



Dallas, Oregon
ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2013

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POLK COUNTY

**OFFICERS AND MEMBERS OF THE GOVERNING BODY
For the Year Ended June 30, 2013**

Commissioners

Term Expires

Craig Pope
15040 Airlie Rd.
Monmouth, OR 97361

January 5, 2015

Mike Ainsworth
PO Box 652
Monmouth, OR 97361

January 5, 2015

Jennifer Wheeler
441 N. 13th
Independence, OR 97351

January 9, 2017

Other Elected Officials

Douglas Schmidt, Assessor
Valerie Unger, Clerk
Aaron Felton, District Attorney
Bob Wolfe, Sheriff
Linda Fox, Treasurer

Administrative Officer

Gregory P. Hansen

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POLK COUNTY

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INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners
POLK COUNTY
Dallas, Oregon

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of POLK COUNTY, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, 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, each major fund, and the aggregate remaining fund information of POLK COUNTY, as of June 30, 2013, the respective changes in financial position, and, where applicable, cash flows thereof, and the respective budgetary comparisons for the General, Public Works, and Mental Health funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters
Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages i - vii 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 combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*


In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2013, on our consideration of POLK 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 POLK COUNTY's internal control over financial reporting and compliance.

Other Reporting Required by Oregon Minimum Standards

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated December 27, 2013, on our consideration of POLK COUNTY's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

Boldt Carlisle + Smith
Certified Public Accountants
Salem, Oregon
December 27, 2013

By:



Bradley G. Bingenheimer

MANAGEMENT'S DISCUSSION AND ANALYSIS

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**POLK COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013**

The management of Polk County, Oregon presents this narrative overview and analysis of the financial activities, for the fiscal year ended June 30, 2013. This discussion and analysis is intended to serve as an introduction to the basic financial statements as well as provide additional information to readers. We encourage readers to consider this information in conjunction with the accompanying financial statements. This narrative is based on currently known facts, decisions and conditions that existed as of the date of the independent auditors' report.

Financial Highlights

- The County's assets exceeded its liabilities by \$42,995,462 at June 30, 2013, on its government-wide Statement of Net Position. Of this amount, \$41,236,553 is invested in capital assets and \$2,233,551 is restricted for various purposes.
- The County's total net position decreased \$4,146,297 during the current fiscal year. This decrease is attributable to expenses in excess of revenues. Expenses include \$4,483,112 for depreciation, a non-cash expense.
- At June 30, 2013, unassigned fund balance for the General Fund was \$2,136,386, or approximately 14% of total General Fund expenditures for the year.
- At June 30, 2013, significant fund balance deficits exist in the Mental Health fund (\$857,224) and Building Improvement fund (\$1,135,893). Subsequent to June 30, 2013, the County borrowed \$2,000,000 for the purpose of covering short-term cash flow issues caused by these deficits.

Overview of the Financial Statements

The County's basic financial statements are made up of three components:

1) government-wide financial statements, 2) fund financial statements and 3) notes to basic financial statements. This report also contains other supplementary information in addition to the basic financial statements.

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

- The statement of net position presents information on all assets and liabilities of the County, with the difference between the two reported as net position. Over time, increases or decreases in net position may be a useful indicator of whether the financial position of the County is improving or deteriorating.
- The statement of activities presents a summary of current fiscal year income and expense and shows how the County's net position changed during the year on an accrual basis. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused employee vacation leave).

It is required that both government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). All functions of Polk County are classified as governmental activities.

The government-wide financial statements can be found on pages 1 and 2 of this report.

Fund financial statements are financial reports that provide more detail than the government-wide financial statements. A fund is a group of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. Polk County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All funds of the County can be divided into three categories: governmental, proprietary and fiduciary.

- **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 statements, governmental fund financial statements are presented on a modified-accrual basis. The measurement focus for the fund statements is based on the acquisition and use of current spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. This information may be useful in evaluating the County's near-term financing requirements.

The County maintains 24 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the General, Public Works, Mental Health and OTIA III Bridge Replacement funds, all of which are considered to be major governmental funds. Data from the other 20 governmental funds are combined into a single aggregated presentation. The Polk County Extension District, considered a component unit of the County for the purposes of the financial statements, is included with the County governmental funds. Financial information for governmental funds is included on pages 3 through 15 in this report and is reconciled to the government-wide statements on pages 3 and 5. Individual fund data for each of the non-major funds is provided in the form of combining and individual fund statements on pages 44 through 70 in this report.

- **Proprietary funds** are used by the County to allocate costs internally among various functions and to report business-type activities. The County currently maintains no business-type activities, but uses proprietary internal service funds to account for overall management activities including finance, insurance and risk management, fleet management, telephone and data processing, mail processing and facilities management. Because these services benefit governmental functions, they have been included with governmental activities in the government-wide financial statements. Summary information about Polk County's internal service funds is contained on pages 16-18 and detailed fund information can be found on pages 71 through 77 of this report.
- **Fiduciary funds** (agency funds) are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are not included in the government-wide financial statements because the resources of these funds do not belong to the County and are not available to support County programs. The County maintains agency funds for taxing districts, for inmates at the jail and various other miscellaneous trust accounts as the need arises. Information about Agency fund activity for the year is located on pages 19 and 78 of this report.

The County adopts an annual appropriated budget for all governmental and proprietary funds. Budgetary comparison statements have been provided for each fund to demonstrate compliance with budget.

Notes to Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the financial data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 20 of this report.

Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents supplementary information required by State regulations and by the Federal government. This supplementary information is presented on pages 44-79.

Government-wide Financial Analysis

Assets exceeded liabilities by \$42,995,462 at June 30, 2013. The largest portion of the County's net position (96%) is its net investment in capital assets. 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 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 capital assets themselves cannot be used to liquidate these liabilities.

NET ASSETS

Assets	6/30/2012	6/30/2013	Changes
Current assets	\$ 9,763,746	\$ 5,502,179	\$ (4,261,567)
Capital assets, net	<u>56,514,457</u>	<u>53,949,289</u>	<u>(2,565,168)</u>
Total Assets	<u>66,278,203</u>	<u>59,451,468</u>	<u>(6,826,735)</u>
Liabilities and Deferred Inflows of Resources			
Current liabilities	5,243,717	4,672,090	\$ (571,627)
Long-term liabilities	<u>13,892,727</u>	<u>11,783,916</u>	<u>(2,108,811)</u>
Total Liabilities and Deferred Inflows of Resources	<u>19,136,444</u>	<u>16,456,006</u>	<u>(2,680,438)</u>
Net Position			
Net investment in capital assets	41,635,897	41,236,553	(399,344)
Restricted net assets	4,559,208	2,233,551	(2,325,657)
Unrestricted	<u>946,654</u>	<u>(474,642)</u>	<u>(1,421,296)</u>
Total Net Position	<u>\$ 47,141,759</u>	<u>\$ 42,995,462</u>	<u>\$ (4,146,297)</u>

During the year, current assets decreased \$4,261,567. Cash and investments decreased \$3,326,576 and other current assets decreased \$934,991.

Net capital assets decreased \$2,565,168. During the year, the capital asset balance increased \$2,185,359 for new assets purchased, decreased \$4,483,112 for annual depreciation expense and decreased \$267,415 for net book value of assets disposed of. New assets purchased included \$133,061 for bridge improvements, \$50,476 for bicycle path improvements, \$773,613 for land and building improvements and \$1,228,209 for equipment and vehicles.

Liabilities decreased \$2,680,438 during the year. This change includes \$571,627 decrease in current liabilities and \$2,108,811 decrease in long-term obligations. Most of the current liability decrease was in accounts payable. Changes in long-term liabilities included an increase of \$227,498 relating to accrual of post-employment benefits, and an increase of \$48,516 for capital leases on office equipment. Decreases during the year were bond principal payment of \$2,195,000 and \$189,825 principal reductions on other debt.

Net position of the County decreased \$4,146,297 during the year. This reduction includes a decrease of \$399,637 in net investment in capital assets, a decrease of \$2,326,317 in restricted net position and a \$1,420,343 decrease in unrestricted net position. Net investment in capital assets is defined as the total purchase price of the capital assets owned reduced by the accumulated depreciation on those assets, less the balance of debt relating to these assets.

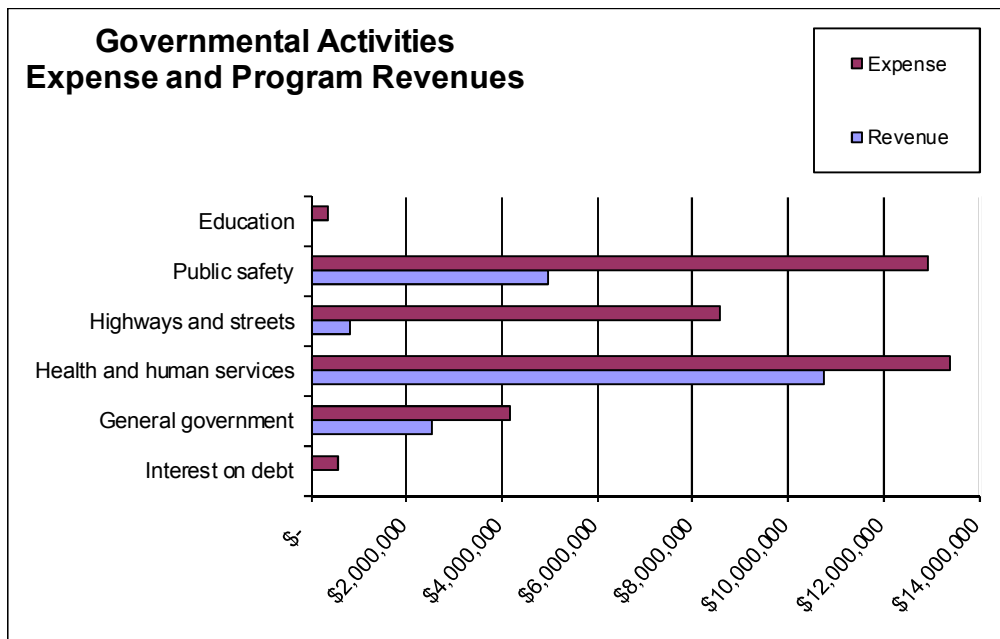
Key elements of the net position decrease and a comparison with the prior year are as follows:

CHANGES IN NET ASSETS

	<u>6/30/2012</u>	<u>6/30/2013</u>	<u>Changes</u>	<u>% Inc/Dec</u>
Program revenues:				
Charges for services	\$ 3,609,550	\$ 3,431,423	\$ (178,127)	-4.9%
Program grants and contributions	17,190,669	15,602,887	(1,587,782)	-9.2%
General revenues:				
Property taxes	10,757,122	10,933,847	176,725	1.6%
Other taxes	983,059	942,973	(40,086)	-4.1%
Other grants and contributions	3,922,328	3,955,228	32,900	0.8%
Forest and timber receipts	992,582	829,766	(162,816)	-16.4%
Interest earnings	44,831	30,236	(14,595)	-32.6%
Miscellaneous	96,052	121,054	25,002	26.0%
Total Revenues	<u>37,596,193</u>	<u>35,847,414</u>	<u>(1,748,779)</u>	-4.7%
Expenses:				
General government	4,257,635	4,165,282	(92,353)	-2.2%
Public safety	13,357,592	12,924,893	(432,699)	-3.2%
Highways and streets	9,294,058	8,566,456	(727,602)	-7.8%
Health and welfare	11,931,835	13,402,413	1,470,578	12.3%
Education	349,462	364,784	15,322	4.4%
Interest on long-term obligations	646,879	569,883	(76,996)	-11.9%
Total Expense	<u>39,837,461</u>	<u>39,993,711</u>	<u>156,250</u>	0.4%
Increase (decrease) in net assets	<u>(2,241,268)</u>	<u>(4,146,297)</u>	<u>(1,905,029)</u>	85.0%
Beginning net position	<u>49,383,027</u>	<u>47,141,759</u>	<u>(2,241,268)</u>	-4.5%
Ending net position	<u>\$ 47,141,759</u>	<u>\$ 42,995,462</u>	<u>\$ (4,146,297)</u>	-8.8%

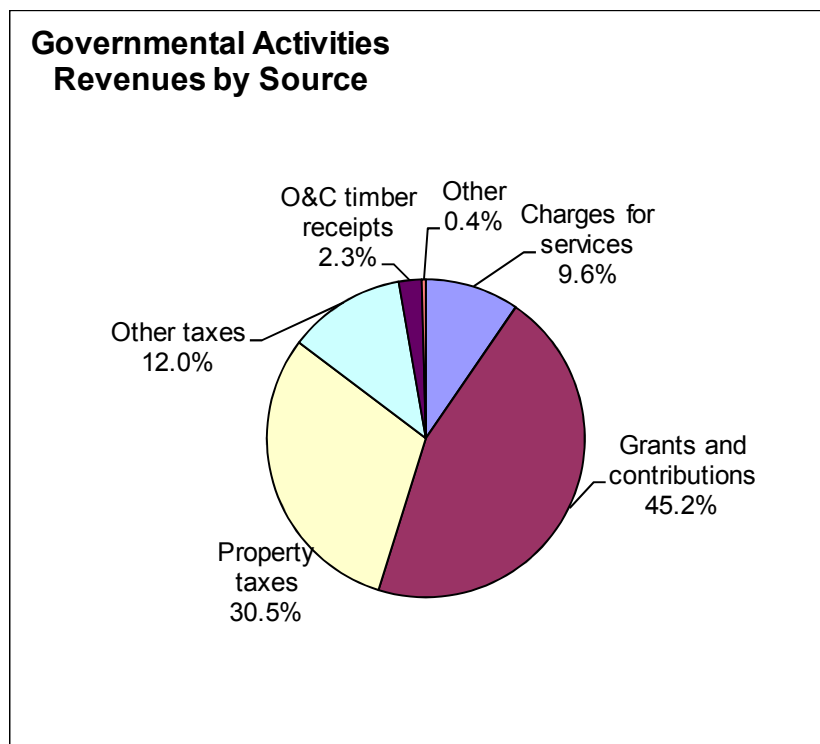
Total revenues for the year were \$35,847,414, a decrease of \$1,748,779 from the prior year. Revenues include direct program revenue of \$19,034,310 and general revenue of \$16,813,104. Program revenue is defined as charges for services and operating grants and revenues, which are allocable directly to programs. While general revenue remained about the same, program revenue decreased \$1,765,909 compared to the prior year. Program revenues decreased \$1,587,782 for program grants and decreased \$178,127 for charges for services. General revenues decreased \$17,130. General revenues decreased \$162,816 for forest and timber receipts. General revenues also decreased for interest earnings (\$14,595) and for other taxes (\$40,086). Revenues increased for property taxes (\$176,725), general grants (\$32,900) and miscellaneous revenues (\$25,002).

Total expenses increased \$156,250 this fiscal year. Expenses increased for health and welfare, \$1,470,578 (12.3%) and for education, \$15,322 (4.4%). Expenses decreased for general government, \$92,353 (2.2%), for public safety, \$432,699 (3.2%), for highways and streets, \$727,602 (7.8%) and for interest on long-term obligations \$76,996 (11.9%).



The chart above compares direct program revenue with program expenses. During the past year, all governmental activities relied on general revenues to support the function. Revenue from road taxes in the amount of \$3,955,228 is not included in direct program revenue. Because it is defined as a tax, it is included in general grant revenue rather than program revenue for highways and streets.

The chart below shows sources of revenue for the fiscal year. 45.2% of revenues are from grants and contributions, 30.5% from property taxes, 9.6% from charges for services, 12.0% from other taxes, \$829,766 (2.3%) from O & C timber receipts and .4% from investment income and miscellaneous receipts.



Financial Analysis of the County's Funds

As required, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At June 30, 2013, the County's governmental funds have combined ending fund balances of \$2,401,691, which includes a decrease of \$2,915,762 during the current fiscal year. The ending fund balance consists of \$240,838 defined as nonspendable, \$1,968,934 defined as restricted and \$48,650 defined as committed. Nonspendable fund balances are those tied up in inventory and prepaid expenses which are nonspendable due to the nature of the item. Restricted fund balances are funds that are restricted by agencies or funding sources outside of the County. Committed fund balances are funds committed for designated purposes by the County Board of Commissioners. Fund balances not included in these defined categories are considered unassigned and available for appropriation in the subsequent year at the Board's discretion. The County's unassigned fund balance at June 30, 2013 is \$143,269, compared to a \$1,694,653 unassigned fund balance at June 30, 2012.

The General Fund is the chief operating fund of the County. At June 30, 2013, unassigned General Fund balance was \$2,136,386, approximately 93% of the total General Fund balance. The General Fund balance decreased \$211,605 during the current fiscal year, compared to a decrease of \$600,324 in the prior year. Compared to the previous year, General Fund revenues increased \$530,517, expenditures decreased \$147,761 and transfers out increased \$289,559.

All major funds showed decreases in fund balances this year. Decreases were \$583,907 for Public Works Fund, \$1,412,761 for the Mental Health Fund, and \$94,009 for OTIA III Bridge Replacement Fund. Decrease in the Public Works Fund was the result of capital expenditures and other spending from current year revenues as well as from the beginning fund balance. The decrease in the Mental Health Fund was the result of spending in excess of revenues. The decrease in the OTIA III Bridge Replacement Fund was caused by current year spending of grant funds received in prior years. Other non-major governmental funds combined showed a fund balance decrease of \$613,480. Included here is a \$600,359 decrease for the Building Improvement fund which was caused by expenditures in excess of revenue for building improvement projects.

General Fund Budgetary Highlights

During the fiscal year, one budget modification was adopted by the Board. This modification increased General Fund appropriations by \$1,087,000. This modification included appropriations of \$300,000 from increased revenue and \$787,000 reduction in the operating contingency. The larger appropriation increase were as follows: Sheriff Patrol - \$250,000, Jail - \$50,000, Emergency Management - \$90,000, Community Corrections - \$175,000, and transfer to Public Works - \$300,000. Appropriations in various other General fund department increased by \$222,000.

Capital Assets and Debt Administration

The County's net investment in capital assets, at June 30, 2013, is \$53,949,289. This investment in capital assets includes land, building and improvements, machinery and equipment, roads and bridges and vehicles. The total decrease during the current year was \$2,565,168 (4.5%). Capital asset additions for the year totaled \$2,185,358. Additions include work on bridge replacements (\$133,061), Rickreall Road bicycle path improvements (\$50,476), two patrol vehicles and propane fuel conversion costs for 7 patrol vehicles (\$107,060), e-permitting system upgrade to patrol cars (\$66,676), four road graders (\$810,319), other public works equipment (\$14,500), emergency management generators and equipment (\$106,048), Academy building remodel (\$254,667), leasehold improvements to West Salem Health office (\$250,267), Fairgrounds sign (\$81,562), Courthouse fire suppression and lighting (\$126,668), other County buildings improvements (\$60,447), and other equipment (\$123,608). The net asset balance for the year is increased by asset acquisitions (\$2,185,359) and decreased by depreciation expense (\$4,483,112) and also decreased for net book value of assets sold (\$267,415). There was no change in the condition of the County's capital assets during the year. Additional detail about capital asset changes can be found beginning on page 32 in the notes to the financial statements.

At the end of the current fiscal year, the County had \$12,640,000 in general obligation bonds outstanding, which is the total of three bond issues. Bonds were issued March 2007 for the purpose of road improvements. Bonds (certificates of participation) in the amount of \$2,250,000 were issued in 2011 for the primary purpose of debt payoff and remodeling to the Academy Building. Additional bonds (\$790,000) were issued in April 2012 for the purpose of paying off debt which financed the 2004 Falls City road project. \$2,195,000 principal plus \$625,768 interest was paid on the bonds during the year. Bond payments for the Road Bond are made from property tax revenues. Bond payments for the certificates of participation are made from the Building Improvement Fund using savings in rental costs. Bond payments for the Falls City road project are made by the Public Works Fund from revenue.

During the year, the County incurred debt for 7 additional capital leases for office equipment in the amount of \$48,704. At the end of the fiscal year, the County had \$72,736 remaining non-bond debt outstanding for 11 capital leases on office equipment. Total payments on non-bond debt during this year included \$19,528 principal and \$3,907 interest. Additional details about debt and repayment terms are contained on pages 34 and 35 of the notes to the financial statements.

Key Economic Factors and Next Year's Budget Information

- Polk County's fiscal year 2013-14 budgeted appropriations decreased approximately 6.0% compared to the prior year.
- General Fund revenues for fiscal year 2013-14 are budgeted at \$16,633,000. This includes a beginning fund balance of \$2,400,000.
- Significant changes in fiscal year 2013-14 budgeted expenses, including percentage change from the prior year are:
 - General Fund decrease - \$72,000 (.4%), overall budget cuts
 - Public Works Fund decrease - \$97,500 (1.7%), reduced revenue and reduced beginning fund balance
 - Health and Human Services decrease - \$533,750 (32.9%), reduced inter-fund revenue
 - Mental Health Fund decrease - \$2,035,000 (17.7%), decreased revenue and beginning fund balance
 - 911 Emergency Communications decrease - \$260,000 (91.2%), change in funding system

Requests for Information

This report is designed to provide a general overview of Polk County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be directed to:

Linda Fox
Polk County Treasurer
850 Main Street
Dallas, Oregon 97338
Phone: 503-623-9264

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BASIC FINANCIAL STATEMENTS

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POLK COUNTY

STATEMENT OF NET POSITION

June 30, 2013

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Cash and investments	\$ 2,443,551
Receivables	2,720,974
Inventory	158,409
Prepaid items	179,245
Capital assets:	
Land and construction in progress	1,366,580
Other capital assets, net	<u>52,582,709</u>
TOTAL ASSETS	<u>59,451,468</u>
<u>LIABILITIES</u>	
Accounts payable and accrued expenses	1,204,403
Accrued interest payable	293
Net other post-employment benefits	1,450,107
Long-term obligations:	
Due within one year	3,339,520
Due in more than one year	<u>10,333,809</u>
TOTAL LIABILITIES	<u>16,328,132</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Unamortized premium on long-term obligations	<u>127,874</u>
<u>NET POSITION</u>	
Net investment in capital assets	41,236,553
Restricted for:	
Debt service	286,806
Bridge construction	577,192
Bicycle path construction/maintenance	106,620
Law enforcement	316,268
Health and welfare	267,117
Economic development	364,955
Education	28,627
Other purposes	285,966
Unrestricted	<u>(474,642)</u>
TOTAL NET POSITION	<u>\$ 42,995,462</u>

See accompanying notes

POLK COUNTY

**STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2013**

	Program Revenues		Net (Expense)
Expenses	Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position
<u>Functions/Programs</u>			
Governmental activities			
General government	\$ 4,165,282	\$ 1,335,364	\$ 1,194,737
Public safety	12,924,893	778,164	4,187,987
Highways and streets	8,566,456	493,224	305,156
Health and welfare	13,402,413	824,671	9,915,007
Education	364,784		
Interest on long-term obligations	569,883	-	-
TOTAL GOVERNMENTAL ACTIVITIES	\$ 39,993,711	\$ 3,431,423	\$ 15,602,887
General revenues			
Property taxes levied for:			
General purposes			8,072,558
Education			348,390
Debt service			2,512,899
Other taxes			942,973
Other grants and contributions not restricted for specific programs			4,784,994
Unrestricted investment earnings			30,236
Miscellaneous			121,054
TOTAL GENERAL REVENUES			16,813,104
CHANGE IN NET POSITION			(4,146,297)
NET POSITION - BEGINNING			47,141,759
NET POSITION - ENDING			\$ 42,995,462

See accompanying notes

POLK COUNTY

**BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2013**

	<u>General</u>	<u>Public Works</u>	<u>Mental Health</u>	<u>OTIA III Bridge Replacement</u>	<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash and investments	\$ 2,061,861	\$ (75,681)	\$ (913,962)	\$ 577,192	\$ 155,523	\$ 1,804,933
Receivables	1,256,502	412,686	522,559	-	514,875	2,706,622
Inventory	-	158,409	-	-	-	158,409
Prepaid items	49,201	-	11,779	-	33,228	94,208
TOTAL ASSETS	<u>\$ 3,367,564</u>	<u>\$ 495,414</u>	<u>\$ (379,624)</u>	<u>\$ 577,192</u>	<u>\$ 703,626</u>	<u>\$ 4,764,172</u>
LIABILITIES						
Accounts payable and accrued	\$ 325,107	\$ 230,385	\$ 194,558	\$ -	\$ 330,056	\$ 1,080,106
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue	735,378	28,924	283,042	-	235,031	1,282,375
FUND BALANCES						
Nonspendable	49,201	158,409	-	-	33,228	240,838
Restricted	121,492	77,696	-	577,192	1,192,554	1,968,934
Committed	-	-	-	-	48,650	48,650
Unassigned	2,136,386	-	(857,224)	-	(1,135,893)	143,269
TOTAL FUND BALANCES	<u>2,307,079</u>	<u>236,105</u>	<u>(857,224)</u>	<u>577,192</u>	<u>138,539</u>	2,401,691
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 3,367,564</u>	<u>\$ 495,414</u>	<u>\$ (379,624)</u>	<u>\$ 577,192</u>	<u>\$ 703,626</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	53,949,289
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	1,282,375
The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.	\$ 537,012
Less: Capital assets of the internal service funds included above	(213,778)
Plus: Compensated absences and net OPEB obligations of the internal service fund included below	218,825
Plus: Long-term obligations of the internal service Fund	<u>71,358</u>
	613,417
Proceeds from long-term obligations in excess of the face amount of the bonds are amortized over the term of the bonds.	(127,874)
Some liabilities, including bonds payable, are not due and payable in the current period and therefore not reported in the funds	<u>(15,123,436)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 42,995,462</u>

See accompanying notes

POLK COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2013

	General	Public Works	Mental Health	OTIA III Bridge Replacement	Total Nonmajor Funds	Total Governmental Funds
REVENUES						
Property taxes	\$ 8,101,109	\$ -	\$ -	\$ -	\$ 2,865,157	\$10,966,266
Licenses, fees and permits	454,348	-	-	-	58,129	512,477
Intergovernmental	5,225,858	4,332,735	8,562,640	-	3,508,479	21,629,712
Charges for services	1,224,045	370,313	494,512	-	1,347,465	3,436,335
Franchise fees	126,015	-	-	-	205,541	331,556
Fines and forfeitures	130,091	-	-	-	8,171	138,262
Donations	2,404	-	8,152	-	26,784	37,340
Interest	25,136	561	128	3,020	1,391	30,236
Miscellaneous	67,863	11,721	5,790	-	6,690	92,064
TOTAL REVENUES	<u>15,356,869</u>	<u>4,715,330</u>	<u>9,071,222</u>	<u>3,020</u>	<u>8,027,807</u>	<u>37,174,248</u>
EXPENDITURES						
Current						
General government	3,346,032	-	-	-	744,224	4,090,256
Public safety	10,540,682	-	-	-	2,188,373	12,729,055
Highways and streets	-	4,988,017	-	-	105,279	5,093,296
Health and welfare	230,539	-	10,481,158	-	3,103,221	13,814,918
Education	-	-	-	-	365,850	365,850
Debt service						
Principal	-	50,000	2,590	-	2,145,000	2,197,590
Interest	-	27,957	235	-	597,811	626,003
Capital outlay	38,400	608,084	-	97,029	689,529	1,433,042
TOTAL EXPENDITURES	<u>14,155,653</u>	<u>5,674,058</u>	<u>10,483,983</u>	<u>97,029</u>	<u>9,939,287</u>	<u>40,350,010</u>
Excess (deficiency) of revenues over expenditures	<u>1,201,216</u>	<u>(958,728)</u>	<u>(1,412,761)</u>	<u>(94,009)</u>	<u>(1,911,480)</u>	<u>(3,175,762)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	374,821	-	-	1,298,000	1,672,821
Transfers out	(1,412,821)	-	-	-	-	(1,412,821)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,412,821)</u>	<u>374,821</u>	<u>-</u>	<u>-</u>	<u>1,298,000</u>	<u>260,000</u>
Net change in fund balances	(211,605)	(583,907)	(1,412,761)	(94,009)	(613,480)	(2,915,762)
Fund balance beginning of year	2,518,684	820,012	555,537	671,201	752,019	5,317,453
Fund balances at end of year	<u>\$ 2,307,079</u>	<u>\$ 236,105</u>	<u>\$ (857,224)</u>	<u>\$ 577,192</u>	<u>\$ 138,539</u>	<u>\$ 2,401,691</u>

See accompanying notes

POLK COUNTY

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2013**

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS		\$ (2,915,762)
<i>Amounts reported for governmental activities in the Statement of Activities are different because of the following:</i>		
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. The difference between these two amounts is:		
Capitalized expenditures	\$ 2,076,946	
Depreciation	<u>(4,483,112)</u>	(2,406,166)
In the Statement of Activities, property taxes are reported as revenue when assessed. However, in the governmental funds, property taxes are reported as revenues when they are measurable and available. This revenue recognition results in differences in amounts reported for property tax revenue.		(32,419)
In the Statement of Activities, revenue is recognized when earned. However, in the governmental funds, revenues are reported when they are measurable and available. This results in differences in amounts reported for grants and contributions.		(638,263)
In the Statement of Activities, only the gain on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost, less accumulated depreciation, of the capital assets sold.		(267,415)
Repayment of long-term obligation principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Position.		
Governmental funds	2,197,590	
Internal services funds	<u>16,938</u>	2,214,528
Amortization of premium on the issuance of long-term obligations reduces interest expense on the statement of activities.		55,416
Internal service funds are used to account for all costs arising from the operations of the County's central services activities and insurance programs. The primary funding sources are charges to other funds.		
Changes in net position	72,505	
Depreciation expense included above	40,351	
Debt service - principal payments - included above	(16,938)	
Compensated absences included below	(1,220)	
Other post employment benefits obligation included below	<u>20,949</u>	115,647
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:		
Accrued interest	4,526	
Compensated absences	(48,891)	
Net other post employment benefit obligation	<u>(227,498)</u>	<u>(271,863)</u>
CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES		<u>\$ (4,146,297)</u>

See accompanying notes

POLK COUNTY

GENERAL FUND

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

For the Year Ended June 30, 2013

	Budget		Actual	Variance
	Original	Final		
REVENUES				
Property taxes	\$ 8,000,000	\$ 8,000,000	\$ 8,101,109	\$ 101,109
Licenses, permits and fees	592,000	592,000	454,348	(137,652)
Intergovernmental	3,648,500	3,948,500	5,225,858	1,277,358
Charges for services	1,174,000	1,174,000	1,224,045	50,045
Franchise fees	95,000	95,000	126,015	31,015
Fines and forfeitures	140,000	140,000	130,091	(9,909)
Donations	3,000	3,000	2,404	(596)
Interest	25,000	25,000	25,136	136
Miscellaneous	124,000	124,000	67,863	(56,137)
TOTAL REVENUES	<u>13,801,500</u>	<u>14,101,500</u>	<u>15,356,869</u>	<u>1,255,369</u>
EXPENDITURES				
Commissioners				
Personnel Services	285,547	285,547	285,214	333
Interdepartment Charges	49,127	50,127	50,127	-
Total Commissioners	<u>334,674</u>	<u>335,674</u>	<u>335,341</u>	<u>333</u>
County Clerk				
Recording				
Personnel Services	100,030	100,030	84,546	15,484
Materials and Services	5,400	5,400	4,849	551
Interdepartment Charges	52,015	52,015	52,015	-
Total Recording	<u>157,445</u>	<u>157,445</u>	<u>141,410</u>	<u>16,035</u>

Continued on next page

**GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (Continued)**

EXPENDITURES (continued)	Budget		Actual	Variance
	Original	Final		
County Clerk (continued)				
Elections				
Personnel Services	\$ 141,229	\$ 141,229	\$ 135,088	\$ 6,141
Materials and Services	99,650	124,650	116,483	8,167
Interdepartment Charges	55,706	55,706	55,706	-
Total Elections	<u>296,585</u>	<u>321,585</u>	<u>307,277</u>	<u>14,308</u>
Total County Clerk	<u>454,030</u>	<u>479,030</u>	<u>448,687</u>	<u>30,343</u>
Treasurer				
Personnel Services	48,741	48,741	48,359	382
Materials and Services	3,500	4,500	3,752	748
Interdepartment Charges	9,549	9,549	9,549	-
Total Treasurer	<u>61,790</u>	<u>62,790</u>	<u>61,660</u>	<u>1,130</u>
Non-Departmental				
Fund-wide				
Materials and Services	4,000	4,000	3,707	293
Contingency	1,639,911	852,911	-	852,911
Total Fund-wide	<u>1,643,911</u>	<u>856,911</u>	<u>3,707</u>	<u>853,204</u>
O & C TIMBER - Title III				
Personnel Services	47,345	47,345	50,363	(3,018)
Materials and Services	5,000	45,000	40,152	4,848
Interdepartment Charges	82,539	82,539	82,539	-
Total O & C TIMBER - Title III	<u>134,884</u>	<u>174,884</u>	<u>173,054</u>	<u>1,830</u>
Total Non-departmental	<u>1,778,795</u>	<u>1,031,795</u>	<u>176,761</u>	<u>855,034</u>

Continued on next page

**GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (Continued)**

EXPENDITURES (continued)	<u>Budget</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Assessment				
Personnel Services	\$ 777,523	\$ 777,523	\$ 742,284	\$ 35,239
Materials and Services	19,750	19,750	20,546	(796)
Interdepartment Charges	257,935	257,935	257,935	-
Total Assessment	<u>1,055,208</u>	<u>1,055,208</u>	<u>1,020,765</u>	<u>34,443</u>
Tax Collector				
Personnel Services	159,185	159,185	163,170	(3,985)
Materials and Services	31,950	31,950	27,172	4,778
Interdepartment Charges	50,784	50,784	50,784	-
Total Tax Collector	<u>241,919</u>	<u>241,919</u>	<u>241,126</u>	<u>793</u>
Community Development Planning				
Personnel Services	261,982	261,982	222,392	39,590
Materials and Services	20,550	20,550	14,091	6,459
Interdepartment Charges	92,546	92,546	92,546	-
Total Planning	<u>375,078</u>	<u>375,078</u>	<u>329,029</u>	<u>46,049</u>
Building Inspection				
Personnel Services	146,504	156,504	156,273	231
Materials and Services	293,950	293,950	292,576	1,374
Interdepartment Charges	63,786	63,786	63,786	-
Total Building Inspection	<u>504,240</u>	<u>514,240</u>	<u>512,635</u>	<u>1,605</u>
Environmental Health				
Personnel Services	151,378	151,378	134,246	17,132
Materials and Services	19,200	49,200	53,474	(4,274)
Interdepartment Charges	42,819	42,819	42,819	-
Total Environmental Health	<u>213,397</u>	<u>243,397</u>	<u>230,539</u>	<u>12,858</u>
Total Community Development	<u>1,092,715</u>	<u>1,132,715</u>	<u>1,072,203</u>	<u>60,512</u>

Continued on next page

**GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (Continued)**

EXPENDITURES (continued)	Budget		Actual	Variance
	Original	Final		
District Attorney				
Prosecution				
Personnel Services	\$ 731,750	\$ 731,750	\$ 577,822	\$ 153,928
Materials and Services	43,200	43,200	50,040	(6,840)
Interdepartment Charges	145,276	145,276	145,276	-
Total Prosecution	920,226	920,226	773,138	147,088
Support Enforcement				
Personnel Services	290,046	290,046	251,422	38,624
Materials and Services	10,600	10,600	10,400	200
Interdepartment Charges	41,609	41,609	41,609	-
Total Support Enforcement	342,255	342,255	303,431	38,824
Court Appointed Special Advisor (CASA)				
Materials and Services	26,350	26,350	21,962	4,388
Interdepartment Charges	691	691	691	-
Total CASA	27,041	27,041	22,653	4,388
Medical Examiner				
Personnel Services	31,415	31,415	28,708	2,707
Materials and Services	6,025	6,025	3,955	2,070
Interdepartment Charges	836	836	836	-
Total Medical Examiner	38,276	38,276	33,499	4,777
Total District Attorney	1,327,798	1,327,798	1,132,721	195,077

Continued on next page

GENERAL FUND**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (Continued)**

EXPENDITURES (continued)	<u>Budget</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Sheriff				
Criminal				
Personnel Services	\$ 2,592,470	\$ 2,652,470	\$ 2,672,260	\$ (19,790)
Materials and Services	371,000	411,000	522,661	(111,661)
Interdepartment Charges	279,445	279,445	279,445	-
Capital Outlay	-	150,000	34,400	115,600
Total Criminal	<u>3,242,915</u>	<u>3,492,915</u>	<u>3,508,766</u>	<u>(15,851)</u>
Jail				
Personnel Services	2,435,418	2,485,418	2,463,039	22,379
Materials and Services	692,750	692,750	736,950	(44,200)
Interdepartment Charges	491,821	491,821	491,821	-
Total Jail	<u>3,619,989</u>	<u>3,669,989</u>	<u>3,691,810</u>	<u>(21,821)</u>
Emergency Management				
Personnel Services	140,736	140,736	147,068	(6,332)
Materials and Services	218,150	308,150	340,699	(32,549)
Interdepartment Charges	25,122	25,122	25,122	-
Capital Outlay	20,000	20,000	4,000	16,000
Total Emergency Management	<u>404,008</u>	<u>494,008</u>	<u>516,889</u>	<u>(22,881)</u>
Total Sheriff	<u>7,266,912</u>	<u>7,656,912</u>	<u>7,717,465</u>	<u>(60,553)</u>
Community Corrections				
Personnel Services	1,061,010	1,136,010	1,133,956	2,054
Materials and Services	429,700	529,700	513,991	15,709
Interdepartment Charges	80,949	80,949	80,949	-
Total Community Corrections	<u>1,571,659</u>	<u>1,746,659</u>	<u>1,728,896</u>	<u>17,763</u>

Continued on next page

GENERAL FUND**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (Continued)**

EXPENDITURES (continued)	Budget		Actual	Variance
	Original	Final		
Community Service-Diversion				
Personnel Services	\$ 120,190	\$ 135,190	\$ 133,924	\$ 1,266
Materials and Services	19,965	19,965	21,089	(1,124)
Interdepartment Charges	6,389	6,389	6,389	-
Total Community Service-Diversion	<u>146,544</u>	<u>161,544</u>	<u>161,402</u>	<u>142</u>
Parks Maintenance				
Personnel Services	42,149	42,149	36,666	5,483
Materials and Services	14,350	14,350	18,503	(4,153)
Interdepartment Charges	3,457	3,457	3,457	-
Total Parks Maintenance	<u>59,956</u>	<u>59,956</u>	<u>58,626</u>	<u>1,330</u>
TOTAL EXPENDITURES	<u>15,392,000</u>	<u>15,292,000</u>	<u>14,155,653</u>	<u>1,136,347</u>
Excess (deficiency) of revenues over expenditures	<u>(1,590,500)</u>	<u>(1,190,500)</u>	<u>1,201,216</u>	<u>2,391,716</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	5,000	5,000	-	(5,000)
Transfers out	<u>(1,013,000)</u>	<u>(1,413,000)</u>	<u>(1,412,821)</u>	<u>179</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,008,000)</u>	<u>(1,408,000)</u>	<u>(1,412,821)</u>	<u>(4,821)</u>
Net change in fund balance	(2,598,500)	(2,598,500)	(211,605)	2,386,895
Fund balance at beginning of year	<u>3,050,000</u>	<u>2,900,000</u>	<u>2,518,684</u>	<u>(381,316)</u>
Fund balance at end of year	<u>\$ 451,500</u>	<u>\$ 301,500</u>	<u>\$ 2,307,079</u>	<u>\$ 2,005,579</u>

See accompanying notes

POLK COUNTY

PUBLIC WORKS FUND

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

For the Year Ended June 30, 2013

	Budget		Actual	Variance
	Original	Final		
REVENUES				
Intergovernmental	\$4,562,500	\$4,562,500	\$ 4,332,735	\$ (229,765)
Charges for services	340,000	340,000	370,313	30,313
Interest	1,000	1,000	561	(439)
Miscellaneous	15,000	15,000	11,721	(3,279)
TOTAL REVENUES	<u>4,918,500</u>	<u>4,918,500</u>	<u>4,715,330</u>	<u>(203,170)</u>
EXPENDITURES				
Administration				
Personnel Services	268,398	268,398	261,903	6,495
Materials and Services	82,750	82,750	62,930	19,820
Interdepartment Charges	246,854	246,854	246,854	-
Capital Outlay	10,000	10,000	203	9,797
Total Administration	<u>608,002</u>	<u>608,002</u>	<u>571,890</u>	<u>36,112</u>
County Shops				
Personnel Services	243,782	243,782	243,376	406
Materials and Services	216,500	286,500	279,996	6,504
Capital outlay	5,000	5,000	-	5,000
Total County Shops	<u>465,282</u>	<u>535,282</u>	<u>523,372</u>	<u>11,910</u>
Road Maintenance				
Personnel Services	970,550	970,550	916,327	54,223
Materials and Services	2,352,500	2,420,000	2,423,635	(3,635)
Capital Outlay	175,000	557,500	557,404	96
Total Road Maintenance	<u>3,498,050</u>	<u>3,948,050</u>	<u>3,897,366</u>	<u>50,684</u>

Continued on next page

PUBLIC WORKS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (Continued)

	Budget		Actual	Variance
	Original	Final		
EXPENDITURES (continued)				
Road Construction				
Materials and Services	\$ 50,500	\$ 50,500	\$ 120,098	\$ (69,598)
Debt payments	65,000	65,000	77,957	(12,957)
Capital Outlay	150,000	150,000	50,477	99,523
Total Road Construction	265,500	265,500	248,532	16,968
Survey				
Personnel Services	270,126	270,126	268,114	2,012
Materials and Services	27,000	27,000	3,380	23,620
Total Survey	297,126	297,126	271,494	25,632
Engineering				
Personnel Services	167,553	167,553	159,211	8,342
Materials and Services	7,500	7,500	2,193	5,307
Total Engineering	175,053	175,053	161,404	13,649
Contingency	319,487	99,487	-	99,487
TOTAL EXPENDITURES	5,628,500	5,928,500	5,674,058	254,442
Excess (deficiency) of revenues over expenditures	(710,000)	(1,010,000)	(958,728)	51,272
OTHER FINANCING SOURCES (USES)				
Transfers in	60,000	360,000	374,821	14,821
Net change in fund balance	(650,000)	(650,000)	(583,907)	66,093
Fund balance at beginning of year	650,000	650,000	820,012	170,012
Fund balance at end of year	\$ -	\$ -	\$ 236,105	\$ 236,105

See accompanying notes

POLK COUNTY

MENTAL HEALTH FUND

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

For the Year Ended June 30, 2013

	Budget		Actual	Variance
	Original	Final		
REVENUES				
Intergovernmental	\$ 9,035,000	\$ 9,035,000	\$ 8,562,640	\$ (472,360)
Charges for services	829,000	829,000	494,512	(334,488)
Interest	5,000	5,000	128	(4,872)
Donations	-	-	8,152	8,152
Miscellaneous	3,000	3,000	5,790	2,790
TOTAL REVENUES	<u>9,872,000</u>	<u>9,872,000</u>	<u>9,071,222</u>	<u>(800,778)</u>
EXPENDITURES				
Administration				
Personnel Services	648,879	648,879	618,294	30,585
Materials and Services	75,700	75,700	39,270	36,430
Interdepartment Charges	316,046	316,046	316,046	-
Total Administration	<u>1,040,625</u>	<u>1,040,625</u>	<u>973,610</u>	<u>67,015</u>
Addiction Program				
Personnel Services	1,116,311	1,116,311	1,005,946	110,365
Materials and Services	153,555	153,555	89,642	63,913
Interdepartment Charges	155,134	155,134	155,134	-
Total Addiction Program	<u>1,425,000</u>	<u>1,425,000</u>	<u>1,250,722</u>	<u>174,278</u>
Outpatient Mental Health Services				
Personnel Services	4,199,486	4,199,486	3,887,054	312,432
Materials and Services	1,628,100	1,628,100	1,696,262	(68,162)
Interdepartment Charges	716,469	716,469	716,469	-
Total Outpatient Mental Health Services	<u>6,544,055</u>	<u>6,544,055</u>	<u>6,299,785</u>	<u>244,270</u>

Continued on next page

MENTAL HEALTH (Continued)**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL**

	Budget		Actual	Variance
	Original	Final		
EXPENDITURES (continued)				
Developmental Disability				
Personnel Services	\$ 962,533	\$ 962,533	\$ 870,423	\$ 92,110
Materials and Services	39,208	39,208	43,767	(4,559)
Interdepartment Charges	<u>133,259</u>	<u>133,259</u>	<u>133,259</u>	<u>-</u>
Total Developmental Disability	<u>1,135,000</u>	<u>1,135,000</u>	<u>1,047,449</u>	<u>87,551</u>
Sub-Grant Programs				
Materials and Services	<u>887,000</u>	<u>887,000</u>	<u>912,417</u>	<u>(25,417)</u>
Contingency	<u>440,320</u>	<u>440,320</u>	<u>-</u>	<u>440,320</u>
TOTAL EXPENDITURES	<u>11,472,000</u>	<u>11,472,000</u>	<u>10,483,983</u>	<u>988,017</u>
Net change in fund balance	(1,600,000)	(1,600,000)	(1,412,761)	187,239
Fund balance at beginning of year	<u>1,600,000</u>	<u>1,600,000</u>	<u>555,537</u>	<u>(1,044,463)</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (857,224)</u>	<u>\$ (857,224)</u>

See accompanying notes

POLK COUNTY
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2013

	Governmental
	Activities
	Internal Service
<u>ASSETS</u>	
Current assets	
Cash and investments	\$ 638,618
Receivables	14,352
Prepaid items	85,037
Total current assets	738,007
Capital assets, net	213,778
TOTAL ASSETS	951,785
<u>LIABILITIES</u>	
Accounts payable and accrued expenses	124,590
Compensated absences	76,039
Net OPEB obligation	142,786
Long-term obligations:	
Due within one year	22,841
Due in more than one year	48,517
TOTAL LIABILITIES	414,773
<u>NET POSITION</u>	
Net investment in capital assets	213,778
Unrestricted	323,234
TOTAL NET POSITION	\$ 537,012

See accompanying notes

POLK COUNTY

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 PROPRIETARY FUNDS
 For the Year Ended June 30, 2013**

	Governmental Activities <hr/> Internal Service <hr/>
OPERATING REVENUES	
Intergovernmental	44,571
Charges for services	\$ 4,373,520
Miscellaneous	10,314
	<hr/>
TOTAL OPERATING REVENUES	4,428,405
	<hr/>
OPERATING EXPENSES	
Personal services	2,133,883
Materials and services	1,919,270
Interest on long-term obligations	3,822
Depreciation	40,351
	<hr/>
TOTAL OPERATING EXPENSES	4,097,326
	<hr/>
Operating income	331,079
	<hr/>
NONOPERATING REVENUE (EXPENSE)	
Gain on sale of capital asset	1,426
Transfers out	(260,000)
	<hr/>
TOTAL NONOPERATING REVENUE (EXPENSE)	(258,574)
	<hr/>
Change in net position	72,505
Net position - beginning of year	464,507
	<hr/>
Net position - end of year	\$ <u><u>537,012</u></u>

See accompanying notes

POLK COUNTY

**STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 For the Year Ended June 30, 2013**

	Governmental Activities
	Internal Service
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 4,420,311
Other receipts	8,404
Payments to employees for services	(2,114,154)
Payments to other suppliers of goods or services	(1,946,296)
	368,265
Net cash provided by operating activities	368,265
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of capital assets	(108,413)
Sale of capital assets	1,426
Transfers out	(260,000)
Proceeds from long-term debt	48,704
Principal payments on long-term debt	(16,938)
	(335,221)
Net cash (used) in financing activities	(335,221)
Net increase in cash and cash equivalents	33,044
Cash and cash equivalents, beginning of year	605,574
	638,618
Cash and cash equivalents, end of year	\$ 638,618
Reconciliation of operating income to net cash provided by operating activities	
Operating income	\$ 331,079
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	40,351
(Increase) decrease in assets:	
Receivables	310
Prepaid items	(32,820)
Increase (decrease) in liabilities:	
Accounts payable and accrued expenses	9,616
Compensated absences	(1,220)
Net OPEB obligation	20,949
	368,265
Net cash provided by operating activities	\$ 368,265

See accompanying notes

POLK COUNTY

**STATEMENT OF NET POSITION
FIDUCIARY FUNDS
June 30, 2013**

	<u>Agency</u>
<u>ASSETS</u>	
Cash and investments	\$ 1,158,714
Receivables	<u>5,792,226</u>
 TOTAL ASSETS	 <u>\$ 6,950,940</u>
 <u>LIABILITIES</u>	
Due to other governments	<u>\$ 6,950,940</u>

See accompanying notes

POLK COUNTY

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

1. Summary of Significant Accounting Policies

A. The Reporting entity

Polk County was created by the Provincial Legislature from the original Yamhill district on December 22, 1845, and now operates under the provisions of Oregon Revised Statutes (ORS) title 20, Chapters 201 and 215 inclusive. The governing board is a Board of Commissioners, elected at-large from throughout the County. The Commissioners are full-time employees of the County. The Board votes on all ordinances and determines matters of County policy. The Administrative Officer acts as the Chief of Staff for the Commissioners and serves at the pleasure of the Board. Other elected officers of the county include the Assessor, Clerk, District Attorney, Sheriff, and Treasurer. Polk County provides a full range of services to the community which includes planning and zoning, sheriff services, incarceration, courts, tax collections and assessment, document recording, parks, and health and human services.

The accompanying basic financial statements present all activities, funds, and component units for which the County is considered to be financially accountable. The criteria used in making this determination includes appointment of a voting majority, imposition of will, financial benefit or burden on the primary government and fiscal dependency on the primary government. Based upon the evaluation of these criteria, the County is a primary government with one blended component unit—Polk County Extension Service District.

The Polk County Extension Service District was formed May 18, 2010, by a vote of the people, under ORS Chapter 451. The purpose of the District is to provide Oregon State University extension educational programs, training and information to Polk County residents. The County is not financially accountable for the District, but because the Board of County Commissioners acts as the governing board of the District, this entity has been included as a blended component in the basic financial statements of the County. Complete financial statements of the District can be obtained from the Treasurer at the courthouse.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the County. For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are charges between the functions of the County, the eliminations of which would distort the direct cost and program revenues reported for the various functions concerned. *Governmental activities* are supported by taxes and intergovernmental revenues.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. Summary of Significant Accounting Policies (continued)

B. Government-wide and fund financial statements (continued)

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter two are excluded from the government-wide financial statements. Major governmental funds and major proprietary funds are reported in separate columns in the respective fund financial statements.

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

The government-wide financial statements, proprietary fund 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.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. Summary of Significant Accounting Policies (continued)

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

Governmental fund financial statements (balance sheet and statement of revenues, expenditures and changes in fund balances) 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 collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Significant revenues, which are susceptible to accrual under the modified accrual basis of accounting, include property taxes and federal and state grants. 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.

The bases of accounting described above are in accordance with accounting principles generally accepted in the United States of America.

The County reports the following major governmental funds:

General - accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Public Works - accounts for the receipt and expenditure of state gasoline taxes for road repair and construction.

Mental Health - accounts for the receipt and expenditure of patient funds, and state and federal grants for the County's mental health programs including community treatment services, alcohol and drug rehabilitation, and developmental disability services.

OTIA III Bridge Replacement - accounts for the receipt and expenditure of funds provided by Oregon State bonds for repairs and improvements to public infrastructure.

Additionally, the County reports the following fund types:

Special Revenue - accounts for revenue derived from specific taxes or other revenue sources, which are legally restricted to finance particular functions or activities. When a special revenue fund is not an operating fund, transfers are made from the special revenue fund to the operating funds authorized to make expenditures.

Debt Service - accounts for the resources accumulated and payments made for principal and interest on long-term debt of governmental funds.

Capital Projects - accounts for expenditures on major construction projects or equipment acquisition. The principal sources of revenues for capital expenditures are general obligation bond proceeds and grant funds.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. Summary of Significant Accounting Policies (continued)

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

Internal Service - accounts for the cost of providing services to other funds of the County which are charged a fee on a cost reimbursement basis for those services.

Fiduciary - accounts for resources received and held by the County in a fiduciary capacity. Disbursements from these funds are made in accordance with the trust agreement or applicable legislative enactment for each particular fund.

D. Equity Classification

Government-wide statements

On the statement of net position, equity is classified as net position and displayed in three components:

Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position – All other net position that does not meet the definition of “restricted” or “net investment in capital assets”.

In the government-wide and proprietary fund financial statements, when both restricted and unrestricted resources are available for use it is the County’s policy to use restricted resources first, and then unrestricted resources as they are needed.

Governmental Fund Type Fund Balance Reporting

The Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54) defines the different fund balance categories that a governmental entity must use for financial reporting purposes in its governmental fund types.

GASB 54 requires governmental type fund balance amounts to be properly reported within one of the fund balance categories list below:

Non-spendable — Amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.

Restricted — Amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation, or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. Summary of Significant Accounting Policies (continued)

D. Equity Classification (continued)

Governmental Fund Type Fund Balance Reporting (continued)

Committed — Amounts that can be used only for specific purposes determined by a formal action of the Board of Commissioners, as the highest level of decision-making authority for the County. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board of Commissioners.

Assigned — Amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The Commissioners has granted authority to the County Administrator to assign fund balance amounts.

Unassigned — The residual classification for the government's general fund and any other spendable amounts not contained in other classifications. Additionally, other funds may report negative unassigned fund balance in certain circumstances.

In the governmental fund financial statements, when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the County considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the County considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Commissioners has provided otherwise in its commitment or assignment actions.

E. Budget policies and budgetary control

Generally, Oregon Local Budget Law requires annual budgets be adopted for all funds of the County except agency funds. The County uses the modified accrual basis of accounting for all budgets. All annual appropriations lapse at fiscal year end.

The County begins its budgeting process by appointing Budget Committee members in the fall of each year. Budget recommendations are developed by management through early spring, with the Budget Committee meeting and approving the budget document in late spring. Public notices of the budget hearing are generally published in May or June and the hearing is held in June. The County Commissioners adopt the budget, make appropriations, and declare the tax levy no later than June 30. Expenditure appropriations may not be legally over-expended, except in the case of grant receipts and bond sale proceeds which could not be reasonably estimated at the time the budget was adopted.

The resolution authorizing appropriations for each fund sets the level at which expenditures cannot legally exceed appropriations. The County established the levels of budgetary control at the program or department level for all funds.

Budget amounts shown in the financial statements have been revised since the original budget amounts were adopted. The County Commissioners must authorize all appropriation transfers and supplementary budgetary appropriations.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. Summary of Significant Accounting Policies (continued)

F. Risk management

The County is exposed to various risks of loss related to errors and omissions; automobile; damage to and destruction of assets; bodily injury; and worker's compensation for which the County carries commercial insurance. There has been no significant reduction in insurance coverage from the prior year and settled claims have not reached the level of commercial coverage in any of the past three fiscal years.

G. Cash and cash equivalents

For purposes of reporting cash flows, cash and cash equivalents include cash on hand, checking, savings and money market accounts, and any highly-liquid debt instruments purchased with a maturity of three months or less.

H. Property taxes

Uncollected property taxes in governmental funds are reported in governmental funds balance sheet as receivables; the portion which is available to finance expenditures of the current period is recorded as revenue and the remaining balance is recorded as deferred revenue. Property taxes collected within 60 days of the end of the current period are considered measurable and available and are recognized as revenue. All property taxes receivable are due from property owners within the County.

Property taxes receivable in the agency funds are offset by amounts held in trust and, accordingly, have not been recorded as revenue.

Under state law, county governments are responsible for extending authorized property tax levies, computing tax rates, billing and collecting all property taxes, and making periodic remittances of collections to entities levying taxes. Real and personal property taxes are levied upon all taxable property within the County and become a lien against the property as of July 1 of each year and are payable in three installments which are due on November 15, February 15 and May 15 following the lien date.

I. Grants and entitlements

Receivables for federal and state grants and state shared revenue are recorded as revenue in all fund types as earned.

J. Other receivables

In governmental fund types, the portion of the receivable which is available to finance expenditures of the current period is recorded as revenue and the remaining balance is recorded as deferred revenue. Revenues are recorded when earned in proprietary fund types.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. Summary of Significant Accounting Policies (continued)

K. Capital assets

Capital assets, which include property, equipment, infrastructure assets (e.g., roads, bridges, sidewalks, sewers, street lighting, and similar items), and their improvements, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than \$5,000 and an estimated useful life of more than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment of the County are depreciated using the straight-line method over estimated useful lives as follows:

• Vehicles	5 to 10 years
• Equipment	5 to 30 years
• Buildings improvements	50 years
• Infrastructure	20 to 40 years

Upon disposal of such assets, the accounts are relieved of the related costs and accumulated depreciation and resulting gains or losses are reflected in the statement of activities.

L. Long-term obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. Summary of Significant Accounting Policies (continued)

M. Compensated absences

Accumulated Vested Vacation – is accrued as it is earned. For governmental funds, the non-current portion (the amount estimated to be used in subsequent fiscal years) is maintained separately and represents a reconciling item between the fund-level and government-wide presentations. Only the current portion is reported in the governmental funds, and is calculated based on historical trends. County employees earn vacation leave at the rate of 96 to 192 hours year, depending on position and length of service. The maximum accumulation, depending on position and length of service, ranges from 200 to 250 hours.

Sick Leave – is earned at a rate of eight hours per month of service, and is not limited as to accumulation. Sick leave, which does not vest, is recognized in all funds when leave is taken.

Holiday Leave – Sheriff's office employees earn holiday time off as required by contract, and may accumulate from between eighty and ninety-six hours depending on their position.

N. Use of estimates

In preparing the County's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

2. Deposits and Investments

The County maintains a pool of cash and investments that are available for use by all funds. Each fund's portion of this pool is displayed on the financial statements as cash and investments. Interest earned on pooled cash and investments is allocated to participating funds based upon their combined cash and investment balances.

Investments, including amounts held in pooled cash and investments, are stated at amortized cost. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, investments with a remaining maturity of more than one year, at the time of purchase are stated at fair value. Fair value is determined at the quoted market price, if available, otherwise the fair value is estimated based on the amount at which the investment could be exchanged in a current transaction between willing parties, other than in a forced liquidation sale. Investments in the State of Oregon Local Government Investment Pool (LGIP) are stated at fair value.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

2. Deposits and Investments (continued)

The Oregon State Treasury administers the LGIP. The LGIP is an open-ended, unrated, no-load, diversified portfolio offered to any agency, political subdivision or public corporation of the state who by law is made the custodian of, or has control of, any fund. The LGIP is commingled with the State's short-term funds. To provide regulatory oversight, the Oregon Legislature established the Oregon Short-Term Fund Board and LGIP investments are approved by the Oregon Investment Council. The fair value of the County's position in the LGIP is the same as the value of the pool shares.

Credit Risk. Oregon statutes authorize the County to invest in obligations of the U. S. Treasury and agencies, bankers' acceptances, repurchase agreements, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, and the state treasurer's investment pool.

As of June 30, 2013, the County had the following investments:

	<u>Standard and Poor's Ratings</u>	<u>Maturities</u>	<u>Fair Value</u>
State Treasurer's Investment Pool	N/A	N/A	\$ 2,866,380

Interest Rate Risk. The County's formal policy limits investment maturities to one year as a means of managing its exposure to fair-value losses arising from increases in interest rates.

Concentration of Credit Risk. The County's formal policy places a limit on the amount that may be invested in any one issuer as follows:

U.S. Treasury Bills, Notes and Bonds	100%
Federal Agency Bonds and Discount Notes	100%
Local Government Investment Pool	100%
Time Certificates of Deposit:	
Commercial Banks	60%
Savings and Loans	10%

Custodial Credit Risk – Investments. This is the risk that, in the event of the failure of a counterparty, the County will not be able to recover the value of its investments that are in the possession of an outside party. The County does not have a policy which limits the amount of investments that can be held by counterparties.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

2. Deposits and Investments (continued)

Custodial Credit Risk – Deposits. This is the risk that, in the event of a bank failure, the County's deposits may not be returned. The Federal Depository Insurance Corporation (FDIC) provides insurance for the County's deposits with financial institutions up to \$250,000 each for the aggregate of all non-interest bearing accounts and the aggregate of all interest bearing accounts at each institution. Deposits in excess of FDIC coverage with institutions participating in the Oregon Public Funds Collateralization Program are collateralized with securities held by the Federal Home Loan Bank of Seattle in the name of the institution. As of June 30, 2013, \$1,037,148 of the County's bank balances were exposed to custodial credit risk as they were collateralized with securities held by the pledging financial institution's agent but not in the County's name.

A. The County's deposits and investments at June 30, 2013 are as follows:

Total investments	\$ 2,866,380
Cash on hand	3,679
Deposits with financial institutions	<u>732,206</u>
Total deposits and investments	<u>\$ 3,602,265</u>

B. Cash and investments by fund:

Governmental activities/funds

Governmental funds

General	\$ 2,061,861
Public Works	(75,681)
Mental Health	(913,962)
OTIA II Bridge Replacement	577,192
Other governmental funds	<u>155,523</u>

Total governmental funds 1,804,933

Internal Service funds 638,618

Total governmental activities 2,443,551

Fiduciary fund

Agency 1,158,714

Total cash and investments \$ 3,602,265

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

3. Receivables

A. The County's receivables at June 30, 2013 are as follows:

Fund	Property Taxes	Accounts	Grants	Assessments	Totals
General	\$ 739,235	\$ 133,385	\$ 338,383	\$ 45,499	\$ 1,256,502
Public Works	-	-	412,686	-	412,686
Mental Health	-	333,171	189,388	-	522,559
Nonmajor governmental funds	262,855	28,390	223,630	-	514,875
Total governmental funds	1,002,090	494,946	1,164,087	45,499	2,706,622
Internal service funds	-	14,352	-	-	14,352
Total governmental activities	1,002,090	509,298	1,164,087	45,499	2,720,974
Fiduciary funds					
Agency	5,790,326	1,900	-	-	5,792,226
Totals	\$ 6,792,416	\$ 511,198	\$ 1,164,087	\$ 45,499	\$ 8,513,200

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

3. Receivables (continued)

B. Property taxes

i. Transactions

	Balances July 1, 2012	Current Levy	Adjustments	Net Interest (Discounts)	Collections	Balances June 30, 2013
2012-13	\$ -	\$ 75,095,013	\$ (129,342)	\$ (1,817,642)	\$ 69,964,908	\$ 3,183,121
2011-12	3,334,116		\$ (2,173)	180,607	1,696,081	1,816,469
2010-11	1,876,462		\$ (590)	249,539	1,041,889	1,083,522
2009-10	1,351,838		\$ (252)	377,867	1,207,375	522,078
2008-09	396,901		\$ (223)	172,075	478,165	90,588
2007-08	76,819		\$ (98)	24,471	58,819	42,373
Prior	65,531		\$ (93)	9,902	21,075	54,265
	<u>\$ 7,101,667</u>	<u>\$ 75,095,013</u>	<u>\$ (132,771)</u>	<u>\$ (803,181)</u>	<u>\$ 74,468,312</u>	<u>\$ 6,792,416</u>

ii. Ensuing year's levies

The permanent tax rate is \$1.716 per \$1,000 of assessed value as limited by the Constitution of the State of Oregon.

The tax rate limit of \$10.00 per thousand of assessed value imposed by the Oregon Constitution is not expected to affect this levy.

In addition to the permanent tax rate, the County will levy \$2,650,000 for the retirement of long-term debt principal and interest due in 2012-13.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

4. Capital Assets

A. Capital asset activity for the governmental activities for the year ended June 30, 2013 was as follows:

	Balances				Balances
	July 1, 2012	Additions	Deletions	Reclassifications	June 30, 2013
<i>Capital assets not being depreciated</i>					
Land	\$ 1,314,346	\$ -	\$ -	\$ -	\$ 1,314,346
Construction in progress	16,202	36,032	-	-	52,234
Total capital assets not being depreciated	1,330,548	36,032	-	-	1,366,580
<i>Capital assets being depreciated</i>					
Infrastructure	96,769,240	50,476	-	-	96,819,716
Buildings	21,694,847	428,721	-	39,409	22,162,977
Improvements	1,275,410	344,892	-	(39,409)	1,580,893
Bridges	22,233,052	97,029	-	-	22,330,081
Equipment	8,364,312	1,228,209	701,095	-	8,891,426
Total capital assets being depreciated	150,336,861	2,149,326	701,095	-	151,785,092
Less accumulated depreciation for:					
Infrastructure	74,314,938	2,836,551	-	-	77,151,489
Buildings	8,464,255	616,281	-	-	9,080,536
Improvements	568,338	68,997	-	-	637,335
Bridges	6,087,859	427,911	-	-	6,515,770
Equipment	5,717,562	533,372	433,680	-	5,817,254
Total accumulated depreciation	95,152,952	4,483,112	433,680	-	99,202,384
Total capital assets being depreciated, net	55,183,909	(2,333,786)	267,415	-	52,582,708
Governmental activities capital assets, net	<u>\$ 56,514,457</u>	<u>\$ (2,297,753)</u>	<u>\$ 267,415</u>	<u>\$ -</u>	<u>\$ 53,949,289</u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

4. Capital Assets (continued)

B. Depreciation expense charged to functions/programs of the County was as follows:

Governmental Activities	
General government	\$ 195,849
Public safety	527,120
Highways and streets	3,476,516
Health and welfare	<u>283,627</u>
 Total governmental activities	 <u>\$ 4,483,112</u>

C. Capital asset activity in internal service funds, which are included in the governmental activities, for the year ended June 30, 2013 was as follows:

	Balances July 1, 2012	Additions	Deletions	Reclassifications	Balances June 30, 2013
<i>Capital assets being depreciated</i>					
Improvements	\$ 19,532	\$ -	\$ -	\$ -	\$ 19,532
Equipment	<u>553,317</u>	<u>108,413</u>	<u>10,500</u>	<u>18,134</u>	<u>669,364</u>
 Total capital assets being depreciated	 <u>572,849</u>	 <u>108,413</u>	 <u>10,500</u>	 <u>18,134</u>	 <u>688,896</u>
Less accumulated depreciation for:					
Improvements	14,978	1,953	-	-	16,931
Equipment	<u>412,156</u>	<u>38,397</u>	<u>10,500</u>	<u>18,134</u>	<u>458,187</u>
 Total accumulated depreciation	 <u>427,134</u>	 <u>40,350</u>	 <u>10,500</u>	 <u>18,134</u>	 <u>475,118</u>
 Total capital assets being depreciated, net	 <u>\$ 145,715</u>	 <u>\$ 68,063</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 213,778</u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

5. Long-term Obligations

A. Transactions for the year ended June 30, 2013 are as follows:

	Outstanding July 1, 2012	Additions	Reductions	Outstanding June 30, 2013	Balances Due Within One Year
General Obligation Bonds, Series 2007 - original amount \$20,000,000; interest rates of 4.5 percent to 5.0 percent					
Principal	\$ 11,900,000	\$ -	\$ 2,025,000	\$ 9,875,000	\$ 2,190,000
Interest	<u>-</u>	<u>514,456</u>	<u>514,456</u>	<u>-</u>	
	<u>11,900,000</u>	<u>514,456</u>	<u>2,539,456</u>	<u>9,875,000</u>	
Full Faith and Credit Obligations, Series 2011 - original amount \$2,250,000; interest rates of 2.0 percent to 4.4 percent					
Principal	2,145,000	-	120,000	2,025,000	125,000
Interest	<u>-</u>	<u>83,355</u>	<u>83,355</u>	<u>-</u>	
	<u>2,145,000</u>	<u>83,355</u>	<u>203,355</u>	<u>2,025,000</u>	
Full Faith and Credit Refunding Obligations, Series 2012 - original amount \$790,000 interest rates of 1.85 percent to 3.80 percent					
Principal	790,000	-	50,000	740,000	40,000
Interest	<u>4,662</u>	<u>23,295</u>	<u>27,957</u>	<u>-</u>	
	<u>794,662</u>	<u>23,295</u>	<u>77,957</u>	<u>740,000</u>	
Capital Lease - US Bank Equipment Finance 11 leases, total lease amount \$50,931 interest rates of 4.94 percent to 8.38 percent					
Principal	43,560	48,704	19,528	72,736	24,220
Interest	<u>157</u>	<u>4,043</u>	<u>3,907</u>	<u>293</u>	
	<u>43,717</u>	<u>52,747</u>	<u>23,435</u>	<u>73,029</u>	
Vested compensated absences	<u>911,409</u>	<u>48,891</u>	<u>-</u>	<u>960,300</u>	<u>960,300</u>
Total	15,794,788	722,744	2,844,203	13,673,329	<u>\$ 3,339,520</u>
Interest	<u>4,819</u>	<u>625,149</u>	<u>629,675</u>	<u>293</u>	
Principal	<u>\$ 15,789,969</u>	<u>\$ 97,595</u>	<u>\$ 2,214,528</u>	<u>\$ 13,673,036</u>	

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

5. Long-term Obligations (continued)

B. The future maturity of all obligations outstanding as of June 30, 2013 is as follows:

Fiscal Year	General Obligation Bonds, Series 2007		Full Faith & Credit Obligations Series 2011		Full Faith & Credit Obligations Series 2012	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ 2,190,000	\$ 424,888	\$ 125,000	\$ 80,593	\$ 40,000	\$ 22,388
2015	2,360,000	322,300	125,000	77,155	45,000	21,601
2016	2,555,000	202,375	130,000	72,680	45,000	20,769
2017	2,770,000	69,250	135,000	67,380	45,000	19,936
2018	-	-	140,000	61,880	50,000	18,758
2019-23	-	-	800,000	215,260	265,000	70,020
2024-28	-	-	570,000	38,500	250,000	19,380
	<u>\$ 9,875,000</u>	<u>\$ 1,018,813</u>	<u>\$ 2,025,000</u>	<u>\$ 613,448</u>	<u>\$ 740,000</u>	<u>\$ 192,852</u>

Fiscal Year	Capital Lease US Bank Equipment Finance 11 Leases		Vested Compensated Absences	Totals	
	Principal	Interest		Principal	Interest
2014	\$ 24,220	\$ 3,919	\$ 960,300	\$ 3,339,520	\$ 531,788
2015	24,293	2,433	-	2,554,293	423,489
2016	18,244	990	-	2,748,244	296,814
2017	5,979	138	-	2,955,979	156,704
2018	-	-	-	190,000	80,638
2019-23	-	-	-	1,065,000	285,280
2024-28	-	-	-	820,000	57,880
	<u>\$ 72,736</u>	<u>\$ 7,480</u>	<u>\$ 960,300</u>	<u>\$ 13,673,036</u>	<u>\$ 1,832,593</u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

6. Interfund Transfers

Interfund transfers used to reallocate financial resources to funds where they will be expended were as follows:

Fund(s)	Transfers	
	In	Out
General	\$ --	\$ 1,412,821
Public Works	374,821	--
Nonmajor Governmental	1,298,000	--
Internal Service Fund	--	260,000
	<u>\$ 1,672,821</u>	<u>\$ 1,672,821</u>

The purpose of the General Fund transfer to the Public Works Fund was to supplement the resources of the fund for maintaining forest roads of the County. The purpose of the General Fund transfers to the nonmajor governmental funds was to supplement the resources of the funds for their respective activities. The transfer from the Internal Service Fund to the nonmajor governmental fund was to provide for debt service payments for the Academy Building remodel.

7. Unavailable Revenue

Resources owned by the County, which are measurable but not available, and are deferred in the governmental funds, consist of the following:

	General	Public Works	Mental Health	Nonmajor Governmental Funds	Totals
Property taxes	\$ 658,637	\$ -	\$ -	\$ 235,031	\$ 893,668
Assessments	40,597	-	-	-	40,597
Accounts	<u>36,144</u>	<u>28,924</u>	<u>283,042</u>	<u>-</u>	<u>348,110</u>
	<u>\$ 735,378</u>	<u>\$ 28,924</u>	<u>\$ 283,042</u>	<u>\$ 235,031</u>	<u>\$ 1,282,375</u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

8. Retirement Plan

The County contributes to the Oregon Public Employees' Retirement System (PERS), an agent multiple-employer defined benefit pension plan and the Oregon Public Service Retirement Plan (OPSRP), an agent multiple-employer hybrid pension plan. Both PERS and OPSRP are governed by the Public Employees' Retirement Board (PERB) under the provisions of Oregon Revised Statutes 238. PERS provides retirement benefits under a variety of benefit options, as selected by retiring employees, and provides death and disability benefits. OPSRP provides a combination of retirement benefits under a defined benefit plan and an individual account program (IAP), the balance of which will be paid out in either a lump sum or over a 5, 10, 15 or 20 year period. Employees hired on or after August 29, 2003 participate only in OPSRP. Beginning January 1, 2004, active PERS members hired before August 29, 2003, became members of the IAP of OPSRP. These members retain their existing PERS account, however any future member contributions will be placed in the OPSRP IAP. A copy of the Oregon Public Employees' Retirement System annual financial report may be obtained by writing to Public Employees' Retirement System, P.O. Box 23700, Tigard, OR 97281-3700, by calling (503) 598-7377 or at www.oregon.gov/PERS.

County employees are eligible to participate after completing six months of service. Covered employees are required by state statute to contribute 6 percent of their compensation to the plan. Current law permits the County to pay this amount on behalf of the employees. The County's contribution rate is set by PERB and is periodically adjusted based upon actuarial computations of the amount needed to provide retirement benefits. The required contribution was determined as part of the December 31, 2011 actuarial valuation using the projected unit credit cost method. The actuarial assumptions include:

- Long-term inflation rate of 2.75 percent per year
- Rate of return on investments of 8 percent
- Projected increases in salaries of 3.75 percent
- Post-retirement cost of living increases of 2 percent per year
- Future interest credits of 8 % for regular accounts and 8.25% for variable accounts

During the year, the County's contribution rates were as follows:

For employees hired before August 29, 2003 – 13.66 percent

For employees hired after August 29, 2003:

Law enforcement personnel – 11.98 percent

All other employees – 9.27 percent

The actuarial value of assets is determined using the Market value method. The County's unfunded actuarial liability is being amortized as an equivalent single amortization period of payroll over 30 years. The County's annual pension cost was equal to the County's required and actual contributions.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

8. Retirement Plan (continued)

The County's contribution to the plan for the years ending June 30, 2013, 2012, and 2011, were as follows:

June 30,	Cost (APC)	Contributions	Contributed
2013	\$ 2,666,575	\$ 2,666,575	100
2012	2,606,473	2,606,473	100
2011	2,094,722	2,094,722	100

The County's schedule of funding progress as of the dates of actuarial valuations is as follows:

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	UAAL as a Percent of Covered Payroll
2011	\$ 59,227,350	\$ 75,481,554	\$ 16,254,204	78%	\$ 14,950,846	109%
2010	59,956,853	72,381,493	12,424,640	83%	13,663,943	91%
2009	55,947,719	69,680,804	13,733,085	80%	13,126,561	105%
2008	49,132,014	66,614,193	17,482,179	74%	12,760,103	137%
2007	65,813,102	64,658,271	(1,154,831)	102%	12,774,059	(9%)
2006	62,561,921	61,791,795	(770,126)	101%	11,686,150	(7%)
2005	56,200,828	60,408,005	4,207,178	93%	10,275,654	41%
2004	50,306,029	59,571,338	9,265,309	84%	10,119,023	92%
2003	47,555,864	56,039,086	8,483,222	85%	9,315,372	91%
2001	47,598,705	45,782,315	(1,816,390)	104%	10,186,537	(18%)
1999	46,416,274	46,578,557	162,283	100%	8,718,276	2%
1997	23,148,014	22,625,783	(522,231)	102%	7,307,015	(7%)
1995	16,718,770	17,154,852	436,082	97%	7,160,125	6%

9. Other Post-Employment Benefits

The County provides post-retirement health care benefits in accordance with Oregon Revised Statutes (ORS) 243.303. This ORS requires that Oregon governments offer pre-Medicare health care insurance coverage to retirees at the same premium rates charged to active employees. Health care premiums, priced only for retirees who on average incur higher health care claims costs than younger active employees, would be more expensive than health care premiums that are priced to cover the average costs of both actives and retirees combined. GASB 45, a new accounting and financial reporting pronouncement, requires that this implicit subsidy be included in the liabilities and costs reported on the County's financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

9. Other Post-Employment Benefits (continued)

County retirees and their dependents under age 65 are allowed to receive the same health care coverage at the same premium rates as offered to active employees. The retiree is responsible for all premiums; none of the premiums are paid by the County. All employees of the County who retire from active service with a PERS pension benefit payable immediately are eligible for this benefit. The implicit employer subsidy is measured as the expected health care cost per retiree and dependent, less the gross premiums charged by the insurance carrier for that coverage. The subsidy is only measured for retirees and spouses younger than age 65, at which point such retirees and spouses typically become eligible for Medicare.

At the August 1, 2012 actuarial valuation date, there were 265 active employees and 7 retirees and spouses of retirees receiving benefits.

The County funds the other post-employment benefits only to the extent of current year insurance premium requirements on a pay-as-you-go basis. The premium requirements for the County are as follows:

Expected monthly cost - Medical	Retirees		Spouses	
	Male	Female	Male	Female
Age 50	\$ 866	\$ 934	\$ 667	\$ 698
Age 55	919	919	733	775
Age 60	1,117	1,037	893	888
Age 64	1,380	1,238	1,100	1,055

Expected monthly cost - Dental	Retirees		Spouses	
	Male	Female	Male	Female
Age 50	\$ 60	\$ 66	\$ 60	\$ 66
Age 55	65	68	65	68
Age 60	68	71	68	71
Age 64	69	71	69	71

The County has not established an irrevocable trust to accumulate assets to fund the cost of the net OPEB obligation that arises from the implicit subsidy.

Polk County's annual OPEB (other post-employment benefit) is calculated based on the annual required contributions of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB 45. The ARC represent a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period of 15 years. The County's annual liability is the total of the current year's cost plus the current year amortization of the prior unfunded liability. In the year of implementation of the new standard, it is required that the employer ARC be recognized as a current year cost and liability. The Standard does not require accrual of the unamortized unfunded liability.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

9. Other Post-Employment Benefits (continued)

The following table shows components of the County's annual OPEB cost for the fiscal year ending June 30, 2013, the amount actually contributed to the plan, and changes in the County's net OPEB liability:

Normal cost at year end	\$ 199,185
Amortization of UAAL	<u>156,427</u>
Annual Required Contribution	355,612
Interest earned on net OPEB obligation	48,904
Adjustment to the ARC	<u>(83,087)</u>
Annual OPEB cost (expense)	321,429
Implicit benefit payments	<u>(93,931)</u>
Increase in Net OPEB Obligation	227,498
Net OPEB Obligation – beginning of year	<u>1,222,609</u>
Net OPEB Obligation – end of year	<u>\$ 1,450,107</u>

As of August 1, 2012, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$1,943,672, and the actuarial value of assets was zero, resulting in an unfunded accrued liability of \$1,943,672.

The County's schedule of funding progress as of the dates of actuarial valuation is as follows:

Actuarial Valuation Date	Actuarial Value of Assets	AAL Unit Credit	UAAL	Funded Ratio	Covered Payroll	UUAL as a Percent of Covered Payroll
8/1/2012	\$ -	\$ 1,943,672	\$ 1,943,672	0%	\$ 15,664,907	12%
8/1/2010	-	1,953,122	1,953,122	0%	13,928,664	14%
8/1/2008	-	2,273,567	2,273,567	0%	12,760,103	18%

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

9. Other Post-Employment Benefits (continued)

The County's annual OPEB cost, percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as of June 30, 2013 is as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2009	\$ 404,332	18%	\$ 332,858
June 30, 2010	414,011	20%	662,113
June 30, 2011	438,523	24%	993,795
June 30, 2012	303,054	24%	1,222,609
June 30, 2013	321,429	29%	1,450,107

10. Contingency – Sick Leave

Portions of amounts accumulated at any point in time can be expected to be redeemed before termination of employment; however, such redemptions cannot be reasonably estimated. As of June 30, 2013, employees of the County had accumulated 8,768 days of sick leave.

11. Litigation

The County, in the regular course of business, is named as a defendant in various lawsuits. The likely outcome of these suits is not determinable at this time and the County does not believe that the ultimate resolution of these lawsuits will have a material adverse effect on the County's General Fund.

12. Operating Leases

The County leases three buildings/office space under non-cancelable operating leases. Total lease costs paid for the year ended June 30, 2013 were \$289,866.

Future minimum lease payments for the non-cancelable leases are as follows:

<u>Fiscal Year Ending</u>	<u>Amount</u>
June 30, 2014	\$ 292,787
June 30, 2015	296,436
June 30, 2016	178,439
June 30, 2017	147,847
June 30 2018-2021	<u>475,178</u>
Total	<u>\$1,390,687</u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

13. Net Position Restricted Through Enabling Legislation

The government-wide statement of net position reports \$2,233,551 of restricted net position, of which \$1,946,745 is restricted by enabling legislation.

14. Governmental Fund Balances

Fund balance amounts for governmental funds have been reported in the categories of nonspendable, restricted, committed, assigned and unassigned. The specific purposes for these amounts are as follows:

	<u>General</u>	<u>Public Works</u>	<u>Mental Health</u>	<u>OTIA III Bridge Replacement</u>	<u>Nonmajor Governmental Funds</u>	<u>Totals</u>
Nonspendable:						
Inventory	\$ -	\$ 158,409	\$ -	\$ -	\$ -	\$ 158,409
Prepaid items	49,201	-	-	-	33,228	82,429
Restricted for:						
Bicycle path construction/maintenance	-	77,696	-	-	-	77,696
Bridge construction	-	-	-	577,192	-	577,192
Law enforcement	-	-	-	-	316,268	316,268
Health and welfare	-	-	-	-	267,117	267,117
Economic development	-	-	-	-	364,955	364,955
Education	-	-	-	-	1,544	1,544
Debt service	-	-	-	-	78,196	78,196
Other purposes	121,492	-	-	-	164,474	285,966
Committed for:						
Dog control	-	-	-	-	20,460	20,460
Fair and fairgrounds facility support	-	-	-	-	28,190	28,190
Unassigned	<u>2,136,386</u>	<u>-</u>	<u>(857,224)</u>	<u>-</u>	<u>(1,135,893)</u>	<u>143,269</u>
Total Fund Balances	<u>\$ 2,307,079</u>	<u>\$ 236,105</u>	<u>\$ (857,224)</u>	<u>\$ 577,192</u>	<u>\$ 138,539</u>	<u>\$ 2,401,691</u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

15. Expenditures in Excess of Appropriations

Oregon law prohibits expenditures or expenses of a fund in excess of board-approved appropriations. The District board approves appropriations by category for each fund.

Expenditures in excess of appropriations were made in the following categories:

<u>Fund/Category</u>	<u>Appropriation</u>	<u>Expenditures</u>	<u>Variance</u>
General			
Sheriff/Criminal	\$ 3,492,915	\$ 3,508,766	\$ (15,851)
Sheriff/Jail	3,669,989	3,691,810	(21,821)
Sheriff/Emergency Management	494,008	516,889	(22,881)
Mental Health			
Sub-Grant Programs	887,000	912,417	(25,417)

16. Subsequent Event - Short-term borrowing

ORS 287.442 allows the County to borrow funds for the purposes of meeting current expenses, retiring outstanding bonds or warrants, or paying interest hereon, in anticipation of ad valorem tax collections and/or other unpledged revenue.

In July 2013, the County borrowed \$2,000,000 at a rate of interest per annum equal to the greater of two percent or the Prime Rate minus 1 percent. The maturity date is December 31, 2013.

17. Deficit fund balance

As of June 30, 2013, the Mental Health Fund has a deficit fund balance in the amount of \$857,224. This deficit will be eliminated through a reduction of expenditures.

As of June 30, 2013, the Building Improvement Fund has a deficit fund balance in the amount of \$1,135,893. This deficit will be eliminated through other financing sources.

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**COMBINING AND INDIVIDUAL FUND FINANCIAL
STATEMENTS AND SCHEDULES**

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POLK COUNTY

**OTIA III BRIDGE REPLACEMENT - CAPITAL PROJECTS FUND (MAJOR FUND)
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
For the Year Ended June 30, 2013**

	Budget	Actual	Variance
REVENUES			
Interest	\$ 2,500	\$ 3,020	\$ 520
EXPENDITURES			
Personal services	50,423	51,248	(825)
Materials and services	535,224	28,928	506,296
Interdepartment charges	16,853	16,853	-
Contingency	50,000	-	50,000
TOTAL EXPENDITURES	652,500	97,029	555,471
Net change in fund balance	(650,000)	(94,009)	555,991
Fund balance at beginning of year	650,000	671,201	21,201
Fund balance at end of year	\$ -	\$ 577,192	\$ 577,192

OTHER GOVERNMENTAL FUNDS (NON-MAJOR)

Special Revenue Funds

Special revenue Funds account for revenues derived from specific taxes or other earmarked revenue sources, including federal and state grant awards, which are restricted to finance particular functions or activities. Funds included in this category are:

Polk Interagency Narcotics Team – accounts for the receipt and expenditures of grants, forfeitures and other moneys belonging to the interagency group, the POINT team, to support drug enforcement and education activities.

Multi-Disciplinary Intervention – accounts for the receipt and expenditures of a grant received each year from the Children’s Services Division, the CAMI grant, disbursements are made as requested by the District Attorney.

Domestic Mediation – accounts for the receipt and expenditures of funds received from the Court and the state which are used to provide mediation services in child custody and visitation disputes.

Court Security – accounts for the receipts and expenditures of funds received from County assessments on fines and from the state for the purpose of providing security in buildings that contain state court facilities located within the County.

Public Land Corner – accounts for the receipt of recording fees and expenditures for surveying landmarks.

Dog Control – accounts for the receipt of permits and license fees for animal control.

Marine Patrol – accounts for the receipt and expenditure of funds received from the state for marine patrol activities.

Law Library – accounts for the receipt and expenditure of certain court fees, state funding and charges for maintaining a law library.

Health and Human Services – accounts for the receipt and expenditures of state grants and charges for services to operate the County’s human services administration.

Public Health – accounts for the receipt and expenditures of state and federal grants, patient fees and a transfer from the General Fund for use in promoting public health including family planning, general health and Women’s Infants’ and Children’s programs.

Juvenile – accounts for the receipt and expenditures of state grants and a transfer from the General Fund for juvenile corrections programs.

OTHER GOVERNMENTAL FUNDS (NON-MAJOR) (continued)

Special Revenue Funds (continued)

Youth Programs – accounts for the receipt and expenditures of state and federal grants for the operations of mentor, monitor and shelter home programs for youth.

Fair – accounts for the receipt and expenditures of state funding, Fair admission, rentals and concessions for operation of the annual County Fair and operations of the Fair buildings and grounds.

911 Emergency Communications – accounts for receipt and expenditures of telephone excise taxes for the provision of emergency communications operated by outside agencies.

County School – accounts for receipt and expenditures of various state allocations for distribution to County school districts.

Economic Development – accounts for the receipt and expenditures of state grants and to promote economic development in the County.

Household Hazardous Waste – accounts for the receipt and expenditures of charges for services to operate the County's household hazardous waste program.

Extension Service District – accounts for Oregon State University extension services educational programs, training and information for Polk County residents.

Debt Service Fund

The Debt Service Fund accounts for payment of general obligation bond principal and interest. The principal source of revenue is from property taxes.

Capital Projects Fund

The Capital Projects Funds account for resources used in the acquisition and construction of capital facilities and equipment.

Building Improvement – accounts for major capital improvements of the County. The financing source is transfers from other County Funds.

POLK COUNTY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2013

	<u>Special</u> <u>Revenue</u>	<u>Debt</u> <u>Service</u>	<u>Building</u> <u>Improvement</u>	<u>Totals</u>
ASSETS				
Cash and investments	\$1,236,449	\$ 52,835	\$ (1,133,761)	\$ 155,523
Receivables	280,904	233,971	-	514,875
Prepaid items	<u>33,228</u>	<u>-</u>	<u>-</u>	<u>33,228</u>
TOTAL ASSETS	<u>\$1,550,581</u>	<u>\$ 286,806</u>	<u>\$ (1,133,761)</u>	<u>\$ 703,626</u>
LIABILITIES				
Accounts payable and accrued expenditures	<u>\$ 327,924</u>	<u>\$ -</u>	<u>\$ 2,132</u>	<u>\$ 330,056</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	<u>26,421</u>	<u>208,610</u>	<u>-</u>	<u>235,031</u>
FUND BALANCES				
Nonspendable	33,228	-	-	33,228
Restricted	1,114,358	78,196	-	1,192,554
Committed	48,650	-	-	48,650
Unassigned	<u>-</u>	<u>-</u>	<u>(1,135,893)</u>	<u>(1,135,893)</u>
TOTAL FUND BALANCES	<u>1,196,236</u>	<u>78,196</u>	<u>(1,135,893)</u>	<u>138,539</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$1,550,581</u>	<u>\$ 286,806</u>	<u>\$ (1,133,761)</u>	<u>\$ 703,626</u>

POLK COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2013

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Building Improvement</u>	<u>Totals</u>
REVENUES				
Property taxes	\$ 344,349	\$ 2,520,808	\$ -	\$2,865,157
Licenses, fees and permits	58,129	-	-	58,129
Intergovernmental	3,475,979	-	32,500	3,508,479
Charges for services	1,347,465	-	-	1,347,465
Franchise fees	205,541	-	-	205,541
Fines and forfeitures	8,171	-	-	8,171
Donations	26,784	-	-	26,784
Interest	1,076	315	-	1,391
Miscellaneous	6,690	-	-	6,690
TOTAL REVENUES	<u>5,474,184</u>	<u>2,521,123</u>	<u>32,500</u>	<u>8,027,807</u>
EXPENDITURES				
Current				
General government	744,224	-	-	744,224
Public Safety	2,188,373	-	-	2,188,373
Highways and streets	105,279	-	-	105,279
Health and welfare	3,103,221	-	-	3,103,221
Education	365,850	-	-	365,850
Debt service - principal	-	2,025,000	120,000	2,145,000
Debt service - interest	-	514,456	83,355	597,811
Capital outlay	25	-	689,504	689,529
TOTAL EXPENDITURES	<u>6,506,972</u>	<u>2,539,456</u>	<u>892,859</u>	<u>9,939,287</u>
Excess (deficiency) of revenues over expenditures	(1,032,788)	(18,333)	(860,359)	(1,911,480)
OTHER FINANCING SOURCES (USES)				
Transfers in	1,038,000	-	260,000	1,298,000
Net change in fund balances	5,212	(18,333)	(600,359)	(613,480)
Fund balances at beginning of year	1,191,024	96,529	(535,534)	752,019
Fund balances at end of year	<u>\$1,196,236</u>	<u>\$ 78,196</u>	<u>\$(1,135,893)</u>	<u>\$ 138,539</u>

POLK COUNTY

COMBINING BALANCE SHEET SPECIAL REVENUE FUNDS June 30, 2013

	Polk							
	Interagency Narcotics Team	Multi- Disciplinary Intervention	Domestic Mediation	Court Security	Public Land Corner	Dog Control	Marine Patrol	Law Library
ASSETS								
Cash and investments	\$ 81,887	\$ 6,704	\$ 5,133	\$ 120,615	\$ 37,111	\$ 20,734	\$ (7,061)	\$ 4,286
Receivables	-	22,030	-	9,278	694	543	15,660	-
Prepaid items	2,867	-	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ 84,754</u>	<u>\$ 28,734</u>	<u>\$ 5,133</u>	<u>\$ 129,893</u>	<u>\$ 37,805</u>	<u>\$ 21,277</u>	<u>\$ 8,599</u>	<u>\$ 4,286</u>
LIABILITIES								
Accounts payable and accrued expenditures	\$ 4,872	\$ 10,045	\$ 4,960	\$ 6,222	\$ 60	\$ 817	\$ 5,602	\$ 2,748
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue	-	-	-	-	-	-	-	-
FUND BALANCES								
Nonspendable	2,867	-	-	-	-	-	-	-
Restricted	77,015	18,689	173	123,671	37,745	-	2,997	1,538
Committed	-	-	-	-	-	20,460	-	-
TOTAL FUND BALANCES	<u>79,882</u>	<u>18,689</u>	<u>173</u>	<u>123,671</u>	<u>37,745</u>	<u>20,460</u>	<u>2,997</u>	<u>1,538</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u>\$ 84,754</u>	<u>\$ 28,734</u>	<u>\$ 5,133</u>	<u>\$ 129,893</u>	<u>\$ 37,805</u>	<u>\$ 21,277</u>	<u>\$ 8,599</u>	<u>\$ 4,286</u>

Health and Human Services	Public Health	Juvenile	Youth Programs	Fair	911 Emergency Communications	Economic Development	Household Hazardous Waste	Extension Service District	Totals
\$ 294,418	\$ 88,679	\$ 20,917	\$ 11,207	\$ 41,713	\$ 15,155	\$ 385,200	\$ 111,731	\$ (1,980)	\$ 1,236,449
710	89,090	52,797	41,808	2,699	-	-	16,711	28,884	280,904
-	650	-	-	2,511	-	25,000	-	2,200	33,228
<u>\$ 295,128</u>	<u>\$ 178,419</u>	<u>\$ 73,714</u>	<u>\$ 53,015</u>	<u>\$ 46,923</u>	<u>\$ 15,155</u>	<u>\$ 410,200</u>	<u>\$ 128,442</u>	<u>\$ 29,104</u>	<u>\$ 1,550,581</u>
<u>\$ 176,146</u>	<u>\$ 29,634</u>	<u>\$ 28,193</u>	<u>\$ 1,106</u>	<u>\$ 16,222</u>	<u>\$ -</u>	<u>\$ 20,245</u>	<u>\$ 20,575</u>	<u>\$ 477</u>	<u>\$ 327,924</u>
-	-	-	-	-	-	-	-	26,421	26,421
-	650	-	-	2,511	-	25,000	-	2,200	33,228
118,982	148,135	45,521	51,909	-	15,155	364,955	107,867	6	1,114,358
-	-	-	-	28,190	-	-	-	-	48,650
<u>118,982</u>	<u>148,785</u>	<u>45,521</u>	<u>51,909</u>	<u>30,701</u>	<u>15,155</u>	<u>389,955</u>	<u>107,867</u>	<u>2,206</u>	<u>1,196,236</u>
<u>\$ 295,128</u>	<u>\$ 178,419</u>	<u>\$ 73,714</u>	<u>\$ 53,015</u>	<u>\$ 46,923</u>	<u>\$ 15,155</u>	<u>\$ 410,200</u>	<u>\$ 128,442</u>	<u>\$ 29,104</u>	<u>\$ 1,550,581</u>

POLK COUNTY

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2013**

	Polk							
	Interagency	Multi-						
	Narcotics	Disciplinary	Domestic	Court	Public Land	Dog	Marine	Law
	Team	Intervention	Mediation	Security	Corner	Control	Patrol	Library
REVENUES								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, fees and permits	-	-	-	-	-	58,129	-	-
Intergovernmental	19,505	88,119	39,198	90,828	-	-	75,014	46,428
Charges for services	30,127	-	-	-	122,911	1,972	-	-
Franchise fees	-	-	-	-	-	-	-	-
Fines and forfeitures	2,257	-	-	4,836	-	1,078	-	-
Donations	-	-	-	-	-	-	-	-
Interest	-	-	-	496	-	-	-	-
Miscellaneous	584	-	-	-	-	-	-	-
TOTAL REVENUES	52,473	88,119	39,198	96,160	122,911	61,179	75,014	46,428
EXPENDITURES								
Current								
General government	-	-	57,610	-	-	-	-	57,949
Public safety	45,216	76,717	-	55,623	-	112,737	80,936	-
Highways and streets	-	-	-	-	105,279	-	-	-
Health and welfare	-	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	25	-	-
TOTAL EXPENDITURES	45,216	76,717	57,610	55,623	105,279	112,762	80,936	57,949
Excess (deficiency) of revenues over expenditures	7,257	11,402	(18,412)	40,537	17,632	(51,583)	(5,922)	(11,521)
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	30,000	-	-	65,000	5,000	5,000
Net change in fund balances	7,257	11,402	11,588	40,537	17,632	13,417	(922)	(6,521)
Fund balances at beginning of year	72,625	7,287	(11,415)	83,134	20,113	7,043	3,919	8,059
Fund balances at end of year	\$ 79,882	\$ 18,689	\$ 173	\$ 123,671	\$ 37,745	\$ 20,460	\$ 2,997	\$ 1,538

Health and Human Services	Public Health	Juvenile	Youth Programs	Fair	911 Emergency Communications	County School	Economic Development	Household Hazardous Waste	Extension Service District	Totals
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 344,349	\$ 344,349
-	-	-	-	-	-	-	-	-	-	58,129
669,030	1,335,185	205,822	590,541	122,642	-	1,273	192,394	-	-	3,475,979
730,311	172,108	47,277	-	242,759	-	-	-	-	-	1,347,465
-	-	-	-	-	117,806	20,608	-	67,127	-	205,541
-	-	-	-	-	-	-	-	-	-	8,171
3,147	4,127	-	100	19,410	-	-	-	-	-	26,784
-	-	-	-	-	229	-	-	-	351	1,076
1,528	-	21	4,493	64	-	-	-	-	-	6,690
<u>1,404,016</u>	<u>1,511,420</u>	<u>253,120</u>	<u>595,134</u>	<u>384,875</u>	<u>118,035</u>	<u>21,881</u>	<u>192,394</u>	<u>67,127</u>	<u>344,700</u>	<u>5,474,184</u>
-	-	38,244	-	363,337	-	21,881	127,569	77,634	-	744,224
-	-	1,071,530	607,810	-	137,804	-	-	-	-	2,188,373
-	-	-	-	-	-	-	-	-	-	105,279
1,421,311	1,681,910	-	-	-	-	-	-	-	-	3,103,221
-	-	-	-	-	-	-	-	-	365,850	365,850
-	-	-	-	-	-	-	-	-	-	25
<u>1,421,311</u>	<u>1,681,910</u>	<u>1,109,774</u>	<u>607,810</u>	<u>363,337</u>	<u>137,804</u>	<u>21,881</u>	<u>127,569</u>	<u>77,634</u>	<u>365,850</u>	<u>6,506,972</u>
(17,295)	(170,490)	(856,654)	(12,676)	21,538	(19,769)	-	64,825	(10,507)	(21,150)	(1,032,788)
-	118,000	815,000	-	-	-	-	-	-	-	1,038,000
(17,295)	(52,490)	(41,654)	(12,676)	21,538	(19,769)	-	64,825	(10,507)	(21,150)	5,212
<u>136,277</u>	<u>201,275</u>	<u>87,175</u>	<u>64,585</u>	<u>9,163</u>	<u>34,924</u>	<u>-</u>	<u>325,130</u>	<u>118,374</u>	<u>23,356</u>	<u>1,191,024</u>
<u>\$ 118,982</u>	<u>\$ 148,785</u>	<u>\$ 45,521</u>	<u>\$ 51,909</u>	<u>\$ 30,701</u>	<u>\$ 15,155</u>	<u>\$ -</u>	<u>\$ 389,955</u>	<u>\$ 107,867</u>	<u>\$ 2,206</u>	<u>\$ 1,196,236</u>

POLK COUNTY

**POLK INTERAGENCY NARCOTICS TEAM - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL**

For the Year Ended June 30, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Intergovernmental	\$ 5,000	\$ 19,505	\$ 14,505
Charges for services	25,000	30,127	5,127
Fines and forfeitures	-	2,257	2,257
Miscellaneous	-	584	584
TOTAL REVENUES	<u>30,000</u>	<u>52,473</u>	<u>22,473</u>
EXPENDITURES			
Materials and services	98,395	43,611	54,784
Interdepartment charges	1,605	1,605	-
TOTAL EXPENDITURES	<u>100,000</u>	<u>45,216</u>	<u>54,784</u>
Net change in fund balance	(70,000)	7,257	(77,257)
Fund balance at beginning of year	<u>70,000</u>	<u>72,625</u>	<u>2,625</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 79,882</u>	<u>\$ (79,882)</u>

POLK COUNTY

**MULTI-DISCIPLINARY INTERVENTION - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL**

For the Year Ended June 30, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Intergovernmental	\$ 100,000	\$ 88,119	\$ (11,881)
EXPENDITURES			
Personal services	32,871	21,729	11,142
Materials and services	65,117	52,476	12,641
Interdepartment charges	<u>2,512</u>	<u>2,512</u>	<u>-</u>
TOTAL EXPENDITURES	<u>100,500</u>	<u>76,717</u>	<u>23,783</u>
Net change in fund balance	(500)	11,402	11,902
Fund balance at beginning of year	<u>1,000</u>	<u>7,287</u>	<u>6,287</u>
Fund balance at end of year	<u>\$ 500</u>	<u>\$ 18,689</u>	<u>\$ 18,189</u>

POLK COUNTY

**DOMESTIC MEDIATION - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL**

For the Year Ended June 30, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Intergovernmental		\$ 39,198	\$ 39,198
Fines and forfeitures	40,000	-	(40,000)
TOTAL REVENUES	<u>40,000</u>	<u>39,198</u>	<u>(802)</u>
EXPENDITURES			
Materials and services	73,236	55,846	17,390
Interdepartment charges	1,764	1,764	-
TOTAL EXPENDITURES	<u>75,000</u>	<u>57,610</u>	<u>17,390</u>
Excess (deficiency) of revenues over	(35,000)	(18,412)	16,588
OTHER FINANCING SOURCES (USES)			
Transfers in	30,000	30,000	-
Net change in fund balance	(5,000)	11,588	16,588
Fund balance at beginning of year	5,000	(11,415)	(16,415)
Fund balance at end of year	<u>\$ -</u>	<u>\$ 173</u>	<u>\$ 173</u>

POLK COUNTY

COURT SECURITY - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
For the Year Ended June 30, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Intergovernmental	\$ -	\$ 90,828	\$ 90,828
Fines and forfeitures	40,000	4,836	(35,164)
Interest	1,000	496	(504)
	<u>41,000</u>	<u>96,160</u>	<u>55,160</u>
EXPENDITURES			
Materials and services	64,821	33,444	31,377
Interdepartment charges	16,179	16,179	-
Capital outlay	25,000	6,000	19,000
	<u>106,000</u>	<u>55,623</u>	<u>50,377</u>
Net change in fund balance	(65,000)	40,537	105,537
Fund balance at beginning of year	65,000	83,134	18,134
	<u>\$ -</u>	<u>\$ 123,671</u>	<u>\$ 123,671</u>

POLK COUNTY

**PUBLIC LAND CORNER - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL**

For the Year Ended June 30, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Charges for services	<u>\$ 105,000</u>	<u>\$ 122,911</u>	<u>\$ 17,911</u>
EXPENDITURES			
Materials and services	99,112	79,391	19,721
Interdepartment charges	<u>25,888</u>	<u>25,888</u>	<u>-</u>
TOTAL EXPENDITURES	<u>125,000</u>	<u>105,279</u>	<u>19,721</u>
Net change in fund balance	(20,000)	17,632	37,632
Fund balance at beginning of year	<u>20,000</u>	<u>20,113</u>	<u>113</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 37,745</u>	<u>\$ 37,745</u>

POLK COUNTY

**DOG CONTROL - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
For the Year Ended June 30, 2013**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Permits and licenses	\$ 75,000	\$ 58,129	\$ (16,871)
Charges for services	-	1,972	1,972
Fines and forfeitures	<u>5,000</u>	<u>1,078</u>	<u>(3,922)</u>
TOTAL REVENUES	<u>80,000</u>	<u>61,179</u>	<u>(18,821)</u>
EXPENDITURES			
Personal services	101,990	74,317	27,673
Materials and services	53,050	23,460	29,590
Interdepartment charges	14,960	14,960	-
Capital outlay	<u>-</u>	<u>25</u>	<u>(25)</u>
TOTAL EXPENDITURES	<u>170,000</u>	<u>112,762</u>	<u>57,238</u>
Excess (deficiency) of revenues over expenditures	(90,000)	(51,583)	38,417
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>65,000</u>	<u>65,000</u>	<u>-</u>
Net change in fund balance	(25,000)	13,417	38,417
Fund balance at beginning of year	<u>25,000</u>	<u>7,043</u>	<u>(17,957)</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 20,460</u>	<u>\$ 20,460</u>

POLK COUNTY

MARINE PATROL - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
For the Year Ended June 30, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Intergovernmental	\$ 76,000	\$ 75,014	\$ (986)
EXPENDITURES			
Personal services	64,383	59,262	5,121
Materials and services	20,317	17,874	2,443
Interdepartment charges	3,800	3,800	-
TOTAL EXPENDITURES	<u>88,500</u>	<u>80,936</u>	<u>7,564</u>
Excess (deficiency) of revenues over expenditures	(12,500)	(5,922)	6,578
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>10,000</u>	<u>5,000</u>	<u>(5,000)</u>
Net change in fund balance	(2,500)	(922)	1,578
Fund balance at beginning of year	<u>2,500</u>	<u>3,919</u>	<u>1,419</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 2,997</u>	<u>\$ 2,997</u>

POLK COUNTY

LAW LIBRARY - SPECIAL REVENUE FUND

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

For the Year Ended June 30, 2013

	Budget	Actual	Variance
REVENUES			
Intergovernmental	\$ -	\$ 46,428	\$ 46,428
Charges for service	50,000	-	(50,000)
TOTAL REVENUES	50,000	46,428	(3,572)
EXPENDITURES			
Materials and services	37,760	30,709	7,051
Interdepartment charges	27,240	27,240	-
TOTAL EXPENDITURES	65,000	57,949	7,051
Excess (deficiency) of revenues over	(15,000)	(11,521)	3,479
OTHER FINANCING SOURCES (USES)			
Transfers in	5,000	5,000	-
Net change in fund balance	(10,000)	(6,521)	3,479
Fund balance at beginning of year	10,000	8,059	(1,941)
Fund balance at end of year	\$ -	\$ 1,538	\$ 1,538

POLK COUNTY

**HEALTH AND HUMAN SERVICES - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL**

For the Year Ended June 30, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Intergovernmental	\$ 722,750	\$ 669,030	\$ (53,720)
Charges for services	730,000	730,311	311
Donations	-	3,147	3,147
Miscellaneous	-	1,528	1,528
TOTAL REVENUES	<u>1,452,750</u>	<u>1,404,016</u>	<u>(48,734)</u>
EXPENDITURES			
Administration			
Personal services	771,635	679,637	91,998
Materials and services	178,289	96,161	82,128
Interdepartment charges	128,576	128,576	-
Total Administration	<u>1,078,500</u>	<u>904,374</u>	<u>174,126</u>
Commission on Children and Families			
Personal services	172,610	149,501	23,109
Materials and services	329,440	323,236	6,204
Interdepartment charges	44,200	44,200	-
Total Commission on Children and Families	<u>546,250</u>	<u>516,937</u>	<u>29,313</u>
TOTAL EXPENDITURES	<u>1,624,750</u>	<u>1,421,311</u>	<u>203,439</u>
Net change in fund balance	(172,000)	(17,295)	154,705
Fund balance at beginning of year	172,000	136,277	(35,723)
Fund balance at end of year	<u>\$ -</u>	<u>\$ 118,982</u>	<u>\$ 118,982</u>

POLK COUNTY

**PUBLIC HEALTH - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
For the Year Ended June 30, 2013**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Intergovernmental	\$ 1,218,000	\$ 1,335,185	\$ 117,185
Charges for services	185,000	172,108	(12,892)
Donations	2,500	4,127	1,627
TOTAL REVENUES	<u>1,405,500</u>	<u>1,511,420</u>	<u>105,920</u>
EXPENDITURES			
Family Planning			
Personal services	106,783	99,120	7,663
Materials and services	60,600	43,005	17,595
Interdepartment charges	33,117	33,117	-
Total Family Planning	<u>200,500</u>	<u>175,242</u>	<u>25,258</u>
General Health			
Personal services	963,031	916,210	46,821
Materials and services	191,030	215,347	(24,317)
Interdepartment charges	158,985	158,985	-
Total General Health	<u>1,313,046</u>	<u>1,290,542</u>	<u>22,504</u>
Women, Infants and Children			
Personal services	156,908	137,935	18,973
Materials and services	26,600	21,745	4,855
Interdepartment charges	56,446	56,446	-
Total Women, Infants and Children	<u>239,954</u>	<u>216,126</u>	<u>23,828</u>
TOTAL EXPENDITURES	<u>1,753,500</u>	<u>1,681,910</u>	<u>71,590</u>
Excess (deficiency) of revenues over expenditures	(348,000)	(170,490)	177,510
OTHER FINANCING SOURCES (USES)			
Transfers in	128,000	118,000	(10,000)
Net change in fund balance	(220,000)	(52,490)	167,510
Fund balance at beginning of year	220,000	201,275	(18,725)
Fund balance at end of year	<u>\$ -</u>	<u>\$ 148,785</u>	<u>\$ 148,785</u>

POLK COUNTY

JUVENILE - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
For the Year Ended June 30, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Intergovernmental	\$ 250,000	\$ 205,822	\$ (44,178)
Charges for services	14,500	47,277	32,777
Miscellaneous	-	21	21
TOTAL REVENUES	<u>264,500</u>	<u>253,120</u>	<u>(11,380)</u>
EXPENDITURES			
Juvenile Probations			
Personal services	594,619	597,366	(2,747)
Materials and services	28,931	24,420	4,511
Interdepartment charges	115,146	115,146	-
Total Juvenile Probations	<u>738,696</u>	<u>736,932</u>	<u>1,764</u>
Juvenile Sanctions			
Materials and services	351,500	329,743	21,757
Interdepartment charges	4,855	4,855	-
Total Juvenile Sanctions	<u>356,355</u>	<u>334,598</u>	<u>21,757</u>
Juvenile Community Service			
Personal services	38,399	37,677	722
Materials and services	20,050	567	19,483
Total Juvenile Community Service	<u>58,449</u>	<u>38,244</u>	<u>20,205</u>
TOTAL EXPENDITURES	<u>1,153,500</u>	<u>1,109,774</u>	<u>43,726</u>
Excess (deficiency) of revenues over expenditures	(889,000)	(856,654)	32,346
OTHER FINANCING SOURCES (USES)			
Transfers in	815,000	815,000	-
Net change in fund balance	(74,000)	(41,654)	32,346
Fund balance at beginning of year	74,000	87,175	13,175
Fund balance at end of year	<u>\$ -</u>	<u>\$ 45,521</u>	<u>\$ 45,521</u>

POLK COUNTY

**YOUTH PROGRAMS - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
For the Year Ended June 30, 2013**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Intergovernmental	\$ 661,000	\$ 590,541	\$ (70,459)
Donations	-	100	100
Miscellaneous	-	4,493	4,493
TOTAL REVENUES	<u>661,000</u>	<u>595,134</u>	<u>(65,866)</u>
EXPENDITURES			
Personal services	399,065	345,409	53,656
Materials and services	251,418	181,884	69,534
Interdepartment charges	80,517	80,517	-
Contingency	20,000	-	20,000
TOTAL EXPENDITURES	<u>751,000</u>	<u>607,810</u>	<u>143,190</u>
Net change in fund balance	(90,000)	(12,676)	77,324
Fund balance at beginning of year	<u>90,000</u>	<u>64,585</u>	<u>(25,415)</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 51,909</u>	<u>\$ 51,909</u>

POLK COUNTY

**FAIR - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
For the Year Ended June 30, 2013**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Intergovernmental	\$ 105,000	\$ 122,642	\$ 17,642
Charges for services	256,500	242,759	(13,741)
Donations	27,000	19,410	(7,590)
Miscellaneous	1,500	64	(1,436)
TOTAL REVENUES	<u>390,000</u>	<u>384,875</u>	<u>(5,125)</u>
EXPENDITURES			
Annual Fair			
Personal services	54,849	42,665	12,184
Materials and services	102,323	76,659	25,664
Interdepartment charges	7,767	7,767	-
Total Annual Fair	<u>164,939</u>	<u>127,091</u>	<u>37,848</u>
Year Around Operation			
Personal services	117,503	105,106	12,397
Materials and services	113,950	112,532	1,418
Interdepartment charges	18,608	18,608	-
Total Year Around Operation	<u>250,061</u>	<u>236,246</u>	<u>13,815</u>
TOTAL EXPENDITURES	<u>415,000</u>	<u>363,337</u>	<u>51,663</u>
Net change in fund balance	(25,000)	21,538	46,538
Fund balance at beginning of year	25,000	9,163	(15,837)
Fund balance at end of year	<u>\$ -</u>	<u>\$ 30,701</u>	<u>\$ 30,701</u>

POLK COUNTY

**911 EMERGENCY COMMUNICATIONS - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
For the Year Ended June 30, 2013**

	Budget	Actual	Variance
REVENUES			
Franchise fees	\$ 250,000	\$ 117,806	\$ (132,194)
Interest	500	229	(271)
	250,500	118,035	(132,465)
EXPENDITURES			
Materials and services	285,000	137,804	147,196
Net change in fund balance	(34,500)	(19,769)	14,731
Fund balance at beginning of year	34,500	34,924	424
Fund balance at end of year	\$ -	\$ 15,155	\$ 15,155

POLK COUNTY

COUNTY SCHOOL - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
For the Year Ended June 30, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Intergovernmental	\$ 2,500	\$ 1,273	\$ (1,227)
Franchise fees	<u>22,500</u>	<u>20,608</u>	<u>(1,892)</u>
TOTAL REVENUES	25,000	21,881	(3,119)
EXPENDITURES			
Materials and services	<u>25,000</u>	<u>21,881</u>	<u>3,119</u>
Net change in fund balance	-	-	-
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

POLK COUNTY

**ECONOMIC DEVELOPMENT - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
For the Year Ended June 30, 2013**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Intergovernmental	<u>\$ 850,000</u>	<u>\$ 192,394</u>	<u>\$ (657,606)</u>
EXPENDITURES			
Personal services	8,684	7,918	766
Materials and services	405,691	109,026	296,665
Interdepartment charges	10,625	10,625	-
Capital outlay	<u>700,000</u>	<u>-</u>	<u>700,000</u>
TOTAL EXPENDITURES	<u>1,125,000</u>	<u>127,569</u>	<u>997,431</u>
Net change in fund balance	(275,000)	64,825	339,825
Fund balance at beginning of year	<u>275,000</u>	<u>325,130</u>	<u>50,130</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 389,955</u>	<u>\$ 389,955</u>

POLK COUNTY

**HOUSEHOLD HAZARDOUS WASTE - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL**

For the Year Ended June 30, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Franchise fees	<u>\$ 65,000</u>	<u>\$ 67,127</u>	<u>\$ 2,127</u>
EXPENDITURES			
Personal services	32,503	30,807	1,696
Materials and services	159,086	43,416	115,670
Interdepartment charges	<u>3,411</u>	<u>3,411</u>	<u>-</u>
TOTAL EXPENDITURES	<u>195,000</u>	<u>77,634</u>	<u>117,366</u>
Net change in fund balance	(130,000)	(10,507)	119,493
Fund balance at beginning of year	<u>130,000</u>	<u>118,374</u>	<u>(11,626)</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 107,867</u>	<u>\$ 107,867</u>

POLK COUNTY

**EXTENSION SERVICE DISTRICT - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL**

For the Year Ended June 30, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Property tax	\$ 350,000	\$ 344,349	\$ (5,651)
Charges for services	1,000	-	(1,000)
Interest	<u>1,000</u>	<u>351</u>	<u>(649)</u>
TOTAL REVENUES	<u>352,000</u>	<u>344,700</u>	<u>(7,300)</u>
EXPENDITURES			
Education	369,500	365,850	3,650
Contingency	<u>12,500</u>	<u>-</u>	<u>12,500</u>
TOTAL EXPENDITURES	<u>382,000</u>	<u>365,850</u>	<u>16,150</u>
Net change in fund balance	(30,000)	(21,150)	8,850
Fund balance at beginning of year	<u>30,000</u>	<u>23,356</u>	<u>(6,644)</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 2,206</u>	<u>\$ 2,206</u>

POLK COUNTY

DEBT SERVICE FUND

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

For the Year Ended June 30, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Property taxes	\$ 2,448,956	\$ 2,520,808	\$ 71,852
Interest	<u>500</u>	<u>315</u>	<u>(185)</u>
TOTAL REVENUES	2,449,456	2,521,123	71,667
EXPENDITURES			
Debt service	<u>2,539,456</u>	<u>2,539,456</u>	<u>-</u>
Net change in fund balance	(90,000)	(18,333)	71,667
Fund balance at beginning of year	<u>90,000</u>	<u>96,529</u>	<u>6,529</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 78,196</u>	<u>\$ 78,196</u>

POLK COUNTY

**BUILDING IMPROVEMENT - CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
For the Year Ended June 30, 2013**

	Budget	Actual	Variance
REVENUES			
Intergovernmental	\$ -	\$ 32,500	\$ 32,500
EXPENDITURES			
Academy Building Improvement			
Personal services	-	10,577	(10,577)
Materials and services	7,500	6,505	995
Debt service	220,000	203,355	16,645
Capital outlay	10,000	504,935	(494,935)
Total Academy Building Improvement	237,500	725,372	(487,872)
Courthouse Building Improvement			
Materials and services	12,500	3,286	9,214
Capital outlay	25,000	164,201	(139,201)
Total Courthouse Building Improvement	37,500	167,487	(129,987)
TOTAL EXPENDITURES	275,000	892,859	(617,859)
Excess (deficiency) of revenues over	(275,000)	(860,359)	(585,359)
OTHER FINANCING SOURCES (USES)			
Transfers in	260,000	260,000	-
Net change in fund balance	(15,000)	(600,359)	(585,359)
Fund balance at beginning of year	15,000	(535,534)	(550,534)
Fund balance at end of year	\$ -	\$ (1,135,893)	\$ (1,135,893)

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INTERNAL SERVICE FUNDS

Management Services

The Management Services fund accounts for building maintenance, fiscal and personnel services, legal counsel and general services for the County. Charges are made to other County funds to recover the costs of providing these services.

Insurance

The Insurance Fund accounts for all costs incurred by the County under its insurance programs, up to policy deductible limits. Funding sources are revenues from investment income, proceeds from insurance recoveries, and charges to other funds.

POLK COUNTY

**COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
June 30, 2013**

	Management		
	Services	Insurance	Totals
<u>ASSETS</u>			
Current assets			
Cash and investments	\$ 136,102	\$ 502,516	\$ 638,618
Receivables	12,442	1,910	14,352
Prepaid items	<u>72,797</u>	<u>12,240</u>	<u>85,037</u>
Total current assets	221,341	516,666	738,007
Capital assets, net	<u>213,778</u>	-	<u>213,778</u>
TOTAL ASSETS	<u>435,119</u>	<u>516,666</u>	<u>951,785</u>
<u>LIABILITIES</u>			
Accounts payable and accrued expenses	89,284	35,306	124,590
Compensated absences	76,039	-	76,039
Net OPEB obligation	142,786	-	142,786
Long-term obligations:			
Due within one year	22,841	-	22,841
Due in more than one year	<u>48,517</u>	<u>-</u>	<u>48,517</u>
TOTAL LIABILITIES	<u>379,467</u>	<u>35,306</u>	<u>414,773</u>
<u>NET POSITION</u>			
Net investment in capital assets	213,778		213,778
Unrestricted	<u>(158,126)</u>	<u>481,360</u>	<u>323,234</u>
TOTAL NET POSITION	<u>\$ 55,652</u>	<u>\$ 481,360</u>	<u>\$ 537,012</u>

POLK COUNTY

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
NET POSITION**

**INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2013**

	Management Services	Insurance	Totals
OPERATING REVENUES			
Intergovernmental	\$ 44,571	\$ -	\$ 44,571
Charges for services	3,736,041	637,479	4,373,520
Miscellaneous	790	9,524	10,314
TOTAL OPERATING REVENUES	3,781,402	647,003	4,428,405
OPERATING EXPENSES			
Personal services	2,133,883	-	2,133,883
Materials and services	1,305,341	613,929	1,919,270
Interest on long-term obligations	3,822	-	3,822
Depreciation	40,351	-	40,351
TOTAL OPERATING EXPENSES	3,483,397	613,929	4,097,326
Operating income	298,005	33,074	331,079
NONOPERATING REVENUE (EXPENSE)			
Gain on sale of capital asset	1,426	-	1,426
Transfers out	(260,000)	-	(260,000)
TOTAL OTHER NONOPERATING REVENUE (EXPENSE)	(258,574)	-	(258,574)
Change in net position	39,431	33,074	72,505
Net position - beginning of year	16,221	448,286	464,507
Net position - end of year	\$ 55,652	\$ 481,360	\$ 537,012

POLK COUNTY

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2013**

	Management Services	Insurance	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 3,782,832	\$ 637,479	\$ 4,420,311
Other receipts	790	7,614	8,404
Payments to employees for services	(2,114,154)	-	(2,114,154)
Payments to other suppliers of goods or services	(1,316,603)	(629,693)	(1,946,296)
Net cash provided by operating activities	352,865	15,400	368,265
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of capital assets	(108,413)	-	(108,413)
Sale of capital assets	1,426	-	1,426
Transfers out	(260,000)	-	(260,000)
Issuance of long-term obligations	48,704	-	48,704
Principal payments on long-term obligations	(16,938)	-	(16,938)
Net cash (used) in financing activities	(335,221)	-	(335,221)
Net increase in cash and cash equivalents	17,644	15,400	33,044
Cash and cash equivalents, beginning of year	118,458	487,116	605,574
Cash and cash equivalents, end of year	\$ 136,102	\$ 502,516	\$ 638,618
Reconciliation of operating income to net cash provided by operating activities			
Operating income	\$ 298,005	\$ 33,074	\$ 331,079
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	40,351	-	40,351
(Increase) decrease in assets:			
Receivables	2,220	(1,910)	310
Prepaid items	(29,080)	(3,740)	(32,820)
Increase (decrease) in liabilities:			
Accounts payable and accrued expenses	21,640	(12,024)	9,616
Compensated absences	(1,220)	-	(1,220)
Net OPEB obligation	20,949	-	20,949
Net cash provided by operating activities	\$ 352,865	\$ 15,400	\$ 368,265

See accompanying notes

POLK COUNTY

MANAGEMENT SERVICES - INTERNAL SERVICE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 Year Ended June 30, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Intergovernmental	\$ 40,000	\$ 44,571	\$ 4,571
Charges for services	3,691,121	3,736,041	44,920
Miscellaneous	-	790	790
TOTAL REVENUES	<u>3,731,121</u>	<u>3,781,402</u>	<u>50,281</u>
EXPENDITURES			
GIS-Computer Mapping			
Personnel Services	255,550	209,633	45,917
Materials and Services	<u>26,300</u>	<u>49,201</u>	<u>(22,901)</u>
Total GIS-Computer Mapping	<u>281,850</u>	<u>258,834</u>	<u>23,016</u>
Equipment Replacement Reserve			
Capital outlay	<u>1,802</u>	<u>-</u>	<u>1,802</u>
Central Services			
Personnel Services	125,223	129,362	(4,139)
Materials and Services	303,600	290,324	13,276
Capital outlay	<u>25,000</u>	<u>48,704</u>	<u>(23,704)</u>
Total Central Services	<u>453,823</u>	<u>468,390</u>	<u>(14,567)</u>
Academy Building Maintenance			
Personnel Services	215,104	229,446	(14,342)
Materials and Services	<u>118,500</u>	<u>97,801</u>	<u>20,699</u>
Total Academy Building Maintenance	<u>333,604</u>	<u>327,247</u>	<u>6,357</u>
Jail Maintenance			
Personnel Services	112,590	118,993	(6,403)
Materials and Services	<u>194,700</u>	<u>199,072</u>	<u>(4,372)</u>
Total Jail Maintenance	<u>307,290</u>	<u>318,065</u>	<u>(10,775)</u>

Continued on next page

**MANAGEMENT SERVICES - INTERNAL SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (Continued)**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES (continued)			
Courthouse Building Maintenance			
Personnel Services	\$ 338,826	\$ 341,769	\$ (2,943)
Materials and Services	<u>214,500</u>	<u>209,700</u>	<u>4,800</u>
Total Courthouse Building Maintenance	<u>553,326</u>	<u>551,469</u>	<u>1,857</u>
Information Services			
Personnel Services	475,817	473,217	2,600
Materials and Services	311,200	303,967	7,233
Capital outlay	<u>-</u>	<u>3,082</u>	<u>(3,082)</u>
Total Information Services	<u>787,017</u>	<u>780,266</u>	<u>6,751</u>
Finance			
Personnel Services	366,985	351,669	15,316
Materials and Services	<u>87,900</u>	<u>96,098</u>	<u>(8,198)</u>
Total Finance	<u>454,885</u>	<u>447,767</u>	<u>7,118</u>
Personnel			
Personnel Services	236,512	238,612	(2,100)
Materials and Services	<u>18,500</u>	<u>15,593</u>	<u>2,907</u>
Total Personnel	<u>255,012</u>	<u>254,205</u>	<u>807</u>
County Legal Counsel			
Personnel Services	21,512	21,453	59
Materials and Services	<u>122,000</u>	<u>120,822</u>	<u>1,178</u>
Total County Legal Counsel	<u>143,512</u>	<u>142,275</u>	<u>1,237</u>
TOTAL EXPENDITURES	<u>3,572,121</u>	<u>3,548,518</u>	<u>23,603</u>
Excess (deficiency) of revenues over expenditures	<u>159,000</u>	<u>232,884</u>	<u>73,884</u>

Continued on next page

**MANAGEMENT SERVICES - INTERNAL SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (Continued)**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
OTHER FINANCING SOURCES (USES)			
Sale of capital assets	\$ 1,000	\$ 1,426	\$ (426)
Issuance of long-term obligations	-	48,704	(48,704)
Transfers out	<u>(260,000)</u>	<u>(260,000)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(259,000)</u>	<u>(209,870)</u>	<u>49,130</u>
Net change in fund balance	(100,000)	23,014	123,014
Fund balance at beginning of year	<u>100,000</u>	<u>109,329</u>	<u>9,329</u>
Fund balance at end of year	<u><u>\$ -</u></u>	<u>132,343</u>	<u><u>\$ 132,343</u></u>
Reconciliation to generally accepted accounting principles:			
Capital assets, net		213,778	
Compensated absences		(76,039)	
Net other post-employment benefit obligation		(142,786)	
Accrued interest on long-term obligations		(286)	
Long-term obligation		<u>(71,358)</u>	
Net position at end of year		<u><u>\$ 55,652</u></u>	

POLK COUNTY

INSURANCE - INTERNAL SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
Year Ended June 30, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Charges for services	\$ 600,000	\$ 637,479	\$ 37,479
Settlements	10,000	\$ -	(10,000)
Miscellaneous	-	9,524	9,524
	<u>610,000</u>	<u>647,003</u>	<u>37,003</u>
EXPENDITURES			
Materials and services	700,000	613,929	86,071
Contingency	340,000	-	340,000
	<u>1,040,000</u>	<u>613,929</u>	<u>426,071</u>
Net change in fund balance	(430,000)	33,074	463,074
Fund balance at beginning of year	<u>430,000</u>	<u>448,286</u>	<u>18,286</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 481,360</u>	<u>\$ 481,360</u>

AGENCY FUND

This fund accounts for resources received and held by the County in a fiduciary capacity. The fund accounts for various monies and other assets held by the County Treasurer for other taxing districts and other departments.

POLK COUNTY

AGENCY FUND

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

For the Year Ended June 30, 2013

	Balances			Balances
	July 1, 2012	Additions	Deductions	June 30, 2013
<u>ASSETS</u>				
Cash and investments	\$ 955,118	\$ 76,356,237	76,152,641	\$ 1,158,714
Taxes receivable	<u>6,054,579</u>	<u>74,123,925</u>	<u>74,386,278</u>	<u>5,792,226</u>
TOTAL ASSETS	<u>\$ 7,009,697</u>	<u>\$ 150,480,162</u>	<u>\$ 150,538,919</u>	<u>\$ 6,950,940</u>
<u>LIABILITIES</u>				
Due to other governments	<u>\$ 7,009,697</u>	<u>\$ 150,480,162</u>	<u>\$ 150,538,919</u>	<u>\$ 6,950,940</u>

POLK COUNTY

**SCHEDULE OF CASH RECEIPTS AND TURNOVERS FOR ELECTED OFFICIALS
As of and for the Year Ended June 30, 2013**

<u>Elected Official</u>	Cash and Investment Balances July 1, 2012	Cash Receipts	Cash Turnovers and Disbursements to County Treasurer and Others	Cash and Investment Balances June 30, 2013
Assessor	\$ 10	\$ 5,038	\$ 5,038	\$ 10
Clerk	150	441,329	441,329	150
District Attorney	25	133,223	133,223	25
Sheriff	78,156	2,014,066	1,989,156	103,066
Treasurer	<u>6,646,904</u>	<u>73,762,581</u>	<u>76,910,469</u>	<u>3,499,016</u>
 TOTALS	 <u>\$ 6,725,245</u>	 <u>\$ 76,356,237</u>	 <u>\$ 79,479,215</u>	 <u>\$ 3,602,267</u>

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**INDEPENDENT AUDITOR'S REPORT REQUIRED BY
THE MINIMUM STANDARDS FOR AUDITS OF
OREGON MUNICIPAL CORPORATIONS**

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**INDEPENDENT AUDITOR'S REPORT REQUIRED BY THE
MINIMUM STANDARDS FOR AUDITS OF OREGON MUNICIPAL CORPORATIONS
For the Year Ended June 30, 2013**

To the Board of County Commissioners
POLK COUNTY
Dallas, Oregon

We have audited in accordance with auditing standards generally accepted in the United States of America the basic financial statements of POLK COUNTY as of and for the year ended June 30, 2013, and have issued our report thereon dated December 27, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. As such, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

We performed procedures to the extent we considered necessary to address the required comments and disclosures which included, but were not limited to the following:

- Deposit of public funds with financial institutions (ORS Chapter 295).
- Indebtedness limitations, restrictions and repayment.
- Budgets legally required (ORS Chapter 294).
- Insurance and fidelity bonds in force or required by law.
- Programs funded from outside sources.
- Authorized investment of surplus funds (ORS Chapter 294).
- Highway revenues used for public highways, roads and streets.
- Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).

To the Board of Directors
 POLK COUNTY
 Dallas, Oregon

In connection with our testing nothing came to our attention, except as noted below, that caused us to believe the County was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, except as follows:

Oregon law prohibits expenditures or expenses of a fund in excess of board-approved appropriations. Expenditures in excess of appropriations were made in the following funds:

<u>Fund/Category</u>	<u>Appropriation</u>	<u>Expenditures</u>	<u>Variance</u>
General			
Sheriff/Criminal	\$ 3,492,915	\$ 3,508,766	\$ (15,851)
Sheriff/Jail	3,669,989	3,691,810	(21,821)
Sheriff/Emergency Management	494,008	516,889	(22,881)
Mental Health			
Sub-Grant Programs	887,000	912,417	(25,417)
Building Improvement	275,000	892,859	(617,859)
Management Services			
Central Services	453,823	468,390	(14,567)
Jail Maintenance	307,290	318,065	(10,775)

OAR 162-10-0230 Internal Control

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control. Deficiencies in internal control, if any, were communicated separately.

Restriction on Use

This report is intended solely for the information and use of the Board of Commissioners and management of Polk County and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.

Boldt Carlisle + Smith
 Certified Public Accountants
 Salem, Oregon
 December 27, 2013

By: 
 Bradley G. Bingenheimer, Member

GRANT COMPLIANCE – SINGLE AUDIT

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**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Commissioners
POLK COUNTY
Dallas, Oregon

We have audited, in accordance with the 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of POLK COUNTY, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise POLK COUNTY’s basic financial statements and have issued our report thereon dated December 27, 2013.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered POLK COUNTY’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of POLK COUNTY’s internal control. Accordingly, we do not express an opinion on the effectiveness of POLK COUNTY’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies (2013-1 through 2013-2).

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS* (Continued)

POLK COUNTY's Response to Findings

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

Purpose of this Report

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

Boldt Carlisle & Smith

Boldt Carlisle + Smith
Certified Public Accountants
Salem, Oregon
December 27, 2013



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

To the Board of Commissioners
POLK COUNTY
Dallas, Oregon

Report on Compliance for Each Major Federal Program

We have audited POLK COUNTY's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of POLK COUNTY's major federal programs for the year ended June 30, 2013. POLK COUNTY's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of POLK COUNTY's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about POLK COUNTY's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, POLK COUNTY, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items (2013-3 and 2013-4). Our opinion on each major program is not modified with respect to these matters.

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

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133 (Continued)

Report on Internal Control over Compliance

Management of POLK COUNTY is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered POLK COUNTY's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of POLK COUNTY's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Boldt Carlisle & Smith

Boldt Carlisle + Smith
Certified Public Accountants
Salem, Oregon
December 27, 2013

POLK COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2013

Section I Summary of Auditors' Results

Financial Statements

Type of auditor's report issued: *Unqualified*

Internal controls over financial reporting:

- Material weakness(es) identified? No
- Significant deficiencies identified that are not considered to be material weakness(es)? Yes
- Noncompliance material to financial statements noted? No

Federal awards

Internal control over major programs:

Material weakness(es) identified? No

Significant deficiencies identified that are not considered to be material weakness(es)? Yes

Type of auditor's report issued on compliance for major programs: *Unqualified*

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? Yes

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
15.227	Distribution of Receipts to State and Local Governments
16.812	Second Chance Act Prisoner Reentry Initiative

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as a low-risk auditee? Yes

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

Section II - Financial Statement Findings

2013-1

Criteria: Internal controls should include procedures to ensure that amounts recorded as receivables from other governmental organizations are valid and that they are reduced as amounts are collected.

Condition: During 2012-13, the County identified approximately \$2,000,000 in intergovernmental receivables that did not exist.

Cause: The Mental Health fund was being monitored by the department's Fiscal Manager. The individual was new to the position. At the same time, a new billing system was implemented.

Effect: The Mental Health fund had to write-off the receivable. This resulted in a negative fund balance of \$857,224. The fund will have a reduction of services due to the error not being detected and corrected in a timely manner.

Response: The County has received short-term funding, subsequent to yearend, to meet the cash flow needs of the fund.

2013-2

Criteria: Internal controls over payroll should include a review function to ensure transaction are properly recorded and allocated to departments.

Condition: Currently a single employee processes the payroll and prepares the posting of payroll transactions to the general ledger without a review of the transactions.

Cause: Due to time constraints, the review of payroll posting has not been performed.

Effect: Lack of a review monitoring could result in a material misstatement, due to error or fraud, occurring that is not detected and corrected in a timely manner.

Response: A review function will be added to the payroll process. The pre-payroll report of payroll and payroll related disbursements to be made is currently approved by the County Administrator and Board of Commissioners before payroll is processed. As an additional procedure, after payroll processing, the Finance Director will compare the pre-approved list to actual payments made.

POLK COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2013

	Federal CFDA Number	Pass Through Entity Identifying Number	Expenditures
DEPARTMENT OF AGRICULTURE			
Food and Nutrition Service			
<i>Passed through Oregon State Health Division</i>			
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	2702	\$ 211,038
WIC Grants to States (WGS)	10.578		686
Forest Service			
<i>Passed through Oregon Department of Administrative Services</i>			
Schools and Roads - Grants to States	10.665		<u>5,094</u>
Total Department of Agriculture			<u>216,818</u>
DEPARTMENT OF THE INTERIOR			
Bureau of Land Management			
Payment in Lieu of Taxes	15.226	6396	108,124
Distribution of Receipts to State and Local Governments	15.227	6396	936,368
Scotch Broom Removal and Dump Stoppers	15.999		<u>59,025</u>
Total Department of the Interior			<u>1,103,517</u>
DEPARTMENT OF JUSTICE			
Office of Juvenile Justice and Delinquency Prevention			
<i>Passed through Oregon State Criminal Justice Services Division</i>			
Juvenile Accountability Incentive Block Grant	16.523	05-86	5,318
Bureau of Justice Assistance			
State Criminal Alien Assistance Program	16.606		5,359
Bullet Proof Vest Partnership Program	16.607		707
<i>Passed through Oregon State Criminal Justice Commission</i>			
Edward Byrne Memorial State and Local Law Enforcement Assistance			
Discretionary Grants Program	16.580	2001-85	1,359
Drug Court Discretionary Grant Program	16.585		109,070
Edward Byrne Memorial-JJAG Illicit drugs	16.738	06-015	7,455
Second Chance Act Prisoner Reentry Initiative	16.812		85,834
Office of Victims of Crime			
<i>Passed through Oregon State Criminal Justice Division</i>			
Crime Victim Assistance (VOCA)	16.575	VOCA 03-2099	<u>34,864</u>
Total Department of Justice			<u>249,966</u>
DEPARTMENT OF GENERAL SERVICES ADMINISTRATION			
Federal Surplus Property	39.003		67,996
<i>Passed through Oregon Department of Administrative Services</i>			
Federal Surplus Property	39.003		<u>38</u>
Total Department of General Services Administration			<u>68,034</u>

Continued on next page

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)

	Federal CFDA Number	Pass Through Entity Identifying Number	Expenditures
U.S. ELECTION ASSISTANCE COMMISSION			
<i>Passed through Oregon Secretary of State</i>			
Help America Vote	90.400		\$ <u>972</u>
ENVIRONMENTAL PROTECTION AGENCY			
Office of Water			
<i>Passed through Oregon Health Authority</i>			
State Public Water System Supervision	66.432	27-02	3,564
Capitalization Grants for Drinking Water State Revolving Funds	66.468	27-02	<u>1,185</u>
Total Environmental Protection Agency			<u>4,749</u>
DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Office of Population Affairs			
<i>Passed through Oregon Department of Human Services</i>			
Family Planning Services	93.217		18,677
Immunization Program	93.268		450
Administration for Children and Families			
<i>Passed through Oregon Commission on Children and Families</i>			
Promoting Safe and Stable Families	93.556	41180	<u>7,515</u>
Social Services Block Grant	93.667	41190	<u>36,852</u>
			<u>28,364</u>
			65,216
<i>Passed through Oregon Department of Justice</i>			
Child Support Enforcement	93.563	461	218,804
Health Resources and Services Administration			
<i>Passed through Oregon Department of Human Services</i>			
HIV Care Formula Grants	93.917	27 02	31,155
Maternal and Child Health Block Grant	93.994	27 02	40,685
Substance Abuse and Mental Health Services Administration			
<i>Passed through Oregon Department of Human Services</i>			
Block Grants for Comm Mental Health	93.958	MHS-37	62,381
Block Grants for Prevention and Treatment of Substance Abuse	93.959	A&D 70	170,389
TB Case Management	93.116		1,174
Centers for Disease Control and Prevention			
<i>Passed through Oregon Health Authority</i>			
Bioterrorism Preparedness & Response	93.069	27 02	103,064
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283		45,620
PPHF 2012 - Prevention and Public Health Fund (Affordable Care Act) Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance financed in part by 2012 Prevention and Public Health Funds	93.539		42,565
Centers for Medicare and Medicaid Services			
<i>Passed through Commission on Children and Families</i>			
Healthy Start/Title XIX	93.778	41270	<u>11,772</u>
Total Department of Health and Human Services			<u>819,467</u>

Continued on next page

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)

	Federal CFDA Number	Pass Through Entity Identifying Number	Expenditures
DEPARTMENT OF HOMELAND SECURITY			
<i>Passed through Oregon State Police</i>			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036		\$ 119,586
Emergency Management Performance	97.042		106,675
State Homeland Security Program	97.073	06-234 08-283	166,042
<i>Passed through Oregon State Marine Board</i>			
Law Enforcement Terrorism Prevention Program	97.012	05-172	<u>47,085</u>
Total Department of Homeland Security			<u>439,388</u>
DEPARTMENT OF TRANSPORTATION			
National Highway Traffic Safety Administration			
<i>Passed through Oregon Department of Transportation</i>			
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608		<u>3,243</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE			<u>\$ 2,906,154</u>

POLK COUNTY

NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2013

Basis of Presentation

The accompanying schedule of expenditures of federal awards is a summary of the County's federal award programs presented on the modified accrual basis of accounting in accordance with generally accepted accounting principles.