

*COMPREHENSIVE  
ANNUAL FINANCIAL REPORT*

of

**POLK COUNTY, TEXAS**

For the Year Ended  
September 30, 2012

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# POLK COUNTY, TEXAS

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# POLK COUNTY, TEXAS

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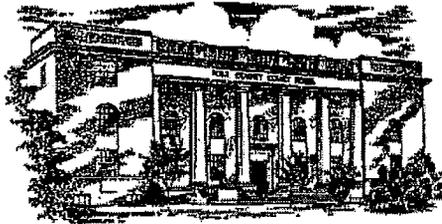
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***INTRODUCTORY SECTION***

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**Ray Stelly, CPA**  
*Polk County Auditor*

**POLK COUNTY**  
LIVINGSTON, TEXAS

**(936) 327-6811**  
**FAX: (936) 327-6898**

March 15, 2013

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

The Comprehensive Annual Financial Report (CAFR) of Polk County, Texas (the "County") for the fiscal year ended September 30, 2012 is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the County. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner that presents fairly the financial position and results of operations of the various funds of the County. All disclosures necessary to enable the reader to gain an understanding of the County's financial activities have been included.

Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The County's MD&A can be found immediately following the report of the independent auditors.

The financial reporting entity (the County) 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. Currently, the County has one component unit: IAH Public Facility Corporation.

The County provides a full range of services complemented by statute or charter. This includes police protection, legal and judicial services, construction and maintenance of roads and bridges, and waste management facilities.

## **POLK COUNTY HISTORY**

The County was formed in 1846 as a political subdivision of the Republic of Texas. The County was named in honor of James K. Polk, then President of the United States. The City of Livingston is the County seat and the largest city in the County.

The 1,095 square miles of the County is located in the tall pine forests of deep east Texas, about 70 miles north of Houston. It is bounded by the Trinity River on the southwest and the Neches River on the northwest. To the north and east lie more than 100 miles of scenic roads, four Texas Woodland Trails, and the State's largest Indian Reservation, home of the Alabama-Coushatta Tribe of Texas. In the late 1700s, the Alabama-Coushatta Indians established camps on the Trinity and Neches Rivers. Through the interest and concern of Sam Houston, General of the Republic of Texas, the Alabama-Coushatta Indians

were given a permanent home in the eastern portion of the County and, until 1971, this was the only Indian reservation in Texas.

The County boasts one of the most varied and enjoyed environments in the state. Pleasant springs and falls, long warm summers, and mild winters entice vacationers year round and encourage retirement to the area. The average rainfall of 48 inches provides abundant forest vegetation and feeds major rivers in the area, making conditions favorable for principal activities such as agriculture, forestry, and ranching. A favorite recreation area is Lake Livingston, a man-made lake surrounded by some 500 miles of shoreline filled with vacation and primary homes, golf courses, marinas, campgrounds, boat launches, and fishing piers. Public access to the lake is provided by the 700-acre Lake Livingston State Park that is open year round, as well as a number of smaller parks. The 93,000-acre lake is located in the west and southwest portion of the County.

## **MAJOR INITIATIVES**

### **For the Year**

Since 2009, when the previous animal shelter was closed due to construction of the new jail, the County has been gradually working on a new shelter using maintenance department workers and inmate labor. The Commissioners court has recently approved issuing debt in 2013 to finish the project, estimated at \$200,000.

In fiscal year 2012, the County refunded older debt issued in 2007 to finance the Jail Expansion Project and refinanced the debt under more favorable terms resulting in a \$2,000,000 savings over the life of the bonds.

### **For the Future**

With the completion of the Judicial Center most offices that were located in the courthouse are now in the Judicial Center. Before any of the space in the courthouse is re-occupied it will be renovated and restored. The first step in this process will be the relocation and replacement of the elevator. This work was made possible by an emergency grant from the Texas Historical Commission. This construction is due to begin in January 2013.

## **FINANCIAL INFORMATION**

### **General Government Functions**

The Commissioners' Court is the governing body of the County. 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.

### **The Budget Process**

The County judge serves as the budget officer and, along with the County auditor, prepares an annual budget for presentation and approval by the Commissioners' Court. Departments submit budget requests for budget revisions and amendments to the County auditor, who shall review for conformity to statutes and appropriateness within the scope of budget objectives, making recommendations to the Commissioners' Court, as required. The Commissioners' Court maintains sole authority for revising or amending the budget.

Notices, budget request forms, and a proposed budget planning calendar are distributed to elected officials and department heads, who are responsible for preparing a departmental budget request and submitting the same to the County judge, along with supporting documentation.

The County auditor estimates historical revenues and beginning balances in conjunction with information obtained from various county offices. The County judge compiles and analyzes budget requests and estimated revenues, conducting budget review meetings with departments and the County auditor.

A preliminary budget is submitted to Commissioners' Court and budget workshops are held with individual departments, if requested. A proposed budget is filed with the County clerk for public inspection and a tax rate is proposed to support that budget, based upon the tax assessor/collector's publication of the "effective tax rate."

Notices of the proposed tax rate are published in the local newspaper and public hearings are held to receive comments on the proposed budget and on the proposed tax rate. Changes warranted by law and required in the interest of the taxpayers are made, the budget is adopted, and a tax rate is set. The approved budget is filed with the County clerk and the County auditor.

The County auditor monitors expenditures of the various departments to prevent expenditures from exceeding budget appropriations and sends a monthly financial report to Commissioners' Court and the District judges. The County auditor provides a budget to actual expenditures report to each department on a monthly basis.

Departments may receive added incentives for efforts in cost effective measures during the budget year. Certain budget balances are carried forward (through the budget process) to allow and encourage departments to save toward larger expenditures. Road and bridge departments are probably the most affected by the budget carry-forward issue, as larger balances may occur.

### **Internal Control Structure**

The County's accounting records for general government operations are maintained and the financial statements presented on a modified accrual basis. The financial operating controls are shared by the Commissioners' Court, which is the governing body, and the County auditor, who is appointed by the district judges.

The County auditor has the basic responsibility for maintaining the records of all financial transactions of the County and examining, auditing, and approving all disbursements from County funds prior to submission to Commissioners' Court for payment.

The Commissioners' Court sets the tax rate, establishes policies for County operations, approves contracts for the County, and develops and adopts the County budget within the resources as estimated by the County auditor.

In developing the County's accounting systems, consideration was given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition and the reliability of the financial records for preparing financial statements and maintaining accountability of assets. The concept of reasonable assurance recognizes the cost of a control should not exceed the benefits likely to be derived therefrom, and the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. The County's internal accounting controls are believed to adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

### **Cash Management**

The County treasurer, by statute, serves as the custodian of County funds and is responsible for the receipt and disbursement of all monies owed to or by the County. The County treasurer is required to maintain accurate records of all transactions of his/her office and to regularly report to the Commissioners' Court.

The Commissioners' Court selected qualified banks to serve as the County depositories, in which the County treasurer deposits all monies received. Monies that are temporarily idle during the year are deposited in TexPool and other approved investments. The County's investment policy was revised to meet the changes in the Public Funds Investment Act. Investment strategies were identified for each group of funds.

### **Risk Management**

The County participates in the Texas Association of Counties' workers' compensation pool to cover job related risk. The development of a limited risk management program has resulted in significant savings in workers' compensation insurance premiums. These savings are passed on to all County employees in the form of cost of living and merit salary increases. Additionally, the County annually reviews, with its carrier, all liability coverage making necessary amendments and/or adjustments to policy deductibles and limits.

## **OTHER INFORMATION**

### **Independent Audit**

The County requires an annual audit of the books of accounts, financial records, and transactions of all departments of the County by an independent certified public accountant. The accounting firm of Belt Harris Pechacek, LLLP was selected by Commissioners' Court as the County's auditors, and their opinion letter on the financial statements is included in the financial section of this report.

### **Awards**

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 for the fiscal year ended September 30, 2011. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to

Polk County, Texas  
Letter of Transmittal

meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

**Acknowledgements**

The preparation of this report was accomplished with the efficient and dedicated services of the entire staff of the County auditor's office. We would like to express our appreciation to all members of the departments who assisted and contributed to its preparation. We would also like to thank the County judge, members of the Commissioners' Court, and the department heads for their interest and support in planning and conducting the financial operations of the County in a responsible and progressive manner.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ray Stelly". The signature is written in a cursive, flowing style.

Ray Stelly, County Auditor

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# 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, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Christopher P. Moirill*

President

*Jeffrey R. Emer*

Executive Director

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**POLK COUNTY, TEXAS**  
**LIST OF ELECTED AND APPOINTED OFFICIALS**

September 30, 2012

**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 Walker	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
Charles Clack	Constable, Precinct #1
William Cunningham	Constable, Precinct #2
Ray Meyers	Constable, Precinct #3
Dana G. "Bubba" Piper	Constable, Precinct #4

**FINANCIAL ADMINISTRATION:**

Marion A. "Bid" Smith	Tax Assessor/Collector
Terri Williams	County Treasurer
Ray Stelly	County Auditor*

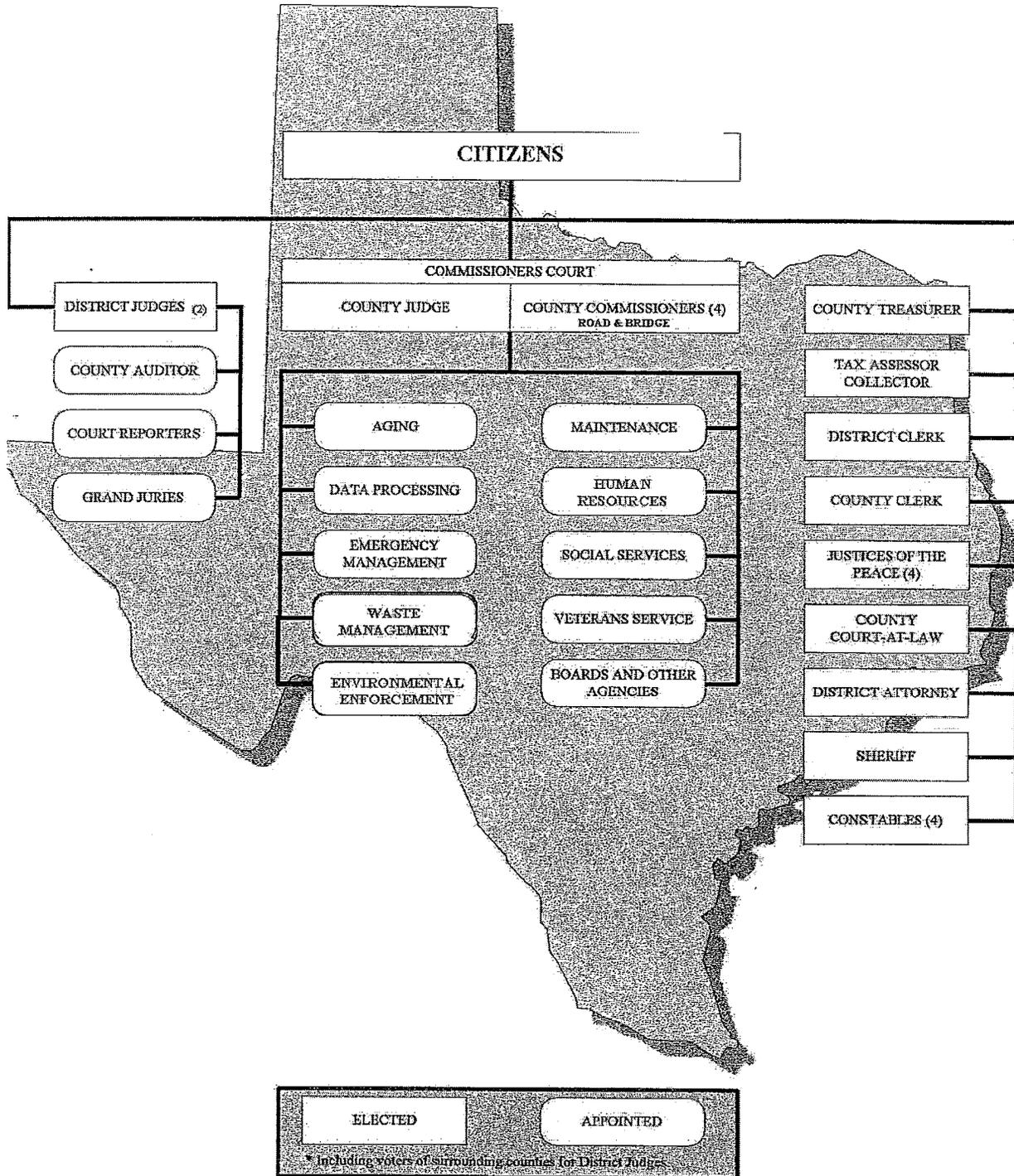
\*Designated appointed official. All others are elected.

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# POLK COUNTY, TEXAS

## ORGANIZATIONAL CHART

September 30, 2012



ELECTED
APPOINTED

\* Including voters of surrounding counties for District Judges

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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:

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, 2012, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County as of September 30, 2012, and the respective changes in financial position thereof for the year then ended in conformity with generally accepted accounting principles in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 15, 2013 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis, budgetary comparison information, and schedules of funding progress, identified as Required Supplementary Information on the table of contents, are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. Such information, although not

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**Partners**

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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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's financial statements as a whole. The introductory section, combining statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The combining fund 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 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.

*BELT HARRIS PECHACEK, LLLP*

Belt Harris Pechacek, LLLP  
*Certified Public Accountants*  
Houston, Texas  
March 15, 2013

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

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**POLK COUNTY, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Year Ended September 30, 2012

The following Management's Discussion and Analysis (MD&A) of Polk County's (the "County") financial performance provides an overview of the County's financial activities for the year ended September 30, 2012. This overview is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the County's financial activity, (c) identify changes in the County's financial position (its ability to address the next and subsequent year challenges), (d) identify any material deviations from the financial plan (the approved budget), and (e) identify individual fund issues or concerns.

Please consider the information presented here in conjunction with the transmittal letter and the County's financial statements, which follow this section.

**FINANCIAL HIGHLIGHTS**

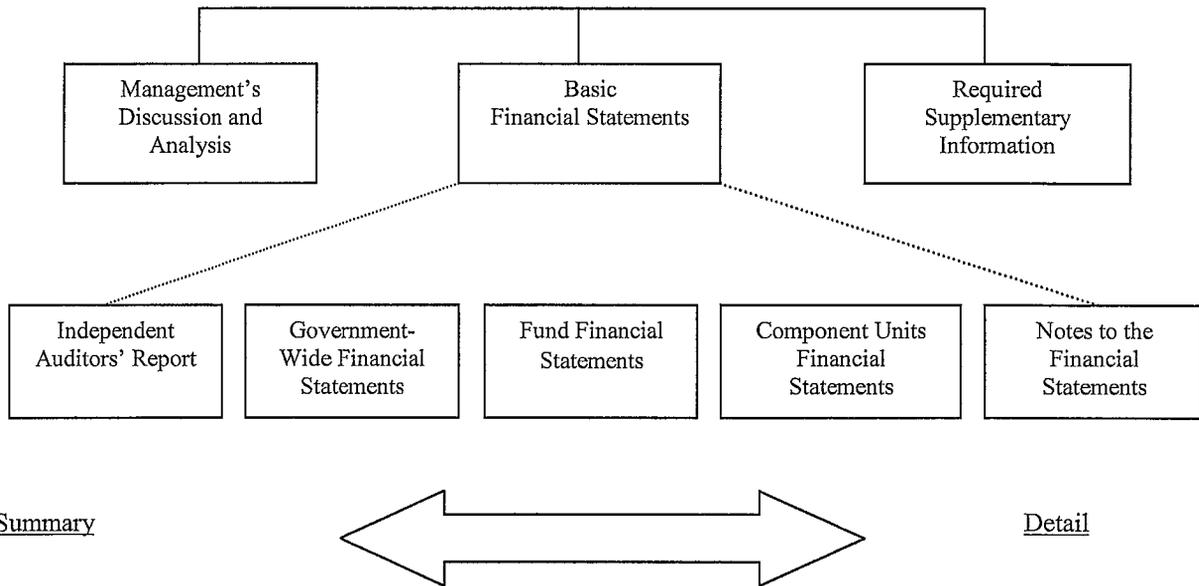
The general fund, on a current financial resource basis (fund level), reported revenues over expenditures and other financing sources and uses of \$93,835, as compared to a planned decrease of \$1,176,729, which results in a positive variance of \$1,270,564.

On a government-wide basis for governmental activities, the County had expenses net of program revenue of \$14,640,567. General revenues of \$23,187,618 were \$8,547,051 greater than expenses net of program revenue.

The County's total net assets, on the government-wide basis, totaled \$31,570,276 at September 30, 2012.

**THE STRUCTURE OF OUR ANNUAL REPORT**

**Components of the Financial Section**



The 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.

**POLK COUNTY, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
For the Year Ended September 30, 2012

**GOVERNMENT-WIDE STATEMENTS**

The government-wide statements report information about the County as a whole using accounting methods similar to those used by private sector companies. One of the most important questions asked about the County's finances is: "Is the County as a whole better or worse off as a result of this year's activity?" The Statement of Net Assets and the Statement of Activities, which are the government-wide statements, report information about the County as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities on the accrual basis of accounting, which is similar to the basis of accounting used by most private sector entities. All current year revenues and expenses are taken into account regardless of when the cash is received or paid.

The Statement of Net Assets presents information on all the County's assets and liabilities, with the difference between the two reported as net assets. Over time, the increase or decrease in net assets provides one indicator as to whether the County's financial health 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 to assess the overall health of the County.

The Statement of Activities presents information showing how the County's net assets changed during the most recent year. All changes in net assets 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 Assets 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.

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

**FUND FINANCIAL STATEMENTS**

The fund financial statements provide more information about the County's most significant funds – not the County as a whole.

The County has two types of funds:

**Governmental Funds** – Most of the County's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's major programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information is provided at the bottom of the governmental funds balance sheet that explains the relationship or differences between them.

**Fiduciary Funds** – These funds are used to account for resources held for the benefit of parties outside the government. 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.

**POLK COUNTY, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
For the Year Ended September 30, 2012

**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 that GASB Statement No. 34 requires includes budgetary comparison schedules for the general fund, road and bridge fund, and grants fund, as well as schedules of funding progress for the Texas County and District Retirement System (TCDRS) and the Polk County Retiree Healthcare Plan. RSI can be found after the basic financial statements.

**FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE**

A comparative analysis of government-wide information is presented below.

**Statement of Net Assets**

The following table reflects the condensed Statement of Net Assets:

	<b>Governmental Activities</b>	
	<b>2012</b>	<b>2011</b>
Current and other assets	\$ 18,333,024	\$ 17,422,075
Capital assets, net	50,933,883	43,933,873
<b>Total Assets</b>	<b>69,266,907</b>	<b>61,355,948</b>
Long-term liabilities	36,284,158	36,412,922
Other liabilities	1,412,473	1,919,801
<b>Total Liabilities</b>	<b>37,696,631</b>	<b>38,332,723</b>
Net assets:		
Invested in capital assets, net of related debt	19,235,867	13,205,126
Restricted	5,086,759	2,542,014
Unrestricted	7,247,650	7,276,085
<b>Total Net Assets</b>	<b>\$ 31,570,276</b>	<b>\$ 23,023,225</b>

The County's net assets increased by \$8,547,051, from \$23,023,225 to \$31,570,276, which is primarily attributable to the increase in operating grants used for construction projects for improvement of the County's water facilities, streets, community center, and detention facility. Current assets increased by \$910,949 to \$18,333,024 as compared to capital assets which increased by \$7,000,010 to \$50,933,883. Capital assets significant increase is due to the addition of building costs for the completion of the Judicial Center and Jail, as well as the construction in progress additions for Ike Recovery related construction projects. Long-term liabilities decreased by \$128,764 in fiscal year 2012, as the County continues to reduce outstanding debt.

**POLK COUNTY, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
For the Year Ended September 30, 2012

**Statement of Activities**

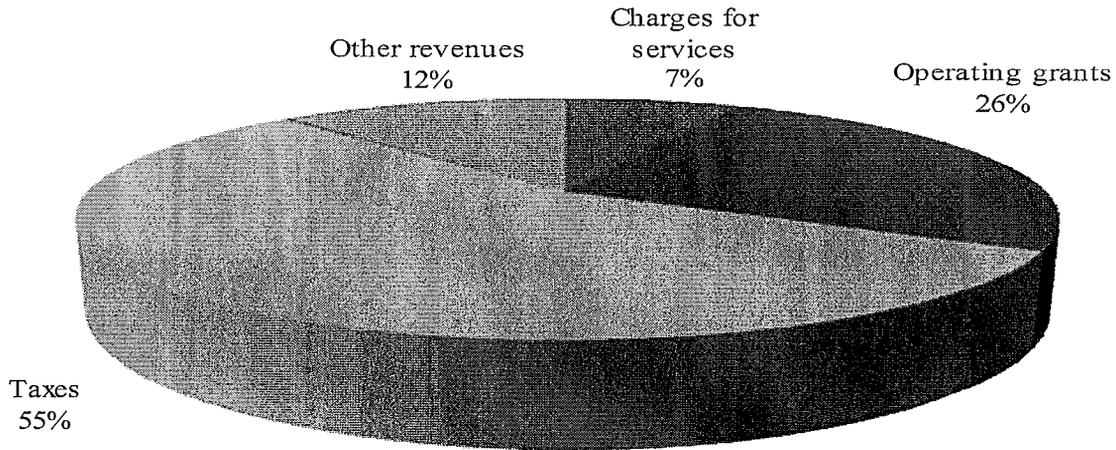
The following table provides a summary of the County's changes in net assets:

	<b>Governmental Activities</b>	
	<b>2012</b>	<b>2011</b>
<b>Revenues</b>		
Program revenues:		
Charges for services	\$ 2,497,726	\$ 2,554,303
Operating grants	8,748,161	2,673,300
General revenues:		
Taxes	19,047,013	19,089,029
Investment income	58,869	49,727
Other revenues	4,081,736	1,830,102
<b>Total Revenues</b>	<b>34,433,505</b>	<b>26,196,461</b>
<b>Expenses</b>		
General government	7,113,066	5,400,250
Administration of justice	10,501,266	9,883,929
Roads and bridges	4,646,530	6,343,810
Health and human services	1,055,093	977,523
Tax administration	1,042,583	1,042,231
Interest and fiscal agent fees on long-term debt	1,527,916	1,247,829
<b>Total Expenses</b>	<b>25,886,454</b>	<b>24,895,572</b>
<b>Change in Net Assets</b>	<b>8,547,051</b>	<b>1,300,889</b>
Beginning net assets	23,023,225	21,722,336
<b>Ending Net Assets</b>	<b>\$ 31,570,276</b>	<b>\$ 23,023,225</b>

**POLK COUNTY, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
 For the Year Ended September 30, 2012

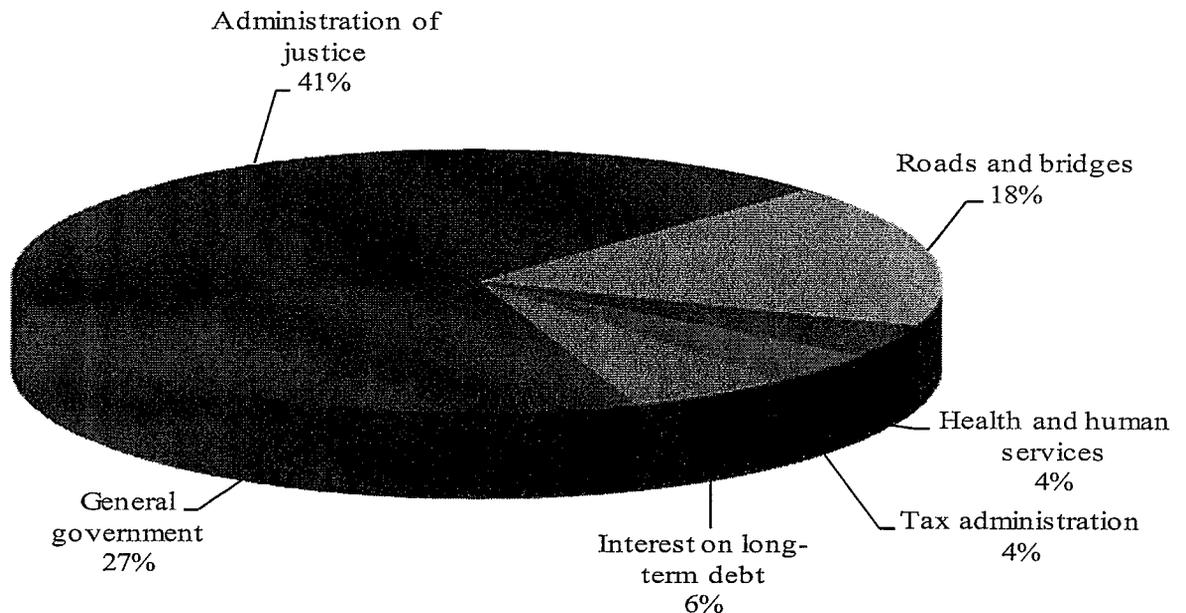
Graphic presentations of selected data from the summary tables follow to assist in the analysis of the County's activities.

**Governmental Revenues**



Total governmental revenues increased by \$8,237,044 from the prior year. This increase is primarily the result of increases in operating grants and other revenue. In addition, other revenue increased 123 percent as a result of \$2.4 million in oil royalties.

**Governmental Expenses**



Governmental expenses have also increased by \$990,882 from the prior year. This increase is attributable to the increase of depreciation expense from prior year.

**POLK COUNTY, TEXAS**  
*MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)*  
For the Year Ended September 30, 2012

**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 expendable 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 \$14,086,464. Of this, \$30,092 is restricted for debt service, \$19,823 is restricted for grants, \$3,153,013 is restricted for endowments/trusts, \$1,883,831 is restricted for road and bridge, \$155,951 is restricted for capital projects, and \$1,228,448 is restricted for special projects. The County has also assigned \$758,908 for post closure care costs. The amount of unassigned fund balance is \$6,840,851.

There was an increase in the combined fund balance of \$1,296,594 from the prior year. The largest increases are in the permanent school fund balance of \$2,493,965. This increase is due to the proceeds that the County received for oil royalties.

General fund had an increase of \$93,835, with an ending fund balance of \$6,856,398. This change can be attributed to an increase in intergovernmental revenue. The 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 unassigned balance of \$6,840,851 is in compliance with the policy.

There was an increase of \$59,049 in the debt service fund providing an ending fund balance of \$789,000. Debt service payments totaled \$22,134,581 for the year.

The road and bridge fund had an increase in fund balance of \$353,513, which brings the ending fund balance to \$1,883,831. The increase was primarily due to a decrease in expenditures for road and bridges and principal debt payments.

There was an increase in grant revenues and expenditures when compared to the prior year in the grant fund as a result of an increase in monies received from Texas Department of Rural Affairs for Ike Recovery related expenditures. The end result was a decreased fund balance of \$153,457 in the grants fund.

There was an increase of \$2,493,965 in the permanent school fund providing an ending fund balance of \$2,926,692. This increase is attributed to oil royalties that the County received during the fiscal year.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

General fund expenditures were under the final budget by \$277,319. This is due to positive expenditure variances in all departments.

During the 2012 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, 2012, but not paid by that date;
- To appropriate monies from other governmental units received in year 2012;
- To re-appropriate monies within or between departments; and

**POLK COUNTY, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
For the Year Ended September 30, 2012

- To reflect department year end projections.

**CAPITAL ASSETS**

At the end of the year, the County's governmental activities funds had invested \$50,933,883 in a variety of capital assets and infrastructure, net of depreciation.

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

- Jail and judicial construction in progress transferred to buildings
- Construction in progress for various projects
- Seven Mack trucks for road and bridge
- Nine generators for County use
- Seventeen vehicles for the Sheriff's and other departments

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

**LONG-TERM DEBT**

At the end of the year, the County reported total bonds, certificates of obligation, notes, time warrants, and capital leases of \$31,439,434. The County issued \$1,015,000 in tax notes and \$791,434 in capital leases during fiscal year 2012. The County also issued \$17,760,000 of general obligation refunding bonds, Series 2012 for the purpose of refunding a portion of outstanding certificates of obligation bonds, Series 2007 in the amount of \$17,850,000.

More detailed information about the County's long-term liabilities is presented in the 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**

Economic conditions in Polk County continued to improve slightly in fiscal year 2012. Sales taxes stayed relatively the same, increasing slightly from \$1,812,359 in fiscal year 2011 to \$1,824,271 in fiscal year 2012.

In addition, the IAH Adult Detention Facility, constructed with no County funds, continues to provide a steady source of income. The per diem fee the County collects for each prisoner increased to \$1,272,361 in revenue, up slightly from 2011. This facility also provides much needed jobs to the local economy.

Certified net taxable value continued to increase at a modest rate and the collection rate remains steady at 95 percent.

Construction on the Polk County College/Conference Center began in fiscal year 2012 and is scheduled for completion in fiscal year 2013. The County is financing this project with an economic development grant of \$4,000,000. Additional funds amounting to \$1,500,000 have been raised locally and an additional \$1,675,000 in disaster recovery funds have been secured. This project should have a very favorable impact on the local economy.

**POLK COUNTY, TEXAS**  
*MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)*  
For the Year Ended September 30, 2012

**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 Ray Stelly, CPA, 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 ASSETS

September 30, 2012

	Primary Government Governmental Activities	Component Unit
<b><u>Assets</u></b>		
Cash and cash equivalents	\$ 12,187,024	\$ 2,331,809
Investments	-	4,641,136
Receivables, net	4,994,974	3,203,436
Prepays	15,547	-
Due from fiduciary funds	3,858	-
Due from other units	2,404	-
Due from component unit	202,681	-
Deferred charges	926,536	2,381,561
<b>Total Current Assets</b>	18,333,024	12,557,942
Capital assets:		
Nondepreciable capital assets	4,839,426	337,439
Capital assets, net of accumulated depreciation	46,094,457	25,495,393
<b>Total Assets</b>	50,933,883	25,832,832
	69,266,907	38,390,774
<b><u>Liabilities</u></b>		
Current liabilities:		
Accounts payable and accrued liabilities	1,169,539	2,980,815
Due to primary government	-	202,681
Accrued interest payable	134,244	1,199,812
Due to other units	108,690	-
<b>Total Current Liabilities</b>	1,412,473	4,383,308
Noncurrent liabilities:		
Long-term liabilities due within one year	3,504,494	1,695,000
Long-term liabilities due in more than one year	32,779,664	39,745,605
<b>Total Liabilities</b>	36,284,158	41,440,605
	37,696,631	45,823,913
<b><u>Net Assets</u></b>		
Invested in capital assets, net of related debt	19,235,867	(8,030,243)
Restricted for:		
Debt service	30,092	-
Endowments/trusts:		
Expendable	226,321	-
Nonexpendable	2,926,692	-
Road and bridge	1,883,831	-
Grants	19,823	-
Unrestricted	7,247,650	597,104
<b>Total Net Assets</b>	\$ 31,570,276	\$ (7,433,139)

See Notes to Financial Statements.

# POLK COUNTY, TEXAS

## STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2012

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
<b>Primary Government:</b>			
<b>Governmental Activities:</b>			
General government	\$ 7,113,066	\$ 2,227,281	\$ 8,339,453
Administration of justice	10,501,266	39,145	26,133
Roads and bridges	4,646,530	99,227	-
Health and human services	1,055,093	132,073	382,575
Tax administration	1,042,583	-	-
Interest and fiscal agent fees on long-term debt	1,527,916	-	-
<b>Total Governmental Activities</b>	<u>25,886,454</u>	<u>2,497,726</u>	<u>8,748,161</u>
<b>Total Primary Government</b>	<u>\$ 25,886,454</u>	<u>\$ 2,497,726</u>	<u>\$ 8,748,161</u>
 <b>IAH Public Facility Corporation</b>			
Detention facility	\$ 17,432,271	\$ 19,707,426	\$ -
Interest and fiscal agent fees on long-term debt	3,169,965	-	-
<b>Total Component Unit</b>	<u>\$ 20,602,236</u>	<u>\$ 19,707,426</u>	<u>\$ -</u>

**General Revenues:**

Property taxes  
Sales taxes  
Other taxes  
Investment income  
Other revenues

**Total General Revenues**

**Change in Net Assets**

Beginning net assets

**Ending Net Assets**

See Notes to Financial Statements.

Net (Expense) Revenue and Changes in Net Assets	
Governmental Activities	Component Unit
\$ 3,453,668	\$ -
(10,435,988)	-
(4,547,303)	-
(540,445)	-
(1,042,583)	-
(1,527,916)	-
(14,640,567)	-
(14,640,567)	-
-	2,275,155
-	(3,169,965)
-	(894,810)
16,000,772	-
1,824,271	-
1,221,970	-
58,869	128,109
4,081,736	-
23,187,618	128,109
8,547,051	(766,701)
23,023,225	(6,666,438)
\$ 31,570,276	\$ (7,433,139)

# POLK COUNTY, TEXAS

## BALANCE SHEET

### GOVERNMENTAL FUNDS

September 30, 2012

	<u>General</u>	<u>Debt Service</u>	<u>Road and Bridge</u>	<u>Grants</u>
<b><u>Assets</u></b>				
Cash and cash equivalents	\$ 3,797,740	\$ 781,007	\$ 2,195,560	\$ 577,683
Receivables, net	1,660,952	434,822	738,453	2,075,625
Prepays	15,547	-	-	-
Due from other funds	2,948,123	-	7,016	5,155
Due from fiduciary funds	3,858	-	-	-
Due from other units	205,085	-	-	-
<b>Total Assets</b>	<b><u>\$ 8,631,305</u></b>	<b><u>\$ 1,215,829</u></b>	<b><u>\$ 2,941,029</u></b>	<b><u>\$ 2,658,463</u></b>
<b><u>Liabilities and Fund Balances</u></b>				
<b><u>Liabilities</u></b>				
Accounts payable and accrued liabilities	\$ 701,862	\$ 1,263	\$ 114,120	\$ 168,738
Due to other funds	17,056	-	444,435	2,469,902
Due to other units	-	-	61,217	-
Deferred revenue	1,055,989	425,566	437,426	-
<b>Total Liabilities</b>	<b><u>1,774,907</u></b>	<b><u>426,829</u></b>	<b><u>1,057,198</u></b>	<b><u>2,638,640</u></b>
<b><u>Fund Balances</u></b>				
Nonspendable:				
Prepays	15,547	-	-	-
Restricted:				
Debt service	-	30,092	-	-
Endowments/trusts	-	-	-	-
Road and bridge	-	-	1,883,831	-
Grants	-	-	-	19,823
Special projects	-	-	-	-
Capital project funds	-	-	-	-
Assigned:				
Post closure care costs	-	758,908	-	-
Unassigned	6,840,851	-	-	-
<b>Total Fund Balances</b>	<b><u>6,856,398</u></b>	<b><u>789,000</u></b>	<b><u>1,883,831</u></b>	<b><u>19,823</u></b>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 8,631,305</u></b>	<b><u>\$ 1,215,829</u></b>	<b><u>\$ 2,941,029</u></b>	<b><u>\$ 2,658,463</u></b>

**Adjustments for the Statement of Net Assets:**

Capital assets used in governmental activities are not current financial resources and, therefore, not reported in the governmental funds.

Nondepreciable capital assets

Depreciable capital assets, net

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.

Deferred revenue

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

Unamortized bond issuance costs

Long-term liabilities due within one year

Long-term liabilities due in more than one year

**Net Assets of Governmental Activities**

See Notes to Financial Statements.

Permanent School	Nonmajor Governmental Funds	Total Governmental Funds
\$ 2,926,692	\$ 1,908,342	\$ 12,187,024
-	85,122	4,994,974
-	-	15,547
-	6,988	2,967,282
-	-	3,858
-	-	205,085
<u>\$ 2,926,692</u>	<u>\$ 2,000,452</u>	<u>\$ 20,373,770</u>

\$ -	\$ 183,556	\$ 1,169,539
-	35,889	2,967,282
-	47,473	108,690
-	122,814	2,041,795
<u>-</u>	<u>389,732</u>	<u>6,287,306</u>

-	-	15,547
-	-	30,092
2,926,692	226,321	3,153,013
-	-	1,883,831
-	-	19,823
-	1,228,448	1,228,448
-	155,951	155,951
-	-	758,908
-	-	6,840,851
<u>2,926,692</u>	<u>1,610,720</u>	<u>14,086,464</u>
<u>\$ 2,926,692</u>	<u>\$ 2,000,452</u>	

4,839,426  
46,094,457

2,041,795

(134,244)  
926,536  
(3,504,494)  
(32,779,664)  
\$ 31,570,276

# POLK COUNTY, TEXAS

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS

For the Year Ended September 30, 2012

	General	Debt Service	Road and Bridge	Grants
<b>Revenues</b>				
Property taxes	\$ 8,577,608	\$ 3,602,899	\$ 3,962,422	\$ -
Sales taxes	1,824,271	-	-	-
Other taxes	159,169	-	1,036,627	-
Fines and forfeitures	738,741	-	99,227	-
Charges for services	1,138,758	-	-	-
Intergovernmental revenue	1,635,139	-	-	6,704,314
Licenses and permits	164,353	-	-	-
Investment income	19,763	31,798	2,422	-
Other revenue	1,314,419	-	84,457	-
<b>Total Revenues</b>	<b>15,572,221</b>	<b>3,634,697</b>	<b>5,185,155</b>	<b>6,704,314</b>
<b>Expenditures</b>				
<b>Current:</b>				
General government	5,273,971	-	-	6,697,531
Administration of justice	9,713,994	-	-	-
Roads and bridges	-	-	4,613,980	-
Health and human services	614,499	-	-	-
Tax administration	1,041,590	-	-	-
<b>Debt Service:</b>				
Principal	-	2,371,000	766,930	-
Interest and fiscal charges	-	983,730	29,853	-
Debt issuance costs	41,285	558,755	-	-
Payment to refunded bond escrow agent	-	17,834,875	-	-
Advance refunding escrow	-	386,221	-	-
Capital outlay	-	-	944,543	-
<b>Total Expenditures</b>	<b>16,685,339</b>	<b>22,134,581</b>	<b>6,355,306</b>	<b>6,697,531</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(1,113,118)</b>	<b>(18,499,884)</b>	<b>(1,170,151)</b>	<b>6,783</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	361,620	155,600	-	-
Transfers (out)	(92,885)	-	-	(160,240)
Debt issued	922,975	17,760,000	883,459	-
Premium on bonds issued	15,243	643,333	-	-
Sale of capital assets	-	-	640,205	-
<b>Total Other Financing Sources (Uses)</b>	<b>1,206,953</b>	<b>18,558,933</b>	<b>1,523,664</b>	<b>(160,240)</b>
<b>Net Change in Fund Balances</b>	<b>93,835</b>	<b>59,049</b>	<b>353,513</b>	<b>(153,457)</b>
Beginning fund balances	6,762,563	729,951	1,530,318	173,280
<b>Ending Fund Balances</b>	<b>\$ 6,856,398</b>	<b>\$ 789,000</b>	<b>\$ 1,883,831</b>	<b>\$ 19,823</b>

See Notes to Financial Statements.

<u>Permanent School</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	\$ 16,142,929
-	-	1,824,271
-	26,174	1,221,970
-	28,728	866,696
-	327,919	1,466,677
-	408,708	8,748,161
-	-	164,353
2,666	2,220	58,869
2,493,606	189,254	4,081,736
<u>2,496,272</u>	<u>983,003</u>	<u>34,575,662</u>
-	298,174	12,269,676
-	278,618	9,992,612
-	-	4,613,980
-	358,278	972,777
-	-	1,041,590
-	-	3,137,930
-	-	1,013,583
-	-	600,040
-	-	17,834,875
-	-	386,221
-	1,336,456	2,280,999
<u>-</u>	<u>2,271,526</u>	<u>54,144,283</u>
2,496,272	(1,288,523)	(19,568,621)
-	95,192	612,412
(2,307)	(356,980)	(612,412)
-	-	19,566,434
-	-	658,576
-	-	640,205
<u>(2,307)</u>	<u>(261,788)</u>	<u>20,865,215</u>
2,493,965	(1,550,311)	1,296,594
<u>432,727</u>	<u>3,161,031</u>	<u>12,789,870</u>
<u>\$ 2,926,692</u>	<u>\$ 1,610,720</u>	<u>\$ 14,086,464</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, 2012**

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

Net changes in fund balances – total government funds	\$ 1,296,594
<p>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.</p>	
Capital outlay	9,679,031
Depreciation expense	(1,883,902)
Capital retirements, net	(795,119)
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.</p>	
Deferred revenue	(142,157)
<p>Bonds and note proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets.</p>	
Principal payment	3,132,980
Payment to refunded bond escrow agent	18,221,096
Debt issuance	(19,566,434)
Changes to bond premiums, issuance costs, and deferred charges	(623,014)
Landfill closure and post closure increase	(189,938)
<p>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.</p>	
Accrued interest payable	55,095
Net OPEB obligation	(637,989)
Compensated absences	808
<b>Change in Net Assets of Governmental Activities</b>	<b>\$ <u>8,547,051</u></b>

See Notes to Financial Statements.

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**POLK COUNTY, TEXAS**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
September 30, 2012

	Retiree Health Benefit Trust Fund	Agency Funds
<b><u>Assets</u></b>		
Cash and cash equivalents	\$ 293,924	\$ 5,020,180
<b>Total Assets</b>	\$ 293,924	\$ 5,020,180
<b><u>Liabilities</u></b>		
Due to other units	\$ 6,580	\$ 5,020,180
<b>Total Liabilities</b>	\$ 6,580	\$ 5,020,180
<b><u>Net Assets</u></b>		
Held in trust for other post employment benefits	\$ 287,344	

See Notes to Financial Statements.

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**POLK COUNTY, TEXAS**  
**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
For the Year Ended September 30, 2012

		<u>Retiree Health Benefit Trust Fund</u>
<b><u>Additions</u></b>		
Employer contributions	\$	128,600
Investment income		430
<b>Total Additions</b>		<u>129,030</u>
<b><u>Deductions</u></b>		
Benefits		32,693
<b>Total Deductions</b>		<u>32,693</u>
	<b>Change in Net Assets</b>	96,337
Beginning net assets		191,007
	<b>Ending Net Assets</b>	<u>\$ 287,344</u>

See Notes to Financial Statements.

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**POLK COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended September 30, 2012

**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 promoting, assisting, and enhancing economic and development activities on behalf of 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. The operations of the Corporation are presented as a governmental fund type. Separate financial statements of the Corporation may be obtained from the County Auditor’s office. Additional information regarding this component unit is presented in the notes to the financial statements.

**B. Government-Wide and Fund Accounting**

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information about the County as a whole, excluding fiduciary activities. These statements include all activities of the primary government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, of which the County has none.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the County’s governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function.

**POLK COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2012**

Program revenues include charges paid by the recipients of goods or services offered by the programs and grants that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, such as taxes and investment earnings, are presented as general revenues.

Separate financial statements are provided for governmental and agency funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

In the fund financial statements, the accounts of the County are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate.

Following is a description of the various funds:

**Governmental Funds**

Governmental funds are those funds through which most governmental functions are typically financed.

**General Fund**

The general fund is used to account for all financial transactions not properly includable in other funds. 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.

**Debt Service Fund**

The debt service fund is used to account for the payment of interest and principal on all general obligation bonds and other long-term debt of the County. The primary source of revenue for debt service is local property taxes. The debt service fund is considered a major fund for reporting purposes.

**Special Revenue Funds**

The special revenue funds are used to account for proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes (not including permanent funds or major 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 for the road and bridge fund. 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.

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

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

**POLK COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2012

**Capital Projects Funds**

The capital projects funds are used to account for the expenditures of resources accumulated from certificates of obligation and related interest earnings for capital improvement projects. The jail expansion fund and the judicial center fund are considered nonmajor funds for reporting purposes.

**Permanent Funds**

Permanent funds are governmental funds which are used to report resources that are legally 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 major 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.

**Fiduciary Funds**

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:

**Agency 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 Probate Trust Fund* – Registry funds that are the custodies of the County clerk until a court order determines the disposition of such funds are accounted for in this fund.

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

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

**Employee Benefit Trust Fund**

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.

**POLK COUNTY, TEXAS**  
*NOTES TO FINANCIAL STATEMENTS (Continued)*  
For the Year Ended September 30, 2012

**C. Measurement Focus and Basis of Accounting**

The government-wide Statements of Net Assets and Statements of Activities are accounted for on a flow of economic resources measurement focus, the accrual basis of accounting. With this measurement focus, all assets and all liabilities associated with the operations of these activities are either included on the balance sheet or on the statement of fiduciary net assets. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus, the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

Under the modified accrual basis of accounting, revenues are recognized in the accounting period when they are susceptible to accrual (i.e., when they are measurable and available). “Measurable” means the amount of transaction can be determined and “available” means collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues available if they are collected within 60 days of the end of the current period. Revenues susceptible to accrual include charges for services and interest on temporary investments.

Property taxes and interest associated with the current period are all susceptible to accrual and so have been recognized as revenues of the current period. Other receipts and other taxes become measurable and available when cash is received by the County and are recognized as revenue at that time. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

Under modified accrual accounting, expenditures are recognized in the accounting period in which the liability is incurred, if measurable, except for interest on general long-term debt, which is recognized when due.

Generally, the effect of interfund activity has been eliminated from the government-wide financial statements. However, interfund services provided and used are not eliminated in the process of consolidation.

Agency funds are unlike other types of funds, reporting only assets and liabilities. Agency funds cannot be said to have a measurement focus. They do, however, use the accrual basis of accounting to recognize receivables and payables.

**D. Assets, Liabilities, and Net Assets or Fund Equity**

**1. Deposits and Investments**

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.

The County’s investments are accounted for in accordance with GASB Statement No. 31, *Accounting and Reporting for Certain Investments and External Investment Pools*, which establishes accounting and reporting standards for all of the County’s investments. In accordance with Statement No. 31, the County

**POLK COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2012**

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, Ch 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
- Banker’s acceptance
- Commercial paper that meets certain criteria
- Guaranteed investment contracts that meets the requirements of 2256.015 for bond proceeds
- Statewide investment pools

**2. Receivables and Payables**

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as either “interfund receivables/payables” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.”

Advances between funds are reported as nonspendable in applicable governmental funds to indicate they are not available for appropriation and are not expendable, available financial resources.

All trade receivables are shown net of an allowance for uncollectibles.

**Property Taxes**

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

The property tax calendar dates are:

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

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

**POLK COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2012

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.

**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. In addition, certain payments to vendors reflect costs applicable to future accounting periods and are also recorded as expenditures 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.

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	20 to 50 years
Buildings	10 to 50 years
Improvements other than buildings	5 to 30 years
Equipment	3 to 30 years

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

**5. 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, 2012**

**6. Long-Term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Assets. The long-term debt consists primarily of bonds payable and accrued compensated absences.

Long-term debt for governmental funds is not reported as a liability in the fund financial statements until due. The debt proceeds are reported as other financing sources, net of the applicable premium or discount and payment of principal and interest reported as expenditures. In the governmental fund types, issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures. However, claims and judgments and compensated absences paid from governmental funds are reported as liabilities in the fund financial statements only for the portion expected to be financed from expendable, available financial resources.

Assets acquired under the terms of capital leases 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 general fund. Lease payments representing both principal and interest are recorded as expenditures in the general fund upon payment, with an appropriate reduction of principal recorded in the government-wide financial statements.

**7. Fund Equity**

In the fund financial statements, fund balances in governmental funds are classified as follows:

*Nonspendable fund balance* – represents amounts that cannot be spent because they are either in nonspendable form (such as inventory or prepaid insurance) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

*Restricted fund balance* – represents amounts that are constrained by external parties, constitutional provisions, or by enabling legislation.

*Committed fund balance* – represents amounts constrained to specific purposes by the County itself, using its highest level of decision-making authority (i.e., the Commissioners' Court). To be reported as committed, amounts cannot be used for any other purpose unless the County takes the same highest level action to remove or change the constraint. The commitment must be made prior to year end.

*Assigned fund balance* – represents amounts the County intends to use for a specific purpose. Intent can be expressed by the Commissioners' Court or by the County auditor. Assignments can be made at any time.

*Unassigned fund balance* – represents amounts which are available for any purpose. Positive amounts are reported only in the general fund.

When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the County considers amounts to have been spent first out of committed, then assigned funds, and finally unassigned funds.

When an expenditure is incurred for a purpose for which both restricted and unrestricted fund balance is available, the County considers restricted funds to have been spent first.

**POLK COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2012**

Commissioners' Court is the County's highest level of decision-making authority and the formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is a resolution approved by the court at the County's Commissioners Court meeting. The resolution must either be approved or rescinded, as applicable, prior to the last day of the fiscal year for which the commitment is made. The amount subject to the constraint may be determined in the subsequent period.

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

**8. 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.

**II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

The original budget is adopted by the Commissioners' Court prior to the beginning of the year. The legal level of control is at the department level in the general fund and road and bridge fund. Debt service and permanent school funds' legal levels of control are 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, and justice court building security. 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 jail expansion and judicial center, which adopt a project length budget. Several supplemental budget appropriations were made for the year ended September 30, 2012.

**POLK COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2012

**III. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

As of September 30, 2012, the County had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
TexPool	\$ 7,779,484	0.00
Texas CLASS	2,565,224	0.00
	<u>\$ 10,344,708</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, 2012, 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, 2012, bank balances did not exceed the market values of pledged securities and FDIC insurance.

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.

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"), Cutwater Investor Services Corporation as Program Administrator, and Wells Fargo Bank Texas, NA as Custodian. CLASS is not SEC registered and is not subject to regulation by the State of Texas. Under the Agreement, however, CLASS is administered and supervised by a seven-member board of trustees (the "Board"), whose members are investment officers of the Participants, elected by the Participants for overlapping two-year terms. In the Agreement and by resolution of the Board, CLASS has contracted with Cutwater Investors Service Corporation to provide for the investment

**POLK COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2012

and management of the public funds of CLASS. Separate financial statements for Texas CLASS may be obtained from CLASS' website at [www.texasclass.com](http://www.texasclass.com).

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 Funds</u>	<u>Total</u>
Property taxes	\$ 1,055,989	\$ 425,566	\$ 437,426	\$ -	\$ -	\$ 1,918,981
Other taxes	328,804	-	-	-	-	328,804
Other	276,159	9,256	301,027	2,075,625	85,122	2,747,189
	<u>\$ 1,660,952</u>	<u>\$ 434,822</u>	<u>\$ 738,453</u>	<u>\$ 2,075,625</u>	<u>\$ 85,122</u>	<u>\$ 4,994,974</u>

**POLK COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2012

**C. Capital Assets**

A summary of changes in capital assets for the year ended September 30, 2012 follows:

	<b>Beginning Balance*</b>	<b>Increases</b>	<b>(Decreases)</b>	<b>Ending Balance</b>
<b>Governmental Activities</b>				
Capital assets not being depreciated:				
Land	\$ 1,574,713	\$ -	\$ -	\$ 1,574,713
Construction in progress	27,353,126	3,264,713	(27,353,126)	3,264,713
<b>Total capital assets not being depreciated</b>	<b>28,927,839</b>	<b>3,264,713</b>	<b>(27,353,126)</b>	<b>4,839,426</b>
Other capital assets:				
Infrastructure	90,927,144	6,178	-	90,933,322
Buildings	5,931,119	30,239,010	(179,176)	35,990,953
Improvements	1,968,978	29,418	-	1,998,396
Equipment	12,172,229	3,492,838	(1,248,497)	14,416,570
<b>Total other capital assets</b>	<b>110,999,470</b>	<b>33,767,444</b>	<b>(1,427,673)</b>	<b>143,339,241</b>
Less accumulated depreciation for:				
Infrastructure	(86,624,365)	(90,182)	-	(86,714,547)
Buildings	(1,788,057)	(624,060)	8,123	(2,403,994)
Improvements	(1,035,591)	(84,083)	-	(1,119,674)
Equipment	(6,545,423)	(1,085,577)	624,431	(7,006,569)
<b>Total accumulated depreciation</b>	<b>(95,993,436)</b>	<b>(1,883,902)</b>	<b>632,554</b>	<b>(97,244,784)</b>
Other capital assets, net	15,006,034	31,883,542	(795,119)	46,094,457
<b>Totals</b>	<b>\$ 43,933,873</b>	<b>\$ 35,148,255</b>	<b>\$ (28,148,245)</b>	<b>50,933,883</b>
			Less associated debt	(31,859,163)
			Plus remaining bond proceeds	161,147
			<b>Invested in Capital Assets, Net of Related Debt</b>	<b>\$ 19,235,867</b>

\*Beginning balances have been restated.

Depreciation was charged to governmental functions as follows:

General government	\$ (433,297)
Administration of justice	(508,654)
Roads and bridges	(847,756)
Health and human services	(94,195)
<b>Total Governmental Activities Depreciation Expense</b>	<b>\$ (1,883,902)</b>

**POLK COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2012

The following is a summary of changes in the County's total governmental long-term liabilities for the year ended September 30, 2012. In general, the County uses the general and debt service funds to liquidate governmental long-term liabilities.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>(Reductions)</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities:</b>					
Bonds, notes payable, and capital leases:					
Certificates of obligation	\$ 26,795,000	\$ 17,760,000	\$ (18,820,000)	\$ 25,735,000	\$ 1,280,000
Tax notes	5,299,000	1,015,000	(1,401,000)	4,913,000	1,587,000
Obligations under capital leases	761,980	791,434	(761,980)	791,434	391,789
Less deferred amounts:					
For issuance discounts	(187,798)	-	187,798	-	-
Premium	146,864	658,576	(14,615)	790,825	-
Loss on refunded bonds	-	(371,096)	-	(371,096)	-
	<u>32,815,046</u>	<u>19,853,914</u>	<u>(20,809,797)</u>	<u>31,859,163</u>	<u>3,258,789</u>
Other:					
Compensated absences	273,814	392,211	(393,019)	273,006	245,705
Net OPEB obligation	1,078,889	637,989	-	1,716,878	-
Landfill closure and post closure care costs	2,245,173	189,938	-	2,435,111	-
	<u>3,597,876</u>	<u>1,220,138</u>	<u>(393,019)</u>	<u>4,424,995</u>	<u>245,705</u>
<b>Total Governmental Activities</b>	<u>\$ 36,412,922</u>	<u>\$ 21,074,052</u>	<u>\$ (21,202,816)</u>	<u>\$ 36,284,158</u>	<u>\$ 3,504,494</u>
				<u>\$ 32,779,664</u>	
				<u>\$ 31,859,163</u>	

See footnote 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.

Current Refunding

The County issued \$17,760,000 of general obligation refunding bonds, Series 2012 for a current refunding of \$17,850,000 of outstanding certificates of obligation, Series 2007. The refunding was undertaken to provide a present value savings in the debt service payable by the County. The reacquisition price exceeded the net carrying amount of the old debt by \$371,096. This amount is being netted against the new debt and amortized over the life of the new debt issued, which is equal to the life of the old debt. The current refunding resulted in an economic gain of \$1,864,831 and a reduction of \$2,434,017 in future debt service payments.

**POLK COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2012

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

	<u>Percentage Interest Rate</u>	<u>Original Amount</u>	<u>Balance</u>
<b>Capital leases</b>			
Bankcorp South Corporation	2.65	\$ 791,343	\$ 791,434
			<u>791,434</u>
<b>Tax notes</b>			
Series 2007	4.00-6.00	\$ 2,530,000	900,000
Series 2008	3.65	\$ 2,210,000	475,000
Series 2009	2.63	\$ 2,525,000	1,530,000
Series 2010	1.74	\$ 830,000	605,000
Series 2011	1.83	\$ 449,000	388,000
Series 2012	2.00	\$ 1,015,000	1,015,000
			<u>4,913,000</u>
<b>Certificate of obligations</b>			
Series 2008	2.90-4.20	\$ 10,120,000	7,975,000
Refunding Series 2012	2.00-3.00	17,760,000	17,760,000
			<u>25,735,000</u>
		<b>TOTAL</b>	<b>\$ 31,439,434</b>

Long-term debt obligations of the County as of September 30, 2012, are as follows:

<b>Year Ending Sept. 30</b>	<b>Governmental Activities</b>					
	<b>Certificates of Obligation</b>		<b>Tax Anticipation Notes</b>		<b>Capital Leases</b>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2013	1,280,000	814,594	1,587,000	124,798	391,789	15,869
2014	1,645,000	777,194	1,153,000	75,294	399,645	8,013
2015	1,685,000	731,994	714,000	40,880	-	-
2016	1,730,000	685,494	740,000	23,366	-	-
2017	1,780,000	637,594	346,000	10,748	-	-
2018-2022	9,845,000	2,240,419	373,000	6,772	-	-
2023-2027	7,770,000	669,244	-	-	-	-
<b>Totals</b>	<u>\$ 25,735,000</u>	<u>\$ 6,556,533</u>	<u>\$ 4,913,000</u>	<u>\$ 281,858</u>	<u>\$ 791,434</u>	<u>\$ 23,882</u>

Machinery and equipment acquired under current capital lease obligations totaled of \$791,434.

**POLK COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2012

**E. Interfund Transactions**

Operating transfers between the primary government funds during the 2012 year were as follows:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amounts</u>
Major funds:		
General fund	Grants	\$ 160,240
General fund	Nonmajor governmental funds	201,380
Debt service fund	Nonmajor governmental funds	155,600
Nonmajor funds:		
Nonmajor governmental funds	Permanent School fund	2,307
Nonmajor governmental funds	General fund	92,885
	<b>Total</b>	<b>\$ 612,412</b>

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

The composition of interfund balances as of September 30, 2012, is as follows:

<u>Due to</u>	<u>Due from</u>	<u>Amounts</u>
Major funds:		
General fund	Road and bridge	\$ 444,435
General fund	Grants	2,469,902
General fund	Other governmental funds	33,786
Road and bridge	General fund	7,016
Grants	General fund	5,155
Nonmajor funds:		
Other governmental funds	General fund	4,885
Other governmental funds	Other governmental funds	2,103
	<b>Total</b>	<b>\$ 2,967,282</b>

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

**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.

**POLK COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2012**

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, 2012.

**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.

**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. 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 (EPA) 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 \$10,680,310.

The \$2,435,111 reported as landfill closure and post closure care liability at September 30, 2012 is based on the use of 22.8 percent of the estimated capacity of the landfill. The estimated net decrease in capacity after the permit modification during the year was one percent related to new estimates of airspace capacity using digital terrain modeling techniques. The accrued liability increased by \$189,938. The County will recognize the remaining estimated cost of closure and post closure care of \$8,245,199 as the remaining estimated capacity is filled. Based on the current rate of materials deposited, the life of the landfill is 53.6 years.

**POLK COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2012**

The estimated costs are based on what it would cost to perform all closure and post closure care in 2012 and do not include provisions for inflation. Based on current projections, the present landfill site will be closed in the year 2065. 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 \$758,908 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. 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 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 Internal Revenue Service's rules and regulations.

**E. Other Post Employment Benefits (OPEB)**

**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").

Each full time employee who separates from the service of Polk 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 twenty years or more, or (2) has total creditable service with the TCDRS and continuous service as an elected official of Polk County for sixteen years or more; and whose full salary has been paid entirely from Polk County funds, or Grant funds received from Federal, State, or other local governments by Polk County continuously, for twenty years or more, or for sixteen 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.

**POLK COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2012

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. Premiums 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.

**Actuarial Information**

The Projected Unit Credit actuarial cost method is used to calculate the GASB Annual Required Contribution (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 recognition of the cost of 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)	9.0%/4.5% after 9 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 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.

As of the actuarial valuation date of December 31, 2010, the actuarial value of plan assets is zero, the actuarial accrued liability is \$5,394,882, the total unfunded actuarial accrued liability (UAAL) is \$5,394,882, and the actuarial value of assets as a percentage of the actuarial accrued liability is zero. The actuarially determined ARC is \$704,549. The components of the ARC consist of the County's normal cost and the amortization of the unfunded actuarial accrued liabilities. The covered payroll was \$10,068,500 and the ratio of the UAAL to the covered payroll was 53.6 percent.

The County's annual other postemployment benefits (OPEB) cost is calculated based on the 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 is projected to recognize the normal cost each year and to amortize any UAAL (or funding excess) over a period not to exceed thirty years.

**POLK COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2012

The annual OPEB cost for the fiscal year ending September 30, 2012, is as follows:

Annual required contribution	\$ 704,549
Interest on OPEB obligation	48,550
Adjustment to ARC	(44,981)
Annual OPEB cost (expense) end of year	708,118
Net estimated employer contributions	(70,129)
Increase in net OPEB obligation	\$ 637,989
Net OPEB obligation (asset) - as of beginning of year	1,078,889
Net OPEB obligation (asset) - as of end of year	\$ 1,716,878

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

**Three-Year Contribution Information**

The County’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year ending September 30, 2012 and the preceding two fiscal years were as follows:

Fiscal year	Annual OPEB	Employer	Percentage	Net OPEB Obligation	
	Cost	Amount Contributed	Contributed	Beginning	Ending
2010	\$ 250,423	\$ 31,864	12.70%	\$ 223,956	\$ 442,645
2011	\$ 685,492	\$ 49,248	7.20%	\$ 442,645	\$ 1,078,889
2012	\$ 708,118	\$ 70,129	9.90%	\$ 1,078,889	\$ 1,716,878

**F. 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 618 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

**POLK COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2012

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 (ADCR) 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 11.09 percent for the months of the accounting year in 2011 and 11.44 percent for the months of the accounting year in 2012.

The Commissioners' Court adopted the rate of seven percent as the contribution rate payable by the employee members for calendar year 2012. 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, 2011 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at December 31, 2011 included (a) eight percent investment rate of return (net of administrative expenses), and (b) projected salary increases of 5.4 percent. Both (a) and (b) included an inflation component of 3.5 percent. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a ten-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, 2011 was 20 years.

Actuarial Cost Method	Entry Age
Amortization Method	Level Percent of Payroll
Remaining Amortization Period	20 Years - Closed Period
Asset Valuation Method	10-yr smoothed value
	ESF: Fund value
Investment Rate of Return	8%
Projected Salary Increases	5.4%
Includes Inflation at	3.5%
Cost of Living Adjustments	None

	<b>2012</b>	<b>2011</b>	<b>2010</b>
Annual req. contrib. (ARC)	\$ 1,153,406	\$ 1,098,402	\$ 1,056,058
Contributions Made	1,153,406	1,098,402	1,056,058
<b>NPO at the End of Period</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**POLK COUNTY, TEXAS**  
*NOTES TO FINANCIAL STATEMENTS (Continued)*  
For the Year Ended September 30, 2012

**Funded Status and Funding Progress**

As of December 31, 2011, the most recent actuarial valuation date, the plan was 88.88 percent funded. The actuarial accrued liability for benefits was \$34,257,586, and the actuarial value of assets was \$30,449,729 resulting in an UAAL of \$3,807,857. The covered payroll (annual payroll of active employees covered by the plan) was \$9,944,776 and the ratio of the UAAL to the covered payroll was 38.29 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.

**G. Jointly Governed and Related Organizations**

The Adult Probation and Juvenile Probation divisions are operated as combined departments doing business as the 258<sup>th</sup> and 411<sup>th</sup> Community Supervision and Correction Departments (the "Departments"). A different board 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' budget.

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 Polk County. The Department and its divisions are considered to be legally separate from Polk County. In addition, Polk County is not able to appoint a voting majority to either of the division's boards or otherwise able to impose its will. The divisions are not fiscally dependent on Polk County since the County's approvals are ministerial in nature. While the Department's divisions are closely affiliated with Polk County, they are not considered to be part of the reporting entity, i.e., component units of Polk County.

**H. 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 or tax revenues. In connection with these issuances on November 1, 2004 and December 21, 2006, the Corporation and/or the

**POLK COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2012**

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 bond holders.

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, monies are available 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 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 bond holders. 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

**POLK COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2012

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. Long-term debt obligations of the Corporation as of September 30, 2012 are as follows:

Year Ending Sept. 30	Principal	Interest	Total
2013	\$ 1,695,000	\$ 2,879,550	\$ 4,574,550
2014	1,805,000	2,770,100	4,575,100
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
2018-2022	13,375,000	9,501,012	22,876,012
2023-2026	19,075,000	3,883,013	22,958,013
<b>Total</b>	<b>\$ 42,095,000</b>	<b>\$ 26,606,750</b>	<b>\$ 68,701,750</b>

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

**POLK COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2012**

**I. Restatement**

The County has restated beginning net assets due to a change in the reporting of capital assets. The County reviewed and corrected their capital assets listing including depreciation during the 2012 fiscal year. The conversion of prior year net assets to beginning net assets is as follows:

	<u>Governmental</u> <u>Activities</u>
Prior year ending net assets as reported	\$ 22,512,251
Change in reporting of capital assets	644,330
Change in reporting of depreciation	(133,356)
Beginning net assets	<u>\$ 23,023,225</u>

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***REQUIRED SUPPLEMENTARY INFORMATION***

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

For the Year Ended September 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property taxes	\$ 8,599,596	\$ 8,599,596	\$ 8,577,608	\$ (21,988)
Sales taxes	1,821,529	1,821,529	1,824,271	2,742
Other taxes	177,284	177,284	159,169	(18,115)
Fines and forfeitures	779,758	779,758	738,741	(41,017)
Charges for services	1,149,205	1,177,050	1,138,758	(38,292)
Intergovernmental	1,709,426	1,737,161	1,635,139	(102,022)
Licenses and permits	150,505	150,505	164,353	13,848
Investment income	22,500	22,500	19,763	(2,737)
Other revenue	1,122,659	1,206,124	1,314,419	108,295
<b>Total Revenues</b>	15,532,462	15,671,507	15,572,221	(99,286)
<b>Expenditures</b>				
<b>General Government:</b>				
County judge	215,436	216,509	214,320	2,189
Commissioners' court	445,866	431,859	419,360	12,499
County clerk	481,933	503,073	500,176	2,897
County treasurer	158,880	147,029	132,567	14,462
County auditor	276,230	271,693	265,169	6,524
Data processing	474,463	487,639	472,532	15,107
Personnel	140,119	140,119	133,120	6,999
Engineering	750,670	1,007,868	994,030	13,838
Fire department support	158,874	158,874	139,963	18,911
Emergency management	284,372	325,451	323,228	2,223
General operating	1,238,609	1,422,624	1,422,624	-
Other unclassified	284,674	264,626	256,882	7,744
	4,910,126	5,377,364	5,273,971	103,393
<b>Administration of Justice:</b>				
Jury	60,500	60,500	55,291	5,209
County clerk-at-law	480,240	538,758	526,616	12,142
District clerk	456,646	432,162	385,727	46,435
District judges	872,809	876,639	873,751	2,888
Justice of the peace pct. 1	164,695	164,695	158,125	6,570
Justice of the peace pct. 2	162,143	162,143	158,519	3,624
Justice of the peace pct. 3	147,944	147,944	144,982	2,962
Justice of the peace pct. 4	140,554	140,554	137,459	3,095
District attorney	945,927	1,014,316	1,009,181	5,135
Sheriff	3,418,455	3,925,724	3,899,733	25,991
Jail	2,204,679	2,135,187	2,123,339	11,848
Constables	194,841	183,754	176,485	7,269
DPS	59,463	65,041	64,786	255
	9,308,896	9,847,417	9,713,994	133,423

**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, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>Expenditures (continued)</u></b>				
<b>Health and Human Services:</b>				
Library	\$ 86,072	\$ 87,072	\$ 87,056	\$ 16
Social services	314,024	314,024	303,597	10,427
Veterans services	54,210	54,210	50,994	3,216
County extension	132,699	114,239	104,381	9,858
Environmental	73,506	73,506	68,471	5,035
	<u>660,511</u>	<u>643,051</u>	<u>614,499</u>	<u>28,552</u>
<b>Tax Administration:</b>				
Appraisal district	428,502	428,502	428,352	150
Tax assessor collector	637,300	625,039	613,238	11,801
	<u>1,065,802</u>	<u>1,053,541</u>	<u>1,041,590</u>	<u>11,951</u>
<b>Debt Service:</b>				
Debt issuance costs	-	41,285	41,285	-
<b>Total Expenditures</b>	<u>15,945,335</u>	<u>16,962,658</u>	<u>16,685,339</u>	<u>277,319</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(412,873)</u>	<u>(1,291,151)</u>	<u>(1,113,118)</u>	<u>178,033</u>
<b><u>Other Financing Sources (Uses)</u></b>				
Transfers in	207,307	207,307	361,620	154,313
Transfers (out)	(92,885)	(92,885)	(92,885)	-
Debt issuance	-	-	922,975	922,975
Premium on bonds issued	-	-	15,243	15,243
<b>Total Other Financing Sources (Uses)</b>	<u>114,422</u>	<u>114,422</u>	<u>1,206,953</u>	<u>1,092,531</u>
<b>Net Change in Fund Balance</b>	<u>\$ (298,451)</u>	<u>\$ (1,176,729)</u>	93,835	<u>\$ 1,270,564</u>
Beginning fund balance			<u>6,762,563</u>	
<b>Ending Fund Balance</b>			<u>\$ 6,856,398</u>	

**Notes to Required Supplementary Information**

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

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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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property taxes	\$ 3,983,541	\$ 3,983,541	\$ 3,962,422	\$ (21,119)
Other taxes	1,008,953	1,008,953	1,036,627	27,674
Fines and forfeitures	81,000	81,000	99,227	18,227
Investment income	4,020	4,020	2,422	(1,598)
Other revenue	11,098	83,425	84,457	1,032
<b>Total Revenues</b>	<b>5,088,612</b>	<b>5,160,939</b>	<b>5,185,155</b>	<b>24,216</b>
<b>Expenditures</b>				
<b>Roads and Bridges:</b>				
Permanent	-	554,600	380,252	174,348
Pct. 1	1,123,961	1,136,739	801,100	335,639
Pct. 2	1,125,655	1,220,746	1,170,370	50,376
Pct. 3	1,329,161	1,270,671	1,058,373	212,298
Pct. 4	1,353,691	1,380,141	1,203,885	176,256
<b>Debt Service:</b>				
Principal	765,107	765,107	766,930	(1,823)
Interest	31,543	31,543	29,853	1,690
<b>Capital Outlay</b>	-	982,203	944,543	37,660
<b>Total Expenditures</b>	<b>5,729,118</b>	<b>7,341,750</b>	<b>6,355,306</b>	<b>986,444</b>
<b>(Deficiency) of Revenue</b>				
<b>Over Expenditures</b>	<b>(640,506)</b>	<b>(2,180,811)</b>	<b>(1,170,151)</b>	<b>1,010,660</b>
<b>Other Financing Sources</b>				
Debt issuance	-	883,025	883,459	434
Sale of capital assets	640,779	640,779	640,205	(574)
<b>Total Other Financing Sources (Uses)</b>	<b>640,779</b>	<b>1,523,804</b>	<b>1,523,664</b>	<b>(140)</b>
<b>Net Change in Fund Balance</b>	<b>\$ 273</b>	<b>\$ (657,007)</b>	<b>353,513</b>	<b>\$ 1,010,520</b>
Beginning fund balance			1,530,318	
<b>Ending Fund Balance</b>			<b>\$ 1,883,831</b>	

**Notes to Required Supplementary Information**

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

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**POLK COUNTY, TEXAS**  
**SCHEDULE OF FUNDING PROGRESS**  
**TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM**  
For the Year Ended September 30, 2012

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.

<b>Fiscal Year</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
Actuarial Valuation Date	12/31/2011	12/31/2010	12/31/2009	12/31/2008
Actuarial Value of Assets	\$ 30,449,729	\$ 28,559,519	\$ 26,847,534	\$ 24,062,563
Actuarial Accrued Liability	\$ 34,257,586	\$ 32,165,860	\$ 30,002,739	\$ 27,493,065
Percentage Funded	88.9%	88.8%	89.5%	87.5%
Unfunded Actuarial				
Accrued Liability	\$ 3,807,857	\$ 3,606,341	\$ 3,155,205	\$ 3,430,502
Annual Covered Payroll	\$ 9,944,776	\$ 10,068,500	\$ 9,965,425	\$ 9,959,348
Unfunded Actuarial				
Accrued Liability				
(UAAL) % of Covered Payroll	38.29%	35.82%	31.66%	34.45%
Net Pension Obligation (NPO)				
at the Beginning of Period	\$ -	\$ -	\$ -	\$ -
Annual Req. Contrib. (ARC)	1,153,406	1,098,402	1,056,058	937,293
Contributions Made	1,153,406	1,098,402	1,056,058	937,293
<b>NPO at the End of Period</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

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**POLK COUNTY, TEXAS**  
**SCHEDULE OF FUNDING PROGRESS**  
**POST EMPLOYMENT HEALTHCARE BENEFITS<sup>1</sup>**  
For the Year Ended September 30, 2012

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%

<sup>1</sup>Valuations 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 was 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.

## ***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*** - 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 and is deposited into this fund and used for the purposes of defraying costs of salaries within the district attorney's office. Also, includes funds from the state for the District attorney's investigators for education and training expenses.

***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.

### **Capital Projects Funds**

Capital projects funds are governmental funds which are used to account for the expenditures of resources accumulated from certificates of obligation and related interest earnings for capital improvement projects.

***Jail Expansion Fund*** - This fund was established from proceeds received from the Certificates of Obligation Series 2007. Its purpose was to expand the County Detention Center to provide a safer environment for both the prisoners and staff.

***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, 2012

	Special Revenue Funds			
	County and District Court Technology	Court- house Security	Law Library	Aging
<b>Assets</b>				
Cash and cash equivalents	\$ 1,654	\$ 19,291	\$ 51,562	\$ 173,971
Receivables, net	-	112	-	36,765
Due from other funds	-	-	-	-
<b>Total Assets</b>	<b>\$ 1,654</b>	<b>\$ 19,403</b>	<b>\$ 51,562</b>	<b>\$ 210,736</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ 4,184	\$ 595	\$ 4,077
Due to other funds	-	55	-	-
Due to other units	-	-	-	-
Deferred revenue	-	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>4,239</b>	<b>595</b>	<b>4,077</b>
<b>Fund Balances:</b>				
<b>Restricted:</b>				
Special projects	1,654	15,164	50,967	206,659
Capital projects	-	-	-	-
Endowments/trusts	-	-	-	-
<b>Total Fund Balances</b>	<b>1,654</b>	<b>15,164</b>	<b>50,967</b>	<b>206,659</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,654</b>	<b>\$ 19,403</b>	<b>\$ 51,562</b>	<b>\$ 210,736</b>

**Special Revenue Funds**

<u>County Records Mgmt.</u>	<u>County Clerk Records Preservation</u>	<u>Hotel/Motel Tax</u>	<u>JP Technology</u>	<u>Historical Commission</u>	<u>Available School</u>
\$ -	\$ 121,257	\$ 17,563	\$ 71,847	\$ 405,098	\$ 226,321
-	178	9,612	124	-	-
4,781	2,102	-	-	-	-
<u>\$ 4,781</u>	<u>\$ 123,537</u>	<u>\$ 27,175</u>	<u>\$ 71,971</u>	<u>\$ 405,098</u>	<u>\$ 226,321</u>
\$ 2,467	\$ -	\$ 4,403	\$ 1,002	\$ 572	\$ -
2,102	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>4,569</u>	<u>-</u>	<u>4,403</u>	<u>1,002</u>	<u>572</u>	<u>-</u>
212	123,537	22,772	70,969	404,526	-
-	-	-	-	-	-
-	-	-	-	-	226,321
<u>212</u>	<u>123,537</u>	<u>22,772</u>	<u>70,969</u>	<u>404,526</u>	<u>226,321</u>
<u>\$ 4,781</u>	<u>\$ 123,537</u>	<u>\$ 27,175</u>	<u>\$ 71,971</u>	<u>\$ 405,098</u>	<u>\$ 226,321</u>

**POLK COUNTY, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS (page 2 of 3)**  
September 30, 2012

	Special Revenue Funds			
	District Attorney Collection	District Clerk Records Preservation	Forfeiture	District Clerk TDCJ
<b><u>Assets</u></b>				
Cash and cash equivalents	\$ 29,174	\$ 15,163	\$ 322,658	\$ 33,576
Receivables, net	-	-	-	-
Due from other funds	-	-	-	-
<b>Total Assets</b>	<b>\$ 29,174</b>	<b>\$ 15,163</b>	<b>\$ 322,658</b>	<b>\$ 33,576</b>
<b><u>Liabilities and Fund Balances</u></b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
Due to other units	-	-	-	25,866
Deferred revenue	-	-	122,814	-
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>122,814</b>	<b>25,866</b>
<b>Fund Balances:</b>				
<b>Restricted:</b>				
Special projects	29,174	15,163	199,844	7,710
Capital projects	-	-	-	-
Endowments/trusts	-	-	-	-
<b>Total Fund Balances</b>	<b>29,174</b>	<b>15,163</b>	<b>199,844</b>	<b>7,710</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 29,174</b>	<b>\$ 15,163</b>	<b>\$ 322,658</b>	<b>\$ 33,576</b>

**Special Revenue Funds**

<b>Judiciary</b>	<b>Officials' Fee Account</b>	<b>Sheriff Federal Revenue Sharing</b>	<b>District Attorney's Check Restitution</b>	<b>Environmental Services</b>	<b>Jail Commissary</b>
\$ 149,729	\$ 19,411	\$ 3,221	\$ 494	\$ 2,333	\$ 29,119
2,814	2,328	-	-	30,453	2,705
-	-	-	-	-	-
<u>\$ 152,543</u>	<u>\$ 21,739</u>	<u>\$ 3,221</u>	<u>\$ 494</u>	<u>\$ 32,786</u>	<u>\$ 31,824</u>
\$ 152,543	\$ 132	\$ -	\$ 494	\$ 1,082	\$ 9,591
-	-	-	-	30,453	-
-	21,607	-	-	-	-
-	-	-	-	-	-
<u>152,543</u>	<u>21,739</u>	<u>-</u>	<u>494</u>	<u>31,535</u>	<u>9,591</u>
-	-	3,221	-	1,251	22,233
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>3,221</u>	<u>-</u>	<u>1,251</u>	<u>22,233</u>
<u>\$ 152,543</u>	<u>\$ 21,739</u>	<u>\$ 3,221</u>	<u>\$ 494</u>	<u>\$ 32,786</u>	<u>\$ 31,824</u>

**POLK COUNTY, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS (page 3 of 3)**  
September 30, 2012

	Special Revenue Funds			Capital Projects Fund
	District Attorney Special	Justice Court Building Security	Pretrial Intervention Fund	Jail Expansion
<b>Assets</b>				
Cash and cash equivalents	\$ -	\$ 24,190	\$ 29,563	\$ 121
Receivables, net	-	31	-	-
Due from other funds	105	-	-	-
<b>Total Assets</b>	<b>\$ 105</b>	<b>\$ 24,221</b>	<b>\$ 29,563</b>	<b>\$ 121</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 17	\$ -	\$ 480	\$ -
Due to other funds	-	-	-	-
Due to other units	-	-	-	-
Deferred revenue	-	-	-	-
<b>Total Liabilities</b>	<b>17</b>	<b>-</b>	<b>480</b>	<b>-</b>
<b>Fund Balances:</b>				
<b>Restricted:</b>				
Special projects	88	24,221	29,083	-
Capital projects	-	-	-	121
Endowments/trusts	-	-	-	-
<b>Total Fund Balances</b>	<b>88</b>	<b>24,221</b>	<b>29,083</b>	<b>121</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 105</b>	<b>\$ 24,221</b>	<b>\$ 29,563</b>	<b>\$ 121</b>

<u>Capital Projects Fund</u>	<u>Total Nonmajor Governmental Funds</u>
<u>Judicial Center</u>	
\$ 161,026	\$ 1,908,342
-	85,122
-	6,988
<u>\$ 161,026</u>	<u>\$ 2,000,452</u>

\$ 1,917	\$ 183,556
3,279	35,889
-	47,473
-	122,814
<u>5,196</u>	<u>389,732</u>

-	1,228,448
155,830	155,951
-	226,321
<u>155,830</u>	<u>1,610,720</u>
<u>\$ 161,026</u>	<u>\$ 2,000,452</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, 2012

	Special Revenue Funds			
	County and District Court Technology	Court- house Security	Law Library	Aging
<b>Revenues</b>				
Other taxes	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	952	-	-	-
Charge for services	-	34,991	12,268	-
Intergovernmental	-	-	-	382,575
Investment income	-	-	-	-
Other revenue	-	-	-	1,157
<b>Total Revenues</b>	<u>952</u>	<u>34,991</u>	<u>12,268</u>	<u>383,732</u>
<b>Expenditures</b>				
<b>Current:</b>				
General government	-	-	15,398	-
Administration of justice	-	108,071	-	-
Health and human services	-	-	-	358,278
Capital outlay	-	-	-	-
<b>Total Expenditures</b>	<u>-</u>	<u>108,071</u>	<u>15,398</u>	<u>358,278</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>952</u>	<u>(73,080)</u>	<u>(3,130)</u>	<u>25,454</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	79,567	-	-
Transfers (out)	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>79,567</u>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	952	6,487	(3,130)	25,454
Beginning fund balances	<u>702</u>	<u>8,677</u>	<u>54,097</u>	<u>181,205</u>
<b>Ending Fund Balances</b>	<u>\$ 1,654</u>	<u>\$ 15,164</u>	<u>\$ 50,967</u>	<u>\$ 206,659</u>

**Special Revenue Funds**

<u>County Records Mgmt.</u>	<u>County Clerk Records Preservation</u>	<u>Hotel/Motel Tax</u>	<u>JP Technology</u>	<u>Historical Commission</u>	<u>Available School</u>
\$ -	\$ -	\$ 26,174	\$ -	\$ -	\$ -
-	-	-	22,297	-	-
15,149	116,838	-	-	-	-
-	-	-	-	-	-
-	-	-	-	464	170
-	-	-	-	7,351	136,489
<u>15,149</u>	<u>116,838</u>	<u>26,174</u>	<u>22,297</u>	<u>7,815</u>	<u>136,659</u>
29,718	84,082	19,993	-	2,958	140,637
-	-	-	66,274	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>29,718</u>	<u>84,082</u>	<u>19,993</u>	<u>66,274</u>	<u>2,958</u>	<u>140,637</u>
<u>(14,569)</u>	<u>32,756</u>	<u>6,181</u>	<u>(43,977)</u>	<u>4,857</u>	<u>(3,978)</u>
13,318	-	-	-	-	2,307
-	(69,307)	-	-	-	-
<u>13,318</u>	<u>(69,307)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,307</u>
(1,251)	(36,551)	6,181	(43,977)	4,857	(1,671)
1,463	160,088	16,591	114,946	399,669	227,992
<u>\$ 212</u>	<u>\$ 123,537</u>	<u>\$ 22,772</u>	<u>\$ 70,969</u>	<u>\$ 404,526</u>	<u>\$ 226,321</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, 2012

	Special Revenue Funds			
	District Attorney Collection	District Clerk Records Preservation	Forfeiture	District Clerk TDCJ
<b>Revenues</b>				
Other taxes	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	-	-
Charge for services	4,154	12,446	-	-
Intergovernmental	-	-	4,821	-
Investment income	-	-	116	-
Other revenue	-	-	869	-
<b>Total Revenues</b>	<u>4,154</u>	<u>12,446</u>	<u>5,806</u>	<u>-</u>
<b>Expenditures</b>				
<b>Current:</b>				
General government	-	-	-	-
Administration of justice	2,659	-	56,250	2,237
Health and human services	-	-	-	-
Capital outlay	-	-	-	-
<b>Total Expenditures</b>	<u>2,659</u>	<u>-</u>	<u>56,250</u>	<u>2,237</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>1,495</u>	<u>12,446</u>	<u>(50,444)</u>	<u>(2,237)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	1,495	12,446	(50,444)	(2,237)
Beginning fund balances	<u>27,679</u>	<u>2,717</u>	<u>250,288</u>	<u>9,947</u>
<b>Ending Fund Balances</b>	<u>\$ 29,174</u>	<u>\$ 15,163</u>	<u>\$ 199,844</u>	<u>\$ 7,710</u>

**Special Revenue Funds**

<b>Judiciary</b>	<b>Officials' Fee Account</b>	<b>Sheriff Federal Revenue Sharing</b>	<b>District Attorney's Check Restitution</b>	<b>Environmental Services</b>	<b>Jail Commissary</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	132,073	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	15,888
-	-	-	-	132,073	15,888
-	-	-	-	-	-
-	-	-	-	-	14,735
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	14,735
-	-	-	-	132,073	1,153
-	-	-	-	-	-
-	-	-	-	(132,073)	-
-	-	-	-	(132,073)	-
-	-	-	-	-	1,153
-	-	3,221	-	1,251	21,080
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,221</u>	<u>\$ -</u>	<u>\$ 1,251</u>	<u>\$ 22,233</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, 2012

	Special Revenue Funds			Capital Projects Fund
	District Attorney Special	Justice Court Building Security	Pretrial Intervention Fund	Jail Expansion
<b>Revenues</b>				
Other taxes	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	-	5,479	-	-
Charge for services	-	-	-	-
Intergovernmental	-	-	21,312	-
Investment income	-	-	-	1,215
Other revenue	27,500	-	-	-
<b>Total Revenues</b>	<u>27,500</u>	<u>5,479</u>	<u>21,312</u>	<u>1,215</u>
<b>Expenditures</b>				
<b>Current:</b>				
General government	-	5,388	-	-
Administration of justice	27,412	-	980	-
Health and human services	-	-	-	-
Capital outlay	-	-	-	867,371
<b>Total Expenditures</b>	<u>27,412</u>	<u>5,388</u>	<u>980</u>	<u>867,371</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>88</u>	<u>91</u>	<u>20,332</u>	<u>(866,156)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	(155,600)
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(155,600)</u>
<b>Net Change in Fund Balances</b>	88	91	20,332	(1,021,756)
Beginning fund balances	-	24,130	8,751	1,021,877
<b>Ending Fund Balances</b>	<u>\$ 88</u>	<u>\$ 24,221</u>	<u>\$ 29,083</u>	<u>\$ 121</u>

<u>Capital Projects Fund</u>	<u>Total Nonmajor Governmental Funds</u>
<u>Judicial Center</u>	
\$ -	\$ 26,174
-	28,728
-	327,919
-	408,708
255	2,220
-	189,254
<u>255</u>	<u>983,003</u>
-	298,174
-	278,618
-	358,278
<u>469,085</u>	<u>1,336,456</u>
<u>469,085</u>	<u>2,271,526</u>
<u>(468,830)</u>	<u>(1,288,523)</u>
-	95,192
-	<u>(356,980)</u>
-	<u>(261,788)</u>
(468,830)	(1,550,311)
<u>624,660</u>	<u>3,161,031</u>
<u>\$ 155,830</u>	<u>\$ 1,610,720</u>

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

For the Year Ended September 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>Revenues</u></b>				
Taxes	\$ 3,622,105	\$ 3,702,606	\$ 3,602,899	\$ (99,707)
Investment income	4,000	31,798	31,798	-
<b>Total Revenues</b>	<u>3,626,105</u>	<u>3,734,404</u>	<u>3,634,697</u>	<u>(99,707)</u>
<b><u>Expenditures</u></b>				
Principal	2,371,000	1,890,887	2,371,000	(480,113)
Interest and fiscal charges	1,254,842	1,140,842	983,730	157,112
Debt issuance costs	-	558,755	558,755	-
Payment to refunded bond escrow agent	-	17,834,875	17,834,875	-
Advance refunding escrow	-	386,221	386,221	-
<b>Total Expenditures</b>	<u>3,625,842</u>	<u>21,811,580</u>	<u>22,134,581</u>	<u>(323,001)</u>
<b>Excess (Deficiency) of</b> <b>Revenues Over Expenditures</b>	<u>263</u>	<u>(18,077,176)</u>	<u>(18,499,884)</u>	<u>(422,708)</u>
<b><u>Other Financing Sources (Uses)</u></b>				
Transfers in	-	155,600	155,600	-
Debt issued	-	17,921,839	17,760,000	(161,839)
Premium	-	-	643,333	643,333
<b>Total Other Financing Sources</b>	<u>-</u>	<u>18,077,439</u>	<u>18,558,933</u>	<u>481,494</u>
<b>Net Change in Fund Balance</b>	<u>\$ 263</u>	<u>\$ 263</u>	59,049	<u>\$ 58,786</u>
Beginning fund balance			<u>729,951</u>	
<b>Ending Fund Balance</b>			<u>\$ 789,000</u>	

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**POLK COUNTY, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**PERMANENT SCHOOL FUND**  
For the Year Ended September 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenues</b>				
Investment Income	\$ -	\$ 1,157	\$ 2,666	\$ 1,509
Other	1,150	1,150	2,493,606	2,492,456
<b>Total Revenues</b>	<u>1,150</u>	<u>2,307</u>	<u>2,496,272</u>	<u>2,493,965</u>
<b>Expenditures</b>				
General government	1,150	1,150	-	1,150
<b>Total Expenditures</b>	<u>1,150</u>	<u>1,150</u>	<u>-</u>	<u>1,150</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	-	1,157	2,496,272	2,492,815
<b>Other Financing (Uses)</b>				
Transfers (out)	-	(1,157)	(2,307)	1,150
<b>Total Other Financing (Uses)</b>	<u>-</u>	<u>(1,157)</u>	<u>(2,307)</u>	<u>1,150</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ -</u>	2,493,965	<u>\$ 2,493,965</u>
Beginning fund balance			<u>432,727</u>	
<b>Ending Fund Balance</b>			<u>\$ 2,926,692</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, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u> Amounts	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>Revenues</u></b>				
Property taxes	\$ 888,963	\$ 888,963	\$ 884,250	\$ (4,713)
Other taxes	223,514	223,514	226,517	3,003
Fines and forfeitures	18,630	18,630	22,847	4,217
Investment Income	900	900	419	(481)
Other	11,098	23,875	23,951	76
<b>Total Revenues</b>	<u>1,143,105</u>	<u>1,155,882</u>	<u>1,157,984</u>	<u>2,102</u>
<b><u>Expenditures</u></b>				
<b>Roads and Bridges:</b>				
Pct. 1	1,123,961	1,136,739	801,100	335,639
<b>Debt Service:</b>				
Principal	105,397	105,397	105,397	-
Interest	4,083	4,083	4,083	-
Capital outlay	-	92,025	92,025	-
<b>Total Expenditures</b>	<u>1,233,441</u>	<u>1,338,244</u>	<u>1,002,605</u>	<u>335,639</u>
<b>Deficiency of Revenues (Under)</b>				
<b>Expenditures</b>	(90,336)	(182,362)	155,379	337,741
<b><u>Other Financing Sources</u></b>				
Debt issued	-	92,025	92,025	-
Sale of capital assets	90,397	90,397	90,850	453
<b>Total Other Financing Sources</b>	<u>90,397</u>	<u>182,422</u>	<u>182,875</u>	<u>453</u>
<b>Net Change in Fund Balance</b>	<u>\$ 61</u>	<u>\$ 60</u>	338,254	<u>\$ 338,194</u>
Beginning fund balance			<u>253,159</u>	
<b>Ending Fund Balance</b>			<u>\$ 591,413</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, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b><u>Revenues</u></b>				
Property taxes	\$ 910,021	\$ 910,021	\$ 905,195	\$ (4,826)
Other taxes	234,612	234,612	237,538	2,926
Fines and forfeitures	18,630	18,630	22,662	4,032
Investment income	620	620	293	(327)
Other	-	45,090	45,760	670
<b>Total Revenues</b>	<b>1,163,883</b>	<b>1,208,973</b>	<b>1,211,448</b>	<b>2,475</b>
<b><u>Expenditures</u></b>				
<b>Roads and Bridges:</b>				
Pct. 2	1,125,655	1,220,746	1,170,370	50,376
<b>Debt Service:</b>				
Principal	210,794	210,794	210,794	-
Interest	8,165	8,165	8,165	-
<b>Total Expenditures</b>	<b>1,344,614</b>	<b>1,439,705</b>	<b>1,389,329</b>	<b>50,376</b>
<b>Deficiency of Revenues (Under) Expenditures</b>	<b>(180,731)</b>	<b>(230,732)</b>	<b>(177,881)</b>	<b>52,851</b>
<b><u>Other Financing Sources</u></b>				
Sale of capital assets	180,794	180,794	181,724	930
<b>Total Other Financing Sources</b>	<b>180,794</b>	<b>180,794</b>	<b>181,724</b>	<b>930</b>
<b>Net Change in Fund Balance</b>	<b>\$ 63</b>	<b>\$ (49,938)</b>	<b>3,843</b>	<b>\$ 53,781</b>
Beginning fund balance			118,716	
<b>Ending Fund Balance</b>			<b>\$ 122,559</b>	

**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, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>Revenues</u></b>				
Property taxes	\$ 1,091,000	\$ 1,091,000	\$ 1,085,217	\$ (5,783)
Other taxes	275,413	275,413	278,849	3,436
Fines and forfeitures	21,870	21,870	26,833	4,963
Investment income	1,100	1,100	901	(199)
Other	-	13,010	13,012	2
<b>Total Revenues</b>	<u>1,389,383</u>	<u>1,402,393</u>	<u>1,404,812</u>	<u>2,419</u>
<b><u>Expenditures</u></b>				
<b>Roads and Bridges:</b>				
Permanent	-	379,600	379,600	-
Pct. 3	1,329,161	1,270,671	1,058,373	212,298
<b>Debt Service:</b>				
Principal	230,122	230,122	231,945	(1,823)
Interest	10,820	10,820	9,176	1,644
Capital outlay	-	99,178	61,084	38,094
<b>Total Expenditures</b>	<u>1,570,103</u>	<u>1,990,391</u>	<u>1,740,178</u>	<u>250,213</u>
<b>Deficiency of Revenues (Under)</b> <b>Expenditures</b>	(180,720)	(587,998)	(335,366)	252,632
<b><u>Other Financing Sources</u></b>				
Sale of capital assets	180,794	180,794	181,724	930
<b>Total Other Financing Sources</b>	<u>180,794</u>	<u>180,794</u>	<u>181,724</u>	<u>930</u>
<b>Net Change in Fund Balance</b>	<u>\$ 74</u>	<u>\$ (407,204)</u>	<u>(153,642)</u>	<u>\$ 253,562</u>
Beginning fund balance			<u>739,993</u>	
<b>Ending Fund Balance</b>			<u>\$ 586,351</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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property taxes	\$ 1,093,557	\$ 1,093,557	\$ 1,087,760	\$ (5,797)
Other taxes	275,414	275,414	293,723	18,309
Fines and forfeitures	21,870	21,870	26,885	5,015
Investment income	1,400	1,400	809	(591)
Other	-	1,450	1,734	284
<b>Total Revenues</b>	<u>1,392,241</u>	<u>1,393,691</u>	<u>1,410,911</u>	<u>17,220</u>
<b>Expenditures</b>				
<b>Roads and Bridges:</b>				
Permanent	-	175,000	652	174,348
Pct. 4	1,353,691	1,380,141	1,203,885	176,256
<b>Debt Service:</b>				
Principal	218,794	218,794	218,794	-
Interest	8,475	8,475	8,429	46
<b>Total Expenditures</b>	<u>1,580,960</u>	<u>1,782,410</u>	<u>1,431,760</u>	<u>350,650</u>
<b>Deficiency of Revenues (Under)</b>				
<b>Expenditures</b>	(188,719)	(388,719)	(20,849)	367,870
<b>Other Financing Sources</b>				
Sale of capital assets	188,794	188,794	185,907	(2,887)
<b>Total Other Financing Sources</b>	<u>188,794</u>	<u>188,794</u>	<u>185,907</u>	<u>(2,887)</u>
<b>Net Change in Fund Balance</b>	<u>\$ 75</u>	<u>\$ (199,925)</u>	165,058	<u>\$ 364,983</u>
Beginning fund balance			418,450	
<b>Ending Fund Balance</b>			<u>\$ 583,508</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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b><u>Expenditures</u></b>				
Capital outlay	\$ -	\$ 791,000	\$ 791,434	\$ (434)
Total Expenditures	-	791,000	791,434	(434)
Deficiency of Revenues (Under) Expenditures	-	(791,000)	(791,434)	(434)
<b><u>Other Financing Sources</u></b>				
Debt issued	-	791,000	791,434	434
Total Other Financing Sources	-	791,000	791,434	434
Net Change in Fund Balance	\$ -	\$ -	-	\$ -
Beginning fund balance			-	
Ending Fund Balance			\$ -	

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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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Fines and forfeitures	\$ 650	\$ 650	952	\$ 302
<b>Total Revenues</b>	<u>650</u>	<u>650</u>	<u>952</u>	<u>302</u>
<b>Expenditures</b>				
Administration of justice	650	650	-	650
<b>Total Expenditures</b>	<u>650</u>	<u>650</u>	<u>-</u>	<u>650</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ -</u>	952	<u>\$ 952</u>
Beginning fund balance			702	
<b>Ending Fund Balance</b>			<u>\$ 1,654</u>	

**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**COURTHOUSE SECURITY**  
For the Year Ended September 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Charges for services	\$ 36,600	\$ 36,600	\$ 34,991	\$ (1,609)
<b>Total Revenues</b>	<u>36,600</u>	<u>36,600</u>	<u>34,991</u>	<u>(1,609)</u>
<b>Expenditures</b>				
Administration of justice	116,167	116,167	108,071	8,096
<b>Total Expenditures</b>	<u>116,167</u>	<u>116,167</u>	<u>108,071</u>	<u>8,096</u>
<b>Deficiency of Revenues (Under)</b>				
<b>Expenditures</b>	<u>(79,567)</u>	<u>(79,567)</u>	<u>(73,080)</u>	<u>6,487</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	79,567	79,567	79,567	-
<b>Total Other Financing Sources</b>	<u>79,567</u>	<u>79,567</u>	<u>79,567</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ -</u>	6,487	<u>\$ 6,487</u>
Beginning fund balance			8,677	
<b>Ending Fund Balance</b>			<u>\$ 15,164</u>	

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

For the Year Ended September 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Charges for services	\$ 14,800	\$ 14,800	\$ 12,268	\$ (2,532)
<b>Total Revenues</b>	<b>14,800</b>	<b>14,800</b>	<b>12,268</b>	<b>(2,532)</b>
<b>Expenditures</b>				
General government	14,800	15,398	15,398	-
<b>Total Expenditures</b>	<b>14,800</b>	<b>15,398</b>	<b>15,398</b>	<b>-</b>
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ (598)</b>	<b>(3,130)</b>	<b>\$ (2,532)</b>
Beginning fund balance			54,097	
<b>Ending Fund Balance</b>			<b>\$ 50,967</b>	

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

For the Year Ended September 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ 187,856	\$ 335,529	\$ 382,575	\$ 47,046
Other	-	1,155	1,157	2
<b>Total Revenues</b>	<b>187,856</b>	<b>336,684</b>	<b>383,732</b>	<b>47,048</b>
<b>Expenditures</b>				
Health and human services	245,500	401,719	358,278	43,441
<b>Total Expenditures</b>	<b>245,500</b>	<b>401,719</b>	<b>358,278</b>	<b>43,441</b>
<b>Net Change in Fund Balance</b>	<b>\$ (57,644)</b>	<b>\$ (65,035)</b>	<b>25,454</b>	<b>\$ 90,489</b>
Beginning fund balance			181,205	
<b>Ending Fund Balance</b>			<b>\$ 206,659</b>	

**POLK COUNTY, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**COUNTY RECORDS MANAGEMENT**  
For the Year Ended September 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Charges for services	\$ 9,500	\$ 9,500	\$ 15,149	\$ 5,649
<b>Total Revenues</b>	<u>9,500</u>	<u>9,500</u>	<u>15,149</u>	<u>5,649</u>
<b>Expenditures</b>				
General government	29,718	29,718	29,718	-
<b>Total Expenditures</b>	<u>29,718</u>	<u>29,718</u>	<u>29,718</u>	<u>-</u>
<b>Deficiency of Revenues (Under)</b>				
<b>Expenditures</b>	(20,218)	(20,218)	(14,569)	5,649
<b>Other Financing Sources (Uses)</b>				
Transfers in	13,318	13,318	13,318	-
<b>Total Other Financing Sources (Uses)</b>	<u>13,318</u>	<u>13,318</u>	<u>13,318</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	<u>\$ (6,900)</u>	<u>\$ (6,900)</u>	(1,251)	<u>\$ 5,649</u>
Beginning fund balance			1,463	
<b>Ending Fund Balance</b>			<u>\$ 212</u>	

**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**COUNTY CLERK RECORDS PRESERVATION**  
For the Year Ended September 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Charges for services	\$ 112,850	\$ 112,850	\$ 116,838	\$ 3,988
<b>Total Revenues</b>	<u>112,850</u>	<u>112,850</u>	<u>116,838</u>	<u>3,988</u>
<b>Expenditures</b>				
General governmental	71,543	84,082	84,082	-
<b>Total Expenditures</b>	<u>71,543</u>	<u>84,082</u>	<u>84,082</u>	<u>-</u>
<b>Excess of Revenues Over (Under)</b>				
<b>Expenditures</b>	41,307	28,768	32,756	3,988
<b>Other Financing Sources (Uses)</b>				
Transfers (out)	(69,307)	(69,307)	(69,307)	-
<b>Total Other Financing (Uses)</b>	<u>(69,307)</u>	<u>(69,307)</u>	<u>(69,307)</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	<u>\$ (28,000)</u>	<u>\$ (40,539)</u>	(36,551)	<u>\$ 3,988</u>
Beginning fund balance			160,088	
<b>Ending Fund Balance</b>			<u>\$ 123,537</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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Other taxes	\$ 24,000	\$ 24,000	\$ 26,174	\$ 2,174
<b>Total Revenues</b>	<u>24,000</u>	<u>24,000</u>	<u>26,174</u>	<u>2,174</u>
<b>Expenditures</b>				
General government	24,000	28,426	19,993	8,433
<b>Total Expenditures</b>	<u>24,000</u>	<u>28,426</u>	<u>19,993</u>	<u>8,433</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ (4,426)</u>	6,181	<u>\$ 10,607</u>
Beginning fund balance			<u>16,591</u>	
<b>Ending Fund Balance</b>			<u>\$ 22,772</u>	

*SCHEDULE OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL*  
**JP TECHNOLOGY**  
 For the Year Ended September 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Fines and forfeitures	\$ 23,050	\$ 23,050	\$ 22,297	\$ (753)
<b>Total Revenues</b>	<u>23,050</u>	<u>23,050</u>	<u>22,297</u>	<u>(753)</u>
<b>Expenditures</b>				
Administration of justice	23,050	70,020	66,274	3,746
<b>Total Expenditures</b>	<u>23,050</u>	<u>70,020</u>	<u>66,274</u>	<u>3,746</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ (46,970)</u>	(43,977)	<u>\$ 2,993</u>
Beginning fund balance			<u>114,946</u>	
<b>Ending Fund Balance</b>			<u>\$ 70,969</u>	

**POLK COUNTY, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**AVAILABLE SCHOOL FUND**  
For the Year Ended September 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Investment income	\$ 3,500	\$ 3,500	\$ 170	\$ (3,330)
Other	136,492	136,492	136,489	(3)
<b>Total Revenues</b>	<u>139,992</u>	<u>139,992</u>	<u>136,659</u>	<u>(3,333)</u>
<b>Expenditures</b>				
General government	139,992	140,637	140,637	-
<b>Total Expenditures</b>	<u>139,992</u>	<u>140,637</u>	<u>140,637</u>	<u>-</u>
<b>Excess of Revenues Over (Under)</b>				
Expenditures	-	(645)	(3,978)	(3,333)
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	2,307	2,307
<b>Total Other Financing Sources</b>	<u>-</u>	<u>-</u>	<u>2,307</u>	<u>2,307</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ (645)</u>	<u>(1,671)</u>	<u>\$ (1,026)</u>
Beginning fund balance			227,992	
<b>Ending Fund Balance</b>			<u>\$ 226,321</u>	

**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**DISTRICT ATTORNEY COLLECTION**  
For the Year Ended September 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Charges for services	\$ 8,000	\$ 8,000	\$ 4,154	\$ (3,846)
<b>Total Revenues</b>	<u>8,000</u>	<u>8,000</u>	<u>4,154</u>	<u>(3,846)</u>
<b>Expenditures</b>				
Administration of justice	8,000	8,000	2,659	5,341
<b>Total Expenditures</b>	<u>8,000</u>	<u>8,000</u>	<u>2,659</u>	<u>5,341</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ -</u>	<u>1,495</u>	<u>\$ 1,495</u>
Beginning fund balance			27,679	
<b>Ending Fund Balance</b>			<u>\$ 29,174</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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Charges for services	\$ 11,100	\$ 11,100	\$ 12,446	\$ 1,346
<b>Total Revenues</b>	<u>11,100</u>	<u>11,100</u>	<u>12,446</u>	<u>1,346</u>
<b>Expenditures</b>				
Administration of justice	11,100	11,100	-	11,100
<b>Total Expenditures</b>	<u>11,100</u>	<u>11,100</u>	<u>-</u>	<u>11,100</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ -</u>	12,446	<u>\$ 12,446</u>
Beginning fund balance			<u>2,717</u>	
<b>Ending Fund Balance</b>			<u>\$ 15,163</u>	

**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**ENVIRONMENTAL SERVICES**  
For the Year Ended September 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Charges for services	\$ 138,000	\$ 138,000	\$ 132,073	(5,927)
<b>Total Revenues</b>	<u>138,000</u>	<u>138,000</u>	<u>132,073</u>	<u>(5,927)</u>
<b>Excess of Revenues Over (Under)</b>				
<b>Expenditures</b>	138,000	138,000	132,073	(5,927)
<b>Other Financing Sources (Uses)</b>				
Transfer (out)	(138,000)	(138,000)	(132,073)	5,927
<b>Total Other Financing (Uses)</b>	<u>(138,000)</u>	<u>(138,000)</u>	<u>(132,073)</u>	<u>5,927</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Beginning fund balance			<u>1,251</u>	
<b>Ending Fund Balance</b>			<u>\$ 1,251</u>	

**POLK COUNTY, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**JAIL COMMISSARY**  
For the Year Ended September 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Other	\$ 9,700	\$ 14,735	\$ 15,888	\$ 1,153
<b>Total Revenues</b>	<u>9,700</u>	<u>14,735</u>	<u>15,888</u>	<u>1,153</u>
<b>Expenditures</b>				
Administration of justice	9,700	14,735	14,735	-
<b>Total Expenditures</b>	<u>9,700</u>	<u>14,735</u>	<u>14,735</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ -</u>	1,153	<u>\$ 1,153</u>
Beginning fund balance			21,080	
<b>Ending Fund Balance</b>			<u>\$ 22,233</u>	

**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**DISTRICT ATTORNEY SPECIAL**  
For the Year Ended September 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Other	\$ 25,000	\$ 27,412	\$ 27,500	\$ 88
<b>Total Revenues</b>	<u>25,000</u>	<u>27,412</u>	<u>27,500</u>	<u>88</u>
<b>Expenditures</b>				
Administration of justice	25,000	27,412	27,412	-
<b>Total Expenditures</b>	<u>25,000</u>	<u>27,412</u>	<u>27,412</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ -</u>	88	<u>\$ 88</u>
Beginning fund balance			-	
<b>Ending Fund Balance</b>			<u>\$ 88</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, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>Revenues</u></b>				
Fines and forfeitures	\$ 5,350	\$ 5,350	\$ 5,479	\$ 129
<b>Total Revenues</b>	<u>5,350</u>	<u>5,350</u>	<u>5,479</u>	<u>129</u>
<b><u>Expenditures</u></b>				
General government	5,350	10,452	5,388	5,064
<b>Total Expenditures</b>	<u>5,350</u>	<u>10,452</u>	<u>5,388</u>	<u>5,064</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ (5,102)</u>	91	<u>\$ 5,193</u>
Beginning fund balance			<u>24,130</u>	
<b>Ending Fund Balance</b>			<u>\$ 24,221</u>	

**POLK COUNTY, TEXAS**  
**COMBINING STATEMENT OF NET ASSETS**  
**AGENCY FUNDS**  
September 30, 2012

	<u>County Clerk's Probate Trust</u>	<u>District Clerk's Trust</u>	<u>Tax Collector</u>	<u>Total Agency Funds</u>
<b><u>Assets</u></b>				
Cash and cash equivalents	\$ 572,112	\$ 3,381,075	\$ 1,066,993	\$ 5,020,180
<b>Total Assets</b>	<b><u>\$ 572,112</u></b>	<b><u>\$ 3,381,075</u></b>	<b><u>\$ 1,066,993</u></b>	<b><u>\$ 5,020,180</u></b>
<b><u>Liabilities</u></b>				
Due to other units	\$ 572,112	\$ 3,381,075	\$ 1,066,993	\$ 5,020,180
<b>Total Liabilities</b>	<b><u>\$ 572,112</u></b>	<b><u>\$ 3,381,075</u></b>	<b><u>\$ 1,066,993</u></b>	<b><u>\$ 5,020,180</u></b>

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# ***STATISTICAL SECTION***

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

## **Contents**

### **Financial Trends (Page 116)**

*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 124)**

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

### **Debt Capacity (Page 134)**

*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 140)**

*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 145)**

*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 ASSETS BY COMPONENT

Last Ten Years

(Accrual basis of accounting)

	Fiscal Year			
	2003	2004	2005	2006
Governmental activities				
Invested in capital assets, net of related debt	\$ 3,159,728	\$ 6,516,831	\$ 5,768,223	\$ 13,101,783
Restricted	969,033	994,579	1,159,707	1,315,496
Unrestricted	4,961,440	2,068,436	2,890,488	4,751,455
<b>Total governmental activities net assets</b>	<u>\$ 9,090,201</u>	<u>\$ 9,579,846</u>	<u>\$ 9,818,418</u>	<u>\$ 19,168,734</u>

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 15,748,347	\$ 16,127,180	\$ 14,526,990	\$ 11,091,425	\$ 13,205,126	\$ 19,235,867
1,096,393	988,219	1,003,827	2,785,081	2,542,014	5,086,759
6,043,734	7,914,865	10,422,140	7,334,856	7,276,085	7,247,650
<u>\$ 22,888,474</u>	<u>\$ 25,030,264</u>	<u>\$ 25,952,957</u>	<u>\$ 21,211,362</u>	<u>\$ 23,023,225</u>	<u>\$ 31,570,276</u>

# POLK COUNTY, TEXAS

## CHANGES IN NET ASSETS

Last Ten Years

(Accrual basis of accounting)

	Fiscal Year			
	2003	2004	2005	2006
<b>Expenses</b>				
Governmental activities				
General government	\$ 3,574,826	\$ 3,679,583	\$ 3,604,151	\$ 4,758,365
Administration of justice	6,200,998	5,978,981	6,700,554	7,215,233
Roads and bridges	5,051,516	3,268,923	4,887,005	5,220,888
Health and human services	1,253,407	1,091,520	945,272	981,990
Tax administration	779,542	755,033	733,937	807,230
Interest and fiscal agent fees	298,952	232,831	267,913	205,970
<b>Total governmental activities expenses</b>	<b>\$ 17,159,241</b>	<b>\$ 15,006,871</b>	<b>\$ 17,138,832</b>	<b>\$ 19,189,676</b>
<b>Program Revenues</b>				
Governmental activities				
Charges for services				
General government	\$ 1,551,777	\$ 1,749,638	\$ 1,729,362	\$ 2,158,693
Administration of justice	14,942	163,064	157,036	176,852
Roads and bridges	-	-	-	-
Health and human services	1,136,058	188,256	201,730	186,991
Operating grants and contributions	1,048,454	483,404	840,948	1,819,107
<b>Total governmental activities program revenues</b>	<b>\$ 3,751,231</b>	<b>\$ 2,584,362</b>	<b>\$ 2,929,076</b>	<b>\$ 4,341,643</b>
<b>Net (Expense)</b>				
Governmental activities	<b>\$ (13,408,010)</b>	<b>\$ (12,422,509)</b>	<b>\$ (14,209,756)</b>	<b>\$ (14,848,033)</b>
<b>General Revenues and Other Changes in Net Assets</b>				
Governmental activities				
Taxes	\$ 10,689,214	\$ 12,307,581	\$ 12,299,881	\$ 14,864,665
Investment earnings	86,669	74,210	173,301	338,495
Other revenues	1,015,942	1,430,703	1,975,146	2,044,675
Gain on sale of capital assets	-	-	-	415,906
<b>Total governmental activities</b>	<b>\$ 11,791,825</b>	<b>\$ 13,812,494</b>	<b>\$ 14,448,328</b>	<b>\$ 17,663,741</b>
<b>Change in Net Assets</b>				
Governmental activities	<b>\$ (1,616,185)</b>	<b>\$ 1,389,985</b>	<b>\$ 238,572</b>	<b>\$ 2,815,708</b>

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 5,503,708	\$ 5,086,750	\$ 13,153,683	\$ 4,730,688	\$ 5,400,250	\$ 7,113,066
6,462,550	8,777,239	8,933,374	10,384,722	9,883,929	10,501,266
4,984,706	6,737,830	6,126,250	5,774,317	6,343,810	4,646,530
962,227	1,029,386	1,164,876	1,062,130	977,523	1,055,093
865,141	903,615	1,001,973	992,019	1,042,231	1,042,583
580,113	1,353,728	1,602,765	1,611,384	1,247,829	1,527,916
<u>\$ 19,358,445</u>	<u>\$ 23,888,548</u>	<u>\$ 31,982,921</u>	<u>\$ 24,555,260</u>	<u>\$ 24,895,572</u>	<u>\$ 25,886,454</u>
\$ 2,474,710	\$ 2,489,079	\$ 2,473,938	\$ 2,313,774	\$ 2,286,156	\$ 2,227,281
53,985	54,658	97,530	42,364	52,826	39,145
-	107,534	137,495	77,566	74,070	99,227
255,530	229,727	148,421	138,900	141,251	132,073
1,442,147	4,144,123	10,420,519	2,676,971	2,673,300	8,748,161
<u>4,226,372</u>	<u>7,025,121</u>	<u>13,277,903</u>	<u>5,249,575</u>	<u>5,227,603</u>	<u>11,245,887</u>
<u>\$ (15,132,073)</u>	<u>\$ (16,863,427)</u>	<u>\$ (18,705,018)</u>	<u>\$ (19,305,685)</u>	<u>\$ (19,667,969)</u>	<u>\$ (14,640,567)</u>
\$ 16,189,813	\$ 16,198,654	\$ 17,595,693	\$ 18,207,997	\$ 19,089,029	\$ 19,047,013
726,705	1,350,300	338,323	163,124	49,727	58,869
1,747,855	1,456,263	1,693,695	1,408,586	1,830,102	4,081,736
-	-	-	-	-	-
<u>18,664,373</u>	<u>19,005,217</u>	<u>19,627,711</u>	<u>19,779,707</u>	<u>20,968,858</u>	<u>23,187,618</u>
<u>\$ 3,532,300</u>	<u>\$ 2,141,790</u>	<u>\$ 922,693</u>	<u>\$ 474,022</u>	<u>\$ 1,300,889</u>	<u>\$ 8,547,051</u>

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

	Fiscal Year			
	2003	2004	2005	2006
General Fund				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Unassigned	1,761,633	1,707,692	2,702,905	2,975,092
<b>Total general fund</b>	<u>\$ 1,761,633</u>	<u>\$ 1,707,692</u>	<u>\$ 2,702,905</u>	<u>\$ 2,975,092</u>
All Other Governmental Funds				
Restricted	\$ 3,141,423	\$ 2,006,849	\$ 1,375,702	\$ 1,692,570
Assigned	622,032	622,032	622,032	688,804
Unassigned	-	-	-	-
<b>Total all other governmental funds</b>	<u>\$ 3,763,455</u>	<u>\$ 2,628,881</u>	<u>\$ 1,997,734</u>	<u>\$ 2,381,374</u>

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ -	\$ -	\$ -	\$ -	\$ 18,292	\$ 15,547
3,956,435	5,392,980	6,082,958	5,936,757	6,744,271	6,840,851
<u>\$ 3,956,435</u>	<u>\$ 5,392,980</u>	<u>\$ 6,082,958</u>	<u>\$ 5,936,757</u>	<u>\$ 6,762,563</u>	<u>\$ 6,856,398</u>
\$ 21,265,700	\$ 31,254,888	\$ 30,498,536	\$ 17,730,144	\$ 5,297,356	\$ 6,471,158
725,951	749,843	625,968	527,160	758,046	758,908
-	-	-	-	(28,095)	-
<u>\$ 21,991,651</u>	<u>\$ 32,004,731</u>	<u>\$ 31,124,504</u>	<u>\$ 18,257,304</u>	<u>\$ 6,027,307</u>	<u>\$ 7,230,066</u>

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

	Fiscal Year			
	2003	2004	2005	2006
<b>Revenues</b>				
Taxes	\$ 11,353,825	\$ 11,828,927	\$ 12,573,534	\$ 14,583,975
Permits, licenses, and fees	147,556	155,755	138,966	202,912
Fines and forfeitures	640,960	847,623	882,212	927,082
Charges for services	2,061,817	1,253,335	1,205,916	1,595,454
Intergovernmental	1,048,454	483,404	840,948	1,819,107
Investment earnings	86,669	74,210	173,301	338,495
Other revenues	868,386	1,274,948	1,836,180	1,841,763
<b>Total revenues</b>	<b>16,207,667</b>	<b>15,918,202</b>	<b>17,651,057</b>	<b>21,308,788</b>
<b>Expenditures</b>				
General government	3,406,136	3,534,920	4,247,963	4,850,509
Administration of justice	5,995,847	6,244,004	6,463,676	7,312,142
Roads and bridges	4,495,511	4,313,004	5,203,705	4,885,421
Health and human services	1,108,267	970,567	806,084	877,338
Tax administration	780,264	702,591	728,523	802,646
Capital outlay	-	-	-	-
Debt service				
Principal	1,681,789	1,806,026	1,715,749	2,448,376
Debt issuance costs	-	-	-	-
Interest and paying agent	290,238	407,160	250,668	229,130
Payment to refunded bond escrow agent	-	-	-	-
Advance refunding escrow	-	-	-	-
<b>Total expenditures</b>	<b>17,758,052</b>	<b>17,978,272</b>	<b>19,416,368</b>	<b>21,405,562</b>
Deficiency of revenues (under) expenditures	(1,550,385)	(2,060,070)	(1,765,311)	(96,774)
<b>Other Financing Sources (Uses)</b>				
Transfers in	1,908,533	407,623	658,218	2,136,685
Transfers out	(1,908,533)	(407,623)	(658,218)	(2,136,685)
Issuance of debt	3,736,447	2,122,113	1,606,139	1,714,497
Payment to refunded bond escrow agent	-	(1,250,558)	-	-
Premium on bonds issued	-	-	-	-
Sale of capital assets	-	-	-	415,906
<b>Total other financing sources</b>	<b>3,736,447</b>	<b>871,555</b>	<b>1,606,139</b>	<b>2,130,403</b>
<b>Net change in fund balances</b>	<b>\$ 2,186,062</b>	<b>\$ (1,188,515)</b>	<b>\$ (159,172)</b>	<b>\$ 2,033,629</b>
Debt service as a percentage of noncapital expenditures	11.10%	12.31%	10.13%	12.51%

	2007	2008	2009	2010	2011	2012
\$	15,635,471	\$ 16,345,276	\$ 17,590,374	\$ 17,956,886	\$ 18,953,467	\$ 19,189,170
	228,543	204,668	159,036	168,435	160,603	164,353
	854,030	931,688	1,034,937	810,322	836,365	866,696
	1,930,195	1,744,642	1,618,011	1,614,709	1,569,874	1,466,677
	1,442,147	4,144,123	10,465,919	2,656,109	2,660,761	8,748,161
	726,705	1,350,300	338,323	163,124	49,727	58,869
	1,519,312	1,456,263	1,693,695	1,408,586	1,830,102	4,081,736
	<u>22,336,403</u>	<u>26,176,960</u>	<u>32,900,295</u>	<u>24,778,171</u>	<u>26,060,899</u>	<u>34,575,662</u>
	5,545,641	6,207,669	12,980,872	5,221,830	5,433,652	12,269,676
	8,179,894	8,843,965	9,242,196	9,551,963	9,399,418	9,992,612
	6,051,944	6,533,096	5,289,566	5,473,262	4,993,689	4,613,980
	860,987	911,810	1,018,449	978,597	916,618	972,777
	859,964	897,198	994,935	985,611	1,041,238	1,041,590
	85,106	1,270,589	2,805,599	13,562,056	13,107,972	2,280,999
	2,770,449	2,365,761	3,006,295	3,181,266	3,249,886	3,137,930
	-	-	-	36,839	30,025	600,040
	922,972	1,550,143	1,536,376	1,450,296	1,364,011	1,013,583
	-	-	-	-	-	17,834,875
	-	-	-	-	-	386,221
	<u>25,276,957</u>	<u>28,580,231</u>	<u>36,874,288</u>	<u>40,441,720</u>	<u>39,536,509</u>	<u>54,144,283</u>
	(2,940,554)	(2,403,271)	(3,973,993)	(15,663,549)	(13,475,610)	(19,568,621)
	680,334	629,389	328,837	485,496	257,695	612,412
	(680,334)	(629,389)	(328,837)	(485,496)	(257,695)	(612,412)
	22,067,160	13,029,656	3,044,332	1,775,558	1,194,779	19,566,434
	-	-	-	-	-	-
	-	-	-	-	-	658,576
	610,450	823,240	739,412	874,590	876,640	640,205
	<u>22,677,610</u>	<u>13,852,896</u>	<u>3,783,744</u>	<u>2,650,148</u>	<u>2,071,419</u>	<u>20,865,215</u>
\$	<u>19,737,056</u>	<u>\$ 11,449,625</u>	<u>\$ (190,249)</u>	<u>\$ (13,013,401)</u>	<u>\$ (11,404,191)</u>	<u>\$ 1,296,594</u>
	14.66%	14.34%	13.33%	11.96%	13.90%	50.80%

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

<u>Function</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Property	\$ 8,285,023	\$ 9,807,298	\$ 9,804,935	\$ 11,989,686
Sales	1,179,478	1,317,619	1,331,065	1,736,997
Other taxes	<u>1,224,713</u>	<u>1,182,664</u>	<u>1,163,881</u>	<u>1,137,982</u>
	<u>\$ 10,689,214</u>	<u>\$ 12,307,581</u>	<u>\$ 12,299,881</u>	<u>\$ 14,864,665</u>

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<b>Change 2011-2012</b>
\$ 12,653,787	\$ 13,081,465	\$ 14,495,487	\$ 15,346,309	\$ 16,111,147	\$ 16,000,772	-0.7%
2,283,286	1,940,152	1,941,259	1,623,603	1,812,359	1,824,271	0.7%
<u>1,252,740</u>	<u>1,177,037</u>	<u>1,158,947</u>	<u>1,238,085</u>	<u>1,165,523</u>	<u>1,221,970</u>	4.8%
<u><u>\$ 16,189,813</u></u>	<u><u>\$ 16,198,654</u></u>	<u><u>\$ 17,595,693</u></u>	<u><u>\$ 18,207,997</u></u>	<u><u>\$ 19,089,029</u></u>	<u><u>\$ 19,047,013</u></u>	-0.2%

# POLK COUNTY, TEXAS

## ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

Last Ten Years

	2003	2004	2005	2006
Real Property	\$ 1,372,314,784	\$ 1,404,145,426	\$ 1,455,026,685	\$ 1,503,984,334
Personal Property	290,713,868	286,155,369	308,964,819	311,314,465
Mineral	261,126,250	243,396,530	299,726,780	277,116,300
 Total assessed value (1)	 1,924,154,902	 1,933,697,325	 2,063,718,284	 2,092,415,099
Less: real property exemptions	(313,533,765)	(271,753,119)	(281,830,062)	(270,149,713)
<b>Total Taxable Assessed Value (1)</b>	<b>\$ 1,610,621,137</b>	<b>\$ 1,661,944,206</b>	<b>\$ 1,781,888,222</b>	<b>\$ 1,822,265,386</b>
 <b>Total Direct Tax Rate</b>	 0.5550	 0.5550	 0.5550	 0.6277

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

Source: Polk County Tax Assessor/Collector

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 1,640,053,202	\$ 1,662,956,029	\$ 1,954,019,389	\$ 2,149,623,793	\$ 1,864,972,789	\$ 1,888,429,689
312,333,843	319,782,986	415,350,005	447,387,229	432,705,637	443,841,435
312,441,209	340,812,815	322,631,740	291,241,527	318,143,220	287,995,665
2,264,828,254	2,323,551,830	2,692,001,134	2,888,252,549	2,615,821,646	2,620,266,789
(303,249,234)	(334,218,024)	(369,238,526)	(394,447,560)	(380,137,618)	(415,465,243)
<u>\$ 1,961,579,020</u>	<u>\$ 1,989,333,806</u>	<u>\$ 2,322,762,608</u>	<u>\$ 2,493,804,989</u>	<u>\$ 2,235,684,028</u>	<u>\$ 2,204,801,546</u>
0.6277	0.6277	0.6277	0.6277	0.6277	0.6277

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

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
<b><u>Polk County by fund:</u></b>				
General	\$ 0.36530	\$ 0.35670	\$ 0.35670	\$ 0.38070
Road and Bridge	0.06550	0.09140	0.09140	0.12590
Debt Service	0.12420	0.10690	0.10690	0.12110
	<u>0.55500</u>	<u>0.55500</u>	<u>0.55500</u>	<u>0.62770</u>
<b><u>Cities:</u></b>				
City of Corrigan	0.59000	0.59000	0.59000	0.59000
City of Goodrich	0.71340	0.81800	0.81800	0.72710
<b><u>School Districts:</u></b>				
Big Sandy ISD	1.57580	1.29000	1.29000	1.58900
Corrigan-Camden ISD	1.57200	1.61000	1.61000	1.61000
Goodrich ISD	1.49610	1.49610	1.49610	1.50000
Leggett ISD	1.50000	1.50000	1.50000	1.50000
Livingston ISD	1.55250	1.55250	1.55250	1.55250
Onalaska ISD	1.67100	1.67100	1.67100	1.67100
<b><u>Utility Districts:</u></b>				
Memorial Point Utility District	0.86000	0.86000	0.86000	0.86000
Polk County FWSD	0.48000	0.48000	0.48000	0.48000
<b>Total Direct and Overlapping Rates</b>	<u>\$ 12.56580</u>	<u>\$ 12.42260</u>	<u>\$ 12.42260</u>	<u>\$ 12.70730</u>

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

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 0.36790	\$ 0.30160	\$ 0.32370	\$ 0.33760	\$ 0.33760	\$ 0.33310
0.13760	0.17390	0.15410	0.15150	0.15150	0.15430
0.12220	0.15220	0.14990	0.13860	0.13860	0.14030
<u>0.62770</u>	<u>0.62770</u>	<u>0.62770</u>	<u>0.62770</u>	<u>0.62770</u>	<u>0.62770</u>
0.58580	0.48610	0.48610	0.48610	0.48610	0.48610
0.73500	0.68870	0.55170	0.55170	0.50000	0.50000
1.45600	1.11650	1.11130	1.11130	1.19750	1.21610
1.48860	1.17390	1.18900	1.16780	1.20200	1.20750
1.37000	1.04000	1.04000	1.04000	1.04000	1.04000
1.50700	1.18010	1.16610	1.16610	1.13520	1.13150
1.42450	1.11000	1.40000	1.40000	1.41350	1.39500
1.54290	1.20180	1.20020	1.20020	1.18000	1.16800
0.84000	0.84000	0.84000	0.84000	0.84000	0.89000
0.48000	0.44400	0.44000	0.44000	0.38700	0.37300
<u>\$ 12.05750</u>	<u>\$ 9.90880</u>	<u>\$ 10.05210</u>	<u>\$ 10.03090</u>	<u>\$ 10.00900</u>	<u>\$ 10.03490</u>

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# POLK COUNTY, TEXAS

## PRINCIPAL PROPERTY TAXPAYERS

Current Year and Nine Years Ago

Property Taxpayer	2003			2012		
	2002 Taxable Assessed Value	Rank	% of Taxable Assessed Value	2011 Taxable Assessed Value	Rank	% of Taxable Assessed Value
Comstock Oil and Gas Inc.	\$ 152,407,150	1	9.17%	\$ 66,255,055	1	2.53%
Georgia Pacific LLC*	109,678,376	2	6.60%	63,150,450	2	2.41%
Wapiti Operating LLC	-	n/a	0.00%	47,838,698	3	1.83%
ETC Katy Pipeline LTD	-	n/a	0.00%	45,041,870	4	1.72%
BBX Operating LLC	-	n/a	0.00%	37,753,411	5	1.44%
Enbridge Pipelines (East TX)	-	n/a	0.00%	35,868,460	6	1.37%
Blackstone Minerals	15,764,500	5	0.95%	24,204,357	7	0.92%
RMS Texas Timberlands LLP	-	n/a	0.00%	22,489,556	8	0.86%
Eastex Telephone Coop. Inc.	11,647,310	10	0.70%	19,751,280	9	0.75%
Union Pacific Railroad Co	-	n/a	0.00%	17,118,290	10	0.65%
Corrigan Timberland	21,985,137	3	1.32%	-	n/a	0.00%
Wal-Mart	17,179,055	4	1.03%	-	n/a	0.00%
Sam Houston Electric Coop. Inc.	14,027,504	6	0.84%	-	n/a	0.00%
Carter W.T. & Brothers	13,321,930	7	0.80%	-	n/a	0.00%
Louisana Pacific Corp	12,528,585	8	0.75%	-	n/a	0.00%
Deron	12,043,530	9	0.72%	-	n/a	0.00%
Subtotal	<u>380,583,077</u>		<u>22.90%</u>	<u>379,471,427</u>		<u>14.48%</u>
Other taxpayers	<u>1,230,038,060</u>		<u>76.37%</u>	<u>1,825,330,119</u>		<u>82.79%</u>
Total	<u>\$ 1,610,621,137</u>		<u>99.27%</u>	<u>\$ 2,204,801,546</u>		<u>97.27%</u>

Source: Polk County Appraisal District

\*Previously named International Paper Company

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

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Adjusted tax levy	\$ 8,940,234	\$ 9,205,175	\$ 9,879,685	\$ 11,565,442
Current tax collected	\$ 8,477,198	\$ 8,726,521	\$ 9,383,100	\$ 11,037,132
Percent of current tax collections	94.82%	94.80%	94.97%	94.80%
Delinquent tax collections	\$ 290,849	\$ 355,596	\$ 434,328	\$ 432,395
Total tax collections	\$ 8,768,047	\$ 9,082,117	\$ 9,817,428	\$ 11,469,526
Total collections as a percentage of current levy	98.07%	98.66%	99.37%	98.66%
Outstanding delinquent taxes	\$ 172,188	\$ 123,058	\$ 62,257	\$ 95,915
Outstanding delinquent taxes as percentage of current levy	1.93%	1.34%	0.63%	0.83%

Source: Polk County Tax Assessor/Collector

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 11,953,364	\$ 13,038,903	\$ 14,226,340	\$ 15,110,680	\$ 15,868,728	\$ 15,837,389
\$ 11,418,475	\$ 12,457,010	\$ 13,669,417	\$ 14,431,072	\$ 15,192,264	\$ 15,230,709
94.00%	95.54%	96.09%	95.50%	95.74%	96.17%
\$ 426,691	\$ 461,693	\$ 483,652	\$ 415,865	\$ 520,506	\$ 560,625
\$ 11,845,166	\$ 12,918,703	\$ 14,153,069	\$ 14,846,937	\$ 15,712,771	\$ 15,791,334
95.65%	99.41%	97.00%	97.00%	97.00%	97.00%
\$ 108,199	\$ 120,199	\$ 73,271	\$ 263,742	\$ 155,958	\$ 46,055
0.91%	0.92%	0.52%	1.75%	0.98%	0.29%

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

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
<b>Net Taxable Assessed Value</b>				
All property	\$ 1,610,621,137	\$ 1,661,944,206	\$ 1,781,888,222	\$ 1,822,265,386
<b>Net Bonded Debt</b>				
Gross bonded debt	8,109,241	7,176,348	7,012,065	6,369,635
Less debt service funds	19,282	36,043	158,526	246,801
<b>Net Bonded Debt</b>	<u>\$ 8,089,959</u>	<u>\$ 7,140,305</u>	<u>\$ 6,853,539</u>	<u>\$ 6,122,834</u>
<b>Ratio of Net Bonded Debt     To Assessed Value</b>	0.5023%	0.4296%	0.3846%	0.3360%
<b>Population (1,2,3)**</b>	45,064	45,708	45,944	46,291
<b>Net Bonded Debt per Capita</b>	\$ 180	\$ 156	\$ 149	\$ 132

Data sources:

(1) BEA\*\*

(2) Texas Association of Counties (County Information Project)\*\*

(3) US Census Bureau\*\*

\*\*Most current information available from these data sources.

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 1,961,579,020	\$ 1,989,333,806	\$ 2,322,762,608	\$ 2,493,804,989	\$ 2,235,684,028	\$ 2,204,801,546
24,933,372	35,020,686	35,335,000	33,930,000	32,094,000	30,648,000
127,418	78,923	40,825	56,042	-	30,092
<u>\$ 24,805,954</u>	<u>\$ 34,941,763</u>	<u>\$ 35,294,175</u>	<u>\$ 33,873,958</u>	<u>\$ 32,094,000</u>	<u>\$ 30,617,908</u>
1.2646%	1.7565%	1.5195%	1.3583%	1.4355%	1.3887%
46,206	46,604	46,530	45,413	45,413	45,725
\$ 537	\$ 750	\$ 759	\$ 746	\$ 707	\$ 670

# POLK COUNTY, TEXAS

## RATIO OF OUTSTANDING DEBT BY TYPE

Last Three Years(1)

	2010	2011	2012
<b>Governmental activities:</b>			
Certificates of obligation	\$ 27,640,000	\$ 26,795,000	\$ 25,735,000
Tax notes	6,290,000	5,299,000	4,913,000
Obligations under capital leases	981,087	761,980	791,434
<b>Net Governmental Debt</b>	<b>\$ 34,911,087</b>	<b>\$ 32,855,980</b>	<b>\$ 31,439,434</b>
<b>Percentage of personal income</b>	2.02%	1.90%	1.81%
<b>Net Bonded Debt per Capita</b>	\$ 769	\$ 723	\$ 688

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 two years are available at this time.

# POLK COUNTY, TEXAS

## DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

September 30, 2012

Governmental Unit	Net Bonded Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
<b>Debt repaid with property taxes</b>			
Cities:			
Corrigan	\$ 1,360,000	100%	\$ 1,360,000
Goodrich	\$ 250,000	100%	\$ 250,000
Livingston	\$ 6,000,000	100%	\$ 6,000,000
Onalaska	\$ -	100%	\$ -
School Districts:			
Big Sandy ISD	\$ 3,545,416	100%	\$ 3,545,416
Chester ISD	\$ 345,000	44.86%	\$ 154,767
Corrigan-Camden ISD	\$ 2,720,000	100%	\$ 2,720,000
Goodrich ISD	\$ -	100%	\$ -
Leggett ISD	\$ 1,540,000	100%	\$ 1,540,000
Livingston ISD	\$ 68,702,514	100%	\$ 68,702,514
Onalaska ISD	\$ 4,201,601	100%	\$ 4,201,601
Woodville ISD	\$ 4,202,322	3.41%	\$ 143,299
Utility Districts:			
Memorial Point	\$ -	100%	\$ -
Polk Co Freshwater	\$ -	100%	\$ -
Subtotal, overlapping debt	\$ 92,866,853		88,617,597
<b>Polk County direct debt</b>	<u>31,439,434</u>	100%	<u>31,439,434</u>
<b>Total direct and overlapping debt</b>	<u>\$ 124,306,287</u>		<u>\$ 120,057,031</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

	2003	2004	2005	2006
Debt limit	\$ 161,062,114	\$ 166,194,421	\$ 178,188,822	\$ 182,226,539
Total net debt applicable to limit	8,109,241	7,176,348	7,012,065	6,369,635
Legal debt margin	\$ 152,952,873	\$ 159,018,073	\$ 171,176,757	\$ 175,856,904
 Total net debt applicable to the limit as a percentage of debt limit	5.03%	4.32%	3.94%	3.50%

**Legal Debt Margin Calculation for 2012**

Assessed value	\$ 2,204,801,546
Debt limit (25% of assessed value)	551,200,387
Debt applicable to limit:	
General obligation bonds	25,735,000
Less: amount set aside for repayment of general obligation debt	(30,092)
Total net debt applicable to limit	25,704,908
Legal debt margin	\$ 525,495,479

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 196,157,902	\$ 198,933,381	\$ 232,276,261	\$ 249,380,499	\$ 558,921,007	\$ 551,200,387
24,933,372	35,020,868	35,335,000	33,930,000	32,094,000	25,704,908
<u>\$ 171,224,530</u>	<u>\$ 163,912,513</u>	<u>\$ 196,941,261</u>	<u>\$ 215,450,499</u>	<u>\$ 526,827,007</u>	<u>\$ 525,495,479</u>
12.71%	17.60%	15.21%	13.61%	5.74%	4.66%

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

	2003	2004	2005	2006
Population (1,2,4)**	45,064	45,708	45,944	46,291
Personal income (1,4,5)**	\$1,164,011,000	\$1,198,247,000	\$1,289,580,000	\$1,381,286,000
Per capita personal income (1,4,5)**	\$ 25,830	\$ 26,215	\$ 28,069	\$ 29,839
Median age (1,4,5)**	39.1	39.0	39.1	39.2
School enrollment (2)				
Big Sandy ISD	452	458	484	433
Chester ISD	N/A	N/A	N/A	45
Corrigan Camden ISD	1,144	1,126	1,122	1,028
Goodrich ISD	304	308	317	289
Leggett ISD	278	267	255	221
Livingston ISD	4,111	4,048	4,072	3,742
Onalaska ISD	467	751	802	826
<b>Total</b>	<b>6,756</b>	<b>6,958</b>	<b>7,052</b>	<b>6,584</b>
Unemployment rate (3)	8.10%	7.20%	6.80%	6.10%

Data sources:

- (1) BEA\*\*
- (2) TEA
- (3) Texas Workforce
- (4) Texas Association of Counties (County Information Project)\*\*
- (5) US Census Bureau\*\*

\*\*Most current information available from these data sources.

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
46,206	46,604	46,530	45,413	45,413	45,725
\$1,470,836,000	\$ 1,597,567,000	\$ 1,726,151,000	\$1,726,151,000	\$1,726,151,000	\$1,735,258,000
\$ 31,832	\$ 34,280	\$ 37,098	\$ 38,747	\$ 38,747	\$ 37,950
38.7	38.3	42.9	42.9	42.9	43.2
456	471	465	451	453	470
77	73	71	171	174	166
990	990	956	947	923	930
259	247	241	247	224	220
205	202	190	173	170	174
3,753	3,728	3,733	3,741	3,829	3,862
813	817	846	880	889	881
<u>6,553</u>	<u>6,528</u>	<u>6,502</u>	<u>6,610</u>	<u>6,663</u>	<u>6,701</u>
5.90%	6.40%	10.50%	10.00%	10.50%	7.70%

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# POLK COUNTY, TEXAS

## PRINCIPAL EMPLOYERS

Current Year and Seven Years Ago (1)

Employer	2012			2005		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Georgia Pacific*	1,000	1	2.20%	1,600	1	3.48%
Texas Department of Criminal Justice	767	2	1.69%	900	2	1.96%
Livingston ISD	630	3	1.39%	547	3	1.19%
Wal-Mart Super Center	400	4	0.88%	450	4	0.98%
Memorial Medical Center Livingston	388	5	0.85%	124	9	0.27%
Polk County	300	6	0.66%	282	5	0.61%
Alabama-Coushatta Reservation	250	7	0.55%	197	6	0.43%
CEC Int'l (IAH Detention Facility)**	245	8	0.54%	-	-	0.00%
Brookshire Brothers (Corrigan, Livingston, Onalaska)	206	9	0.45%	-	-	0.00%
Corrigan Camden ISD	185	10	0.41%	178	7	0.39%
<b>Total</b>	<b>4,371</b>		<b>9.62%</b>	<b>4,278</b>		<b>9.31%</b>

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

\*Previously named International Paper Company

\*\*Opened in 2006

(1) The requirement for statistical data is current year and nine years ago; only current year and seven years ago was available.

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# POLK COUNTY, TEXAS

## COUNTY EMPLOYEES

Last Ten Years

Function/Program	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>General Government:</b>										
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	4	4	5	5	5	5	5	5
County Treasurer	2	2	2	2	2	3	3	3	3	3
Data Processing	2	2	2	2	2	2	2	2	2	2
Maintenance/Custodial	3	3	2	2	3	3	3	3	3	4
Maintenance/Engineering	4	4	4	4	5	6	7	7	7	7
Emergency Management	5	5	5	5	5	5	5	5	5	5
Personnel/Human Resources	2	2	2	2	2	2	3	3	3	3
<b>Road and Bridges:</b>										
Commissioners	4	4	4	4	4	4	4	4	4	4
Road & Bridge Workers	42	40	40	40	40	39	37	37	45	45
<b>Administration of Justice:</b>										
County Court-at-Law	3	3	3	3	3	4	4	4	4	4
District Clerk	9	9	9	9	9	9	10	10	10	10
District Judges	5	5	5	5	6	7	7	7	7	7
JP Pct 1	3	3	3	3	3	3	4	4	4	4
JP Pct 2	2	2	2	2	2	2	3	3	3	4
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	3
District Attorney	13	13	13	13	15	15	15	17	18	17
Sheriff's Dept	44	44	44	46	47	50	50	50	50	52
Jail	24	24	25	30	31	31	33	33	35	37
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	2	2	1	1	1	1	1	1	2
<b>Health and Human Services:</b>										
Library & Museum	1	1	1	1	1	2	2	2	2	2
Social Services	3	2	2	2	2	2	2	2	2	2
Veterans Service	2	2	2	2	2	2	2	2	2	1
County Extension	1	1	4	4	4	4	4	4	4	4
Environmental Enforcement	1	1	1	1	1	1	1	1	1	1
Aging Services	14	6	6	6	6	6	4	4	4	4
<b>Tax Administration:</b>										
Tax Assessor/Collector	16	16	17	17	17	17	17	17	14	17
<b>Totals:</b>	<u>236</u>	<u>225</u>	<u>229</u>	<u>235</u>	<u>243</u>	<u>250</u>	<u>253</u>	<u>255</u>	<u>263</u>	<u>271</u>

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

**POLK COUNTY, TEXAS**  
**OPERATING INDICATORS BY FUNCTION/PROGRAM**  
 Last Ten Years

	2003	2004	2005	2006
<b><u>County Court</u></b>				
<b>Civil Cases</b>				
Pending Beginning of Year	1,916	2,191	2,378	2,705
Docket Adjust	(43)	(3)	30	27
Added	1,352	1,189	1,443	1,442
Disposed	1,034	999	1,146	1,338
Pending End of Year	2,191	2,378	2,705	2,836
<b>Criminal Cases</b>				
Pending Beginning of Year	2,289	2,557	2,589	2,889
Docket Adjust	(2)	(8)	(5)	13
Added	2,055	1,830	2,001	1,774
Disposed	1,785	1,790	1,696	1,741
Pending End of Year	2,557	2,589	2,889	2,935
<b><u>District Court</u></b>				
<b>Civil Cases</b>				
Pending Beginning of Year	798	847	899	670
Docket Adjust	-	(11)	(10)	(5)
Added	403	421	303	328
Disposed	354	358	522	236
Pending End of Year	847	899	670	757
<b>Criminal Cases</b>				
Pending Beginning of Year	570	710	761	1,254
Docket Adjust	-	(28)	(102)	(350)
Added	939	802	900	930
Disposed	799	723	305	449
Pending End of Year	710	761	1,254	1,385
<b><u>Justice Of The Peace Courts</u></b>				
<b>Cases Filed</b>				
Traffic	4,955	6,692	8,092	7,342
Non Traffic	3,200	2,799	2,891	2,439
Small Claims Suits	239	131	133	114
Forcible Entry and Detainer	116	124	120	146
Other Civil Suits	200	172	177	218
<b>Cases Disposed</b>				
Traffic	4,939	7,566	7,007	6,338
Non Traffic	2,813	3,244	2,411	1,923
Small Claims Suits	173	97	90	79
Forcible Entry and Detainer	111	102	108	124
Other Civil Suits	136	132	121	108
<b>Cases Appealed</b>				
Traffic	2	2	16	19
Non Traffic	2	3	6	1
Small Claims Suits	3	2	-	1
Forcible Entry and Detainer	1	6	3	1
Other Civil Suits	1	2	-	-
<b>Miscellaneous</b>				
Examining Trials	5	-	2	1
Inquests	192	206	215	206

Source: Texas Courts Online (Office of Court Administration)

\*FY11 had reporting changes

2007	2008	2009	2010	2011*	2012
2,836	2,829	2,980	3,212	1,051	1,305
(30)	75	56	(435)	-	(16)
1,304	1,230	1,352	1,306	743	723
1,281	1,154	1,176	1,051	(490)	(540)
2,829	2,980	3,212	3,032	1,305	1,472
2,935	2,798	2,719	2,669	2,560	2,546
(5)	(7)	113	(9)	(1)	(8)
1,779	1,446	1,307	1,002	1,276	1,243
1,911	1,518	1,470	1,079	(979)	(971)
2,798	2,719	2,669	2,583	2,856	2,810
757	842	885	784	803	2,168
(40)	20	(146)	(3)	(2)	(50)
411	336	342	324	330	1,021
286	313	297	227	(269)	(973)
842	885	784	878	862	2,166
1,385	1,033	810	823	778	870
(461)	(121)	(77)	(15)	(3)	(14)
924	890	980	847	1,187	1,256
815	992	890	848	(764)	(801)
1,033	810	823	807	1,198	1,311
6,387	7,472	8,007	4,772	4,922	5,833
2,565	2,725	2,526	1,961	1,828	2,962
84	83	127	68	73	38
154	119	155	130	106	128
219	327	217	174	209	292
6,252	6,834	6,826	4,837	4,240	4,798
2,337	2,148	2,102	1,903	1,971	2,382
81	54	174	123	61	42
143	109	134	111	101	113
170	205	272	212	145	233
14	19	22	18	15	16
2	1	2	5	9	26
-	-	-	2	-	2
1	-	-	2	1	5
-	-	1	1	-	-
-	-	-	1	4	-
195	210	181	178	212	209

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

Function/program	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
<b><u>General Government</u></b>				
Commissioners' Court	3	3	3	3
County Clerk	12	12	12	14
Veterans Service	1	1	1	1
General Operations	26	26	26	26
District Clerk	2	3	3	3
JP Pct 1	-	-	-	-
JP Pct 2	-	-	-	-
JP Pct 3	-	-	-	-
JP Pct 4	-	-	-	-
Judicial	4	4	4	4
District Attorney	4	4	4	5
County Auditor	3	4	4	4
County Treasurer	2	2	2	3
Tax Assessor/Collector	4	4	4	5
Delinquent Tax Collection	1	1	1	1
Data Processing	12	12	12	11
Maintenance/Custodial	2	2	2	2
Maintenance/Engineering	16	17	17	19
Jail	4	5	6	8
Constable Pct 1	-	1	1	1
Constable Pct 2	-	1	1	1
Constable Pct 3	-	1	1	1
Constable Pct 4	-	1	1	1
Sheriff's Department	31	31	39	49
Social Services	2	2	4	4
Extension	1	1	1	1
Emergency Management	3	6	11	12
Environmental Enforcement	2	2	1	1
<b><u>Road &amp; Bridge</u></b>				
Road and Bridge Pct 1	35	60	71	78
Road and Bridge Pct 2	22	40	55	55
Road and Bridge Pct 3	49	53	55	63
Road and Bridge Pct 4	43	44	53	55
<b><u>Security</u></b>				
Security Department	1	1	1	1
<b><u>Historical Commission</u></b>				
Historical	2	2	2	2
<b><u>Waste Management</u></b>				
Waste Management	46	46	46	46
<b><u>Aging</u></b>				
Aging Services	3	4	3	3

Source: County Inventory Reports

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
4	4	4	4	1	1
14	15	15	15	4	4
1	1	1	1	-	-
31	34	34	40	41	54
3	3	3	3	1	1
-	-	-	-	-	-
-	-	-	-	-	1
-	-	-	-	-	-
-	-	-	-	-	-
4	4	4	4	4	5
5	6	6	6	6	7
4	4	4	4	2	2
3	3	3	3	2	2
4	4	4	4	3	3
1	1	1	1	1	1
11	13	12	13	13	13
2	3	4	-	-	-
20	23	28	37	36	34
13	13	14	17	9	8
1	1	1	1	1	1
1	2	2	1	1	1
1	1	1	1	1	1
1	1	1	1	1	1
60	66	70	79	77	80
4	4	4	4	3	3
1	1	1	1	1	1
13	13	14	14	11	11
1	1	2	2	2	2
79	80	84	49	46	46
60	63	67	40	39	38
77	82	83	80	77	78
68	76	78	67	66	66
1	1	1	1	1	1
2	2	2	2	2	2
46	46	36	35	35	35
6	7	8	9	8	9

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