



Dallas, Oregon
ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2014

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POLK COUNTY
OFFICERS AND MEMBERS OF THE GOVERNING BODY
For the Year Ended June 30, 2014

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

To the Board of 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, 2014, 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, 2014, the respective changes in financial position, and, where applicable, cash flows thereof, and the 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.

INDEPENDENT AUDITOR'S REPORT (Continued)

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-viii 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 and schedules 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.

Reports on Other Legal and Regulatory Requirements

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November XX, 2014, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

INDEPENDENT AUDITOR'S REPORT (Continued)

Other Reporting Required by Oregon State Regulations

In accordance with the Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated December 31, 2014 on our consideration of the District'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 31, 2014

By:

A handwritten signature in black ink, appearing to read 'B. Bingenheimer', written over a horizontal line.

Bradley G. Bingenheimer, Member

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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**POLK COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014**

The management of Polk County, Oregon presents this narrative overview and analysis of the financial activities, for the fiscal year ended June 30, 2014. 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 \$44,549,621 at June 30, 2014, on its government-wide statement of net position. Of this amount, \$40,965,204 is the net investment in capital assets and \$3,584,417 is restricted for various purposes.
- The County's total net position increased \$1,633,392 during the current fiscal year. This increase is attributable to revenue in excess of expenses. Expenses include \$4,001,480 for depreciation, a non-cash expense.
- At June 30, 2014, unassigned fund balance for the General Fund was \$2,417,157, or approximately 17.4% of total General Fund expenditures for the year.
- At June 30, 2013, significant fund balance deficits existed in the Mental Health and Building Improvement Funds. In August and September 2013, the County borrowed a total of \$2,000,000 for the purpose of covering short-term cash flow issues caused by these deficits. In November 2013, the County repaid these loans in full. At June 30, 2014, the only significant fund balance deficit remains in the Building Improvement Fund (\$1,121,109). The County should not need to obtain short-term borrowing in fiscal year 2014-15.

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 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).

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Overview of the Financial Statements (continued)

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 and Mental Health Funds, all of which are considered to be major governmental funds. Data for the other 21 governmental funds are combined into a single aggregated presentation. The Polk County Extension District (Extension), 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 16 in this report and is reconciled to the government-wide statements on pages 4 and 6. Individual fund data for each of the nonmajor funds is provided in the form of combining and individual fund statements and schedules on pages 44 through 72 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 17-19 and detailed fund information can be found on pages 73 through 79 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 20 and 80 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Overview of the Financial Statements (continued)

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 21 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 44-81.

Government-wide Financial Analysis

Assets exceeded liabilities by \$44,549,621 at June 30, 2014. The largest portion of the County's net position (92%) 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.

Assets	NET ASSETS		
	6/30/2013	6/30/2014	Changes
Current assets	\$ 5,502,179	\$ 7,535,055	\$ 2,032,876
Capital assets, net	53,949,289	51,306,797	(2,642,492)
Total Assets	59,451,468	58,841,852	(609,616)
Liabilities			
Current liabilities	4,672,090	4,761,756	\$ 89,666
Long-term liabilities	11,783,916	9,468,410	\$ (2,315,506)
Total Liabilities	16,456,006	14,230,166	(2,225,840)
Net Position			
Net investment in capital assets	41,236,553	40,965,204	(271,349)
Restricted net assets	2,154,318	3,894,300	1,739,982
Unrestricted	(474,642)	(309,883)	164,759
Total Net Position	\$ 42,916,229	\$ 44,549,621	\$ 1,633,392

During the year, current assets increased \$2,032,876, cash and investments increased \$1,151,122, and other current assets increased \$881,754.

Net capital assets decreased \$2,642,492. During the year, the capital asset balance increased \$1,358,988 for assets acquired and decreased \$4,001,480 for annual depreciation expense. Details of capital assets acquired appears later in this narrative.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Government-wide Financial Analysis (continued)

Liabilities decreased \$2,225,840 during the year. This change includes \$89,666 increase in current liabilities and \$2,315,506 decrease in long-term obligations. The current liability increase includes an increase of \$105,063 in current portion of long-term obligations and a decrease of \$15,397 in accounts payable. Changes in long-term liabilities included an increase of \$232,744 relating to accrual of post-employment benefits and an increase of \$8,448 for capital lease on office equipment. Decreases during the year were bond principal payment of \$2,355,000, \$96,342 principal reductions on other debt, and an increase in the amount due within one year of \$105,063.

Net position of the County increased \$1,633,392 during the year. This increase includes a decrease of \$271,349 in net investment in capital assets and increases of \$1,739,982 in restricted net position and \$164,759 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 increase and a comparison with the prior year are as follows:

CHANGES IN NET ASSETS

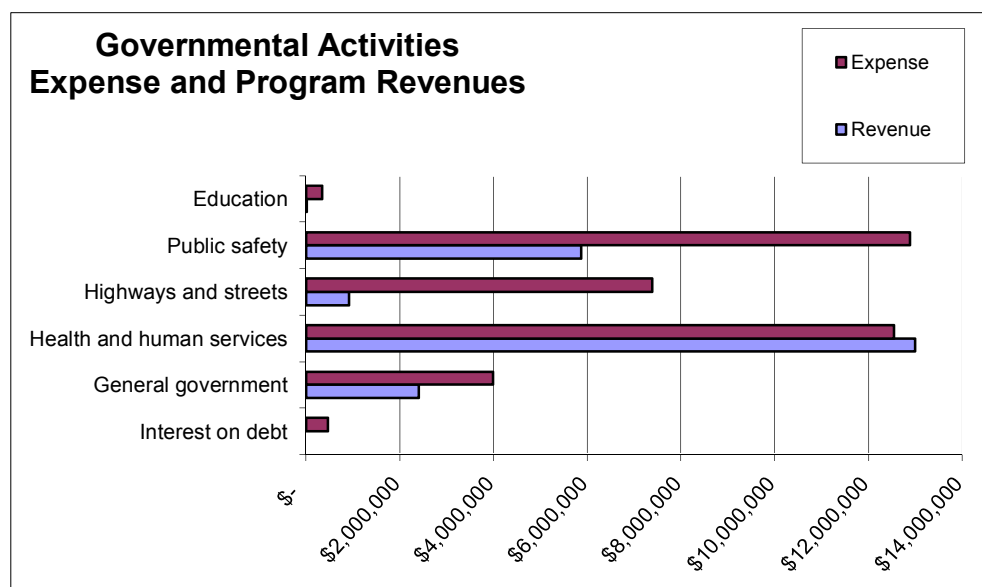
	<u>6/30/2013</u>	<u>6/30/2014</u>	<u>Changes</u>	<u>% Inc/Dec</u>
Program revenues:				
Charges for services	\$ 3,431,423	\$ 3,311,169	\$ (120,254)	-3.5%
Program grants and contributions	15,602,887	18,965,798	3,362,911	21.6%
General revenues:				
Property taxes	10,933,847	10,935,106	1,259	0.0%
Other taxes	942,973	880,973	(62,000)	-6.6%
Other grants and contributions	3,955,228	4,065,596	110,368	2.8%
Forest and timber receipts	829,766	963,687	133,921	16.1%
Interest earnings	30,236	28,111	(2,125)	-7.0%
Miscellaneous	<u>121,054</u>	<u>115,257</u>	<u>(5,797)</u>	<u>-4.8%</u>
Total Revenues	<u>35,847,414</u>	<u>39,265,697</u>	<u>3,418,283</u>	9.5%
Expenses:				
General government	4,165,282	3,987,073	(178,209)	-4.3%
Public safety	12,924,893	12,887,857	(37,036)	-0.3%
Highways and streets	8,566,456	7,391,623	(1,174,833)	-13.7%
Health and welfare	13,447,942	12,547,412	(900,530)	-6.7%
Education	364,784	352,404	(12,380)	-3.4%
Interest on long-term debt	<u>569,883</u>	<u>465,936</u>	<u>(103,947)</u>	<u>-18.2%</u>
Total Expense	<u>40,039,240</u>	<u>37,632,305</u>	<u>(2,406,935)</u>	-6.0%
Increase (decrease) in net assets	<u>(4,191,826)</u>	<u>1,633,392</u>	<u>5,825,218</u>	-139.0%
Beginning net position	<u>47,108,055</u>	<u>42,916,229</u>	<u>(4,191,826)</u>	<u>-8.9%</u>
Ending net position	<u>\$ 42,916,229</u>	<u>\$ 44,549,621</u>	<u>\$ 1,633,392</u>	3.8%

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Government-wide Financial Analysis (continued)

Total revenues for the year were \$39,265,697, an increase of \$3,418,283 over the prior year. Revenues include direct program revenue of \$22,276,967 and general revenue of \$16,988,730. 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 increased \$3,242,657 (17.0%) when compared to the prior year. Program revenues increased \$3,362,911 for program grants and decreased \$120,254 for charges for services. General revenues increased \$175,626 (1.0%). General revenues increased \$133,921 for forest and timber receipts, \$110,368 for general grants and contributions and \$1,259 for property taxes. General revenues decreased for interest earnings (\$2,125), other taxes (\$62,000) and miscellaneous (\$5,797).

Total expenses decreased \$2,406,935 for this fiscal year. Expenses decreased in all categories: \$178,209 (4.3%) for general government, \$900,530 (6.7%) for health and welfare, \$37,036 (.3%) for public safety, \$1,174,833 (13.7%) for highways and streets, \$12,380 for education (3.4%) and \$103,947 (18.2%) for interest on long-term obligations.

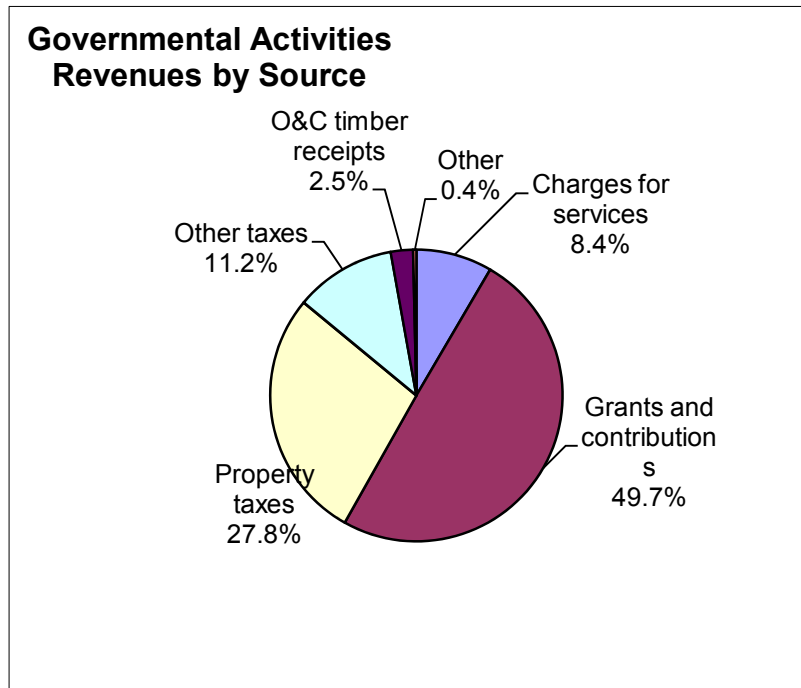


The chart above compares direct program revenue with program expenses. During the past year, all governmental activities except for health and human services relied on general revenues to support the function. Revenue from road taxes in the amount of \$4,173,933 is not included in direct program revenue. Because it is defined as a tax, it is included in general grant revenue rather than program revenue for highways and streets.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Government-wide Financial Analysis (continued)

The chart below shows sources of revenue for the fiscal year. 49.7% of revenues is from grants and contributions, 27.8% from property taxes, 8.4% from charges for services, 11.2% from other taxes, \$963,387 (2.5%) 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, 2014, the County's governmental funds have combined ending fund balances of \$4,205,587, which includes an increase of \$1,883,129 during the current fiscal year. The ending fund balance consists of \$409,457 defined as nonspendable, \$2,479,377 defined as restricted and \$20,705 defined as committed. Nonspendable fund balances include inventory and prepaid expenses which are nonspendable due to the nature of the item. Restricted fund balances are restricted by agencies or funding sources outside the County organization. Committed fund balances are 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, 2014 is \$1,296,048, compared to the \$143,269 unassigned fund balance at June 30, 2013.

The General Fund is the chief operating fund of the County. At June 30, 2014, unassigned General Fund balance was \$2,417,157, approximately 94% of the total General Fund balance. The General Fund balance increased \$262,800 during the current fiscal year, compared to a decrease of \$211,605 in the prior year. Compared to the previous year, General Fund revenues increased \$80,988, expenditures decreased \$279,834, transfers to other funds decreased \$107,458, and sale of capital assets increased \$6,125.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Financial Analysis of the County's Funds

All three major funds showed increases in fund balances this year. Increases were \$826,730 for Public Works Fund and \$1,252,517 for the Mental Health Fund. The increases in the Public Works and Mental Health funds were the result of revenues in excess of expenditures. Other nonmajor governmental funds combined showed a fund balance decrease of \$458,918.

General Fund Budgetary Highlights

During the fiscal year, two budget modifications were adopted by the Board. The first modification added \$68,000 to the General Fund budget for increased personnel costs in the Jail. The second modification transferred \$900,000 from operating contingency to various departments. The larger appropriation increases were as follows: Sheriff Patrol - \$150,000, Jail - \$175,000, Emergency Management - \$250,000, Community Development - \$95,000, and Public Health \$60,000. Appropriations in various other General fund department increased by \$170,000.

Capital Assets and Debt Administration

The County's net investment in capital assets, at June 30, 2014, is \$51,306,797. 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 \$2,642,492 (4.9%). Additions include assets purchased (\$579,488) and assets acquired by donation and at no cost through the Federal surplus program (\$779,500). New assets purchased include \$201,218 for bridge improvements, \$50,329 for Sheriff's patrol vehicles, \$160,874 for emergency management equipment, \$32,239 for Talmadge Road bike and pedestrian improvements, \$41,419 for Public Works equipment and \$93,409 for other equipment. Assets acquired through donation for Federal surplus include additional land for the fairgrounds and an armored vehicle and wheeled tractor for the Sheriff's office.

The net asset balance for the year is increased by asset acquisitions (\$1,358,988) and decreased by depreciation expense (\$4,001,480). 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 33 in the notes to the financial statements.

At the end of the current fiscal year, the County owed \$10,285,000 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. Principal payments of \$2,355,000 and interest of \$527,868 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 one additional capital lease for office equipment in the amount of \$8,448. At the end of the fiscal year, the County owed \$56,806 for non-bond debt outstanding for 11 capital leases on office equipment. Total payments on non-bond debt during this year included \$24,378 principal and \$3,957 interest. Additional details about debt and repayment terms are contained on pages 35 and 36 of the notes to the financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Key Economic Factors and Next Year's Budget Information

- Polk County's fiscal year 2014-15 budgeted appropriations increased approximately 1.5% compared to the prior year's final budget.
- General Fund revenues for fiscal year 2014-15 are budgeted at \$16,198,800. This includes a beginning fund balance of \$2,325,000.
- Significant changes in fiscal year 2014-15 budgeted expenses, including percentage change from the prior year's final budget are:
 - General Fund decrease - \$502,200 (.3%), shift of Board of Commissioners department to management services and overall budget cuts
 - Public Works Fund decrease - \$327,000 (5.9%), reduced revenue and increased beginning fund balance
 - Health and Human Services increase - \$315,000 (27.6%), increased revenues and reduced beginning fund balance
 - General Services increase - \$323,111 (8.2%), shift of Board of Commissioners to management services

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

BASIC FINANCIAL STATEMENTS

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POLK COUNTY

STATEMENT OF NET POSITION

June 30, 2014

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Cash and investments	\$ 3,594,673
Receivables	3,465,326
Inventory	308,051
Prepaid items	167,005
Capital assets:	
Land and construction in progress	1,457,609
Other capital assets, net	<u>49,849,188</u>
TOTAL ASSETS	<u>58,841,852</u>
<u>LIABILITIES</u>	
Accounts payable and accrued expenses	1,316,960
Accrued interest payable	213
Net other post-employment benefits	1,682,851
Long-term obligations:	
Due within one year	3,444,583
Due in more than one year	<u>7,785,559</u>
TOTAL LIABILITIES	<u>14,230,166</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Unamortized premium on long-term obligations	<u>62,065</u>
<u>NET POSITION</u>	
Net investment in capital assets	40,965,204
Restricted for:	
Debt service	224,087
Bridge construction	385,074
Road and street maintenance	751,525
Bicycle path construction/maintenance	311,310
Law enforcement	387,789
Health and welfare	1,156,182
Economic development	404,664
Education	38,074
Other purposes	235,595
Unrestricted	<u>(309,883)</u>
TOTAL NET POSITION	<u><u>\$ 44,549,621</u></u>

See accompanying notes

POLK COUNTY

**STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2014**

		Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
<u>Functions/Programs</u>	<u>Expenses</u>			
Governmental activities				
General government	\$ 3,987,073	\$ 1,186,138	\$ 1,216,182	\$ (1,584,753)
Public safety	12,887,857	715,884	5,157,424	(7,014,549)
Highways and streets	7,391,623	502,148	420,185	(6,469,290)
Health and welfare	12,547,412	906,999	12,167,483	527,070
Education	352,404		4,524	(347,880)
Interest on long-term obligations	465,936	-	-	(465,936)
TOTAL GOVERNMENTAL ACTIVITIES	<u>\$ 37,632,305</u>	<u>\$ 3,311,169</u>	<u>\$ 18,965,798</u>	<u>(15,355,338)</u>
General revenues				
Property taxes levied for:				
General purposes				8,034,991
Education				348,169
Debt service				2,551,946
Other taxes				880,973
Other grants and contributions not restricted				
for specific programs				5,029,283
Unrestricted investment earnings				28,111
Miscellaneous				108,582
Gain on disposition of capital assets				6,675
TOTAL GENERAL REVENUES				<u>16,988,730</u>
CHANGE IN NET POSITION				1,633,392
PRIOR PERIOD ADJUSTMENT				(79,233)
NET POSITION - BEGINNING				<u>42,995,462</u>
NET POSITION - ENDING				<u>\$ 44,549,621</u>

See accompanying notes

POLK COUNTY

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2014

	General	Public Works	Mental Health	Total Nonmajor Funds	Total Governmental Funds
ASSETS					
Cash and investments	\$ 2,287,463	\$ 641,828	\$ (270,577)	\$ 128,878	\$ 2,787,592
Receivables	1,133,347	393,176	1,233,584	680,930	3,441,037
Inventory	-	308,051	-	-	308,051
Prepaid items	52,578	-	24,442	24,655	101,675
TOTAL ASSETS	\$ 3,473,388	\$ 1,343,055	\$ 987,449	\$ 834,463	\$ 6,638,355
LIABILITIES					
Accounts payable and accrued expenditures	\$ 309,440	\$ 280,220	\$ 337,050	\$ 190,360	\$ 1,117,070
Unearned revenue	-	-	100,262	-	100,262
TOTAL LIABILITIES	309,440	280,220	437,312	190,360	1,217,332
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	594,069	-	234,077	387,290	1,215,436
FUND BALANCES					
Nonspendable	52,578	308,051	24,442	24,386	409,457
Restricted	100,144	754,784	291,618	1,332,831	2,479,377
Committed	-	-	-	20,705	20,705
Assigned	-	-	-	-	-
Unassigned	2,417,157	-	-	(1,121,109)	1,296,048
TOTAL FUND BALANCES	2,569,879	1,062,835	316,060	256,813	4,205,587
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 3,473,388	\$ 1,343,055	\$ 987,449	\$ 834,463	\$ 6,638,355

See accompanying notes

POLK COUNTY

**RECONCILIATION OF THE BALANCE SHEET OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
June 30, 2014**

Total Fund balances - governmental funds	\$	4,205,587
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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.		51,306,797
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Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		1,215,436
--	--	-----------

The net position of the internal service funds	\$613,435	
Less: Capital assets of the internal service funds included above	(156,427)	
Plus: Compensated absences and net OPEB obligations of the internal service funds included below	283,256	
Plus: Long-term obligations of the internal service funds	<u>56,806</u>	797,070

Proceeds from long-term obligations in excess of the face amount of the bonds are amortized over the term of the bonds.		(62,065)
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Some liabilities, including bonds payable, are not due and payable in the current period and therefore not reported in the funds.		<u>(12,913,204)</u>
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NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u><u>44,549,621</u></u>
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See accompanying notes

POLK COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2014

	General	Public Works	Mental Health	Total Nonmajor Funds	Total Governmental Funds
REVENUES					
Property taxes	\$ 8,141,800	\$ -	\$ -	\$ 2,936,467	\$ 11,078,267
Licenses, fees and permits	490,445	-	-	60,913	551,358
Intergovernmental	5,382,484	4,731,379	10,371,816	3,263,862	23,749,541
Charges for services	1,084,817	405,970	606,343	1,047,279	3,144,409
Franchise fees	128,265	-	-	88,090	216,355
Fines and forfeitures	98,120	-	-	9,267	107,387
Donations	4,688	-	-	30,440	35,128
Interest	24,211	741	-	3,159	28,111
Miscellaneous	83,027	4,516	3,087	27,328	117,958
TOTAL REVENUES	15,437,857	5,142,606	10,981,246	7,466,805	39,028,514
EXPENDITURES					
Current					
General government	3,175,302	-	-	782,756	3,958,058
Public safety	10,411,061	-	-	2,067,451	12,478,512
Highways and streets	-	4,454,186	-	113,272	4,567,458
Health and welfare	193,317	-	9,727,316	2,865,229	12,785,862
Education	-	-	-	353,154	353,154
Debt service					
Principal	-	40,000	1,379	2,315,000	2,356,379
Interest	-	22,388	34	505,480	527,902
Capital outlay	96,139	44,215	-	244,381	384,735
TOTAL EXPENDITURES	13,875,819	4,560,789	9,728,729	9,246,723	37,412,060
Excess (deficiency) of revenues over expenditures	1,562,038	581,817	1,252,517	(1,779,918)	1,616,454
OTHER FINANCING SOURCES					
Transfers in	-	244,363	-	1,321,000	1,565,363
Sale of capital assets	6,125	550	-	-	6,675
Transfers out	(1,305,363)	-	-	-	(1,305,363)
TOTAL OTHER FINANCING SOURCES (USES)	(1,299,238)	244,913	-	1,321,000	266,675
Net change in fund balances	262,800	826,730	1,252,517	(458,918)	1,883,129
Fund balance beginning of year	2,307,079	236,105	(857,224)	715,731	2,401,691
Prior period adjustment	-	-	(79,233)	-	(79,233)
Fund balances at end of year	\$ 2,569,879	\$ 1,062,835	\$ 316,060	\$ 256,813	\$ 4,205,587

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, 2014**

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS		\$ 1,883,129
<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	\$ 1,330,114	
Depreciation	<u>(4,001,480)</u>	(2,671,366)
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.		
		(143,161)
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.		
		76,222
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	2,356,378	
Internal services funds	<u>23,000</u>	2,379,378
Amortization of premium on the issuance of long-term obligations reduces interest expense on the statement of activities.		
		65,809
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	76,423	
Depreciation expense included above	86,225	
Debt service principal payments included above	(23,000)	
Compensated absences included below	43,057	
Other post employment benefits obligation included below	<u>21,375</u>	204,080
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	80	
Compensated absences	71,964	
Net other post employment benefit obligation	<u>(232,743)</u>	(160,699)
CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES		<u>\$ 1,633,392</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, 2014

	Budget		Actual	Variance
	Original	Final		
REVENUES				
Property taxes	\$ 8,100,000	\$ 8,100,000	\$ 8,141,800	\$ 41,800
Licenses, permits and fees	527,000	527,000	490,445	(36,555)
Intergovernmental	4,079,000	4,079,000	5,382,484	1,303,484
Charges for services	1,156,000	1,156,000	1,084,817	(71,183)
Franchise fees	110,000	110,000	128,265	18,265
Fines and forfeitures	115,000	115,000	98,120	(16,880)
Donations	3,000	3,000	4,688	1,688
Interest	25,000	25,000	24,211	(789)
Miscellaneous	113,000	113,000	83,027	(29,973)
TOTAL REVENUES	<u>14,228,000</u>	<u>14,228,000</u>	<u>15,437,857</u>	<u>1,209,857</u>
EXPENDITURES				
Commissioners				
Personnel Services	289,009	289,009	284,652	4,357
Interdepartment Charges	50,354	50,354	50,354	-
Total Commissioners	<u>339,363</u>	<u>339,363</u>	<u>335,006</u>	<u>4,357</u>
County Clerk				
Recording				
Personnel Services	102,244	102,244	85,900	16,344
Materials and Services	4,600	4,600	7,466	(2,866)
Interdepartment Charges	49,012	49,012	49,012	-
Total Recording	<u>155,856</u>	<u>155,856</u>	<u>142,378</u>	<u>13,478</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	\$ 138,911	\$ 138,911	\$ 131,400	\$ 7,511
Materials and Services	97,150	97,150	96,498	652
Interdepartment Charges	55,384	55,384	55,384	-
Total Elections	291,445	291,445	283,282	8,163
Total County Clerk	447,301	447,301	425,660	21,641
 Treasurer				
Personnel Services	50,335	50,335	49,437	898
Materials and Services	3,650	3,650	3,264	386
Interdepartment Charges	9,518	9,518	9,518	-
Total Treasurer	63,503	63,503	62,219	1,284
 Non-Departmental				
Fund-wide				
Materials and Services	3,750	13,750	13,535	215
Contingency	1,607,976	707,976	-	707,976
Total Fund-wide	1,611,726	721,726	13,535	708,191
 O & C TIMBER - Title III				
Personnel Services	46,092	46,092	3,436	42,656
Materials and Services	1,000	1,000	75	925
Interdepartment Charges	82,634	82,634	82,634	-
Total O & C TIMBER - Title III	129,726	129,726	86,145	43,581
 Total Non-departmental	1,741,452	851,452	99,680	751,772

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		
Assessment				
Personnel Services	\$ 768,196	\$ 768,196	\$ 740,885	\$ 27,311
Materials and Services	19,700	19,700	21,898	(2,198)
Interdepartment Charges	255,254	255,254	255,254	-
Total Assessment	1,043,150	1,043,150	1,018,037	25,113
Tax Collector				
Personnel Services	164,167	164,167	157,918	6,249
Materials and Services	32,150	32,150	29,713	2,437
Interdepartment Charges	51,326	51,326	51,326	-
Total Tax Collector	247,643	247,643	238,957	8,686
Community Development Planning				
Personnel Services	253,181	253,181	252,524	657
Materials and Services	17,200	112,200	106,202	5,998
Interdepartment Charges	85,718	85,718	85,718	-
Total Planning	356,099	451,099	444,444	6,655
Building Inspection				
Personnel Services	125,491	125,491	100,878	24,613
Materials and Services	242,600	242,600	233,267	9,333
Interdepartment Charges	64,887	64,887	64,887	-
Total Building Inspection	432,978	432,978	399,032	33,946
Environmental Health				
Personnel Services	170,565	170,565	138,857	31,708
Materials and Services	68,450	68,450	13,111	55,339
Interdepartment Charges	41,349	41,349	41,349	-
Total Environmental Health	280,364	280,364	193,317	87,047
Total Community Development	1,069,441	1,164,441	1,036,793	127,648

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	\$ 650,323	\$ 650,323	\$ 570,960	\$ 79,363
Materials and Services	44,700	44,700	61,778	(17,078)
Interdepartment Charges	139,319	139,319	139,319	-
Capital Outlay	-	-	52,440	(52,440)
Total Prosecution	834,342	834,342	824,497	9,845
Support Enforcement				
Personnel Services	274,427	274,427	266,878	7,549
Materials and Services	10,600	10,600	10,553	47
Interdepartment Charges	42,145	42,145	42,145	-
Total Support Enforcement	327,172	327,172	319,576	7,596
Court Appointed Special Advisor (CASA)				
Materials and Services	26,350	26,350	25,825	525
Interdepartment Charges	691	691	691	-
Total CASA	27,041	27,041	26,516	525
Medical Examiner				
Personnel Services	33,447	33,447	31,324	2,123
Materials and Services	6,493	6,493	4,620	1,873
Interdepartment Charges	874	874	874	-
Total Medical Examiner	40,814	40,814	36,818	3,996
Total District Attorney	1,229,369	1,229,369	1,207,407	21,962

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		
Sheriff				
Criminal				
Personnel Services	\$ 2,304,648	\$ 2,319,648	\$ 2,280,751	\$ 38,897
Materials and Services	365,500	465,500	441,020	24,480
Interdepartment Charges	271,335	271,335	271,335	-
Capital Outlay	-	35,000	43,699	(8,699)
Total Criminal	<u>2,941,483</u>	<u>3,091,483</u>	<u>3,036,805</u>	<u>54,678</u>
Jail				
Personnel Services	2,569,162	2,737,162	2,731,468	5,694
Materials and Services	708,750	783,750	770,764	12,986
Interdepartment Charges	484,082	484,082	484,082	-
Total Jail	<u>3,761,994</u>	<u>4,004,994</u>	<u>3,986,314</u>	<u>18,680</u>
Emergency Management				
Personnel Services	161,134	161,134	154,117	7,017
Materials and Services	206,050	456,050	381,385	74,665
Interdepartment Charges	25,150	25,150	25,150	-
Total Emergency Management	<u>392,334</u>	<u>642,334</u>	<u>560,652</u>	<u>81,682</u>
Total Sheriff	<u>7,095,811</u>	<u>7,738,811</u>	<u>7,583,771</u>	<u>155,040</u>
Community Corrections				
Personnel Services	1,205,785	1,205,785	1,183,336	22,449
Materials and Services	474,200	492,200	456,402	35,798
Interdepartment Charges	76,284	76,284	76,284	-
Total Community Corrections	<u>1,756,269</u>	<u>1,774,269</u>	<u>1,716,022</u>	<u>58,247</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	\$ 38,177	\$ 68,177	\$ 59,161	\$ 9,016
Materials and Services	21,915	21,915	25,249	(3,334)
Interdepartment Charges	8,555	8,555	8,555	-
Total Community Service-Diversion	68,647	98,647	92,965	5,682
Parks Maintenance				
Personnel Services	36,590	37,590	37,192	398
Materials and Services	15,093	21,093	18,742	2,351
Interdepartment Charges	3,368	3,368	3,368	-
Total Parks Maintenance	55,051	62,051	59,302	2,749
TOTAL EXPENDITURES	15,157,000	15,060,000	13,875,819	1,184,181
Excess (deficiency) of revenues over expenditures	(929,000)	(832,000)	1,562,038	2,394,038
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	5,000	5,000	6,125	1,125
Transfers out	(1,176,000)	(1,341,000)	(1,305,363)	35,637
TOTAL OTHER FINANCING SOURCES (USES)	(1,171,000)	(1,336,000)	(1,299,238)	36,762
Net change in fund balance	(2,100,000)	(2,168,000)	262,800	2,430,800
Fund balance at beginning of year	2,400,000	2,400,000	2,307,079	(92,921)
Fund balance at end of year	\$ 300,000	\$ 232,000	\$ 2,569,879	\$ 2,337,879

POLK COUNTY

PUBLIC WORKS FUND

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

For the Year Ended June 30, 2014

	Budget			
	Original	Final	Actual	Variance
REVENUES				
Intergovernmental	\$4,585,000	\$4,585,000	\$ 4,731,379	\$ 146,379
Charges for services	355,000	355,000	405,970	50,970
Interest	1,000	1,000	741	(259)
Miscellaneous	-	-	4,516	4,516
TOTAL REVENUES	<u>4,941,000</u>	<u>4,941,000</u>	<u>5,142,606</u>	<u>201,606</u>
EXPENDITURES				
Administration				
Personnel Services	297,724	297,724	263,945	33,779
Materials and Services	78,850	78,850	75,958	2,892
Interdepartment Charges	246,423	246,423	246,423	-
Capital Outlay	<u>10,000</u>	<u>10,000</u>	<u>3,377</u>	<u>6,623</u>
Total Administration	<u>632,997</u>	<u>632,997</u>	<u>589,703</u>	<u>43,294</u>
County Shops				
Personnel Services	251,066	251,066	244,548	6,518
Materials and Services	196,500	206,500	203,523	2,977
Capital outlay	<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>5,000</u>
Total County Shops	<u>452,566</u>	<u>462,566</u>	<u>448,071</u>	<u>14,495</u>
Road Maintenance				
Personnel Services	966,700	966,700	930,831	35,869
Materials and Services	2,304,000	2,304,000	1,953,497	350,503
Capital Outlay	<u>75,000</u>	<u>75,000</u>	<u>18,491</u>	<u>56,509</u>
Total Road Maintenance	<u>3,345,700</u>	<u>3,345,700</u>	<u>2,902,819</u>	<u>442,881</u>

Continued on next page

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

	Budget			
	Original	Final	Actual	Variance
EXPENDITURES (continued)				
Road Construction				
Personnel Services	\$ -	\$ -	\$ 25,178	\$ (25,178)
Materials and Services	50,500	50,500	53,694	(3,194)
Debt payments	65,000	65,000	62,388	2,612
Capital Outlay	135,000	135,000	7,061	127,939
Total Road Construction	250,500	250,500	148,321	102,179
Survey				
Personnel Services	276,218	276,218	270,239	5,979
Materials and Services	30,000	30,000	15,346	14,654
Capital outlay	-	-	7,643	(7,643)
Total Survey	306,218	306,218	293,228	12,990
Engineering				
Personnel Services	172,367	172,367	162,903	9,464
Materials and Services	9,000	9,000	8,101	899
Capital outlay	-	-	7,643	(7,643)
Total Engineering	181,367	181,367	178,647	2,720
Contingency	361,652	351,652	-	351,652
TOTAL EXPENDITURES	5,531,000	5,531,000	4,560,789	970,211
Excess (deficiency) of revenues over expenditures	(590,000)	(590,000)	581,817	1,171,817
OTHER FINANCING SOURCES (USES)				
Transfers in	280,000	280,000	244,363	(35,637)
Sale of capital assets	60,000	60,000	550	(59,450)
TOTAL OTHER FINANCING SOURCES	340,000	340,000	244,913	(95,087)
Net change in fund balance	(250,000)	(250,000)	826,730	1,076,730
Fund balance at beginning of year	250,000	250,000	236,105	(13,895)
Fund balance at end of year	\$ -	\$ -	\$ 1,062,835	\$ 1,062,835

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, 2014

	Budget		Actual	Variance
	Original	Final		
REVENUES				
Intergovernmental	\$ 8,904,000	\$ 9,554,000	\$ 10,371,816	\$ 817,816
Charges for services	530,000	530,000	606,343	76,343
Miscellaneous	3,000	3,000	3,087	87
TOTAL REVENUES	<u>9,437,000</u>	<u>10,087,000</u>	<u>10,981,246</u>	<u>894,246</u>
EXPENDITURES				
Administration				
Personnel Services	468,110	468,110	426,375	41,735
Materials and Services	28,250	28,250	37,560	(9,310)
Interdepartment Charges	<u>372,537</u>	<u>372,537</u>	<u>403,537</u>	<u>(31,000)</u>
Total Administration	<u>868,897</u>	<u>868,897</u>	<u>867,472</u>	<u>1,425</u>
Addiction Program				
Personnel Services	956,179	956,179	871,108	85,071
Materials and Services	90,600	90,600	71,927	18,673
Interdepartment Charges	<u>111,243</u>	<u>111,243</u>	<u>121,243</u>	<u>(10,000)</u>
Total Addiction Program	<u>1,158,022</u>	<u>1,158,022</u>	<u>1,064,278</u>	<u>93,744</u>
Outpatient Mental Health Services				
Personnel Services	3,413,275	3,493,275	3,493,406	(131)
Materials and Services	1,040,477	1,560,477	1,520,143	40,334
Interdepartment Charges	<u>602,735</u>	<u>602,735</u>	<u>637,735</u>	<u>(35,000)</u>
Total Outpatient Mental Health Services	<u>5,056,487</u>	<u>5,656,487</u>	<u>5,651,284</u>	<u>5,203</u>

Continued on next page

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

	Budget		Actual	Variance
	Original	Final		
EXPENDITURES (continued)				
Developmental Disability				
Personnel Services	\$ 981,705	\$ 981,705	\$ 901,582	\$ 80,123
Materials and Services	28,600	28,600	46,132	(17,532)
Interdepartment Charges	127,893	127,893	137,893	(10,000)
Total Developmental Disability	1,138,198	1,138,198	1,085,607	52,591
Sub-Grant Programs				
Materials and Services	930,000	980,000	1,060,088	(80,088)
Contingency	285,396	285,396	-	285,396
TOTAL EXPENDITURES	9,437,000	10,087,000	9,728,729	358,271
Net change in fund balance	-	-	1,252,517	1,252,517
Fund balance at beginning of year	-	-	(857,224)	(857,224)
Prior period adjustment	-	-	(79,233)	(79,233)
Fund balance at end of year	\$ -	\$ -	\$ 316,060	\$ 316,060

See accompanying notes

POLK COUNTY
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2014

	Governmental Activities
	Internal Service Funds
<u>ASSETS</u>	
Current assets	
Cash and investments	\$ 807,081
Receivables	24,289
Prepaid items	<u>65,328</u>
Total current assets	896,698
Capital assets, net	<u>156,427</u>
TOTAL ASSETS	<u>1,053,125</u>
<u>LIABILITIES</u>	
Accounts payable and accrued expenses	99,628
Compensated absences	119,095
Net OPEB obligation	164,161
Long-term obligations:	
Due within one year	26,247
Due in more than one year	<u>30,559</u>
TOTAL LIABILITIES	<u>439,690</u>
<u>NET POSITION</u>	
Net investment in capital assets	156,427
Unrestricted	<u>457,008</u>
TOTAL NET POSITION	<u><u>\$ 613,435</u></u>

See accompanying notes

POLK COUNTY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

PROPRIETARY FUNDS

For the Year Ended June 30, 2014

	Governmental Activities
	Internal Service Funds
OPERATING REVENUES	
Intergovernmental	36,772
Charges for services	\$ 4,483,997
Miscellaneous	18,019
TOTAL OPERATING REVENUES	4,538,788
OPERATING EXPENSES	
Personal services	2,219,623
Materials and services	1,892,674
Interest on long-term obligations	3,843
Depreciation	86,225
TOTAL OPERATING EXPENSES	4,202,365
Operating income	336,423
NONOPERATING REVENUE (EXPENSE)	
Transfers out	(260,000)
Change in net position	76,423
Net position - beginning of year	537,012
Net position - end of year	\$ 613,435

See accompanying notes

POLK COUNTY

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2014**

	Governmental Activities
	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 4,510,832
Other receipts	18,019
Payments to employees for services	(2,159,035)
Payments to other suppliers of goods or services	(1,897,924)
Net cash provided by operating activities	471,892
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of capital assets	(28,874)
Transfers out	(260,000)
Issuance of long-term obligations	8,444
Principal payments on long-term debt	(22,999)
Net cash (used in) financing activities	(303,429)
Net increase in cash and cash equivalents	168,463
Cash and cash equivalents, beginning of year	638,618
Cash and cash equivalents, end of year	\$ 807,081
Reconciliation of operating income to net cash provided by operating activities	
Operating income	\$ 336,423
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	86,225
(Increase) decrease in assets:	
Receivables	(9,937)
Prepaid items	19,709
Increase (decrease) in liabilities:	
Accounts payable and accrued expenses	(24,959)
Compensated absences	43,056
Net OPEB obligation	21,375
Net cash provided by operating activities	\$ 471,892

See accompanying notes

POLK COUNTY
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
June 30, 2014

	<u>Agency Fund</u>
<u>ASSETS</u>	
Cash and investments	\$ 1,083,894
Receivables	<u>4,953,734</u>
 TOTAL ASSETS	 <u>\$ 6,037,628</u>
 <u>LIABILITIES</u>	
Due to other governments	 <u>\$ 6,037,628</u>

See accompanying notes

POLK COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2014

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. The Board votes on all ordinances and determines matters of policy. The administrative officer acts as the chief of staff for the commissioners and serves at their pleasure. Other elected officers of the county include the assessor, clerk, district attorney, sheriff, and treasurer. Polk County provides a full range of services which include 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.

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.

Agency - accounts for resources received and held by the County in an agency capacity. Disbursements from these funds are made in accordance with the applicable legislative enactment for each particular fund.

D. Equity classification

i. 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.

ii. 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)

ii. 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 15 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 or proprietary fund type statements of net position. 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

- i. *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.
- ii. *Sick leave* is earned at a rate of eight hours per month of service, and is not limited as to accumulation. Sick leave does not vest and is recognized in all funds when leave is taken.
- iii. *Holiday leave* is earned by Sheriff's office employees per their contract. They may accumulate 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, 2014, 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	\$ 3,835,339

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, 2014, \$1,022,601 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, 2014 are as follows:

Total investments	\$ 3,835,339
Cash on hand	10,314
Deposits with financial institutions	<u>832,914</u>
Total deposits and investments	<u>\$ 4,678,567</u>

B. Cash and investments by fund:

Governmental activities/funds

Governmental funds	
General	\$ 2,287,463
Public Works	641,828
Mental Health	(270,577)
Other governmental funds	<u>128,878</u>
Total governmental funds	2,787,592
Internal service funds	<u>807,081</u>
Total governmental activities	3,594,673

Fiduciary fund

Agency	<u>1,083,894</u>
Total cash and investments	<u>\$ 4,678,567</u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

3. Receivables

A. The County's receivables at June 30, 2014 are as follows:

<u>Fund</u>	<u>Property Taxes</u>	<u>Accounts</u>	<u>Grants</u>	<u>Assessments</u>	<u>Totals</u>
General	\$ 632,850	\$ 68,095	\$ 386,329	\$ 46,073	\$ 1,133,347
Public Works	-	26,867	366,309	-	393,176
Mental Health	-	327,051	906,533	-	1,233,584
Nonmajor governmental funds	<u>227,748</u>	<u>46,111</u>	<u>407,071</u>	<u>-</u>	<u>680,930</u>
Total governmental funds	860,598	468,124	2,066,242	46,073	3,441,037
Internal service funds	<u>-</u>	<u>24,289</u>	<u>-</u>	<u>-</u>	<u>24,289</u>
Total governmental activities	860,598	492,413	2,066,242	46,073	3,465,326
Fiduciary funds					
Agency	<u>4,953,734</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,953,734</u>
Totals	<u>\$ 5,814,332</u>	<u>\$ 492,413</u>	<u>\$ 2,066,242</u>	<u>\$ 46,073</u>	<u>\$ 8,419,060</u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

3. Receivables (continued)

B. Property taxes

i. Transactions

<u>Levy year</u>	<u>Balances July 1, 2013</u>	<u>Current Levy</u>	<u>Adjustments</u>	<u>Net Interest (Discounts)</u>	<u>Collections</u>	<u>Balances June 30, 2014</u>
Current						
2013-14	\$ -	\$ 76,033,878	\$ (616,565)	\$ (1,897,647)	\$ 71,012,733	\$ 2,506,933
Prior						
2012-13	3,183,121	-	(621,675)	146,213	1,296,241	1,411,418
2011-12	1,816,469	-	(269,090)	160,421	700,660	1,007,140
2010-11	1,083,522	-	(2,865)	243,834	771,216	553,275
2009-10	522,078	-	(2,381)	150,586	422,929	247,354
2008-09	90,588	-	(2,289)	43,834	105,144	26,989
All other	96,638	-	(1,929)	29,853	63,339	61,223
	<u>6,792,416</u>	<u>-</u>	<u>(900,229)</u>	<u>774,741</u>	<u>3,359,529</u>	<u>3,307,399</u>
	<u>\$ 6,792,416</u>	<u>\$ 76,033,878</u>	<u>\$ (1,516,794)</u>	<u>\$ (1,122,906)</u>	<u>\$ 74,372,262</u>	<u>\$ 5,814,332</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 \$2,750,000 for the retirement of long-term debt principal and interest due in 2014-15.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

4. Capital assets

A. Capital asset activity for the governmental activities for the year ended June 30, 2014 was as follows:

	Balances July 1, 2013	Additions	Deletions	Reclassifications	Balances June 30, 2014
<i>Capital assets not being depreciated</i>					
Land	\$ 1,314,346	\$ 127,061	\$ -	\$ -	\$ 1,441,407
Construction in progress	52,234	-	-	(36,032)	16,202
Total capital assets not being depreciated	1,366,580	127,061	-	(36,032)	1,457,609
<i>Capital assets being depreciated</i>					
Infrastructure	96,819,716	25,178	-	-	96,844,894
Buildings	22,162,977	8,828	-	-	22,171,805
Improvements	1,580,893	-	-	-	1,580,893
Bridges	22,330,081	237,251	-	-	22,567,332
Equipment	8,891,425	960,670	108,026	36,032	9,780,101
Total capital assets being depreciated	151,785,092	1,231,927	108,026	36,032	152,945,025
Less accumulated depreciation for:					
Infrastructure	77,151,488	2,302,993	-	-	79,454,481
Buildings	9,080,536	634,149	-	-	9,714,685
Improvements	637,335	76,827	-	-	714,162
Bridges	6,515,769	429,160	-	-	6,944,929
Equipment	5,817,255	558,351	108,026	-	6,267,580
Total accumulated depreciation	99,202,383	4,001,480	108,026	-	103,095,837
Total capital assets being depreciated, net	52,582,709	(2,769,553)	-	-	49,849,188
Governmental activities capital assets, net	\$ 53,949,289	\$ (2,642,492)	\$ -	\$ -	\$ 51,306,797

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

4. Capital assets (continued)

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

Governmental Activities	
General government	\$ 248,109
Public safety	595,595
Highways and streets	2,857,583
Health and welfare	<u>300,193</u>
Total governmental activities	<u>\$ 4,001,480</u>

C. Capital asset activity in internal service funds, which are included in the governmental activities, for the year ended June 30, 2014 was as follows:

	Balances July 1, 2013	Additions	Balances June 30, 2014
<i>Capital assets being depreciated</i>			
Improvements	\$ 19,532	\$ -	\$ 19,532
Equipment	<u>669,364</u>	<u>28,874</u>	<u>698,238</u>
Total capital assets being depreciated	<u>688,896</u>	<u>28,874</u>	<u>717,770</u>
Less accumulated depreciation for:			
Improvements	17,814	1,718	19,532
Equipment	<u>457,304</u>	<u>84,507</u>	<u>541,811</u>
Total accumulated depreciation	<u>475,118</u>	<u>86,225</u>	<u>561,343</u>
Total capital assets being depreciated, net	<u>\$ 213,778</u>	<u>\$ (57,351)</u>	<u>\$ 156,427</u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

5. Long-term obligations

A. Transactions for the year ended June 30, 2014 are as follows:

	Outstanding July 1, 2013	Additions	Reductions	Outstanding June 30, 2014	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	\$ 9,875,000	\$ -	\$ 2,190,000	\$ 7,685,000	\$ 2,360,000
Interest	-	424,888	424,888	-	
	<u>9,875,000</u>	<u>424,888</u>	<u>2,614,888</u>	<u>7,685,000</u>	
Full Faith and Credit Obligations, Series 2011 - original amount \$2,250,000; interest rates of 2.0 percent to 4.4 percent					
Principal	2,025,000	-	125,000	1,900,000	125,000
Interest	-	80,592	80,592	-	
	<u>2,025,000</u>	<u>80,592</u>	<u>205,592</u>	<u>1,900,000</u>	
Full Faith and Credit Refunding Obligations, Series 2012-original amount \$790,000; interest rates of 1.85 percent to 3.80 percent					
Principal	740,000	-	40,000	700,000	45,000
Interest	-	22,388	22,388	-	
	<u>740,000</u>	<u>22,388</u>	<u>62,388</u>	<u>700,000</u>	
Capital Lease - US Bank Equipment Finance, (11 leases) total lease amount \$102,898 interest rates of 4.94 percent to 8.38 percent					
Principal	72,736	8,448	24,378	56,806	26,247
Interest	293	3,877	3,957	213	
	<u>73,029</u>	<u>12,325</u>	<u>28,335</u>	<u>57,019</u>	
Vested compensated absences	<u>960,300</u>	<u>-</u>	<u>71,964</u>	<u>888,336</u>	<u>888,336</u>
Total	13,673,329	540,193	2,983,167	11,230,355	<u>\$ 3,444,583</u>
Interest	<u>293</u>	<u>106,857</u>	<u>106,937</u>	<u>213</u>	
	<u>\$13,673,036</u>	<u>\$ 433,336</u>	<u>\$ 2,876,230</u>	<u>\$11,230,142</u>	

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

5. Long-term obligations (continued)

B. The future maturity of all obligations outstanding as of June 30, 2014 is as follows:

Fiscal Year	General Obligation Bonds, Series 2007		Full Faith and Credit Obligations Series 2011		Full Faith and Credit Obligations Series 2012	
	Principal	Interest	Principal	Interest	Principal	Interest
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			145,000	56,180	50,000	17,233
2020-23			655,000	159,080	215,000	52,788
2024-27			570,000	38,500	250,000	19,380

<u>\$ 7,685,000</u>	<u>\$ 593,925</u>	<u>\$ 1,900,000</u>	<u>\$ 532,855</u>	<u>\$ 700,000</u>	<u>\$ 170,465</u>
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Fiscal Year	Capital Leases		Vested Compensated Absences	Totals	
	US Bank Equipment Finance (11 Leases)			Principal	Interest
	Principal	Interest			
2015	\$ 26,247	\$ 2,831	\$ 888,336	\$ 3,444,583	\$ 423,887
2016	20,306	1,280	-	2,750,306	297,104
2017	8,154	315	-	2,958,154	156,881
2018	2,099	57	-	192,099	80,695
2019	-	-	-	195,000	73,413
2020-24	-	-	-	870,000	211,868
2025-27	-	-	-	820,000	57,880
	\$ 56,806	\$ 4,483	\$ 888,336	\$ 11,230,142	\$ 1,301,728

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	\$ --	\$ 1,305,363
Public Works	244,363	--
Nonmajor Governmental	1,321,000	--
Internal Service Fund	--	260,000
	<u>\$ 1,565,363</u>	<u>\$ 1,565,363</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. The purpose of the General Fund transfers to nonmajor governmental funds was to supplement the resources of the funds for their respective activities. The transfer from the Internal Service Fund to nonmajor governmental funds 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	Mental Health	Other Governmental Funds	Totals
Property taxes	\$ 551,828	\$ -	\$ 198,679	\$ 750,507
Assessments	42,241	-	-	42,241
Accounts	-	234,077	188,611	422,688
	<u>\$ 594,069</u>	<u>\$ 234,077</u>	<u>\$ 387,290</u>	<u>\$ 1,215,436</u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

8. Pension obligations

Plan Description - The County contributes to two pension plans administered by the Oregon Public Employees Retirement System (PERS). The Oregon Public Employees Retirement Fund (OPERF) applies to the County's contribution for qualifying employees who were hired before August 29, 2003, and is a cost-sharing multiple-employer defined benefit pension plan. The Oregon Public Service Retirement Plan (OPSRP) is a hybrid successor plan to the OPERF and consists of two programs: The Pension Program, the defined benefit portion of the plan, applies to qualifying County employees hired after August 29, 2003, and to inactive employees who return to employment following a six-month or greater break in service. Benefits are calculated by a formula for members who attain normal retirement age. The formula takes into account final average salary and years of service. Beginning January 1, 2004, all PERS member contributions go into the Individual Account Program (IAP), the defined contribution portion of the plan. PERS members retain their existing PERS accounts, but any future member contributions are deposited into the member's IAP, not the member's PERS account.

Both PERS plans provide retirement and disability benefits, post employment healthcare benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS is administered under Oregon Revised Statute Chapter 238, which establishes the Public Employees Retirement Board as the governing body of PERS. PERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to PERS, PO Box 23700, Tigard, OR, 97281-3700 or by calling 503-598-7377.

Funding Policy - Members of PERS are required to contribute 6% of their salary covered under the plan, which is invested in the OPSRP Individual Account Program. The County pays the members contribution. The County is required by ORS 238.225 to contribute at an actuarially determined rate for the qualifying employees under the OPERF plan, and a general service rate for the qualifying employees under the OPSRP plan. The OPERF rates in effect for the year ended June 30, 2014 was 13.66%. The OPSRP rates in effect for the year ended June 30, 2014 were 9.27% for general service employees and 11.98% for police employees. The contribution requirements for plan members are established by ORS Chapter 238 and may be amended by an act of the Oregon Legislature.

Annual Pension Cost - The County's contributions to PERS for the years ending June 30, 2014, 2013 and 2012 were \$2,535,217, \$2,666,575 and \$2,606,473, respectively. The County's total contribution equaled the required contribution for the year.

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, 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	\$ 617	\$ 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, 2014, the amount actually contributed to the plan, and changes in the County's net OPEB liability:

Normal cost at year end	\$ 183,342
Amortization of UAAL	<u>241,197</u>
Annual Required Contribution	424,539
Interest earned on net OPEB obligation	50,754
Adjustment to the ARC	<u>(174,363)</u>
Annual OPEB cost (expense)	300,930
Implicit benefit payments	<u>(68,186)</u>
Increase in Net OPEB Obligation	232,744
Net OPEB Obligation – beginning of year	<u>1,450,107</u>
Net OPEB Obligation – end of year	<u><u>\$ 1,682,851</u></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	UAAL 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, 2014 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
June 30, 2014	300,930	23%	1,682,851

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, 2014, employees of the County had accumulated 8,280 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, 2014 were \$292,825.

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

<u>Fiscal Year Ending</u>	<u>Amount</u>
June 30, 2015	\$296,473
June 30, 2016	176,639
June 30, 2017	147,847
June 30, 2018 - 2021	<u>475,178</u>
Total	<u>\$1,096,137</u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

13. Net position restricted through enabling legislation

The government-wide statement of net position reports \$3,894,300 of restricted net position, of which \$2,928,860 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:

	General	Public Works	Mental Health	Other Governmental Funds	Totals
Nonspendable:					
Inventory	\$ -	\$ 308,051	\$ -	\$ -	\$ 308,051
Prepays	52,578	-	219,675	23,236	295,489
Restricted for:					
Roads and street maintenance	-	443,474	-	-	443,474
Bicycle path construction/maintenance	-	311,310	-	-	311,310
Bridge construction	-	-	-	385,074	385,074
Law enforcement	-	-	-	387,789	387,789
Health and welfare	-	-	291,618	25,538	317,156
Economic development	-	-	-	389,664	389,664
Education	-	-	-	13,043	13,043
Debt service	-	-	-	47,975	47,975
Other purposes	100,144	-	-	135,451	235,595
Committed for:					
Dog control	-	-	-	17,518	17,518
Fair and fairgrounds facility support	-	-	-	3,187	3,187
Unassigned	2,417,157	-	-	(1,171,662)	1,245,495
Total Fund Balances	\$ 2,569,879	\$ 1,062,835	\$ 511,293	\$ 256,813	\$ 4,400,820

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. Expenditures in excess of appropriations were made in the following fund:

<u>Fund</u>	<u>Appropriation</u>	<u>Expenditures</u>	<u>Variance</u>
Multi-Disciplinary Intervention Mental Health	\$ 107,500	\$ 109,825	\$ (1,785)
Sub-grant programs	980,000	1,060,088	(80,088)

16. Deficit fund balance

As of June 30, 2014, the Building Improvement Fund has a deficit fund balance in the amount of \$1,121,109. This deficit will be eliminated through transfers from other funds.

As of June 30, 2014, the Public Health Fund has a deficit fund balance in the amount of \$50,553. This deficit was caused by delayed receipt of fiscal year 2013-14 revenue from the State. It has subsequently been eliminated through the receipt of those revenues.

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

NON-MAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special revenue funds account for revenues derived from specific taxes or other earmarked sources, including federal and state grant awards, which are restricted to 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.

NON-MAJOR GOVERNMENTAL FUNDS (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 property taxes.

Capital Projects Funds

The capital projects funds account for resources used in the acquisition and construction of capital facilities and equipment. Funds included in this category are:

Building Improvement – accounts for major capital improvements. The financing source is transfers from other funds.

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

POLK COUNTY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2014

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Totals</u>
ASSETS				
Cash and investments	\$ 836,483	\$ 22,376	\$ (729,981)	\$ 128,878
Receivables	479,219	201,711	-	680,930
Prepaid items	<u>24,386</u>	<u>-</u>	<u>269</u>	<u>24,655</u>
 TOTAL ASSETS	 <u>\$1,340,088</u>	 <u>\$ 224,087</u>	 <u>\$ (729,712)</u>	 <u>\$ 834,463</u>
LIABILITIES				
Accounts payable and accrued expenditures	\$ <u>184,037</u>	\$ <u>-</u>	\$ <u>6,323</u>	\$ <u>190,360</u>
 DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	<u>211,178</u>	<u>176,112</u>	<u>-</u>	<u>387,290</u>
 FUND BALANCES				
Nonspendable	24,386	-	-	24,386
Restricted	899,782	47,975	385,074	1,332,831
Committed	20,705	-	-	20,705
Unassigned	<u>-</u>	<u>-</u>	<u>(1,121,109)</u>	<u>(1,121,109)</u>
 TOTAL FUND BALANCES	 <u>944,873</u>	 <u>47,975</u>	 <u>(736,035)</u>	 <u>256,813</u>
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	 <u>\$1,340,088</u>	 <u>\$ 224,087</u>	 <u>\$ (729,712)</u>	 <u>\$ 834,463</u>

POLK COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2014

	Special Revenue	Debt Service	Capital Projects	Totals
REVENUES				
Property taxes	\$ 352,023	\$ 2,584,444	\$ -	\$2,936,467
Licenses, fees and permits	60,913	-	-	60,913
Intergovernmental	3,263,862	-	-	3,263,862
Charges for services	1,047,279	-	-	1,047,279
Franchise fees	88,090	-	-	88,090
Fines and forfeitures	9,267	-	-	9,267
Donations	30,440	-	-	30,440
Interest	940	223	1,996	3,159
Miscellaneous	27,328	-	-	27,328
TOTAL REVENUES	<u>4,880,142</u>	<u>2,584,667</u>	<u>1,996</u>	<u>7,466,805</u>
EXPENDITURES				
Current				
General government	782,756	-	-	782,756
Public Safety	2,067,451	-	-	2,067,451
Highways and streets	113,272	-	-	113,272
Health and welfare	2,865,229	-	-	2,865,229
Education	353,154	-	-	353,154
Debt service - principal	-	2,190,000	125,000	2,315,000
Debt service - interest	-	424,888	80,592	505,480
Capital outlay	10,643	-	233,738	244,381
TOTAL EXPENDITURES	<u>6,192,505</u>	<u>2,614,888</u>	<u>439,330</u>	<u>9,246,723</u>
Excess (deficiency) of revenues over expenditures	(1,312,363)	(30,221)	(437,334)	(1,779,918)
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>1,061,000</u>	<u>-</u>	<u>260,000</u>	<u>1,321,000</u>
Net change in fund balances	(251,363)	(30,221)	(177,334)	(458,918)
Fund balances at beginning of year	<u>1,196,236</u>	<u>78,196</u>	<u>(558,701)</u>	<u>715,731</u>
Fund balances at end of year	<u>\$ 944,873</u>	<u>\$ 47,975</u>	<u>\$ (736,035)</u>	<u>\$ 256,813</u>

POLK COUNTY

COMBINING BALANCE SHEET

SPECIAL REVENUE FUNDS

June 30, 2014

	Polk Interagency Narcotics Team	Multi- Disciplinary Intervention	Domestic Mediation	Court Security	Public Land Corner	Dog Control	Marine Patrol	Law Library
ASSETS								
Cash and investments	\$ 98,147	\$ (1,113)	\$ 8,854	\$ 109,218	\$ 13,028	\$ 17,827	\$ (6,619)	\$ 13,002
Receivables	-	26,773	-	829	-	306	16,860	-
Prepaid items	-	-	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ 98,147</u>	<u>\$ 25,660</u>	<u>\$ 8,854</u>	<u>\$ 110,047</u>	<u>\$ 13,028</u>	<u>\$ 18,133</u>	<u>\$ 10,241</u>	<u>\$ 13,002</u>
LIABILITIES								
Accounts payable and accrued expenditures	\$ 1,311	\$ 9,165	\$ 5,403	\$ -	\$ 20	\$ 615	\$ 3,407	\$ 3,490
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue	-	-	-	-	-	-	-	-
FUND BALANCES								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	96,836	16,495	3,451	110,047	13,008	-	6,834	9,512
Committed	-	-	-	-	-	17,518	-	-
TOTAL FUND BALANCES	<u>96,836</u>	<u>16,495</u>	<u>3,451</u>	<u>110,047</u>	<u>13,008</u>	<u>17,518</u>	<u>6,834</u>	<u>9,512</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u>\$ 98,147</u>	<u>\$ 25,660</u>	<u>\$ 8,854</u>	<u>\$ 110,047</u>	<u>\$ 13,028</u>	<u>\$ 18,133</u>	<u>\$ 10,241</u>	<u>\$ 13,002</u>

Health and Human Services	Public Health	Juvenile	Youth Programs	Fair	Economic Development	Household Hazardous Waste	Extension	Totals
\$ 42,842	\$ (29,460)	\$ 27,981	\$ 40,668	\$ 16,170	\$ 393,163	\$ 84,177	\$ 8,598	\$ 836,483
88,766	141,608	67,217	88,603	-	-	22,220	26,037	479,219
930	1,150	-	-	4,842	15,000	-	2,464	24,386
<u>\$ 132,538</u>	<u>\$ 113,298</u>	<u>\$ 95,198</u>	<u>\$ 129,271</u>	<u>\$ 21,012</u>	<u>\$ 408,163</u>	<u>\$ 106,397</u>	<u>\$ 37,099</u>	<u>\$ 1,340,088</u>
\$ 42,563	\$ 38,747	\$ 48,410	\$ 1,987	\$ 12,983	\$ 3,499	\$ 3,900	\$ 8,537	\$ 184,037
63,507	125,104	-	-	-	-	-	22,567	211,178
930	1,150	-	-	4,842	15,000	-	2,464	24,386
25,538	(51,703)	46,788	127,284	-	389,664	102,497	3,531	899,782
-	-	-	-	3,187	-	-	-	20,705
26,468	(50,553)	46,788	127,284	8,029	404,664	102,497	5,995	944,873
<u>\$ 132,538</u>	<u>\$ 113,298</u>	<u>\$ 95,198</u>	<u>\$ 129,271</u>	<u>\$ 21,012</u>	<u>\$ 408,163</u>	<u>\$ 106,397</u>	<u>\$ 37,099</u>	<u>\$ 1,340,088</u>

POLK COUNTY

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES SPECIAL REVENUE FUNDS For the Year Ended June 30, 2014

	Polk							
	Interagency Narcotics Team	Multi- Disciplinary Intervention	Domestic Mediation	Court Security	Public Land Corner	Dog Control	Marine Patrol	Law Library
REVENUES								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, fees and permits	-	-	-	-	-	60,913	-	-
Intergovernmental	30,000	107,091	40,903	15,112	-	-	73,387	49,049
Charges for services	-	-	-	-	96,178	2,244	-	-
Franchise fees	-	-	-	-	-	-	-	-
Fines and forfeitures	1,579	-	-	7,191	-	497	-	-
Donations	-	-	-	-	-	-	-	-
Interest	-	-	-	471	-	-	-	-
Miscellaneous	24,668	-	-	-	-	-	-	-
TOTAL REVENUES	<u>56,247</u>	<u>107,091</u>	<u>40,903</u>	<u>22,774</u>	<u>96,178</u>	<u>63,654</u>	<u>73,387</u>	<u>49,049</u>
EXPENDITURES								
Current								
General government	-	-	37,625	-	-	-	-	56,075
Public safety	39,293	106,285	-	36,398	-	151,596	84,550	-
Highways and streets	-	-	-	-	113,272	-	-	-
Health and welfare	-	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-	-
Capital outlay	-	3,000	-	-	7,643	-	-	-
TOTAL EXPENDITURES	<u>39,293</u>	<u>109,285</u>	<u>37,625</u>	<u>36,398</u>	<u>120,915</u>	<u>151,596</u>	<u>84,550</u>	<u>56,075</u>
Excess (deficiency) of revenues over expenditures	16,954	(2,194)	3,278	(13,624)	(24,737)	(87,942)	(11,163)	(7,026)
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	85,000	15,000	15,000
Net change in fund balances	16,954	(2,194)	3,278	(13,624)	(24,737)	(2,942)	3,837	7,974
Fund balances at beginning of year	79,882	18,689	173	123,671	37,745	20,460	2,997	1,538
Fund balances at end of year	<u>\$ 96,836</u>	<u>\$ 16,495</u>	<u>\$ 3,451</u>	<u>\$ 110,047</u>	<u>\$ 13,008</u>	<u>\$ 17,518</u>	<u>\$ 6,834</u>	<u>\$ 9,512</u>

Health and Human Services	Public Health	Juvenile	Youth Programs	Fair	911 Emergency Communications	County School	Economic Development	Household Hazardous Waste	Extension	Totals
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 352,023	\$ 352,023
-	-	-	-	-	-	-	-	-	-	60,913
512,425	1,218,666	247,442	682,585	105,964	-	1,245	179,993	-	-	3,263,862
498,229	162,472	48,225	-	239,931	-	-	-	-	-	1,047,279
-	-	-	-	-	-	20,655	-	67,435	-	88,090
-	-	-	-	-	-	-	-	-	-	9,267
750	4,767	-	-	20,399	-	-	-	-	4,524	30,440
-	-	-	45	-	28	-	-	-	396	940
-	68	-	2,097	495	-	-	-	-	-	27,328
<u>1,011,404</u>	<u>1,385,973</u>	<u>295,667</u>	<u>684,727</u>	<u>366,789</u>	<u>28</u>	<u>21,900</u>	<u>179,993</u>	<u>67,435</u>	<u>356,943</u>	<u>4,880,142</u>
-	-	39,606	-	389,461	-	21,900	165,284	72,805	-	782,756
-	-	1,024,794	609,352	-	15,183	-	-	-	-	2,067,451
-	-	-	-	-	-	-	-	-	-	113,272
1,103,918	1,761,311	-	-	-	-	-	-	-	-	2,865,229
-	-	-	-	-	-	-	-	-	353,154	353,154
-	-	-	-	-	-	-	-	-	-	10,643
<u>1,103,918</u>	<u>1,761,311</u>	<u>1,064,400</u>	<u>609,352</u>	<u>389,461</u>	<u>15,183</u>	<u>21,900</u>	<u>165,284</u>	<u>72,805</u>	<u>353,154</u>	<u>6,192,505</u>
(92,514)	(375,338)	(768,733)	75,375	(22,672)	(15,155)	-	14,709	(5,370)	3,789	(1,312,363)
-	176,000	770,000	-	-	-	-	-	-	-	1,061,000
(92,514)	(199,338)	1,267	75,375	(22,672)	(15,155)	-	14,709	(5,370)	3,789	(251,363)
<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>
<u>\$ 26,468</u>	<u>\$ (50,553)</u>	<u>\$ 46,788</u>	<u>\$ 127,284</u>	<u>\$ 8,029</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 404,664</u>	<u>\$ 102,497</u>	<u>\$ 5,995</u>	<u>\$ 944,873</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, 2014

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Intergovernmental	\$ 5,000	\$ -	\$ (5,000)
Charges for services	25,000	30,000	5,000
Fines and forfeitures	-	1,579	1,579
Miscellaneous	-	24,668	24,668
	<u>30,000</u>	<u>56,247</u>	<u>26,247</u>
TOTAL REVENUES	<u>30,000</u>	<u>56,247</u>	<u>26,247</u>
EXPENDITURES			
Materials and services	112,642	31,935	80,707
Interdepartment charges	7,358	7,358	-
	<u>120,000</u>	<u>39,293</u>	<u>80,707</u>
TOTAL EXPENDITURES	<u>120,000</u>	<u>39,293</u>	<u>80,707</u>
Net change in fund balance	(90,000)	16,954	106,954
Fund balance at beginning of year	90,000	79,882	(10,118)
Fund balance at end of year	<u>\$ -</u>	<u>\$ 96,836</u>	<u>\$ 96,836</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, 2014

	Budget	Actual	Variance
REVENUES			
Intergovernmental	\$ 100,000	\$ 107,091	\$ 7,091
EXPENDITURES			
Personal services	32,204	31,995	209
Materials and services	73,425	72,419	1,006
Interdepartment charges	1,871	1,871	-
Capital outlay	-	3,000	(3,000)
TOTAL EXPENDITURES	<u>107,500</u>	<u>109,285</u>	<u>(1,785)</u>
Net change in fund balance	(7,500)	(2,194)	5,306
Fund balance at beginning of year	<u>7,500</u>	<u>18,689</u>	<u>11,189</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 16,495</u>	<u>\$ 16,495</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, 2014

	Budget	Actual	Variance
REVENUES			
Intergovernmental	\$ 40,000	\$ 40,903	\$ 903
EXPENDITURES			
Materials and services	38,651	36,276	2,375
Interdepartment charges	1,349	1,349	-
TOTAL EXPENDITURES	40,000	37,625	2,375
Net change in fund balance	-	3,278	3,278
Fund balance at beginning of year	-	173	173
Fund balance at end of year	\$ -	\$ 3,451	\$ 3,451

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, 2014

	Budget	Actual	Variance
REVENUES			
Intergovernmental	\$ 25,000	\$ 15,112	\$ (9,888)
Fines and forfeitures	25,000	7,191	(17,809)
Interest	<u>1,000</u>	<u>471</u>	<u>(529)</u>
 TOTAL REVENUES	 <u>51,000</u>	 <u>22,774</u>	 <u>(28,226)</u>
 EXPENDITURES			
Materials and services	94,779	20,177	74,602
Interdepartment charges	16,221	16,221	-
Capital outlay	<u>30,000</u>	<u>-</u>	<u>30,000</u>
 TOTAL EXPENDITURES	 <u>141,000</u>	 <u>36,398</u>	 <u>104,602</u>
 Net change in fund balance	 (90,000)	 (13,624)	 76,376
Fund balance at beginning of year	<u>90,000</u>	<u>123,671</u>	<u>33,671</u>
 Fund balance at end of year	 <u><u>\$ -</u></u>	 <u><u>\$ 110,047</u></u>	 <u><u>\$ 110,047</u></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, 2014

	Budget	Actual	Variance
REVENUES			
Charges for services	\$ 105,000	\$ 96,178	\$ (8,822)
EXPENDITURES			
Materials and services	102,187	90,459	11,728
Interdepartment charges	22,813	22,813	-
Capital outlay	-	7,643	(7,643)
TOTAL EXPENDITURES	125,000	120,915	4,085
Net change in fund balance	(20,000)	(24,737)	(4,737)
Fund balance at beginning of year	20,000	37,745	17,745
Fund balance at end of year	\$ -	\$ 13,008	\$ 13,008

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, 2014

	Budget	Actual	Variance
REVENUES			
Permits and licenses	\$ 75,000	\$ 60,913	\$ (14,087)
Charges for services	-	2,244	2,244
Fines and forfeitures	5,000	497	(4,503)
TOTAL REVENUES	80,000	63,654	(16,346)
EXPENDITURES			
Personal services	126,087	112,482	13,605
Materials and services	48,462	23,663	24,799
Interdepartment charges	15,451	15,451	-
TOTAL EXPENDITURES	190,000	151,596	38,404
Excess (deficiency) of revenues over expenditures	(110,000)	(87,942)	22,058
OTHER FINANCING SOURCES (USES)			
Transfers in	85,000	85,000	-
Net change in fund balance	(25,000)	(2,942)	22,058
Fund balance at beginning of year	25,000	20,460	(4,540)
Fund balance at end of year	\$ -	\$ 17,518	\$ 17,518

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, 2014

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Intergovernmental	<u>\$ 73,500</u>	<u>\$ 73,387</u>	<u>\$ (113)</u>
EXPENDITURES			
Personal services	58,075	53,986	4,089
Materials and services	31,436	26,575	4,861
Interdepartment charges	<u>3,989</u>	<u>3,989</u>	<u>-</u>
TOTAL EXPENDITURES	<u>93,500</u>	<u>84,550</u>	<u>8,950</u>
Excess (deficiency) of revenues over expenditures	(20,000)	(11,163)	8,837
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>15,000</u>	<u>15,000</u>	<u>-</u>
Net change in fund balance	(5,000)	3,837	8,837
Fund balance at beginning of year	<u>5,000</u>	<u>2,997</u>	<u>(2,003)</u>
Fund balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ 6,834</u></u>	<u><u>\$ 6,834</u></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, 2014

	Budget	Actual	Variance
REVENUES			
Intergovernmental	\$ -	\$ 49,049	\$ 49,049
Charges for service	<u>50,000</u>	<u>-</u>	<u>(50,000)</u>
TOTAL REVENUES	<u>50,000</u>	<u>49,049</u>	<u>(951)</u>
EXPENDITURES			
Materials and services	47,742	28,817	18,925
Interdepartment charges	<u>27,258</u>	<u>27,258</u>	<u>-</u>
TOTAL EXPENDITURES	<u>75,000</u>	<u>56,075</u>	<u>18,925</u>
Excess (deficiency) of revenues over expenditures	(25,000)	(7,026)	17,974
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>15,000</u>	<u>15,000</u>	<u>-</u>
Net change in fund balance	(10,000)	7,974	17,974
Fund balance at beginning of year	<u>10,000</u>	<u>1,538</u>	<u>(8,462)</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 9,512</u>	<u>\$ 9,512</u>

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, 2014

	Budget	Actual	Variance
REVENUES			
Intergovernmental	\$ 516,000	\$ 512,425	\$ (3,575)
Charges for services	400,000	498,229	98,229
Donations	-	750	750
TOTAL REVENUES	916,000	1,011,404	95,404
EXPENDITURES			
Administration			
Personal services	626,003	671,292	(45,289)
Materials and services	177,724	114,481	63,243
Interdepartment charges	137,273	137,273	-
Total Administration	941,000	923,046	17,954
Commission on Children and Families			
Personal services	26,548	46,729	(20,181)
Materials and services	147,405	108,096	39,309
Interdepartment charges	26,047	26,047	-
Total Commission on Children and Families	200,000	180,872	19,128
TOTAL EXPENDITURES	1,141,000	1,103,918	37,082
Net change in fund balance	(225,000)	(92,514)	132,486
Fund balance at beginning of year	225,000	118,982	(106,018)
Fund balance at end of year	\$ -	\$ 26,468	\$ 26,468

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, 2014**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Intergovernmental	\$ 1,318,000	\$ 1,218,666	\$ (99,334)
Charges for services	170,000	162,472	(7,528)
Donations	4,000	4,767	767
Miscellaneous	-	68	68
TOTAL REVENUES	<u>1,492,000</u>	<u>1,385,973</u>	<u>(106,027)</u>
EXPENDITURES			
Family Planning			
Personal services	102,609	90,790	11,819
Materials and services	57,895	47,426	10,469
Interdepartment charges	38,554	38,554	-
Total Family Planning	<u>199,058</u>	<u>176,770</u>	<u>22,288</u>
General Health			
Personal services	1,010,990	1,004,830	6,160
Materials and services	192,335	198,274	(5,939)
Interdepartment charges	154,573	154,573	-
Total General Health	<u>1,357,898</u>	<u>1,357,677</u>	<u>221</u>
Women, Infants and Children			
Personal services	147,717	143,664	4,053
Materials and services	25,850	29,723	(3,873)
Interdepartment charges	53,477	53,477	-
Total Women, Infants and Children	<u>227,044</u>	<u>226,864</u>	<u>180</u>
TOTAL EXPENDITURES	<u>1,784,000</u>	<u>1,761,311</u>	<u>22,689</u>
Excess (deficiency) of revenues over expenditures	(292,000)	(375,338)	(83,338)
OTHER FINANCING SOURCES (USES)			
Transfers in	176,000	176,000	-
Net change in fund balance	(116,000)	(199,338)	(83,338)
Fund balance at beginning of year	116,000	148,785	32,785
Fund balance at end of year	<u>\$ -</u>	<u>\$ (50,553)</u>	<u>\$ (50,553)</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, 2014

	Budget	Actual	Variance
REVENUES			
Intergovernmental	\$ 257,500	\$ 247,442	\$ (10,058)
Charges for services	23,000	48,225	25,225
TOTAL REVENUES	280,500	295,667	15,167
EXPENDITURES			
Juvenile Probations			
Personal services	557,389	555,453	1,936
Materials and services	32,942	24,424	8,518
Interdepartment charges	92,263	92,263	-
Total Juvenile Probations	682,594	672,140	10,454
Juvenile Sanctions			
Materials and services	371,000	346,835	24,165
Interdepartment charges	5,819	5,819	-
Total Juvenile Sanctions	376,819	352,654	24,165
Juvenile Community Service			
Personal services	29,537	38,418	(8,881)
Materials and services	19,050	1,188	17,862
Total Juvenile Community Service	48,587	39,606	8,981
TOTAL EXPENDITURES	1,108,000	1,064,400	43,600
Excess (deficiency) of revenues over expenditures	(827,500)	(768,733)	58,767
OTHER FINANCING SOURCES (USES)			
Transfers in	770,000	770,000	-
Net change in fund balance	(57,500)	1,267	58,767
Fund balance at beginning of year	57,500	45,521	(11,979)
Fund balance at end of year	\$ -	\$ 46,788	\$ 46,788

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, 2014

	Budget	Actual	Variance
REVENUES			
Intergovernmental	\$ 660,000	\$ 682,585	\$ 22,585
Interest	-	45	45
Miscellaneous	-	2,097	2,097
TOTAL REVENUES	660,000	684,727	24,727
EXPENDITURES			
Personal services	406,763	349,062	57,701
Materials and services	215,935	187,988	27,947
Interdepartment charges	72,302	72,302	-
Contingency	20,000	-	20,000
TOTAL EXPENDITURES	715,000	609,352	105,648
Net change in fund balance	(55,000)	75,375	130,375
Fund balance at beginning of year	55,000	51,909	(3,091)
Fund balance at end of year	\$ -	\$ 127,284	\$ 127,284

POLK COUNTY

FAIR - SPECIAL REVENUE FUND

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

For the Year Ended June 30, 2014

	Budget	Actual	Variance
REVENUES			
Intergovernmental	\$ 106,000	\$ 105,964	\$ (36)
Charges for services	259,500	239,931	(19,569)
Donations	30,000	20,399	(9,601)
Miscellaneous	2,000	495	(1,505)
TOTAL REVENUES	397,500	366,789	(30,711)
EXPENDITURES			
Annual Fair			
Personal services	56,995	45,634	11,361
Materials and services	105,250	83,696	21,554
Interdepartment charges	8,385	8,385	-
Total Annual Fair	170,630	137,715	32,915
Year Around Operation			
Personal services	124,750	105,242	19,508
Materials and services	107,680	127,064	(19,384)
Interdepartment charges	19,440	19,440	-
Total Year Around Operation	251,870	251,746	124
TOTAL EXPENDITURES	422,500	389,461	33,039
Net change in fund balance	(25,000)	(22,672)	2,328
Fund balance at beginning of year	25,000	30,701	5,701
Fund balance at end of year	\$ -	\$ 8,029	\$ 8,029

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, 2014**

	Budget	Actual	Variance
REVENUES			
Interest	\$ -	\$ 28	\$ 28
EXPENDITURES			
Materials and services	25,000	15,183	9,817
Net change in fund balance	(25,000)	(15,155)	9,845
Fund balance at beginning of year	25,000	15,155	(9,845)
Fund balance at end of year	\$ -	\$ -	\$ -

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, 2014

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Intergovernmental	\$ 2,500	\$ 1,245	\$ (1,255)
Franchise fees	<u>22,500</u>	<u>20,655</u>	<u>(1,845)</u>
 TOTAL REVENUES	 25,000	 21,900	 (3,100)
 EXPENDITURES			
Materials and services	<u>25,000</u>	<u>21,900</u>	<u>3,100</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, 2014

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Intergovernmental	<u>\$ 890,000</u>	<u>\$ 179,993</u>	<u>\$ (710,007)</u>
EXPENDITURES			
Personal services	8,804	8,083	721
Materials and services	478,546	144,551	333,995
Interdepartment charges	12,650	12,650	-
Capital outlay	<u>700,000</u>	<u>-</u>	<u>700,000</u>
TOTAL EXPENDITURES	<u>1,200,000</u>	<u>165,284</u>	<u>1,034,716</u>
Net change in fund balance	(310,000)	14,709	324,709
Fund balance at beginning of year	<u>310,000</u>	<u>389,955</u>	<u>79,955</u>
Fund balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ 404,664</u></u>	<u><u>\$ 404,664</u></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, 2014

	Budget	Actual	Variance
REVENUES			
Franchise fees	<u>\$ 60,000</u>	<u>\$ 67,435</u>	<u>\$ 7,435</u>
EXPENDITURES			
Personal services	33,640	31,719	1,921
Materials and services	142,935	37,654	105,281
Interdepartment charges	<u>3,425</u>	<u>3,432</u>	<u>(7)</u>
TOTAL EXPENDITURES	<u>180,000</u>	<u>72,805</u>	<u>107,195</u>
Net change in fund balance	(120,000)	(5,370)	114,630
Fund balance at beginning of year	<u>120,000</u>	<u>107,867</u>	<u>(12,133)</u>
Fund balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ 102,497</u></u>	<u><u>\$ 102,497</u></u>

POLK COUNTY

EXTENSION - SPECIAL REVENUE FUND

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

For the Year Ended June 30, 2014

	Budget	Actual	Variance
REVENUES			
Property tax	\$ 350,000	\$ 352,023	\$ 2,023
Charges for services	1,000	-	(1,000)
Donations	-	4,524	4,524
Interest	1,000	396	(604)
	<u>352,000</u>	<u>356,943</u>	<u>4,943</u>
TOTAL REVENUES	<u>352,000</u>	<u>356,943</u>	<u>4,943</u>
EXPENDITURES			
Education	368,000	353,154	14,846
Contingency	10,000	-	10,000
	<u>378,000</u>	<u>353,154</u>	<u>24,846</u>
TOTAL EXPENDITURES	<u>378,000</u>	<u>353,154</u>	<u>24,846</u>
Net change in fund balance	(26,000)	3,789	29,789
Fund balance at beginning of year	26,000	2,206	(23,794)
	<u>26,000</u>	<u>2,206</u>	<u>(23,794)</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 5,995</u>	<u>\$ 5,995</u>

POLK COUNTY

DEBT SERVICE FUND

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

For the Year Ended June 30, 2014

	Budget	Actual	Variance
REVENUES			
Property taxes	\$ 2,514,388	\$ 2,584,444	\$ 70,056
Interest	<u>500</u>	<u>223</u>	<u>(277)</u>
 TOTAL REVENUES	 2,514,888	 2,584,667	 69,779
 EXPENDITURES			
Debt service	<u>2,614,888</u>	<u>2,614,888</u>	<u>-</u>
 Net change in fund balance	 (100,000)	 (30,221)	 69,779
Fund balance at beginning of year	<u>100,000</u>	<u>78,196</u>	<u>(21,804)</u>
 Fund balance at end of year	 <u>\$ -</u>	 <u>\$ 47,975</u>	 <u>\$ 47,975</u>

POLK COUNTY
COMBINING BALANCE SHEET
CAPITAL PROJECTS FUNDS
June 30, 2014

	Building Improvement	OTIA III Bridge Replacement	Totals
ASSETS			
Cash and investments	\$ (1,115,055)	\$ 385,074	\$ (729,981)
Prepaid items	<u>269</u>	<u>-</u>	<u>269</u>
TOTAL ASSETS	<u><u>\$ (1,114,786)</u></u>	<u><u>\$ 385,074</u></u>	<u><u>\$ (729,712)</u></u>
LIABILITIES			
Accounts payable and accrued expenditures	<u>\$ 6,323</u>	<u>\$ -</u>	<u>\$ 6,323</u>
FUND BALANCES			
Restricted	-	385,074	385,074
Unassigned	<u>(1,121,109)</u>	<u>-</u>	<u>(1,121,109)</u>
TOTAL FUND BALANCES	<u>(1,121,109)</u>	<u>385,074</u>	<u>(736,035)</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ (1,114,786)</u></u>	<u><u>\$ 385,074</u></u>	<u><u>\$ (729,712)</u></u>

POLK COUNTY

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
CAPITAL PROJECTS FUNDS
For the Year Ended June 30, 2014**

	Building Improvement	OTIA III Bridge Replacement	Totals
REVENUES			
Interest	\$ -	\$ 1,996	\$ 1,996
EXPENDITURES			
Debt service	205,592	-	205,592
Capital outlay	<u>39,624</u>	<u>194,114</u>	<u>233,738</u>
TOTAL EXPENDITURES	<u>245,216</u>	<u>194,114</u>	<u>439,330</u>
Excess (deficiency) of revenues over expenditures	(245,216)	(192,118)	(437,334)
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>260,000</u>	<u>-</u>	<u>(260,000)</u>
Net change in fund balances	14,784	(192,118)	(697,334)
Fund balances at beginning of year	<u>(1,135,893)</u>	<u>577,192</u>	<u>(558,701)</u>
Fund balances at end of year	<u>\$ (1,121,109)</u>	<u>\$ 385,074</u>	<u>\$ (736,035)</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, 2014

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES			
Academy Building Improvement			
Personal services	\$ -	\$ 10,585	\$ (10,585)
Materials and services	7,500	-	7,500
Debt service	220,000	205,592	14,408
Capital outlay	<u>10,000</u>	<u>11,078</u>	<u>(1,078)</u>
Total Academy Building Improvement	<u>237,500</u>	<u>227,255</u>	<u>10,245</u>
Courthouse Building Improvement			
Materials and services	12,500	3,783	8,717
Capital outlay	<u>10,000</u>	<u>14,178</u>	<u>(4,178)</u>
Total Courthouse Building Improvement	<u>22,500</u>	<u>17,961</u>	<u>4,539</u>
TOTAL EXPENDITURES	260,000	245,216	14,784
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>260,000</u>	<u>260,000</u>	<u>-</u>
Net change in fund balance	-	14,784	14,784
Fund balance at beginning of year	<u>-</u>	<u>(1,135,893)</u>	<u>(1,135,893)</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ (1,121,109)</u>	<u>\$ (1,121,109)</u>

POLK COUNTY

OTIA III BRIDGE REPLACEMENT - CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
For the Year Ended June 30, 2014

	Budget	Actual	Variance
REVENUES			
Interest	\$ 2,500	\$ 1,996	\$ (504)
EXPENDITURES			
Personal services	44,947	51,632	(6,685)
Materials and services	534,922	129,851	405,071
Interdepartment charges	12,631	12,631	-
TOTAL EXPENDITURES	592,500	194,114	398,386
Net change in fund balance	(590,000)	(192,118)	397,882
Fund balance at beginning of year	590,000	577,192	(12,808)
Fund balance at end of year	\$ -	\$ 385,074	\$ 385,074

INTERNAL SERVICE FUNDS

Management Services

The Management Services Fund accounts for building maintenance, fiscal and personnel services, legal counsel and general services. Charges are made to other 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.

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POLK COUNTY
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
June 30, 2014

	Management		
	Services	Insurance	Totals
<u>ASSETS</u>			
Current assets			
Cash and investments	\$ 307,132	\$ 499,949	\$ 807,081
Receivables	19,551	4,738	24,289
Prepaid items	<u>65,328</u>	<u>-</u>	<u>65,328</u>
Total current assets	392,011	504,687	896,698
Capital assets, net	<u>156,427</u>	<u>-</u>	<u>156,427</u>
TOTAL ASSETS	<u>548,438</u>	<u>504,687</u>	<u>1,053,125</u>
<u>LIABILITIES</u>			
Accounts payable and accrued expenses	54,775	44,853	99,628
Compensated absences	119,095	-	119,095
Net OPEB obligation	164,161	-	164,161
Long-term obligations:			
Due within one year	26,247	-	26,247
Due in more than one year	<u>30,559</u>	<u>-</u>	<u>30,559</u>
TOTAL LIABILITIES	<u>394,837</u>	<u>44,853</u>	<u>439,690</u>
<u>NET POSITION</u>			
Net investment in capital assets	156,427	-	156,427
Unrestricted	<u>(2,826)</u>	<u>459,834</u>	<u>457,008</u>
TOTAL NET POSITION	<u><u>\$ 153,601</u></u>	<u><u>\$ 459,834</u></u>	<u><u>\$ 613,435</u></u>

POLK COUNTY

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
NET POSITION
INTERNAL SERVICE FUNDS
Year Ended June 30, 2014**

	<u>Management Services</u>	<u>Insurance</u>	<u>Totals</u>
OPERATING REVENUES			
Intergovernmental	\$ 36,772	\$ -	\$ 36,772
Charges for services	3,829,794	654,203	4,483,997
Miscellaneous	<u>6,387</u>	<u>11,632</u>	<u>18,019</u>
 TOTAL OPERATING REVENUES	 <u>3,872,953</u>	 <u>665,835</u>	 <u>4,538,788</u>
 OPERATING EXPENSES			
Personal services	2,219,623	-	2,219,623
Materials and services	1,205,313	687,361	1,892,674
Interest on long-term obligations	3,843	-	3,843
Depreciation	<u>86,225</u>	<u>-</u>	<u>86,225</u>
 TOTAL OPERATING EXPENSES	 <u>3,515,004</u>	 <u>687,361</u>	 <u>4,202,365</u>
 Operating income (loss)	 357,949	 (21,526)	 336,423
 NONOPERATING REVENUE (EXPENSE)			
Transfers out	<u>(260,000)</u>	<u>-</u>	<u>(260,000)</u>
 Change in net position	 97,949	 (21,526)	 76,423
Net position - beginning of year	<u>55,652</u>	<u>481,360</u>	<u>537,012</u>
 Net position - end of year	 <u>\$ 153,601</u>	 <u>\$ 459,834</u>	 <u>\$ 613,435</u>

POLK COUNTY

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2014**

	<u>Management Services</u>	<u>Insurance</u>	<u>Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 3,859,457	\$ 651,375	\$ 4,510,832
Other receipts	6,387	11,632	18,019
Payments to employees for services	(2,159,035)	-	(2,159,035)
Payments to other suppliers of goods or services	<u>(1,232,350)</u>	<u>(665,574)</u>	<u>(1,897,924)</u>
Net cash provided by (used in) operating activities	<u>474,459</u>	<u>(2,567)</u>	<u>471,892</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of capital assets	(28,874)	-	(28,874)
Transfers out	(260,000)	-	(260,000)
Issuance of long-term obligations	8,444	-	8,444
Principal payments on long-term obligations	<u>(22,999)</u>	<u>-</u>	<u>(22,999)</u>
Net cash (used) in financing activities	<u>(303,429)</u>	<u>-</u>	<u>(303,429)</u>
Net increase (decrease) in cash and cash equivalents	171,030	(2,567)	168,463
Cash and cash equivalents, beginning of year	<u>136,102</u>	<u>502,516</u>	<u>638,618</u>
Cash and cash equivalents, end of year	<u>\$ 307,132</u>	<u>\$ 499,949</u>	<u>\$ 807,081</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities			
Operating income (loss)	\$ 357,949	\$ (21,526)	\$ 336,423
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	86,225	-	86,225
(Increase) decrease in assets:			
Receivables	(7,109)	(2,828)	(9,937)
Prepaid items	7,469	12,240	19,709
Increase (decrease) in liabilities:			
Accounts payable and accrued expenses	(34,506)	9,547	(24,959)
Compensated absences	43,056	-	43,056
Net OPEB obligation	<u>21,375</u>	<u>-</u>	<u>21,375</u>
Net cash provided by (used in) operating activities	<u>\$ 474,459</u>	<u>\$ (2,567)</u>	<u>\$ 471,892</u>

POLK COUNTY

**MANAGEMENT SERVICES - INTERNAL SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
Year Ended June 30, 2014**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Intergovernmental	\$ 50,000	\$ 36,772	\$ (13,228)
Charges for services	3,850,889	3,829,794	(21,095)
Miscellaneous	-	6,387	6,387
	<u>3,900,889</u>	<u>3,872,953</u>	<u>(27,936)</u>
TOTAL REVENUES			
EXPENDITURES			
GIS-Computer Mapping			
Personnel Services	221,561	212,762	8,799
Materials and Services	21,300	25,285	(3,985)
	<u>242,861</u>	<u>238,047</u>	<u>4,814</u>
Total GIS-Computer Mapping			
Equipment Replacement Reserve			
Capital outlay	65,297	-	65,297
	<u>65,297</u>	<u>-</u>	<u>65,297</u>
Central Services			
Personnel Services	134,807	134,910	(103)
Materials and Services	301,600	244,810	56,790
Capital outlay	-	8,444	(8,444)
	<u>436,407</u>	<u>388,164</u>	<u>48,243</u>
Total Central Services			
Academy Building Maintenance			
Personnel Services	270,892	246,124	24,768
Materials and Services	104,500	96,888	7,612
	<u>375,392</u>	<u>343,012</u>	<u>32,380</u>
Total Academy Building Maintenance			
Jail Maintenance			
Personnel Services	117,954	82,461	35,493
Materials and Services	185,700	178,754	6,946
	<u>303,654</u>	<u>261,215</u>	<u>42,439</u>
Total Jail Maintenance			

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	\$ 341,306	\$ 339,475	\$ 1,831
Materials and Services	<u>227,200</u>	<u>218,615</u>	<u>8,585</u>
Total Courthouse Building Maintenance	<u>568,506</u>	<u>558,090</u>	<u>10,416</u>
Information Services			
Personnel Services	503,506	496,648	6,858
Materials and Services	<u>302,200</u>	<u>270,634</u>	<u>31,566</u>
Total Information Services	<u>805,706</u>	<u>767,282</u>	<u>38,424</u>
Finance			
Personnel Services	374,380	367,155	7,225
Materials and Services	<u>102,900</u>	<u>98,058</u>	<u>4,842</u>
Total Finance	<u>477,280</u>	<u>465,213</u>	<u>12,067</u>
Personnel			
Personnel Services	249,415	235,855	13,560
Materials and Services	<u>18,500</u>	<u>17,437</u>	<u>1,063</u>
Total Personnel	<u>267,915</u>	<u>253,292</u>	<u>14,623</u>
County Legal Counsel			
Personnel Services	34,022	39,802	(5,780)
Materials and Services	<u>114,850</u>	<u>102,174</u>	<u>12,676</u>
Total County Legal Counsel	<u>148,872</u>	<u>141,976</u>	<u>6,896</u>
TOTAL EXPENDITURES	<u>3,691,890</u>	<u>3,416,291</u>	<u>275,599</u>
Excess (deficiency) of revenues over expenditures	<u>208,999</u>	<u>456,662</u>	<u>247,663</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	\$ -	\$ 1,000
Issuance of long-term obligations	-	8,444	(8,444)
Transfers out	<u>(260,000)</u>	<u>(260,000)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(259,000)</u>	<u>(251,556)</u>	<u>7,444</u>
Net change in fund balance	(50,001)	205,106	255,107
Fund balance at beginning of year	<u>100,000</u>	<u>132,343</u>	<u>32,343</u>
Fund balance at end of year	<u>\$ 49,999</u>	337,449	<u>\$ 287,450</u>
Reconciliation to generally accepted accounting principles:			
Capital assets, net		156,427	
Compensated absences		(119,095)	
Net other post-employment benefit obligation		(164,161)	
Accrued interest on long-term obligations		(213)	
Long-term obligation		<u>(56,806)</u>	
Net position at end of year		<u>\$ 153,601</u>	

POLK COUNTY

INSURANCE - INTERNAL SERVICE FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
Year Ended June 30, 2014**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Charges for services	\$ 625,000	\$ 654,203	\$ 29,203
Settlements	<u>10,000</u>	<u>11,632</u>	<u>1,632</u>
 TOTAL REVENUES	 <u>635,000</u>	 <u>665,835</u>	 <u>30,835</u>
 EXPENDITURES			
Materials and services	785,000	687,361	97,639
Contingency	<u>200,000</u>	<u>-</u>	<u>200,000</u>
 TOTAL EXPENDITURES	 <u>985,000</u>	 <u>687,361</u>	 <u>297,639</u>
 Net change in fund balance	 (350,000)	 (21,526)	 328,474
Fund balance at beginning of year	<u>350,000</u>	<u>481,360</u>	<u>131,360</u>
 Fund balance at end of year	 <u>\$ -</u>	 <u>\$ 459,834</u>	 <u>\$ 459,834</u>

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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.

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POLK COUNTY

AGENCY FUND

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

For the Year Ended June 30, 2014

	Balances July 1, 2013	Additions	Deductions	Balances June 30, 2014
<u>ASSETS</u>				
Cash and investments	\$ 1,158,714	\$ 77,200,522	\$ 77,275,342	\$ 1,083,894
Taxes receivable	<u>5,792,226</u>	<u>73,562,539</u>	<u>74,401,031</u>	<u>4,953,734</u>
 TOTAL ASSETS	 <u>\$ 6,950,940</u>	 <u>\$ 150,763,061</u>	 <u>\$ 151,676,373</u>	 <u>\$ 6,037,628</u>
 <u>LIABILITIES</u>				
Due to other governments	<u>\$ 6,950,940</u>	<u>\$ 150,763,061</u>	<u>\$ 151,676,373</u>	<u>\$ 6,037,628</u>

POLK COUNTY

SCHEDULE OF CASH RECEIPTS AND TURNOVERS FOR ELECTED OFFICIALS

As of and for the Year Ended June 30, 2014

<u>Elected Official</u>	Cash and Investment Balances July 1, 2013	Cash Receipts	Cash Turnovers and Disbursements to County Treasurer and Others	Cash and Investment Balances June 30, 2014
Assessor	\$ 10	\$ 7,403	\$ 7,403	\$ 10
Clerk	150	303,024	303,024	150
District Attorney	25	172,505	172,505	25
Sheriff	103,066	1,826,697	1,811,936	117,827
Treasurer	<u>3,499,016</u>	<u>74,896,936</u>	<u>73,835,397</u>	<u>4,560,555</u>
TOTALS	<u>\$ 3,602,267</u>	<u>\$ 77,206,565</u>	<u>\$ 76,130,265</u>	<u>\$ 4,678,567</u>

**INDEPENDENT AUDITOR'S REPORT REQUIRED BY
OREGON STATE REGULATIONS**

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INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

**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, 2014, and have issued our report thereon dated December 31, 2014. 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).**

**INDEPENDENT AUDITOR'S REPORT REQUIRED BY
OREGON STATE REGULATIONS (Continued)**

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:

- i. 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</u>	<u>Appropriation</u>	<u>Expenditures</u>	<u>Variance</u>
Multi-Disciplinary Intervention	\$ 107,500	\$ 109,825	\$ (1,785)
Mental Health			
Sub-grant programs	980,000	1,060,088	(80,088)

- ii. The County did not reasonably estimate the July 1, 2014 beginning fund balances as defined by ORS 294.361(1) as shown:

<u>Fund</u>	<u>Estimated</u>	<u>Actual</u>	<u>Variance</u>
Mental Health	\$ --	\$ 316,060	\$ 316,060

- iii. The General Fund's excess of actual revenues over actual expenditures in the second preceding year did not equal the beginning balance in the first preceding year.

OAR 162-10-0230 Internal Control

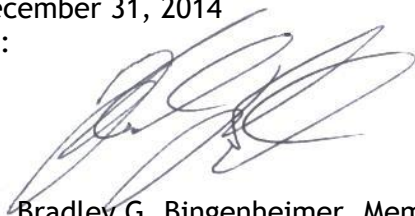
In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose 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 31, 2014

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, the aggregate remaining fund information and the budgetary comparison information of Polk County, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated December 31, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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. 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.

**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)**

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*.

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 31, 2014



**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 the 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 the County's major federal programs for the year ended June 30, 2014. The 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 the 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 the 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 the 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, 2014.

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 the 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 the County's internal control over compliance.

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 (Continued)

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 31, 2014

POLK COUNTY

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2014**

Section I Summary of Auditors' Results

Financial Statements

Type of auditor's report issued: *Unmodified*

Internal controls over financial reporting:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? No

Noncompliance material to financial statements noted? No

Federal awards

Internal control over major federal programs:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? No

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

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? No

Identification of major federal programs:

CFDA

Number(s) 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

None

Section III - Federal Award Findings and Questioned Costs

None

POLK COUNTY

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended June 30, 2014**

2013-3

Federal Program: Second Chance Act Prisoner Reentry Initiative 16.812

Criteria: Internal controls over allowable costs should include a process to insure that costs charged to the program are allowable.

Condition: Unallowed costs were charged to the program.

Cause: A change in guidelines by the Federal granting agency was not noted by the County.

Effect: Unallowed costs were charged to the program.

Questioned costs: \$3,652

Recommendations: The County should monitor updates from the Federal government.

Response: Management is reviewing their processes to implement improvements in the process for determining allowable costs.

Status: Management has implemented a quarterly review process of the 2013 Office of the Chief Financial Officer (OCFO) Financial Guide to ensure that the County is up to date on any rules and regulations that have changed. This will ensure that grant funds are used only for the purposes for which they are awarded, and if regulation changes are made, the County will be properly aware of them and able to modify the spending plan.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (continued)

2013-4

Federal Program: Second Chance Act Prisoner Reentry Initiative 16.812

Criteria: Internal controls over reporting should include a process to insure that accurate reports are filed with the Federal granting agency.

Condition: Inaccurate reports were filed that did not reflect the actual costs allowable under the program and the County was advanced Federal funds prior to expenditure.

Cause: The individual responsible for the reports did not properly complete the reports.

Effect: The County will have to file amended reports and has been advanced Federal funds prior to expenditure.

Questioned costs: None

Recommendations: The County should insure reports as filed reflect actual costs allowable under the program.

Response: Management is reviewing their processes to implement improvements in the reporting process.

Status: Management has implemented a review process of all costs reported for grants, to make sure they are accurately reported.

POLK COUNTY

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2014**

	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	\$ 225,042
Forest Service			
<i>Passed through Oregon Department of Administrative Services</i>			
Schools and Roads - Grants to States	10.665		1,245
Total Department of Agriculture			226,287
DEPARTMENT OF THE INTERIOR			
Bureau of Land Management			
Payment in Lieu of Taxes	15.226	6396	115,946
Distribution of Receipts to State and Local Governments	15.227	6396	872,968
Scotch Broom Removal and Dump Stoppers	15.999		47,577
Total Department of the Interior			1,036,491
DEPARTMENT OF JUSTICE			
Bureau of Justice Assistance			
State Criminal Alien Assistance Program	16.606		4,261
Bullet Proof Vest Partnership Program	16.607		1,178
<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	2,951
Second Chance Act Prisoner Reentry Initiative	16.812		97,928
Office of Victims of Crime			
<i>Passed through Oregon State Criminal Justice Division</i>			
Crime Victim Assistance (VOCA)	16.575	VOCA 03-2099	35,449
Total Department of Justice			141,767
DEPARTMENT OF GENERAL SERVICES ADMINISTRATION			
Federal Surplus Property	39.003		679,577
<i>Passed through Oregon Department of Administrative Services</i>			
Federal Surplus Property	39.003		976
Total Department of General Services Administration			680,553
ENVIRONMENTAL PROTECTION AGENCY			
Office of Water			
<i>Passed through Oregon Health Authority</i>			
State Public Water System Supervision	66.432	27-02	2,421
Capitalization Grants for Drinking Water State Revolving Funds	66.468	27-02	2,133
Total Environmental Protection Agency			4,554

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)

	Federal CFDA Number	Pass Through Entity Identifying Number	Expenditures
DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Office of Population Affairs			
<i>Passed through Oregon Department of Human Services</i>			
Family Planning Services	93.217		21,571
Immunization Program	93.268		600
Administration for Children and Families			
<i>Passed through Oregon Department of Justice</i>			
Child Support Enforcement	93.563	461	214,103
Health Resources and Services Administration			
<i>Passed through Oregon Department of Human Services</i>			
Maternal and Child Health Block Grant	93.994	27 02	32,345
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	183,610
TB Case Management	93.116		1,186
Centers for Disease Control and Prevention			
<i>Passed through Oregon Health Authority</i>			
Bioterrorism Preparedness & Response	93.069	27 02	65,223
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283		2,666
Coordinated Chronic Disease Prevention and Health Promotion Program	93.544		28,214
Chronic Disease Self-Management Education Programs	93.734		28,104
Assistance Programs for Chronic Disease Prevention and Control	93.945		2,835
Centers for Medicare and Medicaid Services			
<i>Passed through Commission on Children and Families</i>			
Healthy Start/Title XIX	93.778	41270	3,911
Total Department of Health and Human Services			<u>646,749</u>
DEPARTMENT OF HOMELAND SECURITY			
<i>Passed through Oregon State Police</i>			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036		\$ <u>122,591</u>
Emergency Management Performance	97.042		<u>127,498</u>
State Homeland Security Program	97.073	06-234	163,801
State Homeland Security Program-SHSP	97.073		<u>4,973</u>
			<u>168,774</u>
<i>Passed through Oregon State Marine Board</i>			
Law Enforcement Terrorism Prevention Program	97.012	05-172	<u>18,994</u>
Total Department of Homeland Security			<u>437,857</u>
DEPARTMENT OF EDUCATION			
Family Preservation and Support	93.556		<u>17,351</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE			<u>\$ 3,191,609</u>

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.