykendall, Ronnie White, Bill Daugette, Jr. and Jimmy Henry, filed a budget with the County Clerk and presented this budget to the public for their review and discussion. The County Judge is the budget officer for Walker County, as per Texas State Statute for counties the size of Walker County. The County Auditor worked with the County Judge in his initial preparation of the budget submitted to the Commissioners Court, and with the County Judge and Commissioners Court in finalizing the numbers that were submitted to the County Clerk at the end of July. The budget process has been in accordance with state statute and required public hearing(s) were held, cumulating in the Commissioners Court adopting the budget for the County Fiscal Year 2017-2018 and adopting the tax rate to support this budget on September 11, 2017.

As the Commissioners Court entered the budget process, the primary goals stated were:

- ✓ to aim at not adopting a tax rate that exceeded the calculated effective tax rate
- ✓ to maintain at least the same level of service to the community
- ✓ to continue with the equipment and vehicle replacement schedules
- ✓ to continue to budget for major maintenance to the aging buildings
- ✓ to continue to supplement the Road and Bridge Fund budget from one-time monies available
- ✓ to set aside monies for planning for future retiree health insurance planning –begin to build on-going allocations into the budget and supplement with one-time monies available
- ✓ to meet the most pressing needs identified by the elected officials and department heads within the dollars available
- ✓ to maintain the budgeted fund balance at no less than the minimum level set in budget policies of 16.67% with a preference for a higher percentage
- ✓ to fund on-going costs with revenues generated in the current year

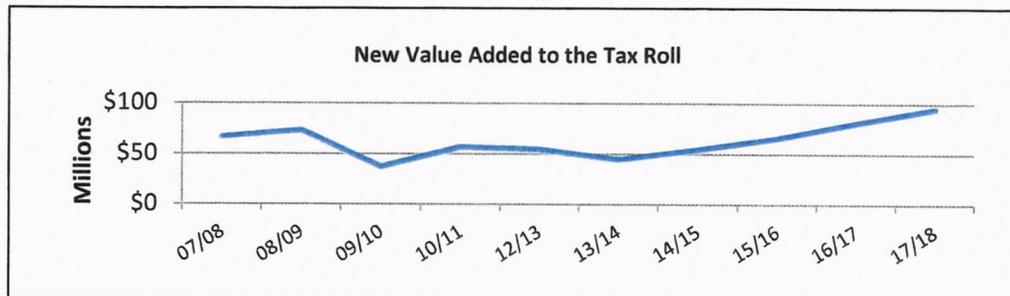
Commissioners Court met their goals.

Significant items in this budget are:

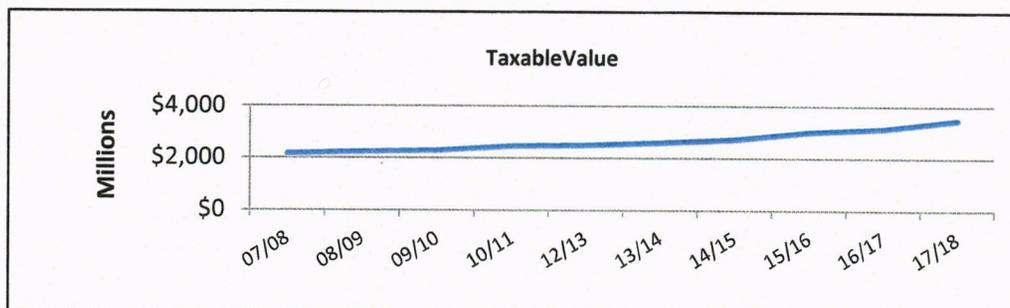
- This budget was adopted using the effective tax rate. The Commissioners Court adopted a tax rate of \$0.5815 per \$100 value as compared to \$0.6157 in FY 2016/2017. The separate components of the tax rate are: operating rate \$0.5408, and debt service of \$0.0407. The County has adopted the effective rate for the last four years.
- The adopted tax rate, at 100% collection, will raise \$849,804 more revenue than last year, a 4.62% increase. Of this amount, \$548,418 is from new growth. The budgeted collection rate for FY 2017-2018

is 95% of the levy. Historically actual collections are in the 97% range. The amount of the levy attributable to frozen taxes and the amount to be paid to the TIRZ continue to increase.

- Taxable new growth for Walker County in tax year 2017 totaled \$94,310,912, a significant number for Walker County. The graph below depicts the upward trend of new property values growth in Walker County.



- Property values increased as compared to the previous year, a pattern that Walker County continues to see and is depicted in the graph below. Properties subject to the tax ceiling also continue to increase. The tax ceiling value increased to \$588,722,052 from \$515,786,603, an increase of 14%. The net gain in total taxable value of \$341.4 million is an approximate 1.0% increase from the prior year. As values for properties that are on the tax roll for both years increase, the calculated effective tax rate will decrease. The calculated effective tax rate is defined in the state formula for calculating the tax as the ‘rate that would generate the same approximate amount of revenue for properties on the roll in both years’. An individual’s tax increase or decrease varies based on the actual value of their property in each of the two years. A line graph depicting the growth of the total assessed values after deducting for tax ceilings follows.



- In preparing this budget, external issues affecting the budget were identified. Some of these issues were:
 - addressing the need for increased law enforcement officials as identified by the Sheriff and Constables
 - addressing the need for additional dispatchers as requested by the Central Dispatch Board
 - addressing the need for an additional clerk in the District Clerk’s office
 - maintaining the Road and Bridge budget in light of the continuing decline in court related revenues and revenues received from the State that resulted in a need to fund more of the Road and Bridge Fund with ad valorem tax revenues
 - increasing cost of employee benefits and a need to address funding for future retirees’ health insurance
 - aging facilities that are requiring major maintenance in addition to the routine maintenance needs

- An employee pay raise of \$500 across the board was included in the budget. Walker County does not have a step system in place and budgets no step or merit increases. No percentage increases were granted. The County has given several percentage increases during the past several years. The County continues to pay 100% of the health insurance premium for full-time County employees and maintained the same level of benefits and deductibles. The County continues to fund the retirement system at a 2.1 to 1.0 match for employees. Employees contribute a mandatory 7%. The County match is 13%. During the budget process, the elected officials and department heads continue to discuss a need to review the pay structure, pay equity issues and generally being competitive in the market for employees.
- The County has been in the planning stages for several years for addressing future budgetary impacts of retiree health care. Full-time employees hired before October 1, 2013 are eligible for County paid health insurance after 20 years of continuous services when they retire under the retiree benefit plan. During the FY 2015/2016 budget, one-time monies of \$165,000 was set aside and during the FY 2016/2017 budget year an additional \$250,000 was set aside along with whatever unspent funds remained from health insurance budgeted in the FY 2016/2017 year. In the FY 2017/2018 budget, \$88,000 was added to the on-going operating budget and \$100,000 was budgeted from one-time monies, part of the multi-year plan to address the future budgetary impacts of this benefit.
- The County complied with its policy of funding on-going costs with revenues generated in the current year. In the fiscal year beginning October 1, 2017, as in previous years, one-time costs were funded with funds available in fund balance over the required minimum balance set by Commissioners Court in the Financial and Budget Policies. As in the past, the budget process included the review of fund balance and the adopted budget anticipates a fund balance percentage of 22.1% at year end.
- The last tax rate increase was in Fiscal Year 2014 followed by no tax rate increases in Fiscal Years 2015, 2016, 2017 and 2018 with the adoption of the effective tax rate in each of those years. The total expenditure budget for FY 17/18, that begins October 1, 2017 is \$35,119,502 compared to the original expenditure budget of \$33,958,251 for the FY 16/17 year, an increase of \$1,161,251. A summary of the changes in allocations is presented on page D-9 of this document.

Acknowledgements: My thanks to Judge Pierce and each of the commissioners, Danny Kuykendall, Ronnie White, Bill Daugeette, Jr. and Jimmy Henry, and all other County Officials for their loyal and dedicated service to Walker County. The budget is a major project and takes the input and cooperation of all involved in the process.

Respectfully submitted,



Patricia Allen, CPA, CGFM County Auditor

Long Term Planning, Strategic Planning, Capital Budget and Initiatives

Walker County does not have a formalized Strategic plan or Long-Term Capital Budget Planning Document. A strategic plan is most often thought of as a strategy to move the County from its current state to where it desires to be in the future. Strategic planning in Walker County is part of adopting the spending plan in the budget, and is accomplished through Regulatory Plans and Documents adopted by the County including the Subdivision Policy, Economic Development Policy, Flood Management Policy, On-site Wastewater Collection Policy and the Walker County Safety Community Plan.

Consistent and shared goals have surfaced over time. The Commissioners Court is fiscally conservative and seeks to minimize tax increases to its citizens. Maintaining equipment, vehicles, building, roads, and bridges is a high priority of the Court. They strive each year to set aside funds in the budget for major maintenance projects and supplement the road maintenance budget. The County has been very active in acquiring the rights of way on roads, to allow for widening and improving the roads and drainage. Over the past several years, the Commissioners have been able to procure equipment necessary to seal-coat roads with high traffic and fund other high cost maintenance needs. These improvements have decreased labor-intensive and costly maintenance. This is often accomplished by accumulating funds over several years.

Walker County is very proactive in searching for sources of revenues from granting agencies and monies available thru the state and federal government. The revenues reported on the Schedule of Expenditures for Federal and State Awards totaled \$9,673,384 for the fiscal year ending September 30, 2016 accounting for approximately 27.6% of the total expenditures for the fiscal year. Of this amount, \$2,561,479 was for FEMA related disasters. Between May 4, 2015 and June 24, 2016 Walker County saw 5 FEMA declared disasters related to flooding. 2015 was the wettest year in Walker County since 1998. Two different 100+ year floods occurred causing homes to flood over (10) ten times which in turn called for numerous evacuations. Walker County maintained roads and drainage avenues were inundated with water. The five declared federal disasters have resulted in approximately \$4,400,000 in funds. The funds are being used to repair the damages as well to improve many of the affected areas. Hurricane Harvey affected Walker County on August 26, 2017. Walker County sustained approximately \$2.5 million in damages to roads and buildings. This is the 6th federally declared disaster in Walker County since 2015.

Walker County assists in getting grants for rural water supply programs throughout the County, which have greatly enhanced services to rural county residents. These projects are funded through federal community grant funds and state funds that must be routed through a County.

Walker County is also very involved in several interagency public safety task forces and budgeting for grant match needs is a high priority budget item as is funding the personnel needed to address public safety concerns. The Sheriff's Department is very involved in the Organized Crime Drug Enforcement Task Force (OCDETF), which is expanded even nationwide, to reduce the flow of illicit drugs and drug proceeds of major trafficking organizations. They also participate in the High Intensity Drug Trafficking Areas Program (HIDTA), which operates in areas determined to be critical drug trafficking regions of the United States. Walker County works with Montgomery County on the Automobile Burglary and Theft Prevention Authority (AutoTheft) to combat vehicle theft and burglary through enforcement, prevention and education initiatives. Walker County applies for funds through the Homeland Security Grant Program to purchase necessary equipment to help law enforcement achieve a National Preparedness Goal of a secure and resilient nation. The Sheriff Department also works with the City of Huntsville in sharing funds awarded through the Edward Byrne Memorial Justice Assistance Grant Program (JAG) for necessary equipment and software for law enforcement.

Vehicles for emergency and law enforcement are part of each year's budget and maintaining the vehicle replacement schedule is a priority to Commissioners Court. The County and City jointly fund a Central Dispatch Center. In 2012, after years of planning and discussion, the County issued debt to fund a new County Jail. A tax rate increase was necessary to pay the debt. This debt was the last issued in Walker

County and is the only outstanding debt of Walker County. Total debt outstanding is \$16,025,000. Recognizing the law enforcement needs and planning for them is part of every budget process.

Transparency in the County's financial transactions continues to be a focus of Commissioners Court as well as maintaining adequate fund balance to meet future needs of the County. Elected Officials are encouraged to participate in the budget process and this communication is an important part of the funding decisions that are made in the budget process.



Budget Summary

	Available Funds		Revenues		Expenditures		Available Funds	
	1-Oct						30-Sep	
Fiscal Year 2017-2018 Budget								
*Including Projects Fund								
101 General Fund	\$	7,360,178	\$	21,115,008	\$	23,319,980	\$	5,155,206
105 Projects Funds(\$1,116,447 Previously Allocated Remaining)	\$	8,800		254,000		262,800		-
185 Healthy County Initiative	\$	17,156		3,025		3,000		17,181
192 Debt Service Fund	\$	183,152		1,192,716		1,375,868		-
220 Road & Bridge Fund	\$	700,000		5,211,616		5,911,616		-
301 EMS Fund	\$	931,702		3,109,000		3,479,199		561,503
511 County Records Management and Preservation Fund	\$	2,001		19,015		21,016		-
512 County Courts RecordsPresevation (Digitize)	\$	7,911		10,000		16,911		1,000
515 County Clerk Records Management and Preservation Fund	\$	357,907		95,500		21,036		432,371
516 County Clerk Records Archive Account Fund	\$	288,693		98,000		200,000		186,693
518 District Clerk Records Management and Preservation Fund	\$	918		3,340		3,340		918
519 District Clerk Rider Fund	\$	17,179		12,000		14,378		14,801
520 District Clerk Archive Fund	\$	1,676		1,500		2,594		582
523 County Jury Fee Fund	\$	-		5,000		5,000		-
525 Court Reporter Service Fund	\$	-		14,000		14,000		-
526 County Law Library Fund	\$	37,437		33,450		47,029		23,858
536 Courthouse Security Fund	\$	14,324		51,856		66,180		-
537 Justice Courts Building Security Fund	\$	34,089		5,508		10,000		29,597
550 Justice Court Technology Fund	\$	52,215		25,205		24,701		52,719
551 County and District Court Technology Fund	\$	4,977		1,700		6,000		677
560 Prosecutors Supplement Fund	\$	-		22,500		22,500		-
561 Pretrial Intervention Fund	\$	-		44,662		44,662		-
562 District Attorney Forfeiture Fund	\$	173,962		-		60,000		113,962
563 Hot Check Fee Fund	\$	-		7,000		7,000		-
574 Sheriff Forfeiture Fund	\$	175,194		-		40,000		135,194
576 Inmate Medical Fund	\$	30,318		2,050		10,000		22,368
577 DOJ Equitable Sharing Fund	\$	328,587		-		104,407		224,180
583 Elections Equipment Fund	\$	6,669		13,970		20,120		519
584 Elections Services Contract Fund	\$	23,609		6,000		6,165		23,444
589 Tax Assessor Special Inventory Fund	\$	19		-		-		19
Total	\$	10,758,673	\$	31,357,621	\$	35,119,502	\$	6,996,792
Fiscal Year 2016-2017 Original Budget								
*Including Projects Fund								
101 General Fund	\$	6,324,867	\$	20,454,501	\$	22,092,522	\$	4,686,846
105 Projects Fund	\$	427		-		-		427
185 Healthy County Initiative	\$	16,728		3,025		3,000		16,753
192 Debt Service Fund	\$	176,391		1,196,377		1,372,768		-
220 Road & Bridge Fund	\$	1,098,526		5,038,320		6,136,846		-
301 EMS Fund	\$	1,372,946		3,008,000		3,546,806		834,140
511 County Records Management and Preservation Fund	\$	9,055		19,015		28,070		-
512 County Courts RecordsPresevation (Digitize)	\$	25,823		10,000		35,823		-
515 County Clerk Records Management and Preservation Fund	\$	273,223		100,100		20,966		352,357
516 County Clerk Records Archive Account Fund	\$	388,250		101,100		200,000		289,350
518 District Clerk Records Management and Preservation Fund	\$	-		3,340		3,340		-
519 District Clerk Rider Fund	\$	9,877		12,000		14,360		7,517
520 District Clerk Archive Fund	\$	1,894		700		2,594		-
523 County Jury Fee Fund	\$	2,633		3,000		5,633		-
525 Court Reporter Fund	\$	-		14,000		14,000		-
526 County Law Library Fund	\$	49,262		33,450		60,993		21,719
536 Courthouse Security Fund	\$	58,051		36,700		65,449		29,302
537 Justice Courts Building Security Fund	\$	28,697		6,208		10,000		24,905
550 Justice Court Technology Fund	\$	21,972		25,205		25,000		22,177
551 County and District Court Technology Fund	\$	6,876		1,400		8,276		-
560 Prosecutors Supplement Fund	\$	-		22,500		22,500		-
561 Pretrial Intervention Fund	\$	9,107		37,907		44,421		2,593
562 District Attorney Forfeiture Fund	\$	144,009		-		60,000		84,009
563 Hot Check Fee Fund	\$	-		7,000		7,000		-
574 Sheriff Forfeiture Fund	\$	143,805		-		40,000		103,805
576 Inmate Medical Fund	\$	27,414		2,005		10,000		19,419
577 DOJ Equitable Sharing Fund	\$	277,559		-		104,407		173,152
583 Elections Equipment Fund	\$	9,539		10,000		19,539		-
584 Elections Services Contract Fund	\$	19,748		3,500		3,938		19,310
589 Tax Assessor Special Inventory Fund	\$	19		-		-		19
Total	\$	10,496,698	\$	30,149,353	\$	33,958,251	\$	6,687,800



Budget Summary

Fiscal Year 2016-2017 Estimated

*Including Projects Fund

101 General Fund	\$	7,668,474	\$	21,636,744	\$	21,945,040	\$	7,360,178
105 Projects Fund	\$	1,794,684		8,800		678,237		1,125,247
185 Healthy County Initiative	\$	16,753		1,539		1,136		17,156
192 Debt Service Fund	\$	180,420		1,375,500		1,372,768		183,152
220 Road & Bridge Fund	\$	3,726,798		5,498,206		8,525,004		700,000
301 EMS Fund	\$	1,279,654		3,186,375		3,534,327		931,702
511 County Records Management and Preservation Fund	\$	11,056		19,015		28,070		2,001
512 County Courts RecordsPresevation (Digitize)	\$	32,734		11,000		35,823		7,911
515 County Clerk Records Management and Preservation Fund	\$	283,163		95,710		20,966		357,907
516 County Clerk Records Archive Account Fund	\$	389,416		99,277		200,000		288,693
518 District Clerk Records Management and Preservation Fund	\$	918		3,340		3,340		918
519 District Clerk Rider Fund	\$	19,539		12,000		14,360		17,179
520 District Clerk Archive Fund	\$	2,770		1,500		2,594		1,676
523 County Jury Fee Fund	\$	-		7,400		7,400		-
525 Court Reporter Service Fund	\$	-		14,000		14,000		-
526 County Law Library Fund	\$	48,401		33,450		44,414		37,437
536 Courthouse Security Fund	\$	40,151		33,160		58,987		14,324
537 Justice Courts Building Security Fund	\$	28,581		5,508		-		34,089
550 Justice Court Technology Fund	\$	32,985		25,230		6,000		52,215
551 County and District Court Technology Fund	\$	7,272		1,705		4,000		4,977
560 Prosecutors Supplement Fund	\$	-		22,500		22,500		-
561 Pretrial Intervention Fund	\$	-		41,021		41,021		-
562 District Attorney Forfeiture Fund	\$	150,244		45,226		21,508		173,962
563 Hot Check Fee Fund	\$	-		7,000		7,000		-
574 Sheriff Forfeiture Fund	\$	121,481		122,648		68,935		175,194
576 Inmate Medical Fund	\$	27,401		2,917		-		30,318
577 DOJ Equitable Sharing Fund	\$	325,677		2,910		-		328,587
583 Elections Equipment Fund	\$	12,819		13,970		20,120		6,669
584 Elections Services Contract Fund	\$	17,117		8,719		2,227		23,609
589 Tax Assessor Special Inventory Fund	\$	19		-		-		19
Total	\$	16,218,527	\$	32,336,370	\$	36,679,777	\$	11,875,120

Fiscal Year 2015-2016 Actual

*Including Projects Fund

101 General Fund	\$	7,288,692	\$	20,997,156	\$	20,617,374	\$	7,668,474
105 Projects Fund	\$	1,499,348		675,470		380,134		1,794,684
185 Healthy County Initiative	\$	11,149		5,644		40		16,753
192 Debt Service Fund	\$	159,258		1,395,530		1,374,368		180,420
220 Road & Bridge Fund	\$	1,964,019		7,856,664		6,093,885		3,726,798
301 EMS Fund	\$	1,518,681		3,146,100		3,385,127		1,279,654
511 County Records Management and Preservation Fund	\$	17,030		18,470		24,444		11,056
512 County Courts RecordsPresevation (Digitize)	\$	45,540		10,458		23,264		32,734
515 County Clerk Records Management and Preservation Fund	\$	213,424		98,816		29,077		283,163
516 County Clerk Records Archive Account Fund	\$	292,150		102,292		5,026		389,416
518 District Clerk Records Management and Preservation Fund	\$	-		3,318		2,400		918
519 District Clerk Rider Fund	\$	12,237		12,035		4,733		19,539
520 District Clerk Archive Fund	\$	1,194		1,576		-		2,770
523 County Jury Fee Fund	\$	1,434		6,263		7,697		-
525 Court Reporter Service Fund	\$	4,085		14,405		18,490		-
526 County Law Library Fund	\$	60,200		33,687		45,486		48,401
536 Courthouse Security Fund	\$	46,351		50,378		56,578		40,151
537 Justice Courts Building Security Fund	\$	22,462		6,359		240		28,581
550 Justice Court Technology Fund	\$	21,767		25,536		14,318		32,985
551 County and District Court Technology Fund	\$	5,475		1,797		-		7,272
560 Prosecutors Supplement Fund	\$	-		22,500		22,500		-
561 Pretrial Intervention Fund	\$	-		36,660		36,660		-
562 District Attorney Forfeiture Fund	\$	131,295		39,494		20,545		150,244
563 Hot Check Fee Fund	\$	-		7,308		7,308		-
574 Sheriff Forfeiture Fund	\$	92,736		76,194		47,449		121,481
576 Inmate Medical Fund	\$	24,608		2,793		-		27,401
577 DOJ Equitable Sharing Fund	\$	277,631		48,046		-		325,677
583 Elections Equipment Fund	\$	23,540		9,399		20,120		12,819
584 Elections Services Contract Fund	\$	15,223		7,060		5,166		17,117
589 Tax Assessor Special Inventory Fund	\$	19		-		-		19
Total	\$	13,749,552	\$	34,711,408	\$	32,242,429	\$	16,218,527

Budget Summary

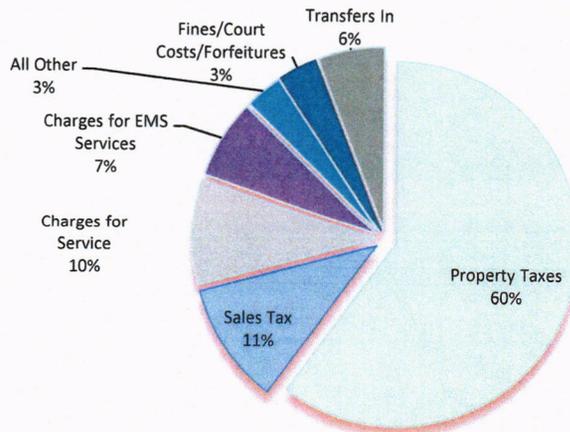


Walker County

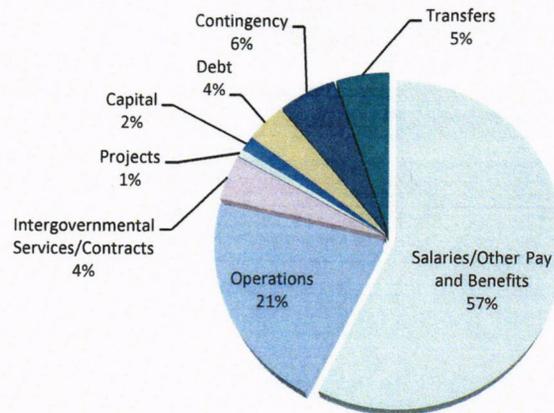
Adopted Budget Fiscal Year 2017-2018
All Funds Summary

	General Fund	General Projects	Healthy County Initiative	Debt Service Fund	Road and Bridge Fund	EMS Fund	Legislatively Designated Funds	Total
Beginning Fund Balance	\$ 7,360,178	\$ 8,800	\$ 17,156	\$ 183,152	\$ 700,000	\$ 931,702	\$ 1,557,685	\$ 10,758,673
Source of Funds	\$ -							
Property Taxes Current	\$ 14,457,715	\$ -	\$ -	\$ 1,148,916	\$ 2,680,616	\$ -	\$ -	\$ 18,287,247
Property Taxes Delinquent	\$ 300,000	\$ -	\$ -	\$ 25,000	\$ -	\$ -	\$ -	\$ 325,000
Property Taxes-Penalties and Interest	\$ 230,000	\$ -	\$ -	\$ 16,800	\$ -	\$ -	\$ -	\$ 246,800
Sales Tax	\$ 3,375,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,375,000
Other Taxes	\$ 135,894	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 135,894
Licenses and Permits	\$ 204,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 204,000
Inter Governmental Revenues	\$ 401,837	\$ -	\$ -	\$ -	\$ 106,000	\$ -	\$ 48,470	\$ 556,307
Charges for Services/Fees of Office	\$ 1,740,100	\$ -	\$ -	\$ -	\$ 830,000	\$ 5,000	\$ 377,640	\$ 2,952,740
Charges for Service EMS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,195,000	\$ -	\$ 2,195,000
Fines/Court Costs and Forfeitures	\$ 129,462	\$ -	\$ -	\$ -	\$ 932,000	\$ -	\$ -	\$ 1,061,462
Interest Earnings	\$ 90,000	\$ 4,000	\$ 25	\$ 2,000	\$ 3,000	\$ 2,000	\$ 2,628	\$ 103,653
Other Revenues	\$ 51,000	\$ -	\$ 3,000	\$ -	\$ -	\$ -	\$ -	\$ 54,000
Total Revenues	\$ 21,115,008	\$ 4,000	\$ 3,025	\$ 1,192,716	\$ 4,551,616	\$ 2,202,000	\$ 428,738	\$ 29,497,103
Transfers In	\$ -	\$ 250,000	\$ -	\$ -	\$ 660,000	\$ 907,000	\$ 43,518	\$ 1,860,518
Total Source of Funds	\$ 21,115,008	\$ 254,000	\$ 3,025	\$ 1,192,716	\$ 5,211,616	\$ 3,109,000	\$ 472,256	\$ 31,357,621
Uses of Funds								
Expenditures								
Salaries/Other Pay/Benefits	\$ 14,419,843	\$ -	\$ -	\$ -	\$ 2,619,562	\$ 2,937,916	\$ 150,837	\$ 20,128,158
Operations	\$ 4,129,531	\$ -	\$ 3,000	\$ -	\$ 2,592,054	\$ 504,008	\$ 226,795	\$ 7,455,388
Intergovernmental Services and Contracts	\$ 1,537,593	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,537,593
Projects	\$ -	\$ 262,800	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 262,800
Capital	\$ 452,495	\$ -	\$ -	\$ -	\$ -	\$ 37,275	\$ -	\$ 489,770
Debt	\$ -	\$ -	\$ -	\$ 1,375,868	\$ -	\$ -	\$ -	\$ 1,375,868
Contingency	\$ 920,000	\$ -	\$ -	\$ -	\$ 700,000	\$ -	\$ 389,407	\$ 2,009,407
Total Operating Expenditures	\$ 21,459,462	\$ 262,800	\$ 3,000	\$ 1,375,868	\$ 5,911,616	\$ 3,479,199	\$ 767,039	\$ 33,258,984
Transfers Out	\$ 1,860,518	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,860,518
Total Uses of Funds	\$ 23,319,980	\$ 262,800	\$ 3,000	\$ 1,375,868	\$ 5,911,616	\$ 3,479,199	\$ 767,039	\$ 35,119,502
Ending Fund Balance	\$ 5,155,206	\$ -	\$ 17,181	\$ -	\$ -	\$ 561,503	\$ 1,262,902	\$ 6,996,792

Revenues by Source
Walker County Adopted Budget Fiscal Year 2018



**Expenditures by Category
Walker County Adopted Budget Fiscal Year 2018**



Fund Balance

Fund Balance is the difference between current financial assets and current liabilities reported in a governmental funds financial statement. In governmental funds, only current assets and current liabilities are reported in the financial statements. This means that fund balance is often considered more of a measure of liquidity, than a measure of net worth. Fund balance is the excess of revenues over expenditures over a period of time. In the budget cycle, the beginning fund balance is the amount available from prior years for allocation and expenditure in the current budget and the estimated ending fund balance is the amount that is estimated to be available for allocation in subsequent years. At the time of budget adoption, the actual beginning fund balance is not known, but is estimated as part of the budget process. An adequate fund balance is necessary to pay expenditures caused by unforeseen emergencies, for shortfalls in revenues and to eliminate short term borrowing. In accordance with Walker County's Financial and Budget Policies, the minimum desired fund balance for the General Fund is 16.67% with a goal set for the fund balance to be in the two to three months range.

The following summary shows the budgeted changes in fund balance for the budget year. Historically, the expectation for the budget year is that at the end of a budget year, the actual fund balance will exceed the budgeted fund balance due to expenditures coming in less than budget, often in the salaries and benefits categories due to vacancies and turnover, other expenditures coming in under budget and revenues exceeding the budgeted amount.

The fund balance of the General Fund is estimated to decrease by \$2,204,972 during FY 2018. It is Walker County's policy to budget for one-time expenditures from fund balance in excess of the minimum fund balance established by policy. Included in this amount is a transfer of \$250,000 to the Projects Fund, a \$660,000 transfer to the Road and Bridge Fund and a \$500,000 contingency for legal fees for capital murder cases, along with various equipment and vehicle purchase allocations. Beginning on page D-9, a detail of the one-time allocations for FY 2018 is shown.

The other funds listed below do not have minimum fund balance polices and funds are budgeted as they become available. The fund balances of these funds are either committed or restricted for the purpose of the fund.

In the General Fund, the fund balance budgeted to be available at year end exceeds the minimum required fund balance.

**Walker County Budgeted Changes in Fund Balance
For the Fiscal Year 2017-2018**

	General Fund	Projects	Healthy County Initiative	Debt Service	Road and Bridge Fund	EMS Fund	Legislatively Designated	Total
Beginning Fund Balance	\$ 7,360,178	\$ 8,800	\$ 17,156	\$ 183,152	\$ 700,000	\$ 931,702	\$ 1,557,685	\$ 10,758,673
Revenues	21,115,008	4,000	3,025	1,192,716	4,551,616	2,202,000	428,738	29,497,103
Expenditures	21,459,462	262,800	3,000	1,375,868	5,911,616	3,479,199	767,039	33,258,984
Transfers In	-	250,000	-	-	660,000	907,000	43,518	1,860,518
Transfers Out	1,860,518	-	-	-	-	-	-	1,860,518
Ending Fund Balance	\$ 5,155,206	\$ -	\$ 17,181	\$ -	\$ -	\$ 561,503	\$ 1,262,902	\$ 6,996,792

A five year fund balance history of the General Fund is shown on page F-2 of this document.

REVENUES

Projecting revenues is one of the first steps in preparation of the budget for the fiscal year. Walker County practices a conservative approach to revenue projecting. Several methodologies are used in forecasting the revenues to ensure the most accurate revenue projections. Historical trends, informed judgement, and review of pending legislative changes that may affect the revenue sources to the County are the most prevalent methods used. Changes in revenue sources and allowable charges are subject to change at least every legislative session. Walker County maintains a matrix of monthly revenues by month by fiscal year for many of the revenues sources. By reviewing pattern of the different revenues, several methods of analysis are done, using average monthly, % of total revenues in past years as it relates to collections for the year and level of activity. Property taxes collection rates are monitored and reviewed as part of the estimating of property taxes, the County largest revenue source.

Property Taxes

Revenues from property taxes account for 60% of overall County revenues and 71% of the General Fund revenues. Current property taxes, delinquent property taxes, and penalties and interest on delinquent property taxes are included in the budget. Taxes are assessed on all property in Walker County except for certain properties that are eligible for exemption, such as state and federally owned property and other full or partial exemptions are allowed. Exemptions from property tax are governed by Federal and State laws. The Walker County Appraisal District assesses the value of property in Walker County, processes all applications for exemptions, calculates tax ceilings, and maintains current ownership information on the appraisal records. Based on the total taxable property certified by the Appraisal District, the Commissioners Court sets the tax rate necessary to support the adopted budget. Applying the tax rate to the taxable appraised value of the property determines the amount of tax that is paid by the individual taxpayer. The Appraisal District calculates the total levy and mails the tax statements. Walker County contracts with the Appraisal District to collect the taxes. The Appraisal District works with an attorney to collect delinquent taxes.

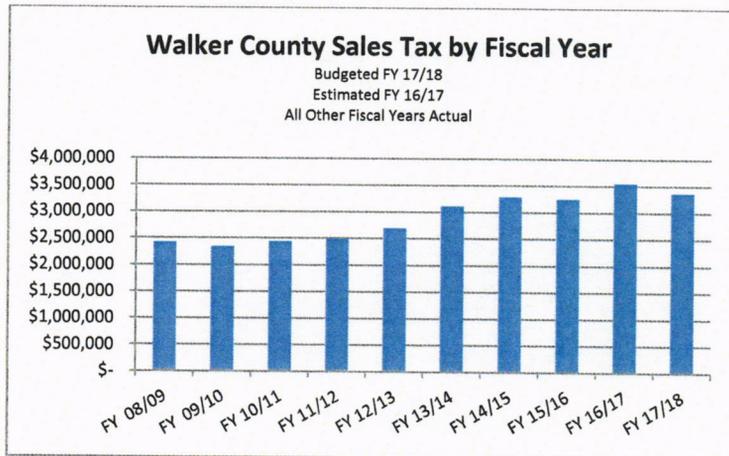
When the County adopts the tax rate, it adopts two rates, one for operations and one for payment of debt. Beginning on E-1 of the Tax Information section, information related to comparison of levies is presented. On page O-8, a comparison of assessed values by property categories is shown for a ten year period. Within Walker County there are several taxing agencies including school districts, cities, emergency service districts, and the Walker County Hospital District. The overlapping tax rate for an individual varies depending on where you live within the County. Information on the tax rates for the overlapping taxing entities can be found on page O-7

Property taxes are assessed each year based on the property values at January 1st of each year. Current property taxes account for 58.3% of the total revenues. Delinquent taxes account for another 1.03% of

revenues, and property tax penalties and interest accounts for another 0.79% of revenues. Property tax collections remain stable in the 98% to 99% range for current and delinquent collections combined. The FY 2018 budget is projected based on an approximate 97% collection rate for the combined current and delinquent tax collections. In the FY 2018 budget, new growth accounted for \$548,418 of additional revenues from current property taxes. Walker County has adopted the effective tax rate for FY 2018 making this the fourth consecutive year that Walker County has adopted the effective rate.

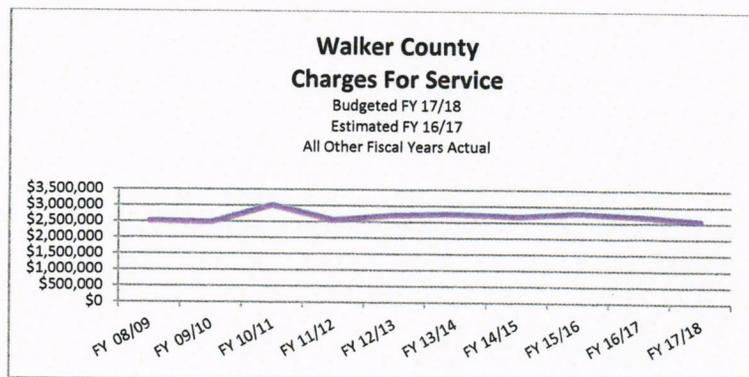
Sales Tax

Walker County has a ½ cent tax rate, adopted by the voters in 2002. The sales tax revenue is used to reduce the property tax rate. The sales tax adjustment rate, determined as part of the effective tax rate calculation is \$0.1273 per \$100 assessed valuation. Sales tax accounts for approximately 11% of total revenues and approximately 16% of revenues of the General Fund. Sales tax revenues were up by approximately 9% in the past fiscal year due to a one-time payment and an approximate 4% increase in the monthly sales tax payments. This follows several years of flat sales tax revenues. The budget for FY 2018 projects a 2% increase over FY 2017 estimated collections after deducting the one-time payment.



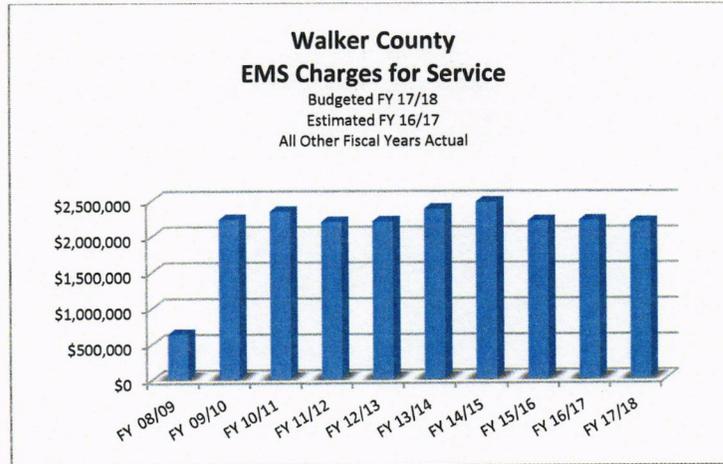
Charges for Service

Charges for Service, the third largest revenue grouping accounts for 8% of the total revenues of the County and 7% of revenues of the General Fund, and 7% of revenues of the Road and Bridge Fund. Total revenues in this category are consistently in the \$2,500,000 range. Fees of office associated with the judicial system are included in this category as well as fees from the service of papers by law enforcement. License registration fees and vehicle registration commissions, certificates of title, road and bridge fees, coin phone charges at the County Jail and charges to the hospital district for services provided at the jail are also included.



Charges for EMS Service

Charges for EMS Service, accounts for 7% of the total revenues of the County and 71% of revenues of the EMS Fund. Billings for services are processed internally by two billing clerks. Filing of claims with insurance providers, Medicare and Medicaid are processed as part of the billing.



Fines/Court Cost/Forfeitures

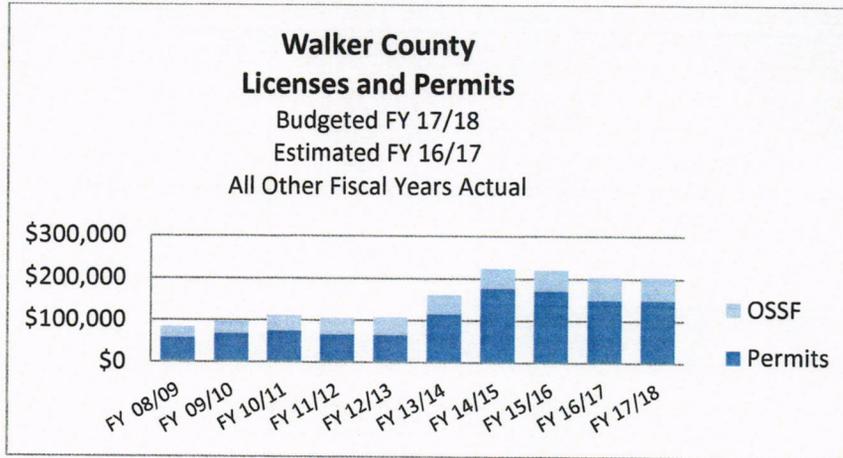
Fines, Court Costs and Forfeitures represent 4% of the total revenues of the County. The bulk of this category is fines. Fines are generally deposited into the Road and Bridge Fund and account for approximately 18% of the Road and Bridge Fund revenues. This is a highly volatile revenue source and the County has seen a downward trend over the last several years, resulting in an increased portion of the property tax revenues being required for allocation to the Road and Bridge Fund. Forfeiture amounts received by law enforcement agencies such as the Sheriff's and the District of Attorney's office are deposited in the Legislative Group of Funds. Expenditure of these funds falls under the direction of law enforcement and their expenditure is subject to statutory spending guidelines.

Inter Governmental Revenues

For the FY 2018, revenues expected in this group total \$507,837. Sources include monies from the State to supplement the salaries of the County Judge, Court at Law Judge, District Attorney, and monies from other Counties for participation in the operating costs of the District Judges housed in Walker County, that serve not only Walker County but also serve several surrounding counties. The County receives \$60,904 for indigent defense from the State, and is estimated to receive \$106,000 from the State for the Road and Bridge Fund, a number that is significantly down from prior years. Walker County also has a contract with the City of New Waverly and the New Waverly ISD to provide law enforcement services. In the Grant Funds, not included in the annual budget, most of the revenues received fall in this category.

Licenses and Permits

Revenues budgeted in this area total \$204,000. The Department of Planning and Development collects fees for on-site sewage permitting and compliance, floodplain development permits, map documents, and land platting submittals. The current fee schedule also includes fees for map production and solid waste permitting; however these service categories have an extremely low volume due to limited requests for service.



Transfers In

Transfers totaling \$ 1,860,518 are included in the FY 2018 budget. All transfers are *from* the General Fund. Transfers include \$660,000 to the Road and Bridge Fund, \$250,000 to the Projects Fund, \$907,000 to the EMS Fund, and \$43,518 to the Legislatively Designated Funds. Transfers account for 6% of the total revenues included in the budget.

Expenditures

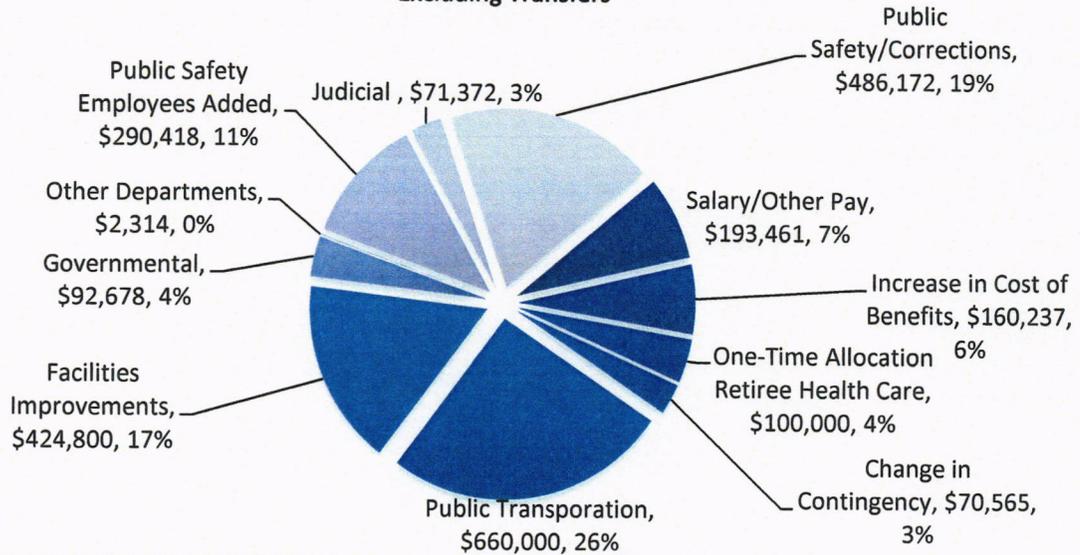
The adopted expenditure budget for the Fiscal Year October 1, 2017 to September 30, 2018 is \$35,119,502 as compared to \$33,958,251 for the prior year.

The starting point for the budget each year is the base budget for the prior year, defined as last year's total budget less one time expenditures that were included in that budget. For FY 2018 the starting point was \$31,628,474 (\$33,958,251 less \$2,258,665). The adopted budget for fiscal year 2017-2018 includes additions to the base budget of \$698,253 in on-going costs and one-time allocations of \$2,792,505.

A listing of changes that were included in the adopted budget for Fiscal Year 2017-2018 follows.

	FY 2016-2017 Total Budget	Less One-Time Allocations	Fy 2016-2017 Base Budget	Current Year Add/Subtracts to Base Budget	FY 2017-2018 Base Budget	One-Time Allocations This Year	Total FY 2018 Budget
General Fund	22,092,522	-1,242,439	20,850,083	666,410	21,516,493	1,803,487	23,319,980
General Projects Fund	0	0	0	0	0	262,800	262,800
Healthy County Initiative Fund	3,000	0	3,000	0	3,000	0	3,000
Debt Service Fund	1,372,768	0	1,372,768	3,100	1,375,868	0	1,375,868
Road and Bridge Fund	6,136,846	-900,000	5,236,846	14,770	5,251,616	660,000	5,911,616
EMS Fund	3,546,806	-151,782	3,395,024	41,500	3,436,524	42,675	3,479,199
Legislatively Designated Funds	806,309	-35,556	770,753	-27,257	743,496	23,543	767,039
Total	33,958,251	-2,258,665	31,628,474	698,253	32,326,997	2,792,505	35,119,502

Walker County
Adopted Budget Fiscal Year 2017-2018
Summary of Changes to Prior Year Base Budget
Excluding Transfers



Adopted Budget Detail of Changes from prior year Base Budget - General Fund

	One-Time	On-Going
County Wide		
Central Appraisal District Operations Increase		\$ 35,042
Central Dispatch Operations Increase-Operations		\$ 17,208
Central Dispatch Increase-2 Dispatchers		\$ 48,954
Increased Benefits Costs- TDCRS		\$ 43,688
Increased Cost Health Insurance for Employees		\$ 41,384
Base Pay/Change in Longevity Pay		\$ 4,655
Pay Increase CDA Office		\$ 7,241
Pay Increase (\$500 per employee + benefits)		\$ 139,694
Decrease for workers comp rate adjustment		\$ (21,698)
Retiree health care Set-aside	\$ 100,000	\$ 88,000
Increase for Financial Software		\$ 15,000
County Clerk Software Contract increase		\$ 4,800
Create Contingency for One-time Items	\$ 100,000	
Reallocation of Contingency		\$ (29,435)
Courthouse Security		\$ 18,856
Transfer-Pretrial Diversion Fund		\$ 10,155
15010-County Judge		\$ (2,423)
15030-County Judge-IT		\$ 7,800
15030-County Judge-IT		\$ 3,400
Dell PowerVault MD 1220	\$ 13,000	

Adopted Budget Detail of Changes from prior year Base Budget - General Fund

		One-Time	On-Going
15050-County Clerk	(5)Metal Shelving	\$ 11,281	
	(2) Plat Cabinets	\$ 9,055	
17010-CountyFacilities	Increase for Uniforms		\$ 1,500
	Increase for Operating Supplies		\$ 4,000
	Increase for Minor Equipment		\$ 4,000
	Increase for Lubricants, Oils, Etc.		\$ 500
	Courthouse-Add Johnson Controls	\$ 92,000	
	Transfer to Project Fund-Major Facilities Repairs	\$ 250,000	
Facilities Construction	Construction-Precinct 3 Road and Bridge Office	\$ 70,000	
20020-County Treasurer	Re-allocation of Bank Fees		\$ (18,000)
20040-Purchasing	Increase for Conferences		\$ 300
	Increase for Travel and Lodging		\$ 800
	Replacement Computer	\$ 1,500	
30010-Courts Central Cost	Increased cost of Indigent Defense Contract		\$ 6,817
31010-District Clerk	District Clerk-Add a Full Time Appeals Clerk		\$ 49,780
32010-Criminal District Attorney	Increase for Westlaw subscription Fee		\$ 2,160
	Benefit, Travel & Supply Match for CDA VAC		
Transfer to Grant	Grant	\$ 24,115	
Transfer to Grant	Benefits for CDA prosecutor grant position	\$ 11,215	
33010-Justice of Peace Precinct 1	Increase for Conferences		\$ 100
33020-Justice of Peace Precinct 2	Increase for Conferences		\$ 100
33030-Justice of Peace Precinct 3	Increase for Conferences		\$ 100
	Increase for Dues and Subscriptions		\$ 100
33040-Justice of Peace Precinct 4	(3) Office Chairs	\$ 900	
	Increase for Conferences		\$ 100
41010-Sheriff	Sergeant - HIDTA Investigator	\$ 44,440	\$ 40,000
	Add 2 Sheriff Deputies	\$ 15,140	\$ 120,174
	Reallocation of Fuel		\$ (40,000)
	Sheriff Office Vehicles(5) Replacement	\$ 198,282	
44001-Constable Central	Reallocation - Salaries/Benefits & Operations	-	-
44010-Constable Precinct 1	Increase for Operations		\$ 1,000
	Increase for Vehicle Maintenance		\$ 2,000
44020-Constable Precinct 2	Increase for Operations		\$ 1,000
	Increase for Vehicle Maintenance		\$ 2,000
	Patrol Rifle	\$ 2,077	
	Replacement Toughbook	\$ 4,929	
44030-Constable Precinct 3	Increase for Operations		\$ 1,000
	Increase for Vehicle Maintenance		\$ 2,000
	Replacement Vehicle and Equipment for Vehicle	\$ 69,608	
	Increase for Operations		\$ 2,000
	Patrol Rifle & Case	\$ 1,818	
44040-Constable Precinct 4	Replacement Toughbooks (2)	\$ 9,857	
	Add Constable Deputy (shared Cost New Waverly)	\$ 23,175	\$ 36,850
	On-Going Operations Added Deputy (contingent on contract)		\$ 7,915
	Equipment for constable deputy added	\$ 8,198	

Adopted Budget Detail of Changes from prior year Base Budget - General Fund

		One-Time	On-Going
46010-Emergency Operations	Increase for Conferences		\$ 450
	Increase for Copier Maintenance/Color Copies		\$ 1,000
	Increase for Telecable		\$ 860
	Maintenance Contract for Generator		\$ 1,060
50010-County Jail	Tahoe Replacement with Equipment	\$ 47,443	
	Passenger Van Replacement	\$ 33,826	
61020-Planning & Development	Reallocation - Salaries/Benefits From County Judge Budget		\$ 2,423
70020-Texas AgriLife Extension Service	HP Zbook 15 G3 Notebook(Cost Share)	\$ 850	
	LEGO Mindstorms Education EV3 Core Set (2)	\$ 778	
Transfers	Transfer to Road and Bridge Fund	\$ 660,000	
Total General Fund Increases to Base Budget		\$ 1,803,487	\$ 666,410

Adopted Budget Detail of Changes from Prior Year Base Budget - Road and Bridge Fund

County Wide

	Increased Benefits Costs- TDCRS Retirement Contribution		\$ 8,291
	Increased Cost Health Insurance for Employees		\$ 3,922
	Base Pay/Change in Longevity Pay		\$ 123
	Pay Increase (\$500 per employee + benefits)		\$ 25,097
	Decrease for workers comp rate adjustment		\$ (22,663)
Road and Bridge Fund			
82210-Road and Bridge Precinct 1	Special Allocation - ROW Fencing	\$ 15,000	
82210-Road and Bridge Precinct 1	Special Allocation - Roads	\$ 150,000	
82220-Road and Bridge Precinct 2	Special Allocation - ROW Fencing	\$ 15,000	
82220-Road and Bridge Precinct 2	Special Allocation - Roads	\$ 150,000	
82230-Road and Bridge Precinct 3	Special Allocation - ROW Fencing	\$ 15,000	
82230-Road and Bridge Precinct 3	Special Allocation - Roads	\$ 150,000	
82240-Road and Bridge Precinct 4	Special Allocation - ROW Fencing	\$ 15,000	
82240-Road and Bridge Precinct 4	Special Allocation - Roads	\$ 150,000	
	Total Road and Bridge Fund	\$ 660,000	\$ 14,770

Adopted Budget Detail of Changes from Prior Year Base Budget - EMS Fund

County Wide

	Increased Benefits Costs- TDCRS		\$ 9,553
	Increased Cost Health Insurance for Employees		\$ 4,134
	Base Pay/Change in Longevity Pay		\$ 2,276
	Pay Increase (\$500 per employee + benefits)		\$ 28,670
	Decrease for workers comp rate adjustment		\$ (8,669)
46100-EMS Emergency	Crew Furniture	\$ 5,400	
	Ford Interceptor SUV Replacement	\$ 37,275	
	Increase for Operating Budget -Insurance		5,536
	Total EMS Fund	\$ 42,675	\$ 41,500

Adopted Budget Detail of Changes from Prior Year Base Budget - Other Funds

		One-Time	On-Going
Debt Service Fund			\$ 3,100
Capital Projects		\$ 262,800	
Legislatively Designated			
<u>Justice Technology Fund</u>			
33010-Justice of Peace Precinct 1	(4) Replacement Computers	\$ 4,074	
	Television for Courtroom (Split cost with the City)	\$ 4,000	
33020-Justice of Peace Precinct 2	(1) Replacement Computer	\$ 1,019	
33030-Justice of Peace Precinct 3	Replacement Scanner	\$ 915	
	Replacement Shredder	\$ 1,995	
	(1) Replacement Computer with Dual Monitors	\$ 1,333	
	(1) Replacement Laptop with Docking Station	\$ 1,601	
33040-Justice or Peace Precinct 4	(3) Replacement PC	\$ 3,564	
<u>District & County Clerk Technology Fund</u>			
31010-District Clerk	(4) Replacement Computers	\$ 5,042	
<u>Allocation Reductions</u>			
County Records Preservation	Changes in budget for operating costs		\$ (7,054)
County Records 11 Digitize	Change in budget-temporary employee		\$ (675)
County Records 11 Digitize	Changes in budget for operating costs		\$ 15,523
County Clerk Records Preservation	Changes in budget for operating costs		\$ 70
District Clerk Rider for Prosecution	Changes in budget for operating costs		\$ 18
County Jury	Changes in budget for operating costs		\$ (633)
Law Library	Changes in budget for operating costs		\$ (13,964)
Courthouse Security Fund	Changes in budget for operating costs		\$ 731
Justice Court Technology	Changes in budget for operating costs		\$ (18,800)
County and District Court Technology	Changes in budget for operating costs		\$ (5,522)
Pretrial Intervention	Changes in budget for operating costs		\$ 241
Elections Equipment	Changes in budget for operating costs		\$ 581
Election Services/Contracts	Changes in budget for operating costs		\$ 2,227
	Total Legislatively Designated Funds	<u>\$ 23,543</u>	<u>\$ (27,257)</u>
Total All Funds		<u><u>\$ 2,792,505</u></u>	<u><u>\$ 698,253</u></u>