

Polk County, Texas

Comprehensive Annual Financial Report

September 30, 2014



*COMPREHENSIVE
ANNUAL FINANCIAL REPORT*

of

POLK COUNTY, TEXAS

For the Year Ended
September 30, 2014

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

**Margie Ainsworth
County Auditor**

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POLK COUNTY, TEXAS

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INTRODUCTORY SECTION

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Polk County
Livingston, Texas

Polk County Auditor
602 E. Church St.
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March 13, 2015

To the Honorable Board of District Judges,
Honorable County Judge, Honorable Members of
Commissioners' Court and Citizens of
Polk County, Texas:

State law requires that every general purpose local government publish, within six months of the close of each fiscal year, a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended September 30, 2014.

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

Belt Harris Pechacek, LLLP, Certified Public Accountants, have issued an unmodified opinion ("clean") on the Polk County's financial statements other than the District Clerk's Texas Department of Criminal Justice fund and the District Clerk's Trust fund of the County for the ended September 30, 2014. The independent auditors' report is located in front of the financial section of this report.

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

Profile of Polk County

Polk County was formed in 1846 as a political subdivision of the Republic of Texas. The County was named in honor of James K. Polk, then President of the United States. Polk County is located in the tall pine forests of deep east Texas, about 70 miles north of Houston. It currently occupies a total of 1,095 square miles and serves a population of 45,790. Polk County is empowered to levy a property tax on real property located within its boundaries.

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

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

The Commissioners' Court is required to adopt a budget for the fiscal year no later than September 30 preceding the beginning of the fiscal year on October 1. This annual budget serves as the foundation for Polk County's financial planning and control. The budget is prepared by fund, function (e.g., public safety), and department (e.g., sheriff). Department heads may transfer resources within a department as they see fit. Transfers between departments, however, need special approval from Commissioners' Court.

Local Economy

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

Polk County's close proximity to the greater Houston area (fourth largest city in the U.S.) provides the County numerous benefits, the first of which is access to an international airport only 56 miles from the County Courthouse. Polk County's recreational opportunities also provide an excellent retreat for big city dwellers wanting to escape to a more relaxed lifestyle. Although Polk County is easily accessible to the Texas Medical Center in Houston, first class medical services are available from CHI St. Luke's Health Memorial Livingston (formerly Memorial Medical Center Livingston), which opened its \$25 million facility in the summer of 2000 and has completed a five-year, \$30 million expansion and improvement program. The complex, located on the Highway 59 Bypass, includes a 90-bed hospital with emergency, surgery, intensive care/critical care, cardiopulmonary, radiology and women's health departments supported by a community of skilled physicians and specialists. The Polk County College/Commerce Center, located on the Highway 59 Bypass near the hospital, provides advanced curriculum study and technical training through Angelina College and offers much needed public auditorium space.

Because of its location in a region with a varied economic base, unemployment has been relatively stable and has continued to decrease during the current year. During the past ten years, the unemployment rose from an initial low of 5.0 percent (2005) during the decade hit a peak high of 10 percent (2009), but has settled at 6.3 percent for the current year (2014). Although unemployment rates have decreased nationwide over the last year, Polk County continues to experience unemployment rate above the national average. Polk County's unemployment rates during the current year reflect the current recession. Additional increases may occur in the near future due to layoffs in the oil and gas industries in calendar year 2015.

Median household incomes within the County are lower than for the state as a whole. According to the year 2005 census, the average income in the United States was \$46,242; the state's was \$42,165, while the County's was only \$32,971. The County's population has increased slightly from the 2010 census from 45,413 to an estimated 45,790 as of September 30, 2014. It is possible that people have started moving back due to the decrease in fuel cost. They would rather drive a few extra miles to work and have that lake view with a tranquility of peace of a rural area like Polk County that they cannot get closer to in the city areas. Although housing market nationwide has increased, a median price of a single family home

in the second quarter of 2014 was \$176,700; housing prices for the state were at \$128,900. Housing prices in the vicinity of Polk County at the end of second quarter of 2014 were \$78,600.

Despite the current recession in the economy, Polk County has a presently outstanding tax supported debt rated “A3” by Moody’s Investors Service, Inc. and “A+” by Standard and Poor’s Corporation. The County plans to continue to manage debt to maintain or improve these ratings.

Over the past ten plus years, the County has experienced a period of significant economic growth and investment. In 2004, the IAH Public Facility Corporation was formed pursuant to The Public Facility Corporation Act Chapter 303 of the Texas Local Government Coded for the purpose of financing eligible criminal detention facility projects for the County. The Corporation issued Project Revenue Bonds in 2004 and in 2006 for each of the two phases of the Facility construction – the principal and interest being payable solely from the revenues derived from the operation of the project. CEC, International is the contracted operator of the Facility and the County presently contracts with the Department of Homeland Security Immigration and Customers Enforcement (ICE), the U.S. Marshals Service, Bureau of Prisons and other counties for the housing of detainees within the Facility. The operator is paid a fixed fee for each detainee and, in turn, pays Polk County a per diem portion. This alternative revenue source allows Polk County to fund many of the necessary expenditures within the County’s budget.

During the past ten years, Polk County undertook a County Jail Expansion Project that was funded by \$19,000,000 of Certificates of Obligation issued in March 2007. The expansion was to relieve overcrowding and eliminate the \$330,000 annual expense for housing inmates in other facilities to comply with Texas Jail Commission Standards. Polk County also constructed a new Polk County Judicial Center funded by \$10,120,000 of Certificates of Obligation issued in January 2008. The new facility was to relieve the severe overcrowding of the courts and supporting offices that were located in the main Courthouse and to better address court security issues. Both of these projects were completed in 2009.

The Polk County College/Conference Center construction began in fiscal year 2012 and opened for its first event in August 2013. Angelina College opened the doors for the fall 2013 semester with both day and evening classes. Polk County financed this project (not tax supported) with an Economic Development Grant of \$4,000,000 and an additional \$3,537,864 in Disaster Recovery and Community Development Block Grant funds. Locally, additional funds were raised in the amount of \$1,755,929 and \$750,000 in support was pledged by the T.L.L. Temple Foundation. The facility provides a conference center capable of meeting local needs that were previously found only in communities located 50-60 miles away. The Polk County College/Conference Center is expected to have very favorable impact on the local economy.

During the past ten years, the County’s expenditures related to employee health insurance premiums continue to rise. In 2014, employee health insurance premiums increased 5.7 percent from 2013. As a result, many local governments and other employers require contributions from their employees towards their premiums. Polk County dedicated \$754,933 in 2014 to improving employee compensation.

During this same ten-year period, charges for services, along with licenses and permits related to governmental funds, decreased in amounts collected. Although they were expected to increase in 2014, offices collecting these fines and fees attribute the decrease in revenue to the inability of the offenders to pay and reduced use of the DPS Weight Station located in Polk County.

Long-Term Financial Planning and Major Initiatives

Total fund balance (the total of the nonspendable, restricted, committed, assigned, and unassigned components of fund balance) in the general fund at year end was 40.0 percent of total general fund expenses. This amount was above the policy guidelines set by the Commissioners’ Court for budgetary and planning purposes (i.e., two months of general fund expenses, approximately 25%) The year-end

amount is above the minimum target set by the policy guidelines because of a \$501,995 increase of revenues over expenditures during the year ended September 30, 2014.

Relevant Financial Policies

Polk County has a policy that requires the adoption of a balanced annual operating budget (i.e., estimated revenues equal to or in excess of appropriations). As a result of the economic downturn the County had planned to use a portion of their fund balance to cover planned expenditures that exceed planned revenues. In such cases where expenditures exceed appropriations, the policy allows for the appropriation of fund balance to close the gap. The amount necessary for this purpose in the original budget was \$25,254, which increased to \$67,115 in the final amended budget. However, thanks to measures taken during the year to control expenditures, Polk County did not have to rely on any fund balance to close any operating deficit, revenues were more than appropriations by \$569,110.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Polk County, Texas for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2013. This was the fourth consecutive year that the County has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the County had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable program requirements.

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

Polk County has also received the GFOA's Distinguished Budget Presentation Award since the County's first submittal to the award program of the annual budget for the fiscal year beginning October 1, 1999. To qualify for the Distinguished Budget Presentation Award, the County's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

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

Respectfully submitted,



Margie N. Ainsworth, County Auditor



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Polk County
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2013

Executive Director/CEO

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POLK COUNTY, TEXAS
LIST OF ELECTED AND APPOINTED OFFICIALS
September 30, 2014

COMMISSIONERS' COURT:

John P. Thompson	County Judge
Robert E. Willis	Commissioner, Precinct #1
Ronnie L. Vincent	Commissioner, Precinct #2
Milton B. Purvis	Commissioner, Precinct #3
Charles T. Overstreet	Commissioner, Precinct #4

JUDICIAL:

Lee Hon	District Attorney
Kathy Clifton	District Clerk

COUNTY COURT AT LAW:

Stephen Phillips	Judge, County Court at Law
Schelana Hock	County Clerk

JUSTICE COURTS:

Darrell Longino	Justice of Peace, Precinct #1
David Johnson	Justice of Peace, Precinct #2
Larry Whitworth	Justice of Peace, Precinct #3
Steven B. McEntyre	Justice of Peace, Precinct #4

LAW ENFORCEMENT:

Kenneth Hammack	County Sheriff
Scott Hughes	Constable, Precinct #1
William Cunningham	Constable, Precinct #2
Ray Myers	Constable, Precinct #3
Dana G. "Bubba" Piper	Constable, Precinct #4

FINANCIAL ADMINISTRATION:

Leslie Jones Burks	Tax Assessor/Collector
Terri Williams	County Treasurer
Margie Ainsworth	County Auditor*

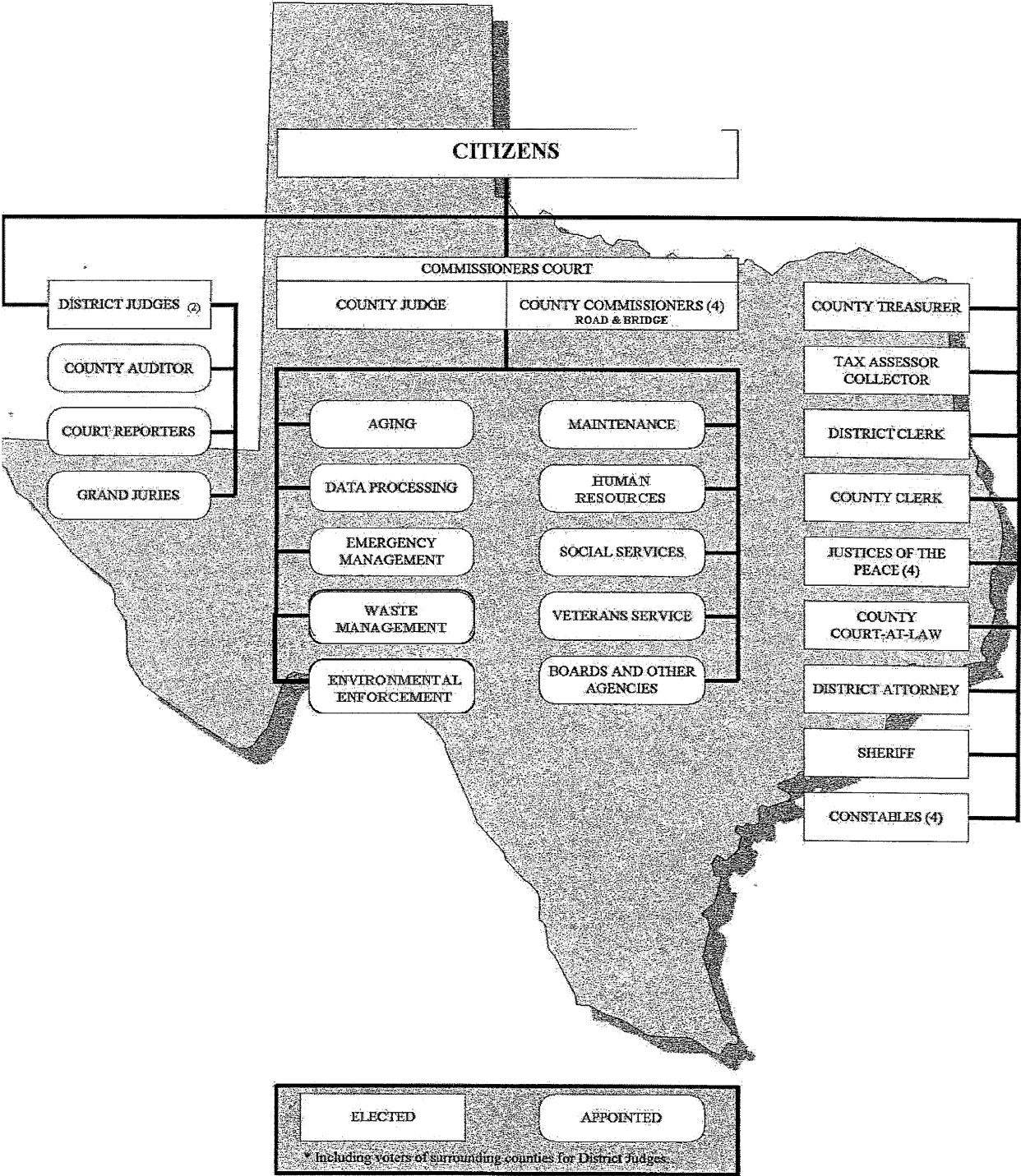
*Designated appointed official. All others are elected.

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POLK COUNTY, TEXAS

ORGANIZATIONAL CHART

September 30, 2014



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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Polk County, Texas (the "County") as of and for the year ended September 30, 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Partners

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

Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Unmodified
Discretely Presented Component Unit	Unmodified
Each Major Fund	Unmodified
Aggregate Remaining Fund Information	Qualified

Basis for Qualified Opinion on the Aggregate Remaining Fund Information

Because of the pattern in delays in providing information to be audited and pattern of retrospective depositing, accounting and business operations of the District Clerk's office, we were unable to obtain sufficient appropriate audit evidence regarding monies held in the District Clerk's office, related the District Clerk's Texas Department of Criminal Justice fund and the District Clerk's Trust fund. The total assets reported for the respective funds are \$47,265 and \$4,042,343.

Qualified Opinion

In our opinion, except for the possible effects of the matter discussed in the "Basis for Qualified Opinion on the Aggregate Remaining Fund Information" paragraph, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the aggregate remaining fund information of the County, as of September 30, 2014, and the changes in financial position for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information other than the District Clerk's Texas Department of Criminal Justice fund and the District Clerk's Trust fund of the County as of September 30, 2014, and the respective changes in financial position for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter – Uncertainty of Regulatory Ruling for the IAH Public Facility Corporation, a Discretely Presented Component Unit of the County

As indicated in Note IV.G.3, there currently exists external matters and a negative trend regarding regulatory decisions being made by the Internal Revenue Service (IRS) on the tax exempt status of bonds issued by local governments similar to the IAH Public Facility Corporation (the "Corporation"), a discretely presented component unit of the County. Additionally, the IRS has made a series of requests for documents from the Corporation with the last such request stating the IRS was "seeking additional information regarding a preliminary conclusion by the IRS that the above-mentioned bonds violate certain Internal Revenue Code rules that cause the bonds to be taxable". The possible effect of an unfavorable decision by the IRS cannot be adequately evaluated. It is unknown at this time the outcome of the Corporation's IRS examination or the timing of any decision. However, once a ruling is made, the Corporation has eighteen months to exhaust the appeals process. Our opinion is not modified with respect to that matter.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated March 13, 2015, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on

internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

BELT HARRIS PECHACEK, LLLP

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas
March 13, 2015

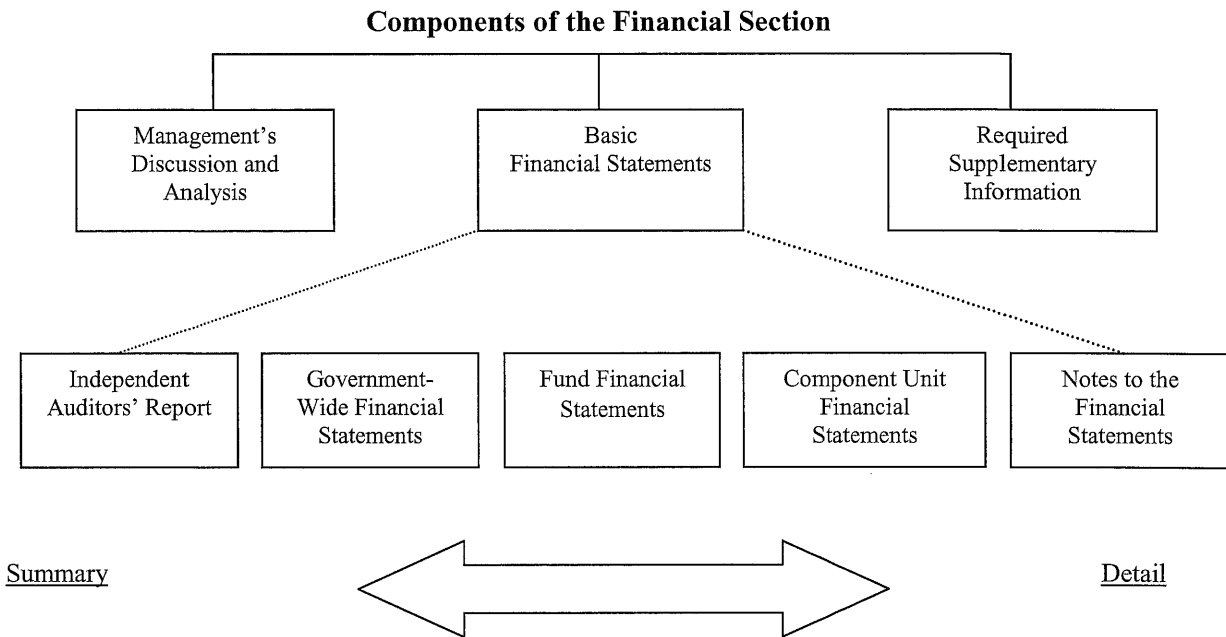
MANAGEMENT'S DISCUSSION AND ANALYSIS

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POLK COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2014

The purpose of the Management's Discussion and Analysis (MD&A) is to give the readers an objective and easily readable analysis of the financial activities of Polk County, Texas (the "County") for the year ending September 30, 2014. The analysis is based on currently known facts, decisions, or economic conditions. It presents short and long-term analysis of the County's activities, compares current year results with those of the prior year, and discusses the positive and negative aspects of that comparison. Please read the MD&A in conjunction with the transmittal letter at the front of this report and the County's financial statements, which follow this section.

THE STRUCTURE OF OUR ANNUAL REPORT



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

GOVERNMENT-WIDE STATEMENTS

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

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

POLK COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2014

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

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

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

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

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

FUND FINANCIAL STATEMENTS

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

Governmental Funds

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

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

The County maintains 30 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund, road and bridge fund, and grants fund, which are considered to be major funds for reporting purposes.

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

POLK COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2014

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reported in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The County maintains four fiduciary funds. The County's fiduciary activities are reported separately in a statement of fiduciary net position.

Notes to Financial Statements

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

Other Information

In addition to basic financial statements, this MD&A, and accompanying notes, this report also presents certain Required Supplementary Information (RSI). The RSI includes budgetary comparison schedules for the general fund and road and bridge fund, as well as schedules of funding progress for the Texas County and District Retirement System and the Polk County Retiree Healthcare Plan. RSI can be found after the notes to the basic financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve, over time, as a useful indicator of the County's financial position. Assets and deferred outflows of resources exceed liabilities by \$39,231,934 as of September 30, 2014. This compares to \$35,692,480 from the prior fiscal year. A portion of the County's net position, 76.1 percent, reflects its investments in capital assets (e.g., construction in progress, building, equipment, and infrastructure) less any debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities.

POLK COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2014

Statement of Net Position:

The following table reflects the condensed Statement of Net Position:

	Governmental Activities	
	2014	2013
Current and other assets	\$ 17,564,440	\$ 15,346,581
Capital assets, net	58,044,088	56,226,417
Total Assets	75,608,528	71,572,998
Deferred charge on refunding	321,616	346,356
Total Deferred Outflows of Resources	321,616	346,356
Long-term liabilities	34,601,746	34,520,555
Other liabilities	2,096,464	1,706,319
Total Liabilities	36,698,210	36,226,874
Net Position:		
Net investment in capital assets	29,864,824	27,247,770
Restricted	5,567,823	4,430,353
Unrestricted	3,799,287	4,014,357
Total Net Position	\$ 39,231,934	\$ 35,692,480

A portion of the County's net position, \$5,567,823 or 14.2 percent, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position, \$3,799,287 or 9.7 percent may be used to meet the County's ongoing obligation to citizens and creditors.

During the current fiscal year, the County's total net position increased by \$3,539,454. This increase is primarily attributable to the increase in taxes and charges for services during the year. The \$2,101,560 decrease in expenses County-wide also helped to increase the net position of the County.

Current assets increased by \$2,217,859 to \$17,564,440 as compared to capital assets which increased by \$1,817,671 to \$58,044,088. The significant increase in capital assets is due to the addition of the College and Commerce Center and ongoing construction in progress with the Texas General Land Office's grant-related construction projects. Long-term liabilities increased by \$81,191 in fiscal year 2014, due to the addition of the 2014 tax notes and capital lease obligation, netted with current year debt reductions..

POLK COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2014

Statement of Activities:

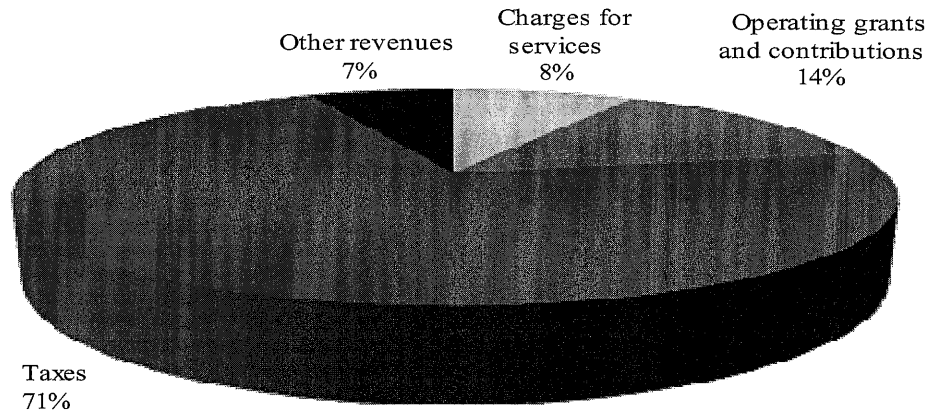
The following table provides a summary of the County's changes in net position:

	Governmental Activities	
	2014	2013
Revenues		
Program revenues:		
Charges for services	\$ 2,537,929	\$ 2,487,317
Operating grants and contributions	4,118,523	9,137,367
General revenues:		
Taxes	21,645,908	20,113,427
Investment income	10,250	20,216
Other revenues	2,009,517	1,834,354
Total Revenues	30,322,127	33,592,681
Expenses		
General government	7,453,356	10,804,098
Administration of justice	10,840,429	10,179,505
Roads and bridges	5,182,543	4,732,628
Health and human services	1,121,303	1,068,339
Tax administration	1,247,269	1,174,054
Interest and fiscal agent fees on long-term debt	937,773	925,609
Total Expenses	26,782,673	28,884,233
Change in Net Position	3,539,454	4,708,448
Beginning net position	35,692,480	30,984,032
Ending Net Position	\$ 39,231,934	\$ 35,692,480

POLK COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
 For the Year Ended September 30, 2014

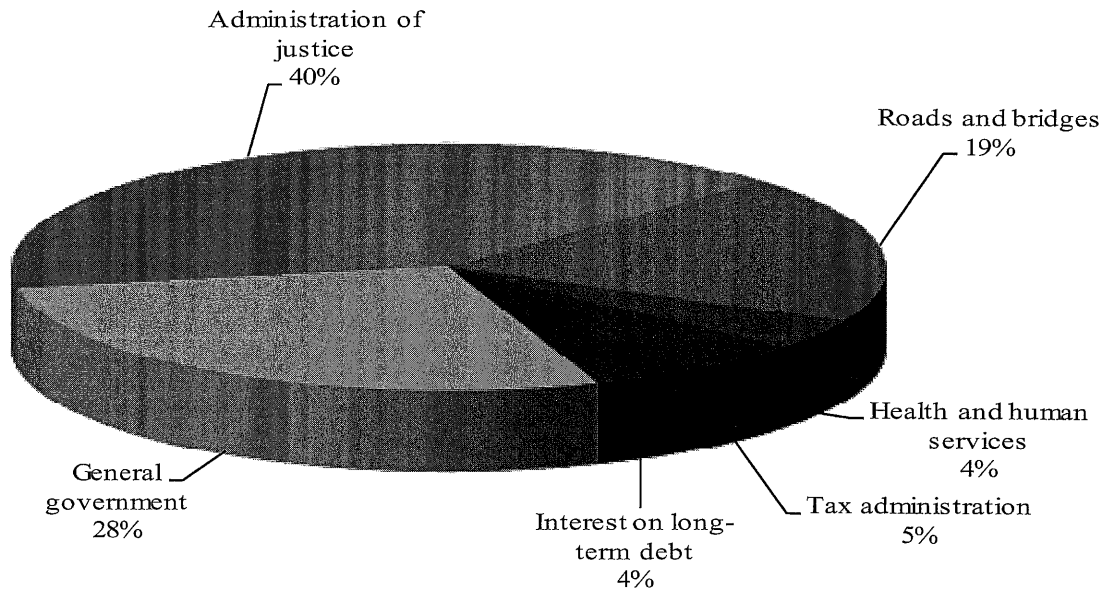
Graphic presentations of selected data from the summary tables follow to assist in the analysis of the County's activities.

Governmental Revenues



Total governmental revenues decreased by \$3,270,554 from the prior year. This decrease is primarily the result of a reduction in operating grants and contributions.

Governmental Expenses



Governmental expenses decreased by \$2,101,560 from the prior year. This decrease is attributable to a decrease of expenses in general government related to grant expenditures.

POLK COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2014

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

As noted earlier, fund accounting is used to demonstrate and ensure compliance with finance-related legal requirements.

Governmental Funds – The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the County's net resources available for spending at the end of the year.

The County's governmental funds reflect a combined fund balance of \$13,448,483. Of this, \$15,548 is nonspendable, \$39,975 is restricted for debt service, \$811,746 is restricted for endowments/trusts, \$3,257,093 is restricted for road and bridge, \$9,861 is restricted for grants, \$1,395,377 is restricted for special projects and \$53,771 is restricted for capital projects. The County has also assigned \$759,884 for post closure care costs. The amount of unassigned fund balance is \$7,105,228.

There was an increase in the combined fund balance of \$1,639,721 from the prior year. The largest increases in fund balances are in the road and bridge and general funds of \$1,247,053 and \$501,995, respectively. These increases are related to increases in taxes and intergovernmental revenue.

The fund balance of the general fund had an increase of \$501,995, with an ending fund balance of \$7,120,776. This change can be attributed to an increase in tax revenues. County's fund balance policy for the general fund is to maintain a minimum balance of 25 percent of average yearly expenditures. Fund balance for the general fund has an unassigned balance of \$7,105,228, which is in compliance with the policy.

There was an increase of \$6,537 in the debt service fund providing an ending fund balance of \$799,859. Debt service payments totaled \$3,732,122 for the year, which is a slight decrease from prior year.

The road and bridge fund had an increase in fund balance of \$1,247,053, which brings the ending fund balance to \$3,257,093. The increase was primarily due to a slight increase in property tax revenue combined with an increase in debt proceeds issued and sale of capital assets.

There was a decrease in grant revenues and expenditures when compared to the prior year in the grant fund as a result of a decrease in monies received from Texas General Land Office for Ike recovery-related expenditures and local funds provided by the County to complete ongoing grant related projects. There was an increase in transfers related to the County portion of the grant related expenditures. The end result was an increased fund balance of \$9,698 in the grants fund.

GENERAL FUND BUDGETARY HIGHLIGHTS

General fund expenditures were under the final budget by \$406,147. This is due to positive expenditure variances in all departments.

During the 2014 year, the Commissioners' Court amended the budget for the following purposes:

- To re-appropriate monies to pay for commitments in the form of encumbrances established prior to September 30, 2014, but not paid by that date;
- To appropriate monies from other governmental units received in year 2014;
- To re-appropriate monies within or between departments; and
- To reflect department year end projections.

POLK COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2014

CAPITAL ASSETS

At the end of the year, the County's governmental activities had invested \$58,044,088 in a variety of capital assets and infrastructure, net of depreciation.

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

- Construction in progress for various Texas General Land Office projects
- Thirteen vehicles for the Sheriff's and other departments
- Completion of the College Commerce Center

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

LONG-TERM DEBT

At the end of the year, the County reported total bonds, certificates of obligation, tax notes, and capital leases of \$27,833,865. The County issued \$1,570,000 in tax notes and \$825,865 in capital lease obligations during fiscal year 2014.

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

All of the County's bond issues have been successful in qualifying for bond insurance resulting in ratings of "BAA" and "AAA" by Moody's and Standard & Poor's, respectively.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Economic conditions in Polk County were down in fiscal year 2014. Sales tax revenue decreased from \$2,354,141 in fiscal year 2013 to \$2,063,194 in fiscal year 2014 for a loss of \$290,947.

Although collections of taxes show larger collections in fiscal year 2014, the Certified Net Taxable Value continues to maintain the same collection rate of 96 percent.

The IAH Adult Detention Facility, constructed with no County funds, continues to provide a source of income and much needed jobs to the local economy. In fiscal year 2014, revenues from the IAH Adult Detention Facility increased to \$1,094,181 from \$799,901 in total revenues over fiscal year 2013. This represents a total increase of \$294,280 from fiscal year 2013 over 2014. However, the IAH Adult Detention Facility is still operating at a loss for the fiscal year 2014.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

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POLK COUNTY, TEXAS

STATEMENT OF NET POSITION

September 30, 2014

	Primary Government Governmental Activities	Component Unit
<u>Assets</u>		
Cash and cash equivalents	\$ 12,586,319	\$ 4,079,350
Investments	-	4,766,639
Receivables, net	4,286,447	1,754,788
Prepays	15,548	-
Due from other units	2,404	-
Due from component unit	673,722	-
Total Current Assets	17,564,440	10,600,777
Capital assets:		
Nondepreciable capital assets	6,167,408	330,346
Capital assets, net of accumulated depreciation	51,876,680	22,067,650
	58,044,088	22,397,996
Total Assets	75,608,528	32,998,773
<u>Deferred Outflows of Resources</u>		
Deferred charge on refunding	321,616	-
	321,616	-
<u>Liabilities</u>		
Current liabilities:		
Accounts payable and accrued liabilities	1,620,695	5,877,330
Due to primary government	-	721,146
Accrued interest payable	100,759	1,105,625
Due to other units	375,010	-
Total Current Liabilities	2,096,464	7,704,101
Noncurrent liabilities:		
Long-term liabilities due within one year	3,764,777	1,920,000
Long-term liabilities due in more than one year	30,836,970	36,117,297
	34,601,746	38,037,297
Total Liabilities	36,698,210	45,741,398
<u>Net Position</u>		
Net investment in capital assets	29,864,824	(11,430,365)
Restricted for:		
Debt service	39,975	-
Endowments/trusts:		
Expendable	222,919	-
Nonexpendable	588,827	-
Road and bridge	3,257,093	-
Grants	9,861	-
Special projects	1,395,377	-
Capital projects	53,771	-
Unrestricted	3,799,287	(1,312,260)
Total Net Position	\$ 39,231,934	\$ (12,742,625)

See Notes to Financial Statements.

POLK COUNTY, TEXAS

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2014

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Primary Government:			
Governmental Activities:			
General government	\$ 7,453,356	\$ 2,048,349	\$ 3,717,055
Administration of justice	10,840,429	291,860	54,526
Roads and bridges	5,182,543	67,811	-
Health and human services	1,121,303	129,909	346,942
Tax administration	1,247,269	-	-
Interest and fiscal agent fees on long-term debt	937,773	-	-
Total Governmental Activities	26,782,673	2,537,929	4,118,523
Total Primary Government	\$ 26,782,673	\$ 2,537,929	\$ 4,118,523
 IAH Public Facility Corporation			
Detention facility	\$ 15,581,562	\$ 17,193,146	\$ -
Interest and fiscal agent fees on long-term debt	2,788,121	-	-
Total Component Unit	\$ 18,369,683	\$ 17,193,146	\$ -

General Revenues:

Property taxes
Sales taxes
Other taxes
Investment income
Other revenues

Total General Revenues

Change in Net Position

Beginning net position

Ending Net Position

See Notes to Financial Statements.

Net (Expense) Revenue and Changes in Net Position	
Governmental Activities	Component Unit
\$ (1,687,952)	\$ -
(10,494,043)	-
(5,114,732)	-
(644,452)	-
(1,247,269)	-
(937,773)	-
(20,126,221)	-
(20,126,221)	-
-	1,611,584
-	(2,788,121)
-	(1,176,536)
18,212,134	-
2,063,194	-
1,370,580	-
10,250	128,870
2,009,517	-
23,665,675	128,870
3,539,454	(1,047,666)
35,692,480	(11,694,959)
<u>\$ 39,231,934</u>	<u>\$ (12,742,625)</u>

POLK COUNTY, TEXAS

BALANCE SHEET

GOVERNMENTAL FUNDS

September 30, 2014

	<u>General</u>	<u>Debt Service</u>	<u>Road and Bridge</u>	<u>Grants</u>
<u>Assets</u>				
Cash and cash equivalents	\$ 4,456,069	\$ 794,369	\$ 3,490,952	\$ 1,042,589
Receivables, net	1,938,715	467,534	488,069	1,314,947
Prepays	15,548	-	-	-
Due from other funds	1,843,627	-	-	93,740
Due from other units	676,126	-	-	-
Total Assets	\$ 8,930,085	\$ 1,261,903	\$ 3,979,021	\$ 2,451,276
<u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u>				
<u>Liabilities</u>				
Accounts payable and accrued liabilities	\$ 606,607	\$ 693	\$ 133,635	\$ 699,461
Due to other units	-	-	79,706	-
Due to other funds	24,004	-	28,384	1,741,954
Total Liabilities	630,611	693	241,725	2,441,415
<u>Deferred Inflows of Resources</u>				
Unavailable revenue - property taxes	1,178,698	461,351	480,203	-
<u>Fund Balances</u>				
Nonspendable:				
Prepays	15,548	-	-	-
Restricted:				
Debt service	-	39,975	-	-
Endowments/trusts	-	-	-	-
Road and bridge	-	-	3,257,093	-
Grants	-	-	-	9,861
Special projects	-	-	-	-
Capital project funds	-	-	-	-
Assigned:				
Post closure care costs	-	759,884	-	-
Unassigned	7,105,228	-	-	-
Total Fund Balances	7,120,776	799,859	3,257,093	9,861
Total Liabilities, Deferred Inflows of of Resources, and Fund Balances	\$ 8,930,085	\$ 1,261,903	\$ 3,979,021	\$ 2,451,276

See Notes to Financial Statements.

Nonmajor Governmental	Total Governmental Funds
\$ 2,802,340	\$ 12,586,319
77,182	4,286,447
-	15,548
16,261	1,953,628
-	676,126
<u>\$ 2,895,783</u>	<u>\$ 19,518,068</u>

\$ 180,299	\$ 1,620,695
295,304	375,010
<u>159,286</u>	<u>1,953,628</u>
<u>634,889</u>	<u>3,949,333</u>

<u>-</u>	<u>2,120,252</u>
----------	------------------

-	15,548
-	39,975
811,746	811,746
-	3,257,093
-	9,861
1,395,377	1,395,377
53,771	53,771
-	759,884
-	7,105,228
<u>2,260,894</u>	<u>13,448,483</u>

<u>\$ 2,895,783</u>	<u>\$ 19,518,068</u>
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POLK COUNTY, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO
THE STATEMENT OF NET POSITION
September 30, 2014

Fund balances - total governmental funds	\$	13,448,483
Adjustments for the Statement of Net Position:		
Capital assets used in governmental activities are not current financial resources and, therefore, not reported in the governmental funds.		
Nondepreciable capital assets		6,167,408
Depreciable capital assets, net		51,876,680
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.		
Deferred revenue		2,120,252
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.		
Accrued interest payable		(100,759)
Deferred charge on refunding		321,616
Long-term liabilities due within one year		(3,764,777)
Long-term liabilities due in more than one year		(30,836,970)
Net Position of Governmental Activities	\$	<u>39,231,934</u>

See Notes to Financial Statements.

POLK COUNTY, TEXAS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

For the Year Ended September 30, 2014

	General	Debt Service	Road and Bridge	Grants
Revenues				
Property taxes	\$ 10,127,481	\$ 3,737,140	\$ 4,168,565	\$ -
Sales taxes	2,063,194	-	-	-
Other taxes	325,165	-	1,024,839	-
Fines and forfeitures	563,090	-	67,811	-
Charges for services	1,294,220	-	-	-
Intergovernmental revenue	1,459,562	-	-	2,257,493
Licenses and permits	178,133	-	-	-
Investment income	7,261	1,519	714	-
Other revenue	1,392,520	-	370,715	-
Total Revenues	17,410,626	3,738,659	5,632,644	2,257,493
Expenditures				
Current:				
General government	5,394,868	-	-	2,964,713
Administration of justice	10,453,116	-	-	-
Roads and bridges	-	-	4,664,171	-
Health and human services	650,654	-	-	-
Tax administration	1,247,269	-	-	-
Debt service:				
Principal	-	2,868,000	399,645	-
Interest and fiscal charges	-	864,122	5,109	-
Debt issuance costs	52,847	-	-	-
Capital outlay				
	-	-	966,553	-
Total Expenditures	17,798,754	3,732,122	6,035,478	2,964,713
Excess (Deficiency) of Revenues Over (Under) Expenditures	(388,128)	6,537	(402,834)	(707,220)
Other Financing Sources (Uses)				
Transfers in	219,934	-	-	716,918
Transfers (out)	(810,019)	-	-	-
Debt issued	1,453,656	-	942,209	-
Premium on bonds issued	26,552	-	-	-
Sale of capital assets	-	-	707,678	-
Total Other Financing Sources (Uses)	890,123	-	1,649,887	716,918
Net Change in Fund Balances	501,995	6,537	1,247,053	9,698
Beginning fund balances	6,618,781	793,322	2,010,040	163
Ending Fund Balances	\$ 7,120,776	\$ 799,859	\$ 3,257,093	\$ 9,861

See Notes to Financial Statements.

<u>Nonmajor Governmental</u>	<u>Total Governmental Funds</u>
\$ -	\$ 18,033,186
-	2,063,194
20,576	1,370,580
21,375	652,276
413,300	1,707,520
401,468	4,118,523
-	178,133
756	10,250
246,282	2,009,517
<u>1,103,757</u>	<u>30,143,179</u>
351,443	8,711,024
273,616	10,726,732
-	4,664,171
365,627	1,016,281
-	1,247,269
-	3,267,645
-	869,231
-	52,847
111,800	1,078,353
<u>1,102,486</u>	<u>31,633,553</u>
1,271	(1,490,374)
93,101	1,029,953
(219,934)	(1,029,953)
-	2,395,865
-	26,552
-	707,678
<u>(126,833)</u>	<u>3,130,095</u>
(125,562)	1,639,721
<u>2,386,456</u>	<u>11,808,762</u>
<u>\$ 2,260,894</u>	<u>\$ 13,448,483</u>

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POLK COUNTY, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
For the Year Ending September 30, 2014

Net changes in fund balances – total governmental funds \$ 1,639,721

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

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

Capital outlay	4,427,481
Depreciation expense	(2,100,434)
Capital retirements, net	(509,376)

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

Deferred revenue	178,948
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Bonds and note proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position.

Principal payment	3,267,645
Debt issuance	(2,395,865)
Changes to bond premiums	33,130
Amortization of deferred charges	(24,740)
Landfill closure and post closure increase	(333,216)

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

Accrued interest payable	9,045
Net OPEB obligation	(640,159)
Compensated absences	(12,726)

Change in Net Position of Governmental Activities	\$ <u>3,539,454</u>
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See Notes to Financial Statements.

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POLK COUNTY, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
September 30, 2014

	<u>Retiree Health Benefit Trust</u>	<u>Agency</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 847,355	\$ 5,892,574
Total Assets	<u>\$ 847,355</u>	<u>\$ 5,892,574</u>
<u>Liabilities</u>		
Due to other units	\$ 3,101	\$ 5,892,574
Total Liabilities	<u>3,101</u>	<u>\$ 5,892,574</u>
<u>Net Position</u>		
Held in trust for other post employment benefits	<u>\$ 844,254</u>	

See Notes to Financial Statements.

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POLK COUNTY, TEXAS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For the Year Ended September 30, 2014

		<u>Retiree Health Benefit Trust</u>
<u>Additions</u>		
Employer contributions	\$	250,000
Other revenue		54,701
Investment income		1,417
Total Additions		<u>306,118</u>
<u>Deductions</u>		
Benefits		53,416
Total Deductions		<u>53,416</u>
	Change in Net Position	252,702
Beginning net position		591,552
	Ending Net Position	<u>\$ 844,254</u>

See Notes to Financial Statements.

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POLK COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

Discretely Presented Component Unit

IAH Public Facility Corporation

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

B. Government-Wide Financial Statements

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

POLK COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2014

C. Basis of Presentation – Government-Wide Financial Statements

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

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

D. Basis of Presentation – Fund Financial Statements

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

The County reports the following governmental funds:

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

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

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

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

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

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

POLK COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2014

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

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

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

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

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

Additionally, the County reports the following fund types:

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

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

County Clerk's Probate Trust Fund – Registry funds that are in the custody of the County clerk until a court order determines the disposition of such funds are accounted for in this fund.

District Clerk's Trust Fund – Registry funds that are in the custody of the District clerk until a court order determines the disposition of such funds are accounted for in this fund.

Tax Assessor Collector's Fund – Tax collections are deposited intact in the tax collector's agency accounts pending distribution.

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

During the course of operations, the County has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in

POLK COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2014

governmental activities (i.e., the governmental funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column.

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

E. Measurement Focus and Basis of Accounting

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

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

1. Cash and Cash Equivalents

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

POLK COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2014

2. Investments

In accordance with GASB Statement No. 31, *Accounting and Reporting for Certain Investments and External Investment Pools*, the County reports all investments at fair value, except for “money market investments” and “2a7-like pools.” Money market investments, which are short-term highly liquid debt instruments that may include U.S. Treasury and agency obligations, are reported at amortized costs. Investment positions in external investment pools that are operated in a manner consistent with the SEC’s Rule 2a7 of the Investment Company Act of 1940, such as TexPool, are reported using the pools’ share price.

The Public Funds Investment Act, Chapter 2256 of the Texas Government Code authorizes the County to invest in:

- Direct obligations of U.S. Government or U.S. Government agencies
- Fully collateralized certificates of deposit
- Fully collateralized repurchase agreements
- Securities Lending Program that meets requirements of 2256.0115
- Money market mutual funds that meet certain criteria
- Bankers’ acceptances
- Commercial paper that meets certain criteria
- Guaranteed investment contracts that meets the requirements of 2256.015 for bond proceeds
- Statewide investment pools

3. Inventories and Prepaid Items

The costs of governmental fund inventories are recorded as expenditures when the related liability is incurred (i.e., the purchase method). Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

4. Capital Assets

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

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

POLK COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2014

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

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

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

5. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The County only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The County has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

6. Compensated Employee Absences

It is the County's policy to permit employees to accumulate earned but unused vacation, compensatory time, and sick pay benefits. Additionally, Sheriff's department employees are allowed to accumulate holidays. No liability is reported for unpaid accumulated sick leave since it does not vest. Vacation, compensatory time, and holiday pay that is expected to be liquidated with expendable, available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it when it matures or becomes due. Amounts of vested or accumulated vacation leave and compensatory time that are not expected to be liquidated with expendable, available financial resources are maintained separately and represent a reconciling item between the fund and government-wide presentations.

POLK COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2014

7. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method, if material. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred.

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

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

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

8. Net Position Flow Assumption

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

9. Fund Balance Flow Assumptions

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

10. Fund Balance Policies

Fund balances of governmental funds are reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The County itself can establish

POLK COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2014

limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

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

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

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

The County must maintain a minimum of 25 percent of expenditures in unassigned fund balance in the general fund.

11. Estimates

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

G. Revenues and Expenditures/Expenses

1. Program Revenues

Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

2. Property Taxes

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

POLK COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2014

The property tax calendar dates are:

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

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

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

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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

Appropriations lapse at the end of the year except in the road and bridge special revenue fund. Budgets are adopted on a generally accepted accounting principles basis for all budgeted funds except for the college and commerce and judicial center, which adopt a project length budget. Several supplemental budget appropriations were made for the year ended September 30, 2014.

POLK COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2014

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

As of September 30, 2014, the County had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
TexPool	\$ 4,578,866	0.00
Texas CLASS	4,062,276	0.00
	<u>\$ 8,641,142</u>	
Portfolio weighted average maturity		0.00

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

Credit risk. State law and the County’s investment policy limits investments to obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than “A” or its equivalent. Further, commercial paper must be rated not less than “A-1” or “P-1” or an equivalent rating by at least two nationally recognized credit rating agencies. As of September 30, 2014, the County’s investments in TexPool and Texas CLASS were rated “AAAm” by Standard & Poor’s.

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the County’s deposits may not be returned to it. The County’s investment policy requires funds on deposit at the depository bank to be collateralized by securities and FDIC insurance. As of September 30, 2014, bank balances did not exceed the market values of pledged securities and FDIC insurance.

TexPool

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

Texas CLASS

The Texas Cooperative Liquid Assets Securities System Trust – Texas (CLASS) is a public funds investment pool under Section 2256.016 of the Public Funds Investment Act, Texas Government Code, as amended (the “Act”). CLASS is created under an Amended and Restated Trust Agreement, dated as of December 14, 2011 (the “Agreement”), among certain Texas governmental entities investing in the pool (the “Participants”), with Cutwater Investor Services Corporation as Program Administrator and Wells Fargo Bank Texas, NA as Custodian. CLASS is not SEC registered and is not subject to

POLK COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2014

regulation by the State of Texas. Under the Agreement, however, CLASS is administered and supervised by a seven-member board of trustees (the "Board"), whose members are investment officers of the Participants, elected by the Participants for overlapping two-year terms. In the Agreement and by resolution of the Board, CLASS has contracted with Cutwater Investors Service Corporation to provide for the investment and management of the public funds of CLASS. Separate financial statements for Texas CLASS may be obtained from CLASS' website at www.texasclass.com.

TexPool and CLASS operate in a manner consistent with the SEC's rule 2a7 of the Investment Company Act of 1940. TexPool and CLASS use amortized cost rather than market value to report net assets to compute share prices. Accordingly, the fair value of the position in TexPool and CLASS are the same as the value of TexPool and CLASS shares.

B. Receivables

The following comprise receivable balances at year end:

	<u>General</u>	<u>Debt Service</u>	<u>Road and Bridge</u>	<u>Grants</u>	<u>Nonmajor</u>	<u>Total</u>
Property taxes	\$ 1,178,698	\$ 461,351	\$ 480,203	\$ -	\$ -	\$ 2,120,252
Other taxes	359,673	-	-	-	-	359,673
Other	400,344	6,183	7,866	1,314,947	77,182	1,806,522
	<u>\$ 1,938,715</u>	<u>\$ 467,534</u>	<u>\$ 488,069</u>	<u>\$ 1,314,947</u>	<u>\$ 77,182</u>	<u>\$ 4,286,447</u>

POLK COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2014

C. Capital Assets

A summary of changes in capital assets for the year ended September 30, 2014 is as follows:

	Beginning Balance*	Increases	(Decreases)	Ending Balance
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 1,574,713	\$ -	\$ -	\$ 1,574,713
Construction in progress	10,462,054	2,918,702	(8,788,061)	4,592,695
Total capital assets not being depreciated	12,036,767	2,918,702	(8,788,061)	6,167,408
Other capital assets:				
Infrastructure	90,929,969	-	-	90,929,969
Buildings	35,990,953	8,788,061	-	44,779,014
Improvements	1,998,396	-	-	1,998,396
Equipment	14,015,985	1,508,779	(920,548)	14,604,216
Total other capital assets	142,935,303	10,296,840	(920,548)	152,311,595
Less accumulated depreciation for:				
Infrastructure	(86,798,926)	(100,471)	-	(86,899,397)
Buildings	(3,078,679)	(762,559)	-	(3,841,238)
Improvements	(1,198,944)	(78,903)	-	(1,277,847)
Equipment	(7,669,104)	(1,158,501)	411,172	(8,416,433)
Total accumulated depreciation	(98,745,653)	(2,100,434)	411,172	(100,434,915)
Other capital assets, net	44,189,650	8,196,406	(509,376)	51,876,680
Governmental Activities Capital Assets, Net	\$ 56,226,417	\$ 11,115,108	\$ (9,297,437)	58,044,088
			Less associated debt	(28,531,878)
			Plus deferred charge on refunding	321,616
			Plus remaining bond proceeds	30,998
			Net Investment in Capital Assets	\$ 29,864,824

* Beginning balances have been restated.

POLK COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2014

Depreciation was charged to governmental functions as follows:

General government	\$	483,100
Administration of justice		567,117
Roads and bridges		945,195
Health and human services		105,022
Total Governmental Activities Depreciation Expense	\$	<u>2,100,434</u>

D. Long-Term Liabilities

The following is a summary of changes in the County's total governmental long-term liabilities for the year ended September 30, 2014. In general, the County uses the general, road and bridge, and debt service funds to liquidate governmental long-term liabilities.

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>(Reductions)</u>	<u>Ending</u> <u>Balance</u>	<u>Due Within</u> <u>One Year</u>
Governmental Activities:					
Bonds, notes payable, and capital leases:					
General obligation	\$ 24,455,000	\$ -	\$ (1,645,000)	\$ 22,810,000	\$ 1,685,000
Tax notes	3,851,000	1,570,000	(1,223,000)	4,198,000	999,000
Obligations under capital leases	399,645	825,865	(399,645)	825,865	825,865
Less deferred amounts:					
Premium	731,143	26,552	(59,682)	698,013	-
	<u>29,436,788</u>	<u>2,422,417</u>	<u>(3,327,327)</u>	<u>28,531,878</u>	<u>* 3,509,865</u>
Other:					
Compensated absences	270,509	564,734	(552,008)	283,235	254,912
Net OPEB obligation	2,211,535	640,159	-	2,851,694	-
Landfill closure and post closure care costs	2,601,723	333,216	-	2,934,939	-
	<u>5,083,767</u>	<u>1,538,109</u>	<u>(552,008)</u>	<u>6,069,868</u>	<u>254,912</u>
Total Governmental Activities	<u>\$ 34,520,555</u>	<u>\$ 3,960,526</u>	<u>\$ (3,879,335)</u>	<u>\$ 34,601,746</u>	<u>\$ 3,764,777</u>

Long-term liabilities due in more than one year \$ 30,836,970

*** Debt associated with capital assets** \$ 28,531,878

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

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

POLK COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2014

Long-term debt obligations of the County as of September 30, 2014, are as follows:

	Interest Rate Percentage	Original Amount	Balance
Capital Leases			
Bankcorp South Corporation	2.24	\$ 825,865	\$ 825,865
			<u>825,865</u>
Tax Notes			
Series 2009	2.00-3.00	\$ 2,525,000	795,000
Series 2010	1.50-2.00	\$ 830,000	375,000
Series 2011	1.83	\$ 449,000	263,000
Series 2012	2.00	\$ 1,015,000	740,000
Series 2013	1.85	\$ 525,000	455,000
Series 2014	1.00-2.00	\$ 1,570,000	1,570,000
			<u>4,198,000</u>
General Obligation			
Certificates of Obligation, Series 2008	4.00-4.12	\$ 10,120,000	6,770,000
Refunding Bonds, Series 2012	2.00-3.00	\$ 17,760,000	16,040,000
			<u>22,810,000</u>
		TOTAL	\$ 27,833,865

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

Year Ending Sept. 30	Governmental Activities					
	General Obligation		Tax Anticipation Notes		Capital Leases	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ 1,685,000	\$ 731,994	\$ 999,000	\$ 71,429	\$ 825,865	\$ 20,267
2016	1,730,000	685,494	1,025,000	51,555	-	-
2017	1,780,000	637,594	641,000	35,398	-	-
2018	1,840,000	577,294	518,000	25,132	-	-
2019	1,900,000	514,894	465,000	15,474	-	-
2020-2024	9,615,000	1,559,175	550,000	10,241	-	-
2025-2027	4,260,000	258,300	-	-	-	-
Totals	<u>\$ 22,810,000</u>	<u>\$ 4,964,745</u>	<u>\$ 4,198,000</u>	<u>\$ 209,229</u>	<u>\$ 825,865</u>	<u>\$ 20,267</u>

Machinery and equipment acquired under current capital lease obligations totaled \$823,900

Federal Arbitrage

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

POLK COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2014

E. Interfund Transactions

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

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amounts</u>
Major funds:		
General fund	Nonmajor governmental funds	\$ 219,934
Grants fund	General fund	716,918
Nonmajor funds:		
Nonmajor governmental funds	General fund	93,101
	Total	<u><u>\$ 1,029,953</u></u>

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

The composition of interfund balances as of September 30, 2014 is as follows:

<u>Due to</u>	<u>Due from</u>	<u>Amounts</u>
Major funds:		
General fund	Grant funds	1,741,954
General fund	Road and bridge funds	28,384
General fund	Nonmajor governmental funds	73,289
Grants fund	Nonmajor governmental funds	81,461
Grants fund	General fund	12,279
Nonmajor funds:		
Nonmajor governmental funds	General fund	11,725
Nonmajor governmental funds	Nonmajor governmental funds	4,536
	Total	<u><u>\$ 1,953,628</u></u>

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

F. Restatement of Net Position

Prior year capital assets were restated due to the recording of a County owned asset that was not included in the prior year capital asset listing, offset by the removal of construction in progress expenses that were grant related but not for a County owned facility. Accumulated depreciation was also restated due to the recording of a County owned asset that was not included in the prior year capital asset listing year.

POLK COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2014

The restatement of prior year net position to beginning net position is as follows:

	Governmental Activities
Beginning net position - as reported	\$ 35,794,194
Restatement - accumulated depreciation	(174,001)
Restatement - capital assets (net)	72,287
Beginning net position - restated	\$ 35,692,480

IV. OTHER INFORMATION

A. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the County carries commercial insurance. In addition, the County participates along with 279 other entities in the Texas Association of Counties' Workers' Compensation Self-Insurance Fund. The Texas Association of Counties created this pool in 1974 to insure the County for workers' compensation related claims. The County also provides its employees benefits, including medical and life insurance, which the County obtains through the Texas Association of Counties' Insurance Trust Fund. This pool purchases commercial insurance at group rates for participants in the pool. The County has no additional risk or responsibility to either of the pools in which it participates, outside of payment of insurance premiums. The County has not significantly reduced insurance coverage or had settlements that exceeded coverage amounts for the past three years.

B. Contingent Liabilities

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

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

The County reports liabilities when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency, and amount of payout and other economic and social factors. The liability for claims and judgments is reported in the government-wide financial statements because it is not expected to be liquidated with expendable, available financial resources. However, none are reported at September 30, 2014.

C. Landfill Closure and Post Closure Care Cost

On December 1, 2001, the County entered into an agreement with a private contractor to operate the County's landfill and solid waste collection activities. The agreement also provides for the contractor to pay for a portion of the closure and post closure care cost for capacity utilized under their management.

POLK COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2014

The contractor is required to annually obtain a performance bond to provide financial assurance to the County for such costs. Upon the termination of the agreement, the contractor is relieved of any financial obligation for closure and post closure care costs. Accordingly, the County is liable or contingently liable for the entire closure and post closure care costs.

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

The County revised its estimated closure and post closure care costs in an application for a permit amendment submitted to the Texas Commission on Environmental Quality in 2004 to modify the existing permit for expansion of total permit capacity. The County's estimate of total cost of closure and post closure care for 30 years, under permits and regulations currently in effect, is \$10,992,281.

The \$2,934,939 reported as landfill closure and post closure care liability at September 30, 2014 is based on the use of 26.7 percent of the estimated capacity of the landfill. The estimated net decrease in capacity after the permit modification during the year was three percent related to new estimates of airspace capacity using digital terrain modeling techniques. The accrued liability increased by \$333,216. The County will recognize the remaining estimated cost of closure and post closure care of \$8,057,342 as the remaining estimated capacity is filled. Based on the current rate of materials deposited, the life of the landfill is 47.3 years.

The estimated costs are based on what it would cost to perform all closure and post closure care in 2014 and do not include provisions for inflation. Based on current projections, the present landfill site will be closed in the year 2061. Monitoring would begin on this date and would continue for the next 30 years.

The County expects that future inflation costs will be paid from interest earnings on accumulated landfill earnings. However, if interest earnings are inadequate or additional post closure care requirements are determined (due to changes in technology or applicable laws or regulations, for example), these costs may need to be covered by charges to future landfill users or from future tax revenue.

The County is not currently required to make contributions to a trust fund to finance closure and post closure costs. The County has reserved \$759,884 in its debt service fund for post closure costs. The County intends to fund the deficiency in amounts currently available and the total estimated costs with contractor franchise fees.

D. Other Post Employment Benefits

Plan Description

In order to recognize and reward long-term employees, as well as to provide an incentive for remaining in the County's employment, the County administers a single-employer defined benefit Other Post Employment Benefits (OPEB) plan, known as Polk County Retiree Health Care Plan (the "Plan").

POLK COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2014

Each full time employee who separates from the service of the County and who, at the time of their separation, is eligible for retirement under the Texas County and District Retirement System (TCDRS) guidelines, and either (1) has total creditable service with the TCDRS and continuous service as a full time employee of the County for 20 years or more, or (2) has total creditable service with the TCDRS and continuous service as an elected official of the County for 16 years or more; and whose full salary has been paid entirely from the County funds, or grant funds received from Federal, State, or other local governments by the County continuously, for 20 years or more, or for 16 years or more as an elected official, and is covered by the County group health plan at the time of their retirement, will have the same dollar amount contributed towards their group medical premiums by the County that the County contributes towards such premiums for its full time employees. Upon reaching Medicare eligibility (retiree must have Medicare A and B, and may have to be 65 or older), employees who meet the above requirements will be eligible to participate in the senior health care plan offered by the County. If the retiree meets the eligibility requirements stated above for premiums to be paid upon reaching Medicare eligibility (must have Medicare A and B, and may have to be 65 or older), the County will pay the premium for the retiree to participate in the senior health plan designated by the County.

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

Funding Policy and Annual OPEB Cost

The County has elected to finance the OPEB plan on a pay-as-you-go basis.

Annual OPEB Cost

The County's annual OPEB cost is calculated based on the Annual Required Contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameter of GASB Statement No. 45. The ARC represents a level of accrual that, if paid on an ongoing basis, is projected to cover the normal cost each year and to amortize any unfunded actuarial liabilities (or funding excesses) over a period not to exceed 30 years.

The County's annual OPEB cost for the fiscal year ending September 30, 2014 is as follows:

Annual required contribution	\$ 951,067
Interest on OPEB obligation	99,519
Adjustment to ARC	(92,203)
Annual OPEB cost (expense) end of year	<u>958,383</u>
Net estimated employer contributions	(318,224)
Increase in net OPEB obligation	<u>\$ 640,159</u>
Net OPEB obligation (asset) - as of beginning of year	2,211,535
Net OPEB obligation (asset) - as of end of year	<u><u>\$ 2,851,694</u></u>

A separate audited generally accepted accounting principles basis post employment benefit plan report is not available.

POLK COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2014

Three-Year Contribution Information

The Countys' annual OPEB cost, the amount contributed by the employer, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year ending September 30, 2014 and the preceding two fiscal years were as follows:

<u>Fiscal Year</u>	<u>Annual OPEB Cost</u>	<u>Employer Amount Contributed</u>	<u>Percentage Contributed</u>	<u>Net OPEB Obligation</u>	
				<u>Beginning</u>	<u>Ending</u>
2012	\$ 708,118	\$ 70,129	9.90%	\$ 1,078,889	\$ 1,716,878
2013	\$ 929,046	\$ 434,389	46.76%	\$ 1,716,878	\$ 2,211,535
2014	\$ 958,383	\$ 318,224	33.20%	\$ 2,211,535	\$ 2,851,694

Funded Status

As of the actuarial valuation date of December 31, 2012, the actuarial value of plan assets is \$194,467, the actuarial accrued liability is \$8,154,612, the total unfunded actuarial accrued liability (UAAL) is \$7,960,145, and the actuarial value of assets as a percentage of the actuarial accrued liability is 2.4 percent. The covered payroll was \$10,160,869, and the ratio of the UAAL to the covered payroll was 78.3 percent.

Actuarial Methods and Assumptions

The projected unit credit actuarial cost method is used to calculate the GASB ARC for the County's retiree health care plan. Using the plan benefits, the present health premiums and a set of actuarial assumptions, the anticipated future payments are projected. The projected unit credit method then provides for a systematic funding for these anticipated payments. The yearly ARC is computed to cover the cost of benefits being earned by covered members as well as to amortize a portion of the unfunded accrued liability.

Projections of health benefits are based on the plan as understood by the County and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the County and its employees to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

Significant methods and assumptions were as follows:

Inflation Rate	3.00% per annum
Investment Rate of Return	4.5%
Actuarial Cost Method	Projected unit credit
Amortization Method	Level % of payroll
Remaining Amortization Period	30 years - open period
Payroll Growth	3.00% per annum
Healthcare Cost Trend Rate (Initial/Ulimate)	7.5%/4.5% after 8 years

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status and the ARC of the County's retiree health care plan are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress

POLK COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2014

presented as RSI provides multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

E. Pension Plans

Plan Description

The County provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 641 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034.

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

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

Funding Policy

The County has elected the annually determined contribution rate plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the County based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the County is actuarially determined annually. The County contributed using the actuarially determined rate of 11.70 percent for the months of the accounting year in 2013 and 12.36 percent for the months of the accounting year in 2014.

The Commissioners' Court adopted the rate of seven percent as the contribution rate payable by the employee members for calendar year 2014. The Commissioners' Court may change the employee contribution rate and the County contribution rate within the options available in the TCDRS Act.

Annual Pension Costs

The required contribution was determined as part of the December 31, 2013 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at December 31, 2013 included (a) 8.0 percent investment rate of return (net of administrative expenses), and (b) projected salary increases of 4.9 percent. Both (a) and (b) included an inflation component of 3.0 percent. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market

POLK COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2014

value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2013 was 20 years.

Actuarial Cost Method	Entry Age
Amortization Method	Level Percent of Payroll
Remaining Amortization Period	20 Years - Closed Period
Asset Valuation Method	5-yr smoothed value
	ESF: Fund value
Investment Rate of Return	8%
Projected Salary Increases	4.9%
Includes Inflation at	3.0%
Cost of Living Adjustments	None

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Annual req. contrib. (ARC)	\$ 1,289,676	\$ 1,180,961	\$ 1,153,406
Contributions made	1,289,676	1,180,961	1,153,406
NPO at the End of Period	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Funded Status and Funding Progress

As of December 31, 2013, the most recent actuarial valuation date, the plan was 89.5 percent funded. The actuarial accrued liability for benefits was \$38,937,501 and the actuarial value of assets was \$34,855,082, resulting in a UAAL of \$4,082,419. The covered payroll (annual payroll of active employees covered by the plan) was \$10,249,111 and the ratio of the UAAL to the covered payroll was 39.8 percent.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

F. Jointly Governed and Related Organizations

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

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

POLK COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2014

reporting entity, i.e., component units of the County.

G. Component Unit Disclosures

On August 27, 2004, the County sponsored the creation of IAH Public Facility Corporation (the "Corporation") under the Public Facility Corporation Act Chapter 303 (the "Act") of the Texas Local Government Code. The Corporation is legally separate from the County, but the County appoints all of the board members, thereby appointing a voting majority of the Corporation's Board of Directors, and has the ability to remove those board members at will. Currently, a voting majority of the Corporation's Board of Directors is the same as that of Commissioners' Court. The Corporation provides housing for County prisoners.

1. Financing Agreements and Practical Considerations

The Corporation was formed for the initial purpose of building a detention facility (the "Facility"). The project was initially financed with the issuance of the project revenue bonds, series 2004 (the "2004 Bond Issue") and was expanded with the issuance of the project revenue bonds, series 2006 (the "2006 Bond Issue"). The bonds are secured by the mortgage on the Facility and the Facility's revenues and are not secured by the full faith and credit of the County nor tax revenues. In connection with these issuances on November 1, 2004 and December 21, 2006, the Corporation and/or the County entered into a number of legal agreements for the financing of the project, many of which are designed to provide additional security to the bondholders.

The Corporation entered into the trust indenture with U.S. Bank National Associates (the "Trustee") to serve as the Trustee related to the 2004 and 2006 Bond Issues. The trust indenture is primarily for the benefit of the owners of the bonds and calls for the creation of a number of funds and accounts, including the construction fund, bond fund, reserve fund, rebate fund, and project fund. In addition, the trust indenture specifies the amounts of pledged revenues to be placed into each of the funds established by the Trustee and the order of priority of the disposition of the pledged revenues.

The Corporation entered into a lease agreement with the option to purchase with the County, whereas the Corporation purchased land and constructed and equipped the Facility which is being leased to the County. The term of the agreement is effectively concurrent with the related bonds. The County is only obligated to make rental payments to the extent that revenues from the project are available. Under the lease, the County pledges all revenues to the trust fund established under the trust indenture.

On February 1, 2012, the County extended their facility operation and management agreement with Civigenics-Texas, Inc. (the "Operator") for a three year term, containing options for both early cancellation and renewal. The Operator's compensation is payable solely from, and to the extent available, monies in the operating account, as established in the trust account in accordance with the trust indenture. The Operator is paid a fixed fee per prisoner of \$34.75 for all non-Immigration and Customs Enforcement (ICE) inmates and a fixed per prisoner, per diem fee for ICE inmates of \$54.34 per inmate, in consideration of the additional contracted for services unique to the ICE inmate population. The Operator shall pay the County monthly, as a first priority from its Operator fee, a County administrative fee of \$1 per prisoner per day for each ICE inmate, in addition to \$2.75 per prisoner per day for each prisoner when the Facility's inmate population is 526 or less. The Operator will pay the County \$4.60 per prisoner per day

POLK COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2014

for each prisoner when the Facility's inmate population is in excess of 526 prisoners, and it guarantees the County a minimum aggregate administrative fee of \$100,000 annually.

To the extent that the County has a shortage of space in its own jail for its own inmates (not contract inmates), the Operator shall house the overflow prisoner at the request of the Sheriff at a discounted per diem fee of \$24, for up to 25 prisoners.

In practice, the Operator bills the federal agencies and other local governments for prisoners at the Facility, and all payments are made directly to the County treasurer (the "Treasurer"). The Treasurer wire transfers all payments received directly to the Trustee. The Trustee allocates the funds received among the respective accounts as required by the indenture and lease agreement and disburses the funds directly to the Operator for the amount due. The Operator then disburses the administrative fee to the County. No funds change hands between the Corporation and the County related to lease payments or debt service payments. Although the County remits the gross payments received from the federal agencies and other local governments for prisoners held at the Facility, the only actual revenue received by the County is disbursed by the Operator for the County's administrative fee.

The form of the legal agreements is complex to ensure compliance with the local government code and provide security for the bondholders. In substance, to the extent revenues are available, they will first be used to repay the bonds, then the Operator will be paid, and last, the County will be paid an administrative fee. If revenue is not available, there is no legal obligation for any of the parties to be paid. In that instance, the bondholders' only security interest will be with any remaining trust funds and mortgage of the property. Neither the Corporation nor the County has any obligation in this instance.

This financing transaction is being accounted for as an instance of "substance over form" in which the financials reflect the financial reality of the transaction rather than the legal form underlying the transaction. The Corporation is responsible for the repayment of the debt based on the funds that are available and all available funds are recorded in the trust. Accordingly, all monies held in the trust accounts are considered assets of the Corporation and restrictions shown where applicable. Similarly, all monies received by the trust are considered revenues of the Corporation. The Corporation also records a receivable in connection with the billings to federal agencies and the local government which are unpaid. All payments made by the trust are considered expenses of the Corporation. In addition, the Corporation accrues the amount due to the respective parties based on the accounts receivable. To the extent payment is not received, no obligation is due. Neither the County nor the Corporation accounts for the lease agreement as a lease transaction. The County only reports the administrative fee received in connection with these agreements.

2. Long-Term Debt

On November 5, 2004, the Corporation issued project revenue bonds, series 2004, in the amount of \$24,215,000 and on December 21, 2006, the Corporation issued project revenue bonds, series 2006, in the amount of \$24,820,000.

POLK COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2014

Long-term debt obligations of the Corporation as of September 30, 2014 are as follows:

Year Ending Sept. 30	Principal	Interest	Total
2015	\$ 1,920,000	\$ 2,653,500	\$ 4,573,500
2016	2,045,000	2,529,450	4,574,450
2017	2,180,000	2,390,125	4,570,125
2018	2,330,000	2,241,475	4,571,475
2019	2,490,000	2,082,425	4,572,425
2020-2024	15,280,000	7,601,062	22,881,062
2025-2026	12,350,000	1,459,063	13,809,063
Total	\$ 38,595,000	\$ 20,957,100	\$ 59,552,100

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

3. Material Event Notice and Uncertainty of the Taxability of Bonds

Nationwide, the Internal Revenue Service (IRS) has begun challenging on an unprecedented scale the tax exempt status of debt issued by certain local governments, including other facility corporations holding federal prisoners like the Corporation. Should the tax exempt status of bonds be reclassified as taxable by the IRS, the Corporation could be responsible for an additional 40 percent of bond interest. The IRS's reclassifications would likely cause havoc within the tax exempt bond industry, bond holders, local facility corporations, sponsoring local governments, and prison housing sector. Such changes could result in protracted litigation, increased legal expenses, and changes in the housing of prisoners on behalf of the federal government.

The Corporation intends to vigorously contest any unfavorable IRS decision. Although the Corporation is steadfast in its position on its compliance with applicable laws, as a matter of prudence, the Corporation is exploring the feasibility of refunding the bonds to permanently resolve the IRS matter and to reduce regulations the facility must currently operate under to maintain its tax exempt status.

On December 17, 2013, IAH's bond counsel filed the following event notice regarding its 2004 and 2006 series bonds:

EVENT NOTICE

INTRODUCTION

The information in this filing is provided solely to comply with a Continuing Disclosure Undertaking, dated December 21, 2006 between Polk County (the "County") and U.S. Bank National Association (the "Trustee") and pursuant to a First Supplemental Trust Indenture dated December 1, 2006 (the "Supplemental Indenture"); and a Trust Indenture, dated November 1, 2004 (the "Indenture"), executed between the IAH Public Facility Corporation (the "Issuer") and the Trustee authorizing the hereinafter-defined Obligations, pursuant to which the County, on behalf of the Issuer, is to provide notice of certain events specified therein with respect to the Issuer's \$24,215,000 Project Revenue Bonds, Series 2004 and \$24,820,000 Project Revenue Bonds, Series 2006 (the "Obligations"), to certain identified parties. The County makes this disclosure under the terms of the Continuing Disclosure Undertaking and in a Sublease Agreement, dated as of November 1, 2004 as amended December 1, 2006 (the "Sublease") between the County, as lessee, and the Issuer, as lessor, especially Article 14 thereof, relating to the issuance of the Obligations by the Issuer

POLK COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2014

and with respect to the Project (as defined in the Sublease). The information set forth herein has been obtained from the Issuer's records and other sources which are considered reliable.

Any statement in this filing which includes a matter of opinion, whether or not expressly so stated, is intended as such, and not as a representation of fact. The information contained in this filing is provided as of the respective dates specified herein and is subject to change without notice, and the filing of this filing shall not, under any circumstances, create any implication that there has been no change in the affairs of the Issuer, or the Project, or in the other matters described herein since the date as of which such information is provided. The County has disclaimed any contractual or tort liability arising under the Continuing Disclosure Agreement, although holders of the Obligations may seek a writ of mandamus to compel the compliance with such agreement.

This filing is not made by the County or the Issuer in connection with a purchase or sale of bonds and accordingly is not intended to contain all information material to a decision to purchase or sell bonds.

RECEIPT OF NOTICE OF INTERNAL REVENUE SERVICE EXAMINATION

The Issuer received a letter dated March 29, 2012, from the Internal Revenue Service (the "IRS"), Tax-Exempt Bonds and Governmental Entities Division regarding the above-mentioned 2004 Bonds as part of the IRS' limited scope correspondence examination of municipal public safety debt issuances. The Issuer was requested to respond to the Information Document Request #01 Form 4564. The Issuer timely responded to the Information Document Request #1.

The Issuer received a letter dated September 18, 2012, from the IRS, Tax-Exempt Bonds and Government Entities Division regarding the above-mentioned Bonds. The Issuer was requested to respond to second Information Document Request Form 4564 seeking additional information regarding the 2004 Bonds. The Issuer timely responded to the Information Document Request #2.

The Issuer received a letter dated December 7, 2012, from the IRS, Tax-Exempt Bonds and Government Entities Division regarding the 2004 Bonds. The Issuer was requested to respond to a third Information Document Request Form 4564 seeking additional information regarding the 2004 Bonds. The Issuer timely responded to the Information Document Request #3.

The Issuer received a letter dated December 11, 2012, from the IRS, Tax-Exempt Bonds and Government Entities Division regarding the 2006 Bonds. The Issuer was requested to respond to a first Information Document Request Form 4564 seeking additional information regarding the 2006 Bonds. The Issuer timely responded to the Information Document Request #1 related to the 2004 and the 2006 Bonds.

The issuer received a letter dated March 15, 2013, from the IRS, Tax-Exempt Bonds and Government Entities Division regarding the 2004 and 2006 Bonds. The Issuer was requested to respond to a fourth Information Document Request Form 4564 seeking additional information regarding a preliminary conclusion by the IRS that the above-mentioned Bonds violate certain Internal Revenue Code rules that cause the Bonds to be taxable. The Issuer timely responded to the Information Document Request #4.

The Issuer has cooperated and will continue to cooperate with the IRS in its examination and has provided the IRS with copies of the requested document and with additional information regarding the Bonds. It is unknown at this time what the outcome of the IRS examination will be.

This Event Notice may contain information material to the Bond owners but does not purport to contain all material information with respect to the Bonds or the financial condition of Issuer.

Subsequent to year end, on November 10, 2014, the Corporation filed another Event Notice related to its 2004 and 2006 series bonds:

The information in this Event Notice is provided solely to comply with a Continuing Disclosure Undertaking, dated December 21, 2006 between Polk County (the "County") and U.S. Bank National Association (the "Trustee") and pursuant to a First Supplemental Trust Indenture dated December 1, 2006 (the "Supplemental Indenture"); and a Trust Indenture, dated November 1, 2004 (the "Indenture"), executed between the IAH Public Facility Corporation (the "Issuer") and the Trustee authorizing the hereinafter-defined Bonds, pursuant to which the County, on behalf of the Issuer, is to provide notice of certain events specified therein with respect to the Issuer's \$24,215,000 Project Revenue Bonds, Series 2004 and \$24,820,000 Project Revenue Bonds, Series 2006 (the "Bonds"), to certain identified parties. The County makes this disclosure under the terms of the Continuing Disclosure Undertaking and in a Sublease Agreement, dated as of November 1, 2004 as amended December 1, 2006 (the "Sublease") between the County, as lessee, and the Issuer, as lessor, especially Article 14 thereof, relating to the issuance of the Bonds by the Issuer and with respect to the Project (as defined in the Sublease). The information set forth herein has been obtained from the Issuer's records and other sources which are considered reliable.

RECEIPT OF NOTICE OF DEFAULT UNDER LEASE FROM TRUSTEE

On October 9, 2014, the County received a notice of default from the Trustee, also addressed to the Issuer, stating:

Pursuant to Section 7.15 of the Lease, if the Project achieved an average census equal to or exceeding eighty-five percent of available bed capacity for two consecutive quarters, within sixty (60) days thereafter the County was obligated to retain a

POLK COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2014

management consultant to assess the likelihood of whether the County could obtain from a Rating Agency an "investment grade" rating on the Bonds.

The Lessee has informed the Trustee that the Project did attain 85% bed capacity for two consecutive quarters and that the County failed to retain a management consultant timely in accordance with Section 7.15 of the Lease to assess the likelihood of obtaining a rating on the Bonds. The County's failure to retain a management consultant pursuant to Section 7.15 of the Lease within 60 days of achieving 85% bed capacity constitutes a default under Section 12.1 (b) of the Lease and notice and demand for cure is hereby given pursuant to Section 12.1 (b) of the Lease. Failure to remedy the foregoing default for thirty (30) calendar days from the date of this notice shall constitute an Event of Default under Section 12.1 (b) of the Lease which, in turn, shall constitute an Event of Default under Section 7.01(c) of the Indenture. The Trustee expressly reserves the right to assert that an Event of Default may have already occurred and be continuing at this time by reason of the foregoing.

As of the date of this filing, the County has not remedied the event of Default under Section 12.1 (b) of the Lease.

PROJECT CAPACITY AND RECENT DEVELOPMENTS

The initial two quarters that would trigger an obligation to retain a management consultant as described above, occurred December 31, 2007 and March 31, 2008. However, the average annual census for the Facility has fluctuated. For the calendar year 2013, the average annual census was 54.5%. For the calendar year 2014 through October 31 the average annual census was 55.1%. There has been no shortfall in payments required for debt service on the Bonds. Payments to the Operator under the Operation and Management Agreement are subordinate to debt service on the Bonds. Revenues generated by the project have been insufficient to make all of the earned fixed per diem operator fee payments to the Operator of the Project under the Operation and Management Agreement. The primary term of Operating Agreement expires on February 1, 2015. There are two one year renewal terms remaining if mutually agreed.

The County and the Issuer have notified the Trustee of its intent to work with the Trustee in the Trustee's capacity of representative of the Bondholders under the Indenture to work towards a resolution of the matters described above to achieve renewal of the Operation and Management Agreement for the remaining two one year renewal terms.

PREVIOUSLY POSTED NOTICE OF INTERNAL REVENUE SERVICE EXAMINATION

The Issuer continues to have discussions with the Internal Revenue Service in connection with its examination of the Bonds in which the Internal Revenue Service has asserted in a Form 5701-TEB Notice of Proposed Issue (the "Notice") that the Bonds are taxable private activity bonds. (See Event Notices dated December 13, 2013 and May 9, 2014). The Issuer does not agree with that assertion and has timely responded to the Internal Revenue Service's Notice. The outcome of the IRS examination is unknown at this time. Any statement in this Event Notice which includes a matter of opinion, whether or not expressly so stated, is intended as such, and not as a representation of fact. The information contained in this Event Notice is provided as of the respective dates specified herein and is subject to change without notice, and the filing of this filing shall not, under any circumstances, create any implication that there has been no change in the affairs of the Issuer, or the Project, or in the other matters described herein since the date as of which such information is provided. The County has disclaimed any contractual or tort liability arising under the Continuing Disclosure Agreement, although Bondholders may seek a writ of mandamus to compel the compliance with such agreement.

This Event Notice is not made by the County or the Issuer in connection with a purchase or sale of bonds and accordingly is not intended to contain all information material to a decision to purchase or sell bonds. This Event Notice may contain information material to Bondholders but does not purport to contain all material with respect to the Bonds or of the financial condition of the Issuer or the Project.

REQUIRED SUPPLEMENTARY INFORMATION

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

For the Year Ended September 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property taxes	\$ 10,174,292	\$ 10,174,292	\$ 10,127,481	\$ (46,811)
Sales taxes	2,126,325	2,126,325	2,063,194	(63,131)
Other taxes	238,349	238,349	325,165	86,816
Fines and forfeitures	653,000	653,000	563,090	(89,910)
Charges for services	1,194,800	1,352,541	1,294,220	(58,321)
Intergovernmental	1,253,642	1,255,873	1,459,562	203,689
Licenses and permits	172,355	172,355	178,133	5,778
Investment income	15,000	15,000	7,261	(7,739)
Other revenue	1,030,364	1,254,461	1,392,520	138,059
Total Revenues	16,858,127	17,242,196	17,410,626	168,430
Expenditures				
General Government:				
County judge	229,424	230,591	229,406	1,185
Commissioners' court	583,520	593,874	593,695	179
County clerk	550,854	559,053	533,823	25,230
County treasurer	166,554	166,554	162,807	3,747
County auditor	287,608	290,308	261,354	28,954
Data processing	325,710	325,710	284,968	40,742
Personnel	146,679	147,375	141,940	5,435
Engineering	852,541	1,047,571	1,018,069	29,502
Fire department support	158,874	158,874	130,369	28,505
Emergency management	309,577	368,723	355,926	12,797
General operating	1,288,180	1,381,219	1,381,219	-
Other unclassified	310,797	308,618	301,292	7,326
	5,210,318	5,578,470	5,394,868	183,602
Administration of Justice:				
Jury	60,500	78,056	78,056	-
County clerk-at-law	568,225	568,383	566,824	1,559
District clerk	490,842	490,842	445,427	45,415
District judges	902,345	924,036	896,324	27,712
Justice of the peace pct. 1	175,863	176,613	172,414	4,199
Justice of the peace pct. 2	153,874	153,874	152,394	1,480
Justice of the peace pct. 3	157,390	157,390	155,817	1,573
Justice of the peace pct. 4	149,767	149,767	145,345	4,422
District attorney	1,008,628	1,011,723	992,326	19,397
Sheriff	3,638,523	4,121,809	4,092,259	29,550
Jail	2,342,869	2,427,352	2,413,827	13,525
Constables	227,616	252,616	241,947	10,669
DPS	63,288	100,361	100,156	205
	9,939,730	10,612,822	10,453,116	159,706

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

For the Year Ended September 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Expenditures (continued)</u>				
Health and Human Services:				
Library	\$ 91,540	\$ 91,540	\$ 86,909	\$ 4,631
Fire	-	19,235	13,429	5,806
Social services	317,528	318,279	304,217	14,062
Veterans services	57,685	57,685	50,227	7,458
County extension	139,895	140,534	134,452	6,082
Environmental	72,381	70,226	61,420	8,806
	<u>679,029</u>	<u>697,499</u>	<u>650,654</u>	<u>46,845</u>
Tax Administration:				
Appraisal district	414,642	414,642	414,642	-
Tax assessor collector	848,621	848,621	832,627	15,994
	<u>1,263,263</u>	<u>1,263,263</u>	<u>1,247,269</u>	<u>15,994</u>
Debt Service:				
Debt issuance costs	-	52,847	52,847	-
	<u>-</u>	<u>52,847</u>	<u>52,847</u>	<u>-</u>
Total Expenditures	<u>17,092,340</u>	<u>18,204,901</u>	<u>17,798,754</u>	<u>406,147</u>
(Deficiency) of Revenues (Under) Expenditures	<u>(234,213)</u>	<u>(962,705)</u>	<u>(388,128)</u>	<u>574,577</u>
<u>Other Financing Sources (Uses)</u>				
Transfers in	225,401	225,401	219,934	(5,467)
Transfers (out)	(16,442)	(810,019)	(810,019)	-
Debt issuance	-	1,453,656	1,453,656	-
Premium on bonds issued	-	26,552	26,552	-
Total Other Financing Sources	<u>208,959</u>	<u>895,590</u>	<u>890,123</u>	<u>(5,467)</u>
Net Change in Fund Balance	<u>\$ (25,254)</u>	<u>\$ (67,115)</u>	<u>501,995</u>	<u>\$ 569,110</u>
Beginning fund balance			<u>6,618,781</u>	
Ending Fund Balance			<u>\$ 7,120,776</u>	

Notes to Required Supplementary Information

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

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POLK COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
ROAD AND BRIDGE FUND
For the Year Ended September 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property taxes	\$ 4,160,305	\$ 4,160,305	\$ 4,168,565	\$ 8,260
Other taxes	942,970	942,970	1,024,839	81,869
Fines and forfeitures	87,000	87,000	67,811	(19,189)
Investment income	2,357	2,357	714	(1,643)
Other revenue	48,926	369,077	370,715	1,638
Total Revenues	5,241,558	5,561,709	5,632,644	70,935
Expenditures				
Roads and Bridges:				
Permanent	-	550,000	122,519	427,481
Pct. 1	1,149,030	1,215,484	810,820	404,664
Pct. 2	1,166,133	1,313,286	1,205,802	107,484
Pct. 3	1,393,192	1,655,261	1,327,242	328,019
Pct. 4	1,404,946	1,404,946	1,197,788	207,158
Debt Service:				
Principal	791,434	791,434	399,645	391,789
Interest	20,979	20,979	5,109	15,870
Capital outlay	-	1,019,051	966,553	52,498
Total Expenditures	5,925,714	7,970,441	6,035,478	1,934,963
(Deficiency) of				
Revenues (Under) Expenditures	(684,156)	(2,408,732)	(402,834)	2,005,898
Other Financing Sources (Uses)				
Transfers in	126,413	126,413	-	(126,413)
Transfers out	(126,412)	(126,412)	-	126,412
Debt issuance	-	942,209	942,209	-
Sale of capital assets	686,000	686,000	707,678	21,678
Total Other Financing Sources	686,001	1,628,210	1,649,887	21,677
Net Change in Fund Balance	\$ 1,845	\$ (780,522)	1,247,053	\$ 2,027,575
Beginning fund balance			2,010,040	
Ending Fund Balance			\$ 3,257,093	

Notes to Required Supplementary Information

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

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POLK COUNTY, TEXAS
SCHEDULE OF FUNDING PROGRESS
TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM
For the Year Ended September 30, 2014

The County's annual covered payroll and pension costs are actuarially valued on a calendar year basis. Because the County makes all the annually required contributions, no net pension obligation (NPO) exists. The information presented below represents the County's schedule of funding progress.

Fiscal Year	2014	2013	2012
Actuarial Valuation Date	12/31/2013	12/31/2012	12/31/2011
Actuarial Value of Assets	\$ 34,855,082	\$ 31,684,867	\$ 30,449,729
Actuarial Accrued Liability	\$ 38,937,501	\$ 36,054,240	\$ 34,257,586
Percentage Funded	89.5%	87.9%	88.9%
Unfunded Actuarial			
Accrued Liability (UAAL)	\$ 4,082,419	\$ 4,369,373	\$ 3,807,857
Annual Covered Payroll	\$ 10,249,111	\$ 10,160,869	\$ 9,944,776
UAAL % of Covered Payroll	39.8%	43.0%	38.3%
Net Pension Obligation (NPO)			
at the Beginning of Period	\$ -	\$ -	\$ -
Annual Req. Contrib. (ARC)	1,289,676	1,180,961	1,153,406
Contributions Made	1,289,676	1,180,961	1,153,406
NPO at the End of Period	\$ -	\$ -	\$ -

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POLK COUNTY, TEXAS
SCHEDULE OF FUNDING PROGRESS
POST EMPLOYMENT HEALTHCARE BENEFITS¹
For the Year Ended September 30, 2014

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
12/31/08	\$ -	\$ 2,182,465	\$ 2,182,465	0.0%	\$ 9,965,425	21.9%
12/31/10	\$ -	\$ 5,394,882	\$ 5,394,882	0.0%	\$ 10,068,500	53.6%
12/31/12	\$ 194,467	\$ 8,154,612	\$ 7,960,145	2.4%	\$ 10,160,869	78.3%

¹Valuations are performed every two years in accordance with GASB Statement No. 45 parameters.

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***COMBINING STATEMENTS
AND SCHEDULES***

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

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

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

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

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

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

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

JP Technology Fund - This fund is used account for ticket revenues designated for technology expenditures.

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

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

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

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

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

NONMAJOR GOVERNMENTAL FUNDS (Continued)

Special Revenue Funds (continued)

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

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

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

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

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

Environmental Services Fund - This fund is used to account for all revenues generated from the County's environmental related services.

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

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

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

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

Permanent Fund

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

Capital Projects Funds

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

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

Judicial Center Fund - This fund was established from proceeds received from the Certificates of Obligation Series 2008. The Judicial Center was constructed to address space and security concerns with courtrooms in the County Courthouse.

POLK COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (page 1 of 3)
September 30, 2014

	Special Revenue Funds			
	County and District Court Technology	Court- house Security	Law Library	Aging
Assets				
Cash and cash equivalents	\$ 3,372	\$ -	\$ 62,951	\$ 218,859
Receivables, net	4	53	-	34,115
Due from other funds	-	15,600	-	-
Total Assets	\$ 3,376	\$ 15,653	\$ 62,951	\$ 252,974
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ -	\$ 2,536	\$ 347	\$ 7,723
Due to other funds	-	12,692	-	-
Due to other units	-	-	-	-
Total Liabilities	-	15,228	347	7,723
Fund Balances:				
Restricted:				
Special projects	3,376	425	62,604	245,251
Capital projects	-	-	-	-
Endowments/trusts	-	-	-	-
Total Fund Balances	3,376	425	62,604	245,251
Total Liabilities and Fund Balances	\$ 3,376	\$ 15,653	\$ 62,951	\$ 252,974

Special Revenue Funds

County Records Mgmt.	County Clerk Records Preservation	Hotel/Motel Tax	JP Technology	Historical Commission	Available School
\$ 2,089	\$ 179,844	\$ 30,561	\$ 28,203	\$ 423,580	\$ 223,177
-	152	2,844	60	-	-
403	-	-	-	-	-
<u>\$ 2,492</u>	<u>\$ 179,996</u>	<u>\$ 33,405</u>	<u>\$ 28,263</u>	<u>\$ 423,580</u>	<u>\$ 223,177</u>
\$ 2,492	\$ -	\$ 418	\$ -	\$ 604	\$ -
-	-	-	-	-	258
-	-	-	-	-	-
<u>2,492</u>	<u>-</u>	<u>418</u>	<u>-</u>	<u>604</u>	<u>258</u>
-	179,996	32,987	28,263	422,976	-
-	-	-	-	-	-
-	-	-	-	-	222,919
<u>-</u>	<u>179,996</u>	<u>32,987</u>	<u>28,263</u>	<u>422,976</u>	<u>222,919</u>
<u>\$ 2,492</u>	<u>\$ 179,996</u>	<u>\$ 33,405</u>	<u>\$ 28,263</u>	<u>\$ 423,580</u>	<u>\$ 223,177</u>

POLK COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (page 2 of 3)
September 30, 2014

	<u>Special Revenue Funds</u>			
	<u>District Attorney Collection</u>	<u>District Clerk Records Preservation</u>	<u>Forfeiture</u>	<u>District Clerk TDCJ</u>
<u>Assets</u>				
Cash and cash equivalents	\$ 36,402	\$ 35,431	\$ 422,728	\$ 47,265
Receivables, net	-	-	-	-
Due from other funds	-	-	-	-
Total Assets	<u>\$ 36,402</u>	<u>\$ 35,431</u>	<u>\$ 422,728</u>	<u>\$ 47,265</u>
<u>Liabilities and Fund Balances</u>				
Liabilities:				
Accounts payable	\$ 328	\$ 5,245	\$ 1,925	\$ -
Due to other funds	-	-	-	-
Due to other units	-	-	212,360	41,617
Total Liabilities	<u>328</u>	<u>5,245</u>	<u>214,285</u>	<u>41,617</u>
Fund Balances:				
Restricted:				
Special projects	36,074	30,186	208,443	5,648
Capital projects	-	-	-	-
Endowments/trusts	-	-	-	-
	<u>36,074</u>	<u>30,186</u>	<u>208,443</u>	<u>5,648</u>
Total Liabilities and Fund Balances	<u>\$ 36,402</u>	<u>\$ 35,431</u>	<u>\$ 422,728</u>	<u>\$ 47,265</u>

Special Revenue Funds

Judiciary	Officials' Fee Account	Sheriff Federal Revenue Sharing	District Attorney's Check Restitution	Environmental Services	Jail Commissary
\$ 146,037	\$ 41,039	\$ 15,380	\$ 494	\$ 2,334	\$ 36,794
2,027	420	-	-	34,317	275
-	-	-	-	-	-
<u>\$ 148,064</u>	<u>\$ 41,459</u>	<u>\$ 15,380</u>	<u>\$ 494</u>	<u>\$ 36,651</u>	<u>\$ 37,069</u>
\$ 148,064	\$ 132	\$ 7,338	\$ 494	\$ 1,082	\$ 651
-	-	-	-	34,317	-
-	41,327	-	-	-	-
<u>148,064</u>	<u>41,459</u>	<u>7,338</u>	<u>494</u>	<u>35,399</u>	<u>651</u>
-	-	8,042	-	1,252	36,418
-	-	-	-	-	-
-	-	-	-	-	-
-	-	8,042	-	1,252	36,418
<u>\$ 148,064</u>	<u>\$ 41,459</u>	<u>\$ 15,380</u>	<u>\$ 494</u>	<u>\$ 36,651</u>	<u>\$ 37,069</u>

POLK COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (page 3 of 3)
September 30, 2014

	Special Revenue Funds			Permanent Fund
	District Attorney Special	Justice Court Building Security	Pre-Trial Intervention	Permanent School
Assets				
Cash and cash equivalents	\$ 867	\$ 32,861	\$ 57,273	\$ 588,569
Receivables, net	-	15	2,900	-
Due from other funds	-	-	-	258
Total Assets	\$ 867	\$ 32,876	\$ 60,173	\$ 588,827
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 480	\$ -
Due to other funds	-	-	-	-
Due to other units	-	-	-	-
Total Liabilities	-	-	480	-
Fund Balances:				
Restricted:				
Special projects	867	32,876	59,693	-
Capital projects	-	-	-	-
Endowments/trusts	-	-	-	588,827
	<u>867</u>	<u>32,876</u>	<u>59,693</u>	<u>588,827</u>
Total Liabilities and Fund Balances	\$ 867	\$ 32,876	\$ 60,173	\$ 588,827

Capital Projects Funds		Total Nonmajor Governmental Funds
College and Commerce	Judicial Center	
\$ 135,232	\$ 30,998	\$ 2,802,340
-	-	77,182
-	-	16,261
<u>\$ 135,232</u>	<u>\$ 30,998</u>	<u>\$ 2,895,783</u>
\$ -	\$ 440	\$ 180,299
81,461	30,558	159,286
-	-	295,304
<u>81,461</u>	<u>30,998</u>	<u>634,889</u>
-	-	1,395,377
53,771	-	53,771
-	-	811,746
<u>53,771</u>	<u>-</u>	<u>2,260,894</u>
<u>\$ 135,232</u>	<u>\$ 30,998</u>	<u>\$ 2,895,783</u>

POLK COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (page 1 of 3)
For the Year Ended September 30, 2014

	<u>Special Revenue Funds</u>			
	<u>County and District Court Technology</u>	<u>Court- house Security</u>	<u>Law Library</u>	<u>Aging</u>
Revenues				
Other taxes	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	858	-	-	-
Charge for services	-	30,061	12,238	-
Intergovernmental	-	-	-	346,942
Investment income	-	-	-	-
Other revenue	-	-	-	3,708
Total Revenues	<u>858</u>	<u>30,061</u>	<u>12,238</u>	<u>350,650</u>
Expenditures				
Current:				
General government	-	-	6,918	-
Administration of justice	-	124,453	-	-
Health and human services	-	-	-	365,627
Capital outlay	-	-	-	-
Total Expenditures	<u>-</u>	<u>124,453</u>	<u>6,918</u>	<u>365,627</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>858</u>	<u>(94,392)</u>	<u>5,320</u>	<u>(14,977)</u>
Other Financing Sources (Uses)				
Transfers in	-	76,659	-	-
Transfers (out)	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>76,659</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	858	(17,733)	5,320	(14,977)
Beginning fund balances	<u>2,518</u>	<u>18,158</u>	<u>57,284</u>	<u>260,228</u>
Ending Fund Balances	<u>\$ 3,376</u>	<u>\$ 425</u>	<u>\$ 62,604</u>	<u>\$ 245,251</u>

Special Revenue Funds

County Records Mgmt.	County Clerk Records Preservation	Hotel/Motel Tax	JP Technology	Historical Commission	Available School
\$ -	\$ -	\$ 20,576	\$ -	\$ -	\$ -
-	-	-	16,471	-	-
12,906	211,431	-	-	-	-
-	-	-	-	-	-
-	-	-	-	336	120
-	-	-	-	6,664	136,491
<u>12,906</u>	<u>211,431</u>	<u>20,576</u>	<u>16,471</u>	<u>7,000</u>	<u>136,611</u>
29,348	59,177	14,781	-	4,018	138,415
-	-	-	38,733	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>29,348</u>	<u>59,177</u>	<u>14,781</u>	<u>38,733</u>	<u>4,018</u>	<u>138,415</u>
<u>(16,442)</u>	<u>152,254</u>	<u>5,795</u>	<u>(22,262)</u>	<u>2,982</u>	<u>(1,804)</u>
16,442	-	-	-	-	-
-	(85,401)	-	-	-	-
<u>16,442</u>	<u>(85,401)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	66,853	5,795	(22,262)	2,982	(1,804)
-	113,143	27,192	50,525	419,994	224,723
<u>\$ -</u>	<u>\$ 179,996</u>	<u>\$ 32,987</u>	<u>\$ 28,263</u>	<u>\$ 422,976</u>	<u>\$ 222,919</u>

POLK COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS (page 2 of 3)
For the Year Ended September 30, 2014

	Special Revenue Funds			
	District Attorney Collection	District Clerk Records Preservation	Forfeiture	District Clerk TDCJ
Revenues				
Other taxes	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	-	-
Charge for services	3,515	13,240	-	-
Intergovernmental	-	-	16,801	-
Investment income	-	-	34	-
Other revenue	-	-	-	-
Total Revenues	<u>3,515</u>	<u>13,240</u>	<u>16,835</u>	<u>-</u>
Expenditures				
Current:				
General government	-	-	-	-
Administration of justice	1,382	5,245	31,013	-
Health and human services	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	<u>1,382</u>	<u>5,245</u>	<u>31,013</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,133</u>	<u>7,995</u>	<u>(14,178)</u>	<u>-</u>
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	2,133	7,995	(14,178)	-
Beginning fund balances	<u>33,941</u>	<u>22,191</u>	<u>222,621</u>	<u>5,648</u>
Ending Fund Balances	<u>\$ 36,074</u>	<u>\$ 30,186</u>	<u>\$ 208,443</u>	<u>\$ 5,648</u>

Special Revenue Funds

<u>Judiciary</u>	<u>Officials' Fee Account</u>	<u>Sheriff Federal Revenue Sharing</u>	<u>District Attorney's Check Restitution</u>	<u>Environmental Services</u>	<u>Jail Commissary</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	129,909	-
-	-	12,000	-	-	-
-	-	-	-	-	-
-	-	-	-	-	19,835
<u>-</u>	<u>-</u>	<u>12,000</u>	<u>-</u>	<u>129,909</u>	<u>19,835</u>
-	-	-	-	-	-
-	-	21,199	-	-	17,731
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>21,199</u>	<u>-</u>	<u>-</u>	<u>17,731</u>
-	-	(9,199)	-	129,909	2,104
-	-	-	-	-	-
-	-	-	-	(134,533)	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(134,533)</u>	<u>-</u>
-	-	(9,199)	-	(4,624)	2,104
-	-	17,241	-	5,876	34,314
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,042</u>	<u>\$ -</u>	<u>\$ 1,252</u>	<u>\$ 36,418</u>

POLK COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS (page 3 of 3)
For the Year Ended September 30, 2014

	Special Revenue Funds			Permanent Fund
	District Attorney Special	Justice Court Building Security	Pre-Trial Intervention	Permanent School
Revenues				
Other taxes	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	-	4,046	-	-
Charge for services	-	-	-	-
Intergovernmental	-	-	25,725	-
Investment income	-	-	-	251
Other revenue	28,279	-	-	51,305
Total Revenues	28,279	4,046	25,725	51,556
Expenditures				
Current:				
General government	-	-	-	98,786
Administration of justice	27,500	-	6,360	-
Health and human services	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	27,500	-	6,360	98,786
Excess (Deficiency) of Revenues Over (Under) Expenditures	779	4,046	19,365	(47,230)
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	779	4,046	19,365	(47,230)
Beginning fund balances	88	28,830	40,328	636,057
Ending Fund Balances	\$ 867	\$ 32,876	\$ 59,693	\$ 588,827

Capital Projects Funds		Total Nonmajor Governmental Funds
College and Commerce	Judicial Center	
\$ -	\$ -	\$ 20,576
-	-	21,375
-	-	413,300
-	-	401,468
-	15	756
-	-	246,282
-	15	1,103,757
-	-	351,443
-	-	273,616
-	-	365,627
-	111,800	111,800
-	111,800	1,102,486
-	(111,785)	1,271
-	-	93,101
-	-	(219,934)
-	-	(126,833)
-	(111,785)	(125,562)
53,771	111,785	2,386,456
<u>\$ 53,771</u>	<u>\$ -</u>	<u>\$ 2,260,894</u>

POLK COUNTY, TEXAS
COMBINING BALANCE SHEET
ROAD AND BRIDGE FUNDS
September 30, 2014

	<u>Road and Bridge Debt Service</u>	<u>Road and Bridge Precinct No. 1</u>	<u>Road and Bridge Precinct No. 2</u>	<u>Road and Bridge Precinct No. 3</u>
<u>Assets</u>				
Cash and cash equivalents	\$ 21,677	\$ 1,112,438	\$ 276,925	\$ 926,206
Receivables, net	-	107,816	111,948	133,459
Total Assets	\$ 21,677	\$ 1,220,254	\$ 388,873	\$ 1,059,665
<u>Liabilities</u>				
Accounts payable	\$ -	\$ 23,559	\$ 44,878	\$ 43,275
Due to other units	-	-	-	-
Due to other funds	-	-	28,384	-
Total Liabilities	-	23,559	73,262	43,275
<u>Deferred Inflows of Resources</u>				
Unavailable revenue - property taxes	-	106,070	110,143	131,311
<u>Fund Balances</u>				
Restricted	21,677	1,090,625	205,468	885,079
Total Fund Balances	21,677	1,090,625	205,468	885,079
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 21,677	\$ 1,220,254	\$ 388,873	\$ 1,059,665

<u>Road and Bridge Precinct No. 4</u>	<u>Total Road and Bridge Funds</u>
\$ 1,153,706	\$ 3,490,952
134,846	488,069
<u>\$ 1,288,552</u>	<u>\$ 3,979,021</u>
\$ 21,923	\$ 133,635
79,706	79,706
-	28,384
<u>101,629</u>	<u>241,725</u>
<u>132,679</u>	<u>480,203</u>
1,054,244	3,257,093
<u>1,054,244</u>	<u>3,257,093</u>
<u>\$ 1,288,552</u>	<u>\$ 3,979,021</u>

POLK COUNTY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES ROAD AND BRIDGE FUNDS

For the Year Ended September 30, 2014

	Road and Bridge Debt Service	Road and Bridge Precinct No. 1	Road and Bridge Precinct No. 2	Road and Bridge Precinct No. 3
<u>Revenues</u>				
Property taxes	\$ -	\$ 920,775	\$ 956,125	\$ 1,139,896
Other taxes	-	229,779	243,965	269,741
Fines and forfeitures	-	16,146	16,326	17,852
Investment income	-	122	84	268
Other	-	78,058	160,661	18,373
Total Revenues	-	1,244,880	1,377,161	1,446,130
<u>Expenditures</u>				
Permanent road	-	-	-	-
Roads and bridges	-	810,820	1,205,802	1,327,242
Capital outlay	825,865	-	28,153	22,484
Debt service:				
Principal	399,645	-	-	-
Interest charges	5,109	-	-	-
Total Expenditures	1,230,619	810,820	1,233,955	1,349,726
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,230,619)	434,060	143,206	96,404
<u>Other Financing Sources (Uses)</u>				
Debt issued	825,865	-	26,293	-
Sale of capital asset	707,678	-	-	-
Total Other Financing Sources	1,533,543	-	26,293	-
Net Change in Fund Balances	302,924	434,060	169,499	96,404
Beginning fund balances	(281,247)	656,565	35,969	788,675
Ending Fund Balances	\$ 21,677	\$ 1,090,625	\$ 205,468	\$ 885,079

<u>Road and Bridge Precinct No. 4</u>	<u>Total Road and Bridge Funds</u>
\$ 1,151,769	\$ 4,168,565
281,354	1,024,839
17,487	67,811
240	714
113,623	370,715
<u>1,564,473</u>	<u>5,632,644</u>
122,519	122,519
1,197,788	4,541,652
90,051	966,553
-	399,645
-	5,109
<u>1,410,358</u>	<u>6,035,478</u>
<u>154,115</u>	<u>(402,834)</u>
90,051	942,209
-	707,678
<u>90,051</u>	<u>1,649,887</u>
244,166	1,247,053
<u>810,078</u>	<u>2,010,040</u>
<u>\$ 1,054,244</u>	<u>\$ 3,257,093</u>

POLK COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE FUND

For the Year Ended September 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Property taxes	\$ 3,729,735	\$ 3,732,519	\$ 3,737,140	\$ 4,621
Investment income	750	750	1,519	769
Total Revenues	<u>3,730,485</u>	<u>3,733,269</u>	<u>3,738,659</u>	<u>5,390</u>
<u>Expenditures</u>				
Principal	2,868,000	2,868,000	2,868,000	-
Interest and fiscal charges	861,338	864,122	864,122	-
Total Expenditures	<u>3,729,338</u>	<u>3,732,122</u>	<u>3,732,122</u>	<u>-</u>
Excess of Revenues Over Expenditures	<u>1,147</u>	<u>1,147</u>	<u>6,537</u>	<u>5,390</u>
Net Change in Fund Balance	<u>\$ 1,147</u>	<u>\$ 1,147</u>	<u>6,537</u>	<u>\$ 5,390</u>
Beginning fund balance			<u>793,322</u>	
Ending Fund Balance			<u>\$ 799,859</u>	

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POLK COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
ROAD AND BRIDGE FUND - Precinct One
For the Year Ended September 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property taxes	\$ 918,955	\$ 918,955	\$ 920,775	\$ 1,820
Other taxes	216,883	216,883	229,779	12,896
Fines and forfeitures	20,010	20,010	16,146	(3,864)
Investment income	400	400	122	(278)
Other	11,253	77,708	78,058	350
Total Revenues	<u>1,167,501</u>	<u>1,233,956</u>	<u>1,244,880</u>	<u>10,924</u>
Expenditures				
Roads and bridges:				
Pct. 1	1,149,030	1,215,484	810,820	404,664
Total Expenditures	<u>1,149,030</u>	<u>1,215,484</u>	<u>810,820</u>	<u>404,664</u>
Excess of				
Revenues Over Expenditures	<u>18,471</u>	<u>18,472</u>	<u>434,060</u>	<u>415,588</u>
Other Financing Sources (Uses)				
Transfers out	(18,064)	(18,064)	-	18,064
Total Other Financing (Uses)	<u>(18,064)</u>	<u>(18,064)</u>	<u>-</u>	<u>18,064</u>
Net Change in Fund Balance	<u>\$ 407</u>	<u>\$ 408</u>	434,060	<u>\$ 433,652</u>
Beginning fund balance			<u>656,565</u>	
Ending Fund Balance			<u>\$ 1,090,625</u>	

POLK COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
ROAD AND BRIDGE FUND - Precinct Two
For the Year Ended September 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Property taxes	\$ 954,239	\$ 954,239	\$ 956,125	\$ 1,886
Other taxes	216,883	216,883	243,965	27,082
Fines and forfeitures	20,010	20,010	16,326	(3,684)
Investment income	287	287	84	(203)
Other	11,253	160,248	160,661	413
Total Revenues	<u>1,202,672</u>	<u>1,351,667</u>	<u>1,377,161</u>	<u>25,494</u>
<u>Expenditures</u>				
Roads and bridges:				
Pct. 2	1,166,133	1,313,286	1,205,802	107,484
Capital outlay	-	28,135	28,153	(18)
Total Expenditures	<u>1,166,133</u>	<u>1,341,421</u>	<u>1,233,955</u>	<u>107,466</u>
Excess of Revenues Over				
Over Expenditures	<u>36,539</u>	<u>10,246</u>	<u>143,206</u>	<u>132,960</u>
<u>Other Financing Sources (Uses)</u>				
Transfers out	(36,116)	(36,116)	-	36,116
Debt issuance	-	26,293	26,293	-
Total Other Financing Sources (Uses)	<u>(36,116)</u>	<u>(9,823)</u>	<u>26,293</u>	<u>36,116</u>
Net Change in Fund Balance	<u>\$ 423</u>	<u>\$ 423</u>	169,499	<u>\$ 169,076</u>
Beginning fund balance			<u>35,969</u>	
Ending Fund Balance			<u>\$ 205,468</u>	

POLK COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
ROAD AND BRIDGE FUND - Precinct Three
For the Year Ended September 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property taxes	\$ 1,137,631	\$ 1,137,631	\$ 1,139,896	\$ 2,265
Other taxes	254,602	254,602	269,741	15,139
Fines and forfeitures	23,490	23,490	17,852	(5,638)
Investment income	880	880	268	(612)
Other	13,210	17,911	18,373	462
Total Revenues	<u>1,429,813</u>	<u>1,434,514</u>	<u>1,446,130</u>	<u>11,616</u>
Expenditures				
Roads and bridges:				
Pct. 3	1,393,192	1,655,261	1,327,242	328,019
Capital outlay	-	75,000	22,484	52,516
Total Expenditures	<u>1,393,192</u>	<u>1,730,261</u>	<u>1,349,726</u>	<u>380,535</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>36,621</u>	<u>(295,747)</u>	<u>96,404</u>	<u>392,151</u>
Other Financing Sources (Uses)				
Transfers out	(36,116)	(36,116)	-	36,116
Total Other Financing (Uses)	<u>(36,116)</u>	<u>(36,116)</u>	<u>-</u>	<u>36,116</u>
Net Change in Fund Balance	<u>\$ 505</u>	<u>\$ (331,863)</u>	<u>96,404</u>	<u>\$ 428,267</u>
Beginning fund balance			<u>788,675</u>	
Ending Fund Balance			<u>\$ 885,079</u>	

POLK COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
ROAD AND BRIDGE FUND - Precinct Four
For the Year Ended September 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property taxes	\$ 1,149,480	\$ 1,149,480	\$ 1,151,769	\$ 2,289
Other taxes	254,602	254,602	281,354	26,752
Fines and forfeitures	23,490	23,490	17,487	(6,003)
Investment income	790	790	240	(550)
Other	13,210	113,210	113,623	413
Total Revenues	<u>1,441,572</u>	<u>1,541,572</u>	<u>1,564,473</u>	<u>22,901</u>
Expenditures				
Roads and bridges:				
Permanent	-	550,000	122,519	427,481
Pct. 4	1,404,946	1,404,946	1,197,788	207,158
Capital outlay	-	90,051	90,051	-
Total Expenditures	<u>1,404,946</u>	<u>2,044,997</u>	<u>1,410,358</u>	<u>634,639</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>36,626</u>	<u>(503,425)</u>	<u>154,115</u>	<u>657,540</u>
Other Financing Sources (Uses)				
Transfers out	(36,116)	(36,116)	-	36,116
Debt issuance	-	90,051	90,051	-
Total Other Financing Sources (Uses)	<u>(36,116)</u>	<u>53,935</u>	<u>90,051</u>	<u>36,116</u>
Net Change in Fund Balance	<u>\$ 510</u>	<u>\$ (449,490)</u>	<u>244,166</u>	<u>\$ 693,656</u>
Beginning fund balance			<u>810,078</u>	
Ending Fund Balance			<u>\$ 1,054,244</u>	

POLK COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
ROAD AND BRIDGE FUND - Debt Activity
For the Year Ended September 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures				
Debt Service:				
Principal	\$ 791,434	\$ 791,434	\$ 399,645	\$ 391,789
Interest	20,979	20,979	5,109	15,870
Capital outlay	-	825,865	825,865	-
Total Expenditures	812,413	1,638,278	1,230,619	407,659
(Deficiency) of Revenues				
(Under) Expenditures	(812,413)	(1,638,278)	(1,230,619)	407,659
Other Financing Sources (Uses)				
Transfers in	126,413	126,413	-	(126,413)
Debt issued	-	825,865	825,865	-
Sale of capital assets	686,000	686,000	707,678	21,678
Total Other Financing Sources	812,413	1,638,278	1,533,543	(104,735)
Net Change in Fund Balance	\$ -	\$ -	302,924	\$ 302,924
Beginning fund balance			(281,247)	
Ending Fund Balance			\$ 21,677	

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POLK COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
COUNTY AND DISTRICT COURT TECHNOLOGY

For the Year Ended September 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines and forfeitures	\$ 915	\$ 915	858	\$ (57)
Total Revenues	<u>915</u>	<u>915</u>	<u>858</u>	<u>(57)</u>
Expenditures				
Administration of justice	915	915	-	915
Total Expenditures	<u>915</u>	<u>915</u>	<u>-</u>	<u>915</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	858	<u>\$ 858</u>
Beginning fund balance			<u>2,518</u>	
Ending Fund Balance			<u>\$ 3,376</u>	

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

For the Year Ended September 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for services	\$ 33,190	\$ 33,190	\$ 30,061	\$ (3,129)
Total Revenues	<u>33,190</u>	<u>33,190</u>	<u>30,061</u>	<u>(3,129)</u>
Expenditures				
Administration of justice	124,921	142,850	124,453	18,397
Total Expenditures	<u>124,921</u>	<u>142,850</u>	<u>124,453</u>	<u>18,397</u>
(Deficiency) of Revenues (Under) Expenditures	<u>(91,731)</u>	<u>(109,660)</u>	<u>(94,392)</u>	<u>15,268</u>
Other Financing Sources (Uses)				
Transfers in	58,731	73,996	76,659	2,663
Debt issuance	-	2,663	-	(2,663)
Total Other Financing Sources	<u>58,731</u>	<u>76,659</u>	<u>76,659</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (33,000)</u>	<u>\$ (33,001)</u>	<u>(17,733)</u>	<u>\$ 15,268</u>
Beginning fund balance			<u>18,158</u>	
Ending Fund Balance			<u>\$ 425</u>	

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

For the Year Ended September 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for services	\$ 11,500	\$ 11,500	\$ 12,238	\$ 738
Total Revenues	<u>11,500</u>	<u>11,500</u>	<u>12,238</u>	<u>738</u>
Expenditures				
General government	11,500	11,500	6,918	4,582
Total Expenditures	<u>11,500</u>	<u>11,500</u>	<u>6,918</u>	<u>4,582</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	5,320	<u>\$ 5,320</u>
Beginning fund balance			<u>57,284</u>	
Ending Fund Balance			<u>\$ 62,604</u>	

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

For the Year Ended September 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 257,485	\$ 330,086	\$ 346,942	\$ 16,856
Other	-	2,856	3,708	852
Total Revenues	<u>257,485</u>	<u>332,942</u>	<u>350,650</u>	<u>17,708</u>
Expenditures				
Health and human services	270,885	366,823	365,627	1,196
Total Expenditures	<u>270,885</u>	<u>366,823</u>	<u>365,627</u>	<u>1,196</u>
Net Change in Fund Balance	<u>\$ (13,400)</u>	<u>\$ (33,881)</u>	(14,977)	<u>\$ 18,904</u>
Beginning fund balance			<u>260,228</u>	
Ending Fund Balance			<u>\$ 245,251</u>	

POLK COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
COUNTY RECORDS MANAGEMENT

For the Year Ended September 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for services	\$ 13,300	\$ 13,300	\$ 12,906	\$ (394)
Total Revenues	<u>13,300</u>	<u>13,300</u>	<u>12,906</u>	<u>(394)</u>
Expenditures				
General government	29,742	29,751	29,348	403
Total Expenditures	<u>29,742</u>	<u>29,751</u>	<u>29,348</u>	<u>403</u>
(Deficiency) of Revenues (Under) Expenditures	<u>(16,442)</u>	<u>(16,451)</u>	<u>(16,442)</u>	<u>9</u>
Other Financing Sources (Uses)				
Transfers in	16,442	16,442	16,442	-
Total Other Financing Sources	<u>16,442</u>	<u>16,442</u>	<u>16,442</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ (9)</u>	<u>-</u>	<u>\$ 9</u>
Beginning fund balance			-	
Ending Fund Balance			<u>\$ -</u>	

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
COUNTY CLERK RECORDS PRESERVATION

For the Year Ended September 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for services	\$ 132,000	\$ 132,000	\$ 211,431	\$ 79,431
Total Revenues	<u>132,000</u>	<u>132,000</u>	<u>211,431</u>	<u>79,431</u>
Expenditures				
General governmental	46,598	77,129	59,177	17,952
Total Expenditures	<u>46,598</u>	<u>77,129</u>	<u>59,177</u>	<u>17,952</u>
Excess of Revenues Over Expenditures	<u>85,402</u>	<u>54,871</u>	<u>152,254</u>	<u>97,383</u>
Other Financing Sources (Uses)				
Transfers (out)	(85,401)	(85,401)	(85,401)	-
Total Other Financing (Uses)	<u>(85,401)</u>	<u>(85,401)</u>	<u>(85,401)</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ 1</u>	<u>\$ (30,530)</u>	<u>66,853</u>	<u>\$ 97,383</u>
Beginning fund balance			113,143	
Ending Fund Balance			<u>\$ 179,996</u>	

POLK COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
HOTEL/MOTEL TAX

For the Year Ended September 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Other taxes	\$ 20,000	\$ 20,000	\$ 20,576	\$ 576
Total Revenues	<u>20,000</u>	<u>20,000</u>	<u>20,576</u>	<u>576</u>
Expenditures				
General government	20,000	20,000	14,781	5,219
Total Expenditures	<u>20,000</u>	<u>20,000</u>	<u>14,781</u>	<u>5,219</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	5,795	<u>\$ 5,795</u>
Beginning fund balance			<u>27,192</u>	
Ending Fund Balance			<u>\$ 32,987</u>	

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

For the Year Ended September 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines and forfeitures	\$ 18,625	\$ 18,625	\$ 16,471	\$ (2,154)
Total Revenues	<u>18,625</u>	<u>18,625</u>	<u>16,471</u>	<u>(2,154)</u>
Expenditures				
Administration of justice	34,500	43,413	38,733	4,680
Total Expenditures	<u>34,500</u>	<u>43,413</u>	<u>38,733</u>	<u>4,680</u>
Net Change in Fund Balance	<u>\$ (15,875)</u>	<u>\$ (24,788)</u>	(22,262)	<u>\$ 2,526</u>
Beginning fund balance			<u>50,525</u>	
Ending Fund Balance			<u>\$ 28,263</u>	

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

For the Year Ended September 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Investment income	\$ 1,500	\$ 1,500	\$ 120	\$ (1,380)
Other	136,492	136,492	136,491	(1)
Total Revenues	<u>137,992</u>	<u>137,992</u>	<u>136,611</u>	<u>(1,381)</u>
Expenditures				
General government	137,992	138,415	138,415	-
Total Expenditures	<u>137,992</u>	<u>138,415</u>	<u>138,415</u>	<u>-</u>
(Deficiency) of Revenues (Under)				
Expenditures	<u>-</u>	<u>(423)</u>	<u>(1,804)</u>	<u>(1,381)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ (423)</u>	<u>(1,804)</u>	<u>\$ (1,381)</u>
Beginning fund balance			224,723	
Ending Fund Balance			<u>\$ 222,919</u>	

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

For the Year Ended September 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for services	\$ 5,000	\$ 5,000	\$ 3,515	\$ (1,485)
Total Revenues	<u>5,000</u>	<u>5,000</u>	<u>3,515</u>	<u>(1,485)</u>
Expenditures				
Administration of justice	5,000	5,000	1,382	3,618
Total Expenditures	<u>5,000</u>	<u>5,000</u>	<u>1,382</u>	<u>3,618</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>2,133</u>	<u>\$ 2,133</u>
Beginning fund balance			33,941	
Ending Fund Balance			<u>\$ 36,074</u>	

POLK COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
DISTRICT CLERK RECORDS PRESERVATION

For the Year Ended September 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Charges for services	\$ 17,325	\$ 17,325	\$ 13,240	\$ (4,085)
Total Revenues	<u>17,325</u>	<u>17,325</u>	<u>13,240</u>	<u>(4,085)</u>
<u>Expenditures</u>				
Administration of justice	17,325	17,325	5,245	12,080
Total Expenditures	<u>17,325</u>	<u>17,325</u>	<u>5,245</u>	<u>12,080</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	7,995	<u>\$ 7,995</u>
Beginning fund balance			<u>22,191</u>	
Ending Fund Balance			<u>\$ 30,186</u>	

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

For the Year Ended September 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Charges for services	\$ 140,000	\$ 140,000	\$ 129,909	(10,091)
Total Revenues	<u>140,000</u>	<u>140,000</u>	<u>129,909</u>	<u>(10,091)</u>
Excess of Revenues Over Expenditures	<u>140,000</u>	<u>140,000</u>	<u>129,909</u>	<u>(10,091)</u>
<u>Other Financing Sources (Uses)</u>				
Transfers (out)	(140,000)	(140,000)	(134,533)	5,467
Total Other Financing (Uses)	<u>(140,000)</u>	<u>(140,000)</u>	<u>(134,533)</u>	<u>5,467</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	(4,624)	<u>\$ (4,624)</u>
Beginning fund balance			<u>5,876</u>	
Ending Fund Balance			<u>\$ 1,252</u>	

POLK COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
JAIL COMMISSARY

For the Year Ended September 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Other	\$ 14,500	\$ 17,800	\$ 19,835	\$ 2,035
Total Revenues	<u>14,500</u>	<u>17,800</u>	<u>19,835</u>	<u>2,035</u>
Expenditures				
Administration of justice	14,500	17,800	17,731	69
Total Expenditures	<u>14,500</u>	<u>17,800</u>	<u>17,731</u>	<u>69</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	2,104	<u>\$ 2,104</u>
Beginning fund balance			<u>34,314</u>	
Ending Fund Balance			<u>\$ 36,418</u>	

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

For the Year Ended September 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Other	\$ 24,000	\$ 27,500	\$ 28,279	\$ 779
Total Revenues	<u>24,000</u>	<u>27,500</u>	<u>28,279</u>	<u>779</u>
Expenditures				
Administration of justice	24,000	27,500	27,500	-
Total Expenditures	<u>24,000</u>	<u>27,500</u>	<u>27,500</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	779	<u>\$ 779</u>
Beginning fund balance			<u>88</u>	
Ending Fund Balance			<u>\$ 867</u>	

POLK COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
JUSTICE COURT BUILDING SECURITY

For the Year Ended September 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines and forfeitures	\$ 4,550	\$ 4,550	\$ 4,046	\$ (504)
Total Revenues	<u>4,550</u>	<u>4,550</u>	<u>4,046</u>	<u>(504)</u>
Expenditures				
General government	4,550	4,550	-	4,550
Total Expenditures	<u>4,550</u>	<u>4,550</u>	<u>-</u>	<u>4,550</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	4,046	<u>\$ 4,046</u>
Beginning fund balance			<u>28,830</u>	
Ending Fund Balance			<u>\$ 32,876</u>	

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

For the Year Ended September 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Investment income	\$ -	\$ -	\$ 251	\$ 251
Other	95,000	95,000	51,305	(43,695)
Total Revenues	<u>95,000</u>	<u>95,000</u>	<u>51,556</u>	<u>(43,444)</u>
Expenditures				
General government	1,150	99,043	98,786	257
Total Expenditures	<u>1,150</u>	<u>99,043</u>	<u>98,786</u>	<u>257</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>93,850</u>	<u>(4,043)</u>	<u>(47,230)</u>	<u>(43,187)</u>
Net Change in Fund Balance	<u>\$ 93,850</u>	<u>\$ (4,043)</u>	<u>(47,230)</u>	<u>\$ (43,187)</u>
Beginning fund balance			<u>636,057</u>	
Ending Fund Balance			<u>\$ 588,827</u>	

POLK COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
PRE-TRIAL INTERVENTION PROGRAM
For the Year Ended September 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues</u>				
Intergovernmental	\$ 17,000	\$ 17,000	\$ 25,725	\$ 8,725
Total Revenues	<u>17,000</u>	<u>17,000</u>	<u>25,725</u>	<u>8,725</u>
<u>Expenditures</u>				
Administration of justice	17,000	17,000	6,360	10,640
Total Expenditures	<u>17,000</u>	<u>17,000</u>	<u>6,360</u>	<u>10,640</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	19,365	<u>\$ 19,365</u>
Beginning fund balance			<u>40,328</u>	
Ending Fund Balance			<u>\$ 59,693</u>	

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POLK COUNTY, TEXAS
COMBINING STATEMENT OF NET POSITION
AGENCY FUNDS
September 30, 2014

	County Clerk's Probate Trust	District Clerk's Trust	Tax Assessor Collector	Total Agency Funds
<u>Assets</u>				
Cash and cash equivalents	\$ 732,666	\$ 4,042,343	\$ 1,117,565	\$ 5,892,574
Total Assets	\$ 732,666	\$ 4,042,343	\$ 1,117,565	\$ 5,892,574
<u>Liabilities</u>				
Due to other units	\$ 732,666	\$ 4,042,343	\$ 1,117,565	\$ 5,892,574
Total Liabilities	\$ 732,666	\$ 4,042,343	\$ 1,117,565	\$ 5,892,574

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POLK COUNTY, TEXAS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
September 30, 2014

	<u>Balance</u> <u>October 1, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>September 1,</u> <u>2014</u>
<u>County Clerk's Probate Trust</u>				
<u>Assets</u>				
Cash and cash equivalents	\$ 829,714	\$ -	\$ (97,048)	\$ 732,666
Total Assets	\$ 829,714	\$ -	\$ (97,048)	\$ 732,666
<u>Liabilities</u>				
Due to other units	\$ 829,714	\$ -	\$ (97,048)	\$ 732,666
Total Liabilities	\$ 829,714	\$ -	\$ (97,048)	\$ 732,666
<u>District Clerk's Trust</u>				
<u>Assets</u>				
Cash and cash equivalents	\$ 3,357,857	\$ 684,486	\$ -	\$ 4,042,343
Total Assets	\$ 3,357,857	\$ 684,486	\$ -	\$ 4,042,343
<u>Liabilities</u>				
Due to other units	\$ 3,357,857	\$ 684,486	\$ -	\$ 4,042,343
Total Liabilities	\$ 3,357,857	\$ 684,486	\$ -	\$ 4,042,343
<u>Tax Assessor Collector</u>				
<u>Assets</u>				
Cash and cash equivalents	\$ 1,050,185	\$ 67,380	\$ -	\$ 1,117,565
Total Assets	\$ 1,050,185	\$ 67,380	\$ -	\$ 1,117,565
<u>Liabilities</u>				
Due to other units	\$ 1,050,185	\$ 67,380	\$ -	\$ 1,117,565
Total Liabilities	\$ 1,050,185	\$ 67,380	\$ -	\$ 1,117,565

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STATISTICAL SECTION

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

Contents

Financial Trends (Page 126)

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

Revenue Capacity (Page 134)

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

Debt Capacity (Page 144)

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

Demographic and Economic Information (Page 152)

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

Operating Information (Page 157)

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

POLK COUNTY, TEXAS

NET POSITION BY COMPONENT

Last Ten Years

(Accrual basis of accounting)

	Fiscal Year			
	2005	2006	2007	2008
Governmental activities				
Net investment in capital assets	\$ 5,768,223	\$ 13,101,783	\$ 15,748,347	\$ 16,127,180
Restricted	1,159,707	1,315,496	1,096,393	988,219
Unrestricted	2,890,488	4,751,455	6,043,734	7,914,865
Total governmental activities net position	\$ 9,818,418	\$ 19,168,734	\$ 22,888,474	\$ 25,030,264

Fiscal Year					
2009	2010	2011	2012	2013	2014
\$ 14,526,990	\$ 11,091,425	\$ 13,205,126	\$ 19,677,873	\$ 27,247,770	\$ 29,864,824
1,003,827	2,785,081	2,542,014	5,086,759	4,430,353	5,567,823
10,422,140	7,334,856	7,276,085	6,321,114	4,014,357	3,799,287
<u>\$ 25,952,957</u>	<u>\$ 21,211,362</u>	<u>\$ 23,023,225</u>	<u>\$ 31,085,746</u>	<u>\$ 35,692,480</u>	<u>\$ 39,231,934</u>

POLK COUNTY, TEXAS

CHANGES IN NET POSITION

Last Ten Years

(Accrual basis of accounting)

	Fiscal Year			
	2005	2006	2007	2008
Expenses				
Governmental activities				
General government	\$ 3,604,151	\$ 4,758,365	\$ 5,503,708	\$ 5,086,750
Administration of justice	6,700,554	7,215,233	6,462,550	8,777,239
Roads and bridges	4,887,005	5,220,888	4,984,706	6,737,830
Health and human services	945,272	981,990	962,227	1,029,386
Tax administration	733,937	807,230	865,141	903,615
Interest and fiscal agent fees	267,913	205,970	580,113	1,353,728
Total governmental activities expenses	\$ 17,138,832	\$ 19,189,676	\$ 19,358,445	\$ 23,888,548
Program Revenues				
Governmental activities				
Charges for services				
General government	\$ 1,729,362	\$ 2,158,693	\$ 2,474,710	\$ 2,489,079
Administration of justice	157,036	176,852	53,985	54,658
Roads and bridges	-	-	-	107,534
Health and human services	201,730	186,991	255,530	229,727
Operating grants and contributions	840,948	1,819,107	1,442,147	4,144,123
Total governmental activities program revenues	2,929,076	4,341,643	4,226,372	7,025,121
Net (Expense)				
Governmental activities	\$ (14,209,756)	\$ (14,848,033)	\$ (15,132,073)	\$ (16,863,427)
General Revenues and Other Changes in Net Position				
Governmental activities				
Taxes	\$ 12,299,881	\$ 14,864,665	\$ 16,189,813	\$ 16,198,654
Investment earnings	173,301	338,495	726,705	1,350,300
Other revenues	1,975,146	2,044,675	1,747,855	1,456,263
Gain on sale of capital assets	-	415,906	-	-
Total governmental activities	14,448,328	17,663,741	18,664,373	19,005,217
Change in Net Position				
Governmental activities	\$ 238,572	\$ 2,815,708	\$ 3,532,300	\$ 2,141,790

Fiscal Year

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ 13,153,683	\$ 4,730,688	\$ 5,400,250	\$ 7,113,066	\$ 10,804,098	\$ 7,453,356
8,933,374	10,384,722	9,883,929	10,501,266	10,179,505	10,840,429
6,126,250	5,774,317	6,343,810	4,646,530	4,732,628	5,182,543
1,164,876	1,062,130	977,523	1,055,093	1,068,339	1,121,303
1,001,973	992,019	1,042,231	1,042,583	1,174,054	1,247,269
1,602,765	1,611,384	1,247,829	1,527,916	925,609	937,773
<u>\$ 31,982,921</u>	<u>\$ 24,555,260</u>	<u>\$ 24,895,572</u>	<u>\$ 25,886,454</u>	<u>\$ 28,884,233</u>	<u>\$ 26,782,673</u>
\$ 2,473,938	\$ 2,313,774	\$ 2,286,156	\$ 2,227,281	\$ 2,044,160	\$ 2,048,349
97,530	42,364	52,826	39,145	221,211	291,860
137,495	77,566	74,070	99,227	82,282	67,811
148,421	138,900	141,251	132,073	139,624	129,909
10,420,519	2,676,971	2,673,300	8,748,161	9,137,367	4,118,523
<u>13,277,903</u>	<u>5,249,575</u>	<u>5,227,603</u>	<u>11,245,887</u>	<u>11,624,644</u>	<u>6,656,452</u>
<u>\$ (18,705,018)</u>	<u>\$ (19,305,685)</u>	<u>\$ (19,667,969)</u>	<u>\$ (14,640,567)</u>	<u>\$ (17,259,589)</u>	<u>\$ (20,126,221)</u>
\$ 17,595,693	\$ 18,207,997	\$ 19,089,029	\$ 19,047,013	\$ 20,113,427	\$ 21,645,908
338,323	163,124	49,727	58,869	20,216	10,250
1,693,695	1,408,586	1,830,102	4,081,736	1,834,354	2,009,517
-	-	-	-	-	-
<u>19,627,711</u>	<u>19,779,707</u>	<u>20,968,858</u>	<u>23,187,618</u>	<u>21,967,997</u>	<u>23,665,675</u>
<u>\$ 922,693</u>	<u>\$ 474,022</u>	<u>\$ 1,300,889</u>	<u>\$ 8,547,051</u>	<u>\$ 4,708,408</u>	<u>\$ 3,539,454</u>

POLK COUNTY, TEXAS
FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Years
(Modified accrual basis of accounting)

	Fiscal Year			
	2005	2006	2007	2008
General Fund				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Unassigned	2,702,905	2,975,092	3,956,435	5,392,980
Total general fund	<u>\$ 2,702,905</u>	<u>\$ 2,975,092</u>	<u>\$ 3,956,435</u>	<u>\$ 5,392,980</u>
 All Other Governmental Funds				
Restricted	\$ 1,375,702	\$ 1,692,570	\$ 21,265,700	\$ 31,254,888
Assigned	622,032	688,804	725,951	749,843
Unassigned	-	-	-	-
Total all other governmental funds	<u>\$ 1,997,734</u>	<u>\$ 2,381,374</u>	<u>\$ 21,991,651</u>	<u>\$ 32,004,731</u>

Fiscal Year					
2009	2010	2011	2012	2013	2014
\$ -	\$ -	\$ 18,292	\$ 15,547	\$ 13,763	\$ 15,548
6,082,958	5,936,757	6,744,271	6,840,851	6,605,018	7,105,228
<u>\$ 6,082,958</u>	<u>\$ 5,936,757</u>	<u>\$ 6,762,563</u>	<u>\$ 6,856,398</u>	<u>\$ 6,618,781</u>	<u>\$ 7,120,776</u>
\$ 30,498,536	\$ 17,730,144	\$ 5,297,356	\$ 6,471,158	\$ 4,430,313	\$ 5,567,823
625,968	527,160	758,046	758,908	759,628	759,884
-	-	(28,095)	-	-	-
<u>\$ 31,124,504</u>	<u>\$ 18,257,304</u>	<u>\$ 6,027,307</u>	<u>\$ 7,230,066</u>	<u>\$ 5,189,941</u>	<u>\$ 6,327,707</u>

POLK COUNTY, TEXAS

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Years
(Modified accrual basis of accounting)

	Fiscal Year			
	2005	2006	2007	2008
Revenues				
Taxes	\$ 12,573,534	\$ 14,583,975	\$ 15,635,471	\$ 16,345,276
Licenses and permits	138,966	202,912	228,543	204,668
Fines and forfeitures	882,212	927,082	854,030	931,688
Charges for services	1,205,916	1,595,454	1,930,195	1,744,642
Intergovernmental	840,948	1,819,107	1,442,147	4,144,123
Investment earnings	173,301	338,495	726,705	1,350,300
Other revenue	1,836,180	1,841,763	1,519,312	1,456,263
Total revenues	<u>17,651,057</u>	<u>21,308,788</u>	<u>22,336,403</u>	<u>26,176,960</u>
Expenditures				
General government	4,247,963	4,850,509	5,545,641	6,207,669
Administration of justice	6,463,676	7,312,142	8,179,894	8,843,965
Roads and bridges	5,203,705	4,885,421	6,051,944	6,533,096
Health and human services	806,084	877,338	860,987	911,810
Tax administration	728,523	802,646	859,964	897,198
Capital outlay	-	-	85,106	1,270,589
Debt service				
Principal	1,715,749	2,448,376	2,770,449	2,365,761
Debt issuance costs	-	-	-	-
Interest and paying agent	250,668	229,130	922,972	1,550,143
Payment to refunded bond escrow agent	-	-	-	-
Advance refunding escrow	-	-	-	-
Total expenditures	<u>19,416,368</u>	<u>21,405,562</u>	<u>25,276,957</u>	<u>28,580,231</u>
(Deficiency) of revenues (under) expenditures	(1,765,311)	(96,774)	(2,940,554)	(2,403,271)
Other Financing Sources (Uses)				
Transfers in	658,218	2,136,685	680,334	629,389
Transfers out	(658,218)	(2,136,685)	(680,334)	(629,389)
Issuance of debt	1,606,139	1,714,497	22,067,160	13,029,656
Premium on bonds issued	-	-	-	-
Sale of capital assets	-	415,906	610,450	823,240
Total other financing sources	<u>1,606,139</u>	<u>2,130,403</u>	<u>22,677,610</u>	<u>13,852,896</u>
Net change in fund balances	<u>\$ (159,172)</u>	<u>\$ 2,033,629</u>	<u>\$ 19,737,056</u>	<u>\$ 11,449,625</u>
Debt service as a percentage of noncapital expenditures	10.13%	12.51%	14.66%	14.34%

Fiscal Year					
2009	2010	2011	2012	2013	2014
\$ 17,590,374	\$ 17,956,886	\$ 18,953,467	\$ 19,189,170	\$ 20,213,918	\$ 21,466,960
159,036	168,435	160,603	164,353	175,398	178,133
1,034,937	810,322	836,365	866,696	718,960	652,276
1,618,011	1,614,709	1,569,874	1,466,677	1,592,959	1,707,520
10,465,919	2,656,109	2,660,761	8,748,161	9,137,367	4,118,523
338,323	163,124	49,727	58,869	20,216	10,250
1,693,695	1,408,586	1,830,102	4,081,736	1,834,354	2,009,517
<u>32,900,295</u>	<u>24,778,171</u>	<u>26,060,899</u>	<u>34,575,662</u>	<u>33,693,172</u>	<u>30,143,179</u>
12,980,872	5,221,830	5,433,652	12,269,676	15,307,259	8,711,024
9,242,196	9,551,963	9,399,418	9,992,612	9,886,816	10,726,732
5,289,566	5,473,262	4,993,689	4,613,980	4,819,560	4,664,171
1,018,449	978,597	916,618	972,777	971,190	1,016,281
994,935	985,611	1,041,238	1,041,590	1,174,054	1,247,269
2,805,599	13,562,056	13,107,972	2,280,999	93,215	1,078,353
3,006,295	3,181,266	3,249,886	3,137,930	3,258,789	3,267,645
-	36,839	30,025	600,040	28,213	52,847
1,536,376	1,450,296	1,364,011	1,013,583	956,778	869,231
-	-	-	17,834,875	-	-
-	-	-	386,221	-	-
<u>36,874,288</u>	<u>40,441,720</u>	<u>39,536,509</u>	<u>54,144,283</u>	<u>36,495,874</u>	<u>31,633,553</u>
(3,973,993)	(15,663,549)	(13,475,610)	(19,568,621)	(2,802,702)	(1,490,374)
328,837	485,496	257,695	612,412	2,826,354	1,029,953
(328,837)	(485,496)	(257,695)	(612,412)	(2,826,354)	(1,029,953)
3,044,332	1,775,558	1,194,779	19,566,434	525,000	2,395,865
-	-	-	658,576	-	26,552
739,412	874,590	876,640	640,205	-	707,678
<u>3,783,744</u>	<u>2,650,148</u>	<u>2,071,419</u>	<u>20,865,215</u>	<u>525,000</u>	<u>3,130,095</u>
<u>\$ (190,249)</u>	<u>\$ (13,013,401)</u>	<u>\$ (11,404,191)</u>	<u>\$ 1,296,594</u>	<u>\$ (2,277,702)</u>	<u>\$ 1,639,721</u>
13.33%	17.25%	17.48%	43.64%	11.59%	13.56%

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

Function	Fiscal Year			
	2005	2006	2007	2008
Property	\$ 9,804,935	\$ 11,989,686	\$ 12,653,787	\$ 13,081,465
Sales	1,331,065	1,736,997	2,283,286	1,940,152
Other taxes	1,163,881	1,137,982	1,252,740	1,177,037
	<u>\$ 12,299,881</u>	<u>\$ 14,864,665</u>	<u>\$ 16,189,813</u>	<u>\$ 16,198,654</u>

Fiscal Year						Change
2009	2010	2011	2012	2013	2014	2013-2014
\$ 14,495,487	\$ 15,346,309	\$ 16,111,147	\$ 16,000,772	\$ 16,548,137	\$ 18,212,134	10.1%
1,941,259	1,623,603	1,812,359	1,824,271	2,354,141	2,063,194	(12.4%)
1,158,947	1,238,085	1,165,523	1,221,970	1,211,149	1,370,580	13.2%
<u>\$ 17,595,693</u>	<u>\$ 18,207,997</u>	<u>\$ 19,089,029</u>	<u>\$ 19,047,013</u>	<u>\$ 20,113,427</u>	<u>\$ 21,645,908</u>	7.6%

POLK COUNTY, TEXAS

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

Last Ten Years

	Fiscal Year			
	2005	2006	2007	2008
Real Property	\$ 1,455,026,685	\$ 1,503,984,334	\$ 1,640,053,202	\$ 1,662,956,029
Personal Property	308,964,819	311,314,465	312,333,843	319,782,986
Mineral	299,726,780	277,116,300	312,441,209	340,812,815
Total assessed value (1)	2,063,718,284	2,092,415,099	2,264,828,254	2,323,551,830
Less: real property exemptions	(281,830,062)	(270,149,713)	(303,249,234)	(334,218,024)
Total Taxable Assessed Value (1)	\$ 1,781,888,222	\$ 1,822,265,386	\$ 1,961,579,020	\$ 1,989,333,806
Total Direct Tax Rate	\$ 0.5550	\$ 0.6277	\$ 0.6277	\$ 0.6277

(1) Property is assessed at actual value; therefore, the assessed values are equal to actual value.

Source: Polk County Tax Assessor/Collector

Fiscal Year

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ 1,954,019,389	\$ 2,149,623,793	\$ 1,864,972,789	\$ 1,888,429,689	\$ 1,886,501,642	\$ 2,038,542,297
415,350,005	447,387,229	432,705,637	443,841,435	470,556,096	512,183,088
322,631,740	291,241,527	318,143,220	287,995,665	349,102,310	352,464,821
2,692,001,134	2,888,252,549	2,615,821,646	2,620,266,789	2,706,160,048	2,903,190,206
(369,238,526)	(394,447,560)	(380,137,618)	(415,465,243)	(422,127,500)	(442,213,136)
<u>\$ 2,322,762,608</u>	<u>\$ 2,493,804,989</u>	<u>\$ 2,235,684,028</u>	<u>\$ 2,204,801,546</u>	<u>\$ 2,284,032,548</u>	<u>\$ 2,460,977,070</u>
\$ 0.6277	\$ 0.6277	\$ 0.6277	\$ 0.6277	\$ 0.6277	\$ 0.6461

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

	Fiscal Year			
	2005	2006	2007	2008
<u>Polk County by fund:</u>				
General	\$ 0.35670	\$ 0.38070	\$ 0.36790	\$ 0.30160
Road and Bridge	0.09140	0.12590	0.13760	0.17390
Debt Service	0.10690	0.12110	0.12220	0.15220
	<u>0.55500</u>	<u>0.62770</u>	<u>0.62770</u>	<u>0.62770</u>
<u>Cities:</u>				
City of Corrigan	0.59000	0.59000	0.58580	0.48610
City of Goodrich	0.81800	0.72710	0.73500	0.68870
<u>School Districts:</u>				
Big Sandy ISD	1.29000	1.58900	1.45600	1.11650
Corrigan-Camden ISD	1.61000	1.61000	1.48860	1.17390
Goodrich ISD	1.49610	1.50000	1.37000	1.04000
Leggett ISD	1.50000	1.50000	1.50700	1.18010
Livingston ISD	1.55250	1.55250	1.42450	1.11000
Onalaska ISD	1.67100	1.67100	1.54290	1.20180
<u>Utility Districts:</u>				
Memorial Point Utility District	0.86000	0.86000	0.84000	0.84000
Polk County FWSD	0.48000	0.48000	0.48000	0.44400
Total Direct and Overlapping Rates	<u>\$ 12.42260</u>	<u>\$ 12.70730</u>	<u>\$ 12.05750</u>	<u>\$ 9.90880</u>

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

Fiscal Year

	2009	2010	2011	2012	2013	2014
\$	0.32370	\$ 0.33760	\$ 0.33760	\$ 0.33310	\$ 0.33350	\$ 0.36390
	0.15410	0.15150	0.15150	0.15430	0.15050	0.14880
	0.14990	0.13860	0.13860	0.14030	0.14370	0.13340
	<u>0.62770</u>	<u>0.62770</u>	<u>0.62770</u>	<u>0.62770</u>	<u>0.62770</u>	<u>0.64610</u>
	0.48610	0.48610	0.48610	0.48610	0.48150	0.48150
	0.55170	0.55170	0.50000	0.50000	0.55150	0.50840
	1.11130	1.11130	1.19750	1.21610	1.19480	1.18210
	1.18900	1.16780	1.20200	1.20750	1.19290	1.20000
	1.04000	1.04000	1.04000	1.04000	1.04000	1.17000
	1.16610	1.16610	1.13520	1.13150	1.14500	1.14190
	1.40000	1.40000	1.41350	1.39500	1.39500	1.39500
	1.20020	1.20020	1.18000	1.16800	1.16500	1.15600
	0.84000	0.84000	0.84000	0.89000	0.89000	0.89000
	0.44000	0.44000	0.38700	0.37300	0.37300	0.35800
\$	<u>10.05210</u>	<u>\$ 10.03090</u>	<u>\$ 10.00900</u>	<u>\$ 10.03490</u>	<u>\$ 10.05640</u>	<u>\$ 10.12900</u>

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POLK COUNTY, TEXAS

PRINCIPAL PROPERTY TAXPAYERS

Current Year and Nine Years Ago

Property Taxpayer	2005			2014		
	2004 Taxable Assessed Value	Rank	% of Taxable Assessed Value	2013 Taxable Assessed Value	Rank	% of Taxable Assessed Value
Georgia Pacific LLC*	\$ 102,700,273	2	5.76%	\$ 76,735,900	1	3.12%
Wildhouse Resources LLC	-	n/a	0.00%	62,832,068	2	2.55%
ETC Katy Pipeline LTD	-	n/a	0.00%	42,564,570	3	1.73%
Enbridge Pipelines (East TX)	-	n/a	0.00%	35,868,460	4	1.46%
Unit Petroleum	-	n/a	0.00%	34,342,450	5	1.40%
BBX Operating LLC	-	n/a	0.00%	30,953,552	6	1.26%
Unit Petroleum Company	17,232,460	4	0.97%	26,851,850	7	1.09%
Black Stone Materials	21,271,580	3	1.19%	25,703,914	8	1.04%
RMS Texas Timberlands LP	-	n/a	0.00%	25,162,235	9	1.02%
Comstock Oil & Gas	151,872,400	1	8.52%	24,658,024	10	1.00%
Lowe's Home Centers, Inc.	16,879,131	5	0.95%	-	n/a	0.00%
Wal-Mart Stores #01-0275	16,714,587	6	0.94%	-	n/a	0.00%
Sam Houston Electric Coop.	16,267,718	7	0.91%	-	n/a	0.00%
Corrigan Timberland	14,626,250	8	0.82%	-	n/a	0.00%
Eastex Telephone	14,626,250	9	0.82%	-	n/a	0.00%
Natural Gas Pipeline Co.	12,896,180	10	0.72%	-	n/a	0.00%
Subtotal	<u>385,086,829</u>		<u>21.61%</u>	<u>385,673,023</u>		<u>15.67%</u>
Other taxpayers	<u>1,396,801,393</u>		<u>78.39%</u>	<u>2,075,304,047</u>		<u>84.33%</u>
Total	<u>\$ 1,781,888,222</u>		<u>100.00%</u>	<u>\$ 2,460,977,070</u>		<u>100.00%</u>

Source: Polk County Appraisal District

*Previously named International Paper Company

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

	Fiscal Year			
	2005	2006	2007	2008
Adjusted tax levy	\$ 9,879,685	\$ 11,565,442	\$ 11,953,364	\$ 13,038,903
Current tax collected	\$ 9,383,100	\$ 11,037,132	\$ 11,418,475	\$ 12,457,010
Percentage of current tax collections	94.97%	94.80%	94.00%	95.54%
Delinquent tax collections	\$ 434,328	\$ 432,395	\$ 426,691	\$ 461,693
Total tax collections	\$ 9,817,428	\$ 11,469,526	\$ 11,845,166	\$ 12,918,703
Total collections as a percentage of current levy	99.37%	98.66%	95.65%	99.41%
Outstanding delinquent taxes	\$ 62,257	\$ 95,915	\$ 108,199	\$ 120,199
Outstanding delinquent taxes as percentage of current levy	0.63%	0.83%	0.91%	0.92%

Source: Polk County Tax Assessor/Collector

Fiscal Year

2009	2010	2011	2012	2013	2014
\$ 14,226,340	\$ 15,110,680	\$ 15,868,728	\$ 15,837,389	\$ 16,354,546	\$ 17,876,863
\$ 13,669,417	\$ 14,431,072	\$ 15,192,264	\$ 15,230,709	\$ 15,776,269	\$ 17,270,190
96.09%	95.50%	95.74%	96.17%	96.46%	96.61%
\$ 483,652	\$ 415,865	\$ 520,506	\$ 560,625	\$ 507,835	\$ 457,464
\$ 14,153,069	\$ 14,846,937	\$ 15,712,771	\$ 15,791,334	\$ 16,284,104	\$ 17,727,655
97.00%	97.00%	97.00%	97.00%	99.57%	99.17%
\$ 73,271	\$ 263,742	\$ 155,958	\$ 46,055	\$ 70,441	\$ 149,209
0.52%	1.75%	0.98%	0.29%	0.43%	0.83%

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

	Fiscal Year			
	2005	2006	2007	2008
Net Taxable Assessed Value				
All property	\$ 1,781,888,222	\$ 1,822,265,386	\$ 1,961,579,020	\$ 1,989,333,806
Net Bonded Debt				
Gross bonded debt	7,012,065	6,369,635	24,933,372	35,020,686
Less debt service funds	158,526	246,801	127,418	78,923
Net Bonded Debt	<u>\$ 6,853,539</u>	<u>\$ 6,122,834</u>	<u>\$ 24,805,954</u>	<u>\$ 34,941,763</u>
Ratio of Net Bonded Debt				
To Assessed Value	0.3846%	0.3360%	1.2646%	1.7565%
Population (1,2,3)**	45,944	46,291	46,206	46,604
Net Bonded Debt per Capita	\$ 149	\$ 132	\$ 537	\$ 750

Data sources:

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

**Most current information available from these data sources.

Fiscal Year					
2009	2010	2011	2012	2013	2014
\$ 2,322,762,608	\$ 2,493,804,989	\$ 2,235,684,028	\$ 2,204,801,546	\$ 2,284,032,548	\$ 2,460,977,070
35,335,000	33,930,000	32,094,000	30,648,000	28,306,000	27,008,000
40,825	56,042	-	30,092	33,694	39,975
<u>\$ 35,294,175</u>	<u>\$ 33,873,958</u>	<u>\$ 32,094,000</u>	<u>\$ 30,617,908</u>	<u>\$ 28,272,306</u>	<u>\$ 26,968,025</u>
1.5195%	1.3583%	1.4355%	1.3887%	1.2378%	1.0958%
46,530	45,413	45,413	45,725	45,790	45,790
\$ 759	\$ 746	\$ 707	\$ 670	\$ 617	\$ 589

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

	Fiscal Year			
	2010	2011	2012	2013
Governmental activities:				
General obligation	\$ 27,640,000	\$ 26,795,000	\$ 25,735,000	\$ 24,455,000
Tax notes	6,290,000	5,299,000	4,913,000	3,851,000
Obligations under capital leases	981,087	761,980	791,434	399,645
Net Governmental Debt	\$ 34,911,087	\$ 32,855,980	\$ 31,439,434	\$ 28,705,645
Percentage of personal income	2.02%	1.90%	1.68%	1.50%
Net Bonded Debt per Capita	\$ 769	\$ 723	\$ 688	\$ 632

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

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

Fiscal Year

2014

\$	22,810,000
	4,198,000
	825,865
\$	<u>27,833,865</u>

1.46%

\$ 608

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POLK COUNTY, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
September 30, 2014

Governmental Unit	Net Bonded Debt <u>Outstanding</u>	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
Cities:			
Corrigan	\$ 1,171,000	100%	\$ 1,171,000
Goodrich	220,000	100%	220,000
Livingston	9,370,000	100%	937,000
School Districts:			
Big Sandy ISD	2,960,477	100%	2,960,477
Chester ISD	240,000	44%	106,056
Corrigan-Camden ISD	1,900,000	100%	1,900,000
Leggett ISD	1,415,000	100%	1,415,000
Livingston ISD	67,848,572	100%	67,848,572
Onalaska ISD	13,030,724	100%	13,030,724
Woodville ISD	3,310,000	3%	100,955
Subtotal, overlapping debt	101,465,773.00		89,689,784
Polk County direct debt	<u>27,833,865</u>	100%	<u>27,833,865</u>
Total direct and overlapping debt	<u><u>\$ 129,299,638</u></u>		<u><u>\$ 117,523,649</u></u>

Source: Texas Municipal Reports

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

POLK COUNTY, TEXAS
LEGAL DEBT MARGIN INFORMATION
 Last Ten Years

	Fiscal Year			
	2005	2006	2007	2008
Debt limit	\$ 178,188,822	\$ 182,226,539	\$ 196,157,902	\$ 198,933,381
Total net debt applicable to limit	7,012,065	6,369,635	24,933,372	35,020,868
Legal debt margin	\$ 171,176,757	\$ 175,856,904	\$ 171,224,530	\$ 163,912,513
 Total net debt applicable to the limit as a percentage of debt limit	 3.94%	 3.50%	 12.71%	 17.60%

Legal Debt Margin Calculation for 2014

Assessed value	\$ 2,460,977,070
Debt limit (25% of assessed value)	615,244,268
Debt applicable to limit:	
General obligation bonds	22,810,000
Tax notes	4,198,000
Less: amount set aside for repayment of debt	(39,975)
Total net debt applicable to limit	26,968,025
Legal debt margin	\$ 588,276,243

Fiscal Year					
2009	2010	2011	2012	2013	2014
\$ 232,276,261	\$ 249,380,499	\$ 558,921,007	\$ 551,200,387	\$ 571,008,137	\$ 615,244,268
35,335,000	33,930,000	32,094,000	25,704,908	28,272,306	26,968,025
<u>\$ 196,941,261</u>	<u>\$ 215,450,499</u>	<u>\$ 526,827,007</u>	<u>\$ 525,495,479</u>	<u>\$ 542,735,831</u>	<u>\$ 588,276,243</u>
15.21%	13.61%	5.74%	4.66%	4.95%	4.38%

POLK COUNTY, TEXAS
DEMOGRAPHIC AND ECONOMIC STATISTICS
 Last Ten Years

	Fiscal Year			
	2005	2006	2007	2008
Population (1,2,4)**	45,944	46,291	46,206	46,604
Personal income (1,4,5)**	\$1,289,580,000	\$1,381,286,000	\$1,470,836,000	\$1,597,567,000
Per capita personal income (1,4,5)**	\$ 32,971	\$ 29,839	\$ 31,832	\$ 34,280
Median age (1,4,5)**	39.1	39.2	38.7	38.3
School enrollment (2)				
Big Sandy ISD	484	433	456	471
Chester ISD	N/A	45	77	73
Corrigan Camden ISD	1,122	1,028	990	990
Goodrich ISD	317	289	259	247
Leggett ISD	255	221	205	202
Livingston ISD	4,072	3,742	3,753	3,728
Onalaska ISD	802	826	813	817
Total	<u>7,052</u>	<u>6,584</u>	<u>6,553</u>	<u>6,528</u>
Unemployment rate (3)	6.70%	6.10%	5.90%	6.40%

Data sources:

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

**Most current information available from these data sources.

Fiscal Year					
2009	2010	2011	2012	2013	2014
46,530	45,413	45,413	45,725	45,790	45,790
\$ 1,726,151,000	\$1,726,151,000	\$1,726,151,000	\$1,875,855,000	\$1,907,585,000	\$ 1,907,585,000
\$ 37,098	\$ 38,747	\$ 37,839	\$ 41,014	\$ 41,659	\$ 37,194
42.9	42.9	42.9	43.2	42.9	42.9
465	451	453	470	494	464
71	171	174	166	181	155
956	947	923	930	1,018	945
241	247	224	220	235	207
190	173	170	174	187	159
3,733	3,741	3,829	3,862	4,098	3,788
846	880	889	881	942	846
<u>6,502</u>	<u>6,610</u>	<u>6,663</u>	<u>6,701</u>	<u>7,155</u>	<u>7,155</u>
10.50%	10.00%	10.50%	7.70%	8.00%	6.80%

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POLK COUNTY, TEXAS

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

Employer	2014			2005		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Georgia Pacific*	1,000	1	2.18%	1,600	1	3.48%
Texas Dept of Criminal Justice, Polunsky Unit	667	2	1.46%	900	2	1.96%
Livingston ISD	618	3	1.35%	547	3	1.19%
Wal-Mart	454	4	0.99%	450	4	0.98%
Polk County	337	5	0.74%	124	5	0.27%
Memorial Medical Center Livingston	310	6	0.68%	-	-	0.00%
Alabama Coushatta Indian Reservation	223	7	0.49%	197	8	0.43%
Brookshire Brothers	213	8	0.47%	-	10	0.00%
Onalaska ISD	185	9	0.40%	-	-	0.00%
CEC Int'l (IAH Detention Facility)	177	10	0.39%	282	-	0.61%
Total	4,184		9.14%	4,100		8.92%

Source: Polk County Economic & Industrial Development Corporation
Texas Workforce Co.

*Previously named International Paper Company

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POLK COUNTY, TEXAS

COUNTY EMPLOYEES

Last Ten Years

Function/Program	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Government:										
County Judge	3	3	3	3	3	3	3	3	3	3
Commissioners' Court	1	1	1	1	1	1	1	1	1	1
County Clerk	10	10	10	10	10	10	10	10	10	10
County Auditor	4	4	5	5	5	5	5	5	5	5
County Treasurer	2	2	2	3	3	3	3	3	3	3
Data Processing	2	2	2	2	2	2	2	2	2	2
Maintenance/Custodial	2	2	3	3	3	3	3	4	-	-
Maintenance/Engineering	4	4	5	6	7	7	7	7	11	11
Emergency Management	5	5	5	5	5	5	5	5	5	5
Personnel/Human Resources	2	2	2	2	3	3	3	3	3	3
Road and Bridges:										
Commissioners	4	4	4	4	4	4	4	4	4	4
Road & Bridge Workers	40	40	40	39	37	37	45	45	47	37
Administration of Justice:										
County Court-at-Law	3	3	3	4	4	4	4	4	4	3
District Clerk	9	9	9	9	10	10	10	10	10	9
District Judges	5	5	6	7	7	7	7	7	8	9
JP Pct 1	3	3	3	3	4	4	4	4	3	3
JP Pct 2	2	2	2	2	3	3	3	4	3	3
JP Pct 3	3	3	3	3	3	3	3	3	3	3
JP Pct 4	3	3	3	3	3	3	3	3	3	2
District Attorney	13	13	15	15	15	17	18	17	16	16
Sheriff's Dept	44	46	47	50	50	50	50	52	54	50
Jail	25	30	31	31	33	33	35	37	41	39
Constables	4	4	4	4	4	4	4	4	4	4
DPS	1	1	1	1	1	1	1	1	1	1
Courthouse Security	2	1	1	1	1	1	1	2	2	2
Health and Human Services:										
Library & Museum	1	1	1	2	2	2	2	2	2	2
Social Services	2	2	2	2	2	2	2	2	2	2
Veterans Service	2	2	2	2	2	2	2	1	1	1
County Extension	4	4	4	4	4	4	4	4	4	4
Environmental Enforcement	1	1	1	1	1	1	1	1	1	1
Aging Services	6	6	6	6	4	4	4	4	4	5
Tax Administration:										
Tax Assessor/Collector	17	17	17	17	17	17	14	17	17	12
Totals:	<u>229</u>	<u>235</u>	<u>243</u>	<u>250</u>	<u>253</u>	<u>255</u>	<u>263</u>	<u>271</u>	<u>277</u>	<u>255</u>

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

POLK COUNTY, TEXAS

OPERATING INDICATORS BY FUNCTION

Last Ten Years

	Fiscal Year			
	2005	2006	2007	2008
<u>County Court</u>				
Civil Cases				
Pending Beginning of Year	2,378	2,705	2,836	2,829
Docket Adjust	30	27	(30)	75
Added	1,443	1,442	1,304	1,230
Disposed	(1,146)	(1,338)	(1,281)	(1,154)
Pending End of Year	2,705	2,836	2,829	2,980
Criminal Cases				
Pending Beginning of Year	2,589	2,889	2,935	2,798
Docket Adjust	(5)	13	(5)	(7)
Added	2,001	1,774	1,779	1,446
Disposed	(1,696)	(1,741)	(1,911)	(1,518)
Pending End of Year	2,889	2,935	2,798	2,719
<u>District Court</u>				
Civil Cases				
Pending Beginning of Year	899	670	757	842
Docket Adjust	(10)	(5)	(40)	20
Added	303	328	411	336
Disposed	(522)	(236)	(286)	(313)
Pending End of Year	670	757	842	885
Criminal Cases				
Pending Beginning of Year	761	1,254	1,385	1,033
Docket Adjust	(102)	(350)	(461)	(121)
Added	900	930	924	890
Disposed	(305)	(449)	(815)	(992)
Pending End of Year	1,254	1,385	1,033	810
<u>Justice Of The Peace Courts</u>				
Cases Filed				
Traffic	8,092	7,342	6,387	7,472
Non Traffic	2,891	2,439	2,565	2,725
Small Claims Suits	133	114	84	83
Forcible Entry and Detainer	120	146	154	119
Other Civil Suits	177	218	219	327
Cases Disposed				
Traffic	7,007	6,338	6,252	6,834
Non Traffic	2,411	1,923	2,337	2,148
Small Claims Suits	90	79	81	54
Forcible Entry and Detainer	108	124	143	109
Other Civil Suits	121	108	170	205
Cases Appealed				
Traffic	16	19	14	19
Non Traffic	6	1	2	1
Small Claims Suits	-	1	-	-
Forcible Entry and Detainer	3	1	1	-
Other Civil Suits	-	-	-	-
Miscellaneous				
Examining Trials	2	1	-	-
Inquests	215	206	195	210

Source: Texas Courts Online (Office of Court Administration)

*FY11 had reporting changes

Fiscal Year

2009	2010	2011*	2012	2013	2014
2,980	3,212	1,051	1,305	1,472	1,678
56	(435)	-	(16)	(31)	46
1,352	1,306	743	723	813	789
(1,176)	(1,051)	(490)	(540)	(576)	(779)
3,212	3,032	1,305	1,472	1,678	1,734
2,719	2,669	2,560	2,856	3,120	3,142
113	(9)	(1)	(8)	(15)	(6)
1,307	1,002	1,276	1,243	874	1,145
(1,470)	(1,079)	(979)	(971)	(837)	(1,101)
2,669	2,583	2,856	3,120	3,142	3,180
885	784	803	862	860	889
(146)	(3)	(2)	(50)	(35)	-
342	324	330	1,021	304	334
(297)	(227)	(269)	(973)	(240)	(267)
784	878	862	860	889	956
810	823	778	1,198	1,639	1,561
(77)	(15)	(3)	(14)	(48)	-
980	847	1,187	1,256	967	919
(890)	(848)	(764)	(801)	(997)	(793)
823	807	1,198	1,639	1,561	1,687
8,007	4,772	4,922	5,833	4,290	4,162
2,526	1,961	1,828	2,962	2,913	2,507
127	68	73	38	44	168
155	130	106	128	106	165
217	174	209	292	238	195
6,826	4,837	4,240	4,798	3,780	3,658
2,102	1,903	1,971	2,382	2,373	2,007
174	123	61	42	33	170
134	111	101	113	95	147
272	212	145	233	200	101
22	18	15	16	12	10
2	5	9	26	2	5
-	2	-	2	-	-
-	2	1	5	-	1
1	1	-	-	-	-
-	1	4	-	-	1
181	178	212	209	215	243

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

Function/Program	Fiscal Year			
	2005	2006	2007	2008
<u>General Government</u>				
Commissioners' Court	3	3	4	4
County Clerk	12	14	14	15
Veterans Service	1	1	1	1
General Operations	26	26	31	34
District Clerk	3	3	3	3
JP Pct 1	-	-	-	-
JP Pct 2	-	-	-	-
JP Pct 3	-	-	-	-
JP Pct 4	-	-	-	-
Judicial	4	4	4	4
District Attorney	4	5	5	6
County Auditor	4	4	4	4
County Treasurer	2	3	3	3
Tax Assessor/Collector	4	5	4	4
Delinquent Tax Collection	1	1	1	1
Data Processing	12	11	11	13
Maintenance/Custodial	2	2	2	3
Maintenance/Engineering	17	19	20	23
Jail	6	8	13	13
Constable Pct 1	1	1	1	1
Constable Pct 2	1	1	1	2
Constable Pct 3	1	1	1	1
Constable Pct 4	1	1	1	1
Sheriff's Department	39	49	60	66
Social Services	4	4	4	4
Extension	1	1	1	1
Emergency Management	11	12	13	13
Environmental Enforcement	1	1	1	1
<u>Road & Bridge</u>				
Road and Bridge Pct 1	71	78	79	80
Road and Bridge Pct 2	55	55	60	63
Road and Bridge Pct 3	55	63	77	82
Road and Bridge Pct 4	53	55	68	76
<u>Security</u>				
Security Department	1	1	1	1
<u>Historical Commission</u>				
Historical	2	2	2	2
<u>Waste Management</u>				
Waste Management	46	46	46	46
<u>Aging</u>				
Aging Services	3	3	6	7

Source: County Inventory Reports

Fiscal Year

2009	2010	2011	2012	2013	2014
4	4	1	1	2	2
15	15	4	4	6	6
1	1	-	-	-	-
34	40	41	54	69	46
3	3	1	1	2	2
-	-	-	-	-	-
-	-	-	1	1	1
-	-	-	-	-	-
-	-	-	-	-	-
4	4	4	5	5	5
6	6	6	7	6	6
4	4	2	2	2	2
3	3	2	2	2	2
4	4	3	3	3	3
1	1	1	1	-	-
12	13	13	13	14	14
4	-	-	-	-	-
28	37	36	34	30	33
14	17	9	8	13	14
1	1	1	1	1	1
2	1	1	1	2	2
1	1	1	1	1	2
1	1	1	1	1	1
70	79	77	80	88	96
4	4	3	3	2	3
1	1	1	1	1	1
14	14	11	11	12	13
2	2	2	2	3	-
84	49	46	46	40	40
67	40	39	38	39	41
83	80	77	78	83	83
78	67	66	66	66	67
1	1	1	1	1	1
2	2	2	2	2	2
36	35	35	35	34	35
8	9	8	9	11	10

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