

ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2012

POLK COUNTY

BOARD OF COMMISSIONERS AND OTHER OFFICIALS

For the Year Ended June 30, 2012

Commissioners

Term Expires

Craig Pope
15040 Airlie Rd.
Monmouth, OR 97361

January 5, 2015

Mike Ainsworth
PO Box 652
Monmouth, OR 97361

January 5, 2015

Jennifer Wheeler
441 N. 13th
Independence, OR 97351

January 7, 2013

Other Elected Officials

Linda Fox, Treasurer/Finance Director

Douglas Schmidt, Assessor

Valerie Unger, Clerk

Bob Wolfe, Sheriff

Stan Butterfield, District Attorney

Administrative Officer

Gregory P. Hansen
850 Main St.
Dallas, OR 97338

POLK COUNTY

TABLE OF CONTENTS
For The Year Ended June 30, 2012

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	A, B
MANAGEMENT'S DISCUSSION AND ANALYSIS	i - vii
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements:	
Statement of Net Assets	1
Statement of Activities	2
Fund Financial Statements:	
Governmental Funds	
Balance Sheet	3
Statement of Revenues, Expenditures and Changes in Fund Balances	4
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	5
Statements of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual:	
General	6 – 11
Public Works	12, 13
Mental Health	14, 15
Proprietary Funds	
Statement of Net Assets	16
Statement of Revenues, Expenses and Changes in Fund Net Assets	17
Statement of Cash Flows	18
Fiduciary Funds	
Statement of Net Assets	19
Notes to Basic Financial Statements	20 – 44
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES	
Other Governmental Funds	
Combining Balance Sheet	45
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	46
Special Revenue Funds	
Combining Balance Sheet	47, 48
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	49, 50
Schedules of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	
Polk Interagency Narcotics Team	51
Multi-Disciplinary Intervention	52
Domestic Mediation	53
Court Security	54
Public Land Corner	55

TABLE OF CONTENTS (Continued)

Page

**COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES
(Continued)**

Other Governmental Funds (continued)	
Special Revenue Funds (continued)	
Schedules of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (continued)	
Dog Control.....	56
Marine Patrol.....	57
Law Library.....	58
Health and Human Services	59
Public Health.....	60
Juvenile	61
Youth Programs	62
Fair	63
911 Emergency Communications	64
County School.....	65
Economic Development.....	66
Household Hazardous Waste	67
Extension Service District.....	68
Debt Service Fund	
Schedule of Revenues, Expenditures and Changes in Fund Balance.....	69
Capital Projects Funds	
Combining Balance Sheet	70
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	71
Schedules of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	
OTIA III Bridge Replacement	72
Building Improvement	73
Internal Service Funds	
Combining Statement of Net Assets	74
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets.....	75
Combining Statement of Cash Flows.....	76
Schedules of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	
Management Services	77 - 79
Insurance	80
Agency Fund	
Statement of Changes in Assets and Liabilities	81
Other Financial Schedule	
Schedule of Cash Receipts and Turnovers for Elected Officials	82
 INDEPENDENT AUDITOR’S REPORT REQUIRED BY OREGON STATE REGULATIONS MINIMUM STANDARDS FOR AUDITS OF OREGON MUNICIPAL CORPORATIONS	 83, 84

TABLE OF CONTENTS (Continued)

	<u>Page</u>
GRANT COMPLIANCE – SINGLE AUDIT	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	85, 86
Independent Auditor’s Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	87, 88
Schedule of Findings and Questioned Costs	89
Schedule of Expenditures of Federal Awards	90 – 92
Note to Schedule of Expenditures of Federal Awards	93



INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners
POLK COUNTY
Dallas, Oregon

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of **POLK COUNTY** as of and for the year ended June 30, 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 auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 the 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, each major fund, and the aggregate remaining fund information of **POLK COUNTY**, as of June 30, 2012, the respective changes in financial position, and, cash flows, where applicable, thereof, and the respective budgetary comparisons for the General, Public Works, and Mental Health Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2012, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

INDEPENDENT AUDITOR'S REPORT (Continued)

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

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 combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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.

Boldt Carlisle + Smith
Certified Public Accountants
Salem, Oregon
December 18, 2012

By:


Brad Bingenheimer, Member

MANAGEMENT'S DISCUSSION AND ANALYSIS

**POLK COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012**

The management of Polk County, Oregon presents this narrative overview and analysis of the financial activities of the County, for the fiscal year ended June 30, 2012. This discussion and analysis is intended to serve as an introduction to the County's basic financial statements as well as provide additional information to readers. We encourage readers to consider this information in conjunction with the accompanying financial statements. This narrative is based on currently known facts, decisions and conditions that existed as of the date of the independent auditors' report.

Financial Highlights

- The County's net assets exceeded its liabilities by \$47,141,759 at June 30, 2012, on its government-wide Statement of Net Assets. Of this amount, \$946,654 (unrestricted net assets) is available to meet the County's ongoing obligations to citizens and creditors.
- The County's total net assets decreased \$2,241,268 during the current fiscal year. This decrease is attributable to expenses in excess of revenues. Expenses include \$4,665,898 for depreciation, a non-cash expense.
- In 2010, Polk County was awarded a state highway grant of \$814,134 to replace a bridge. The grant was an award from the Oregon Transportation Investment Act of 2003. Additional funds in the amount of \$85,866 were received in the current fiscal year. \$281,642 was spent on bridges during the year and \$671,201 remains available for expenditure.
- In April 2012, the County refinanced a 2002 debt owed Oregon Economic and Community Development County with 15-year full faith and credit refunding obligation bonds in the amount of \$790,000. The bond proceeds were used to pay off the prior obligation.
- At June 30, 2012, unassigned fund balance for the General Fund was \$2,241,602, or approximately 16% of total General Fund expenditures for the year.

Overview of the Financial Statements

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

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

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

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

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

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

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

- **Governmental funds** are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide statements, governmental fund financial statements are presented on a modified-accrual basis. The measurement focus for the fund statements is based on the acquisition and use of current spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. This information may be useful in evaluating the County's near-term financing requirements.

The County maintains 25 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenue, expenditures and changes in fund balances for the General, Public Works, and Mental Health funds, all of which are considered to be major governmental funds. Data from the other 22 governmental funds are combined into a single aggregated presentation. The Polk County Extension Service District, considered a component unit of the County for the purposes of the financial statements, is included with the County governmental funds. Financial information for governmental funds is included on pages 3 through 15 in this report and is reconciled to the government-wide statements on pages 3 and 5. Individual fund data for each of the non-major funds is provided in the form of combining and individual fund statements on pages 45 through 73 in this report.

- **Proprietary funds** are used by the County to allocate costs internally among various functions and to report business-type activities. The County currently maintains no business-type activities, but uses proprietary internal service funds to account for overall management activities including finance, insurance and risk management, fleet management, telephone and data processing, mail processing and facilities management. Because these services benefit governmental functions, they have been included with governmental activities in the government-wide financial statements. Summary information about Polk County's internal service funds is contained on pages 16-18 and detailed fund information can be found on pages 74 through 80 of this report.
- **Fiduciary funds** (agency funds) are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are not included in the government-wide financial statements because the resources of these funds do not belong to the County and are not available to support County programs. The County maintains agency funds for taxing districts, for inmates at the jail and various other miscellaneous trust accounts as the need arises. Information about Agency fund activity for the year is located on pages 19 and 81 of this report.

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

Notes to Basic Financial Statements

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

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents additional supplementary information required by State regulations and by the federal government. This supplementary information begins on page 83 of this report.

Government-wide Financial Analysis

Assets exceeded liabilities by \$47,141,759 at June 30, 2012. The largest portion of the County's net assets (88%) is its investment in capital assets (land, buildings and improvements, equipment and infrastructure), less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Although the County's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

Assets	NET ASSETS		
	6/30/2011	6/30/2012	Changes
Current assets	\$ 12,046,730	\$ 9,763,746	\$ (2,282,984)
Capital assets, net	58,092,561	56,514,457	(1,578,104)
Total Assets	70,139,291	66,278,203	(3,861,088)
Current liabilities	4,970,998	5,243,717	\$ 272,719
Long-term liabilities	15,785,266	13,892,727	(1,892,539)
Total Liabilities	20,756,264	19,136,444	(1,619,820)
Net Assets			
Invested in capital assets, net of related debt	41,268,082	41,635,897	367,815
Restricted for debt service & capital projects	6,013,747	4,559,208	(1,454,539)
Unrestricted	2,101,198	946,654	(1,154,544)
Total Net Assets	\$ 49,383,027	\$ 47,141,759	\$ (2,241,268)

During the year, current assets decreased \$2,282,984. Cash and investments decreased \$3,059,848 and other current assets increased \$776,864.

Net capital assets decreased \$1,578,104. During the year, the capital asset balance increased \$3,088,566 for new assets purchased, decreased \$4,665,898 for annual depreciation expense and decreased \$772 for net book value of assets sold. New assets purchased included \$281,641 for bridge improvements, \$2,049,117 for land and building improvements and \$757,808 for equipment and vehicles.

Liabilities decreased \$1,619,820 during the year. This change includes \$272,719 increase in current liabilities and \$1,892,539 decrease in long-term obligations. Most of the current liability increase was in accounts payable. Changes in long-term liabilities included an increase of \$790,000 for refinance of a prior debt, increase of \$228,184 relating to accrual of post-employment benefits, and an increase of \$50,931 for capital leases on office equipment. Decreases during the year were principal payment of \$1,975,000 on bonds and principal reductions on other debt in the amount of \$986,654.

Net assets of the County decreased \$2,241,268 during the year. This reduction includes an increase of \$367,815 for assets invested in capital assets and decreases of \$1,454,539 for restricted net assets and \$1,154,544 in unrestricted net assets. Net assets invested in capital assets is defined as the total purchase price of the capital assets owned reduced by the accumulated depreciation on those assets, less the balance of debt relating to these assets.

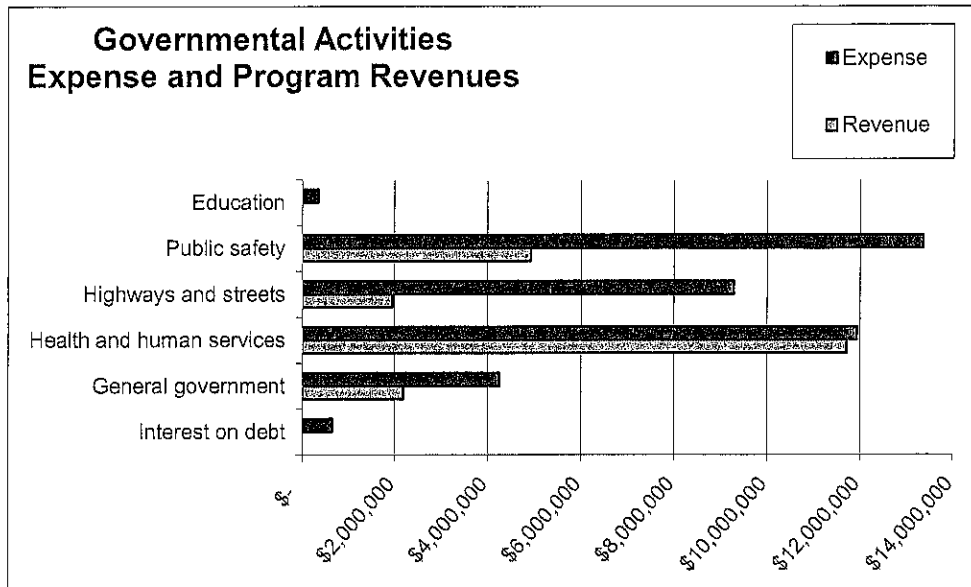
Key elements of the net asset decrease and a comparison with the prior year are as follows:

CHANGES IN NET ASSETS

	<u>6/30/2011</u>	<u>6/30/2012</u>	<u>Changes</u>	<u>% Inc/Dec</u>
Program revenues:				
Charges for services	\$ 3,657,156	\$ 3,609,550	\$ (47,606)	-1.3%
Program grants and contributions	16,136,099	17,190,669	1,054,570	6.5%
General revenues:				
Property taxes	10,440,587	10,757,122	316,535	3.0%
Other taxes	966,412	983,059	16,647	1.7%
Other grants and contributions	3,515,848	3,922,328	406,480	11.6%
Forest and timber receipts	1,688,218	992,582	(695,636)	-41.2%
Interest earnings	47,569	44,831	(2,738)	-5.8%
Miscellaneous	119,928	96,052	(23,876)	-19.9%
Total Revenues	<u>36,571,817</u>	<u>37,596,193</u>	<u>1,024,376</u>	2.8%
Expenses:				
General government	4,360,563	4,257,635	(102,928)	-2.4%
Health and welfare	10,267,914	11,931,835	1,663,921	16.2%
Public safety	13,472,184	13,357,592	(114,592)	-0.9%
Highways and streets	7,660,485	9,294,058	1,633,573	21.3%
Education	277,090	349,462	72,372	26.1%
Interest on long-term debt	662,074	646,879	(15,195)	-2.3%
Total Expense	<u>36,700,310</u>	<u>39,837,461</u>	<u>3,137,151</u>	8.8%
Increase (decrease) in net assets	(128,493)	(2,241,268)	(2,112,775)	1644.3%
Beginning net assets	<u>49,511,520</u>	<u>49,383,027</u>	<u>(128,493)</u>	-0.3%
Ending net assets	<u>\$ 49,383,027</u>	<u>\$ 47,141,759</u>	<u>\$ (2,241,268)</u>	-4.5%

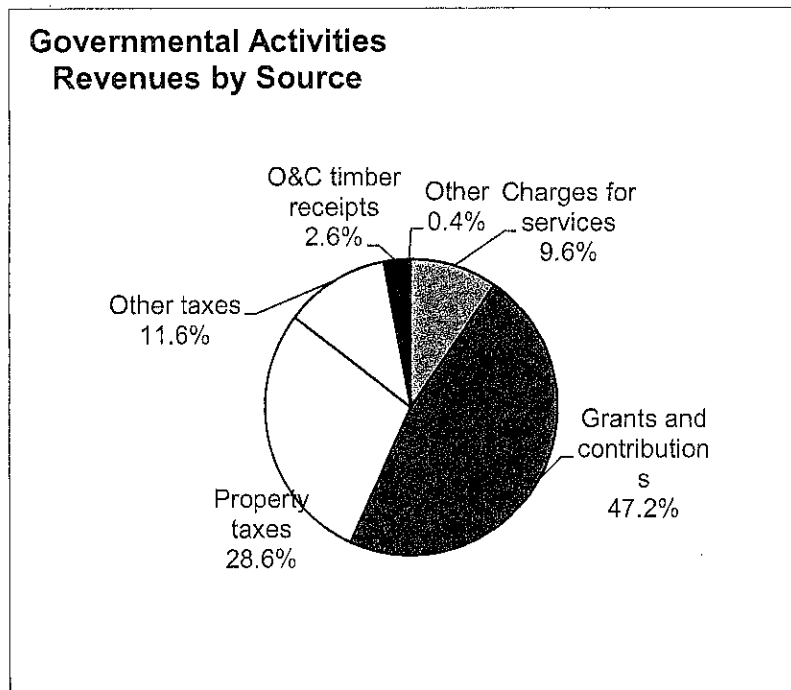
Total revenues for the year were \$37,596,193, an increase of \$1,024,376 from the prior fiscal year. Revenues include direct program revenue of \$20,800,219 and general revenue of \$16,795,974. Program revenue is defined as charges for services and operating grants and revenues, which are allocable directly to programs. Total program revenue increased \$1,006,964. Program revenues increased \$1,054,570 for program grants and decreased \$47,606 for charges for services. General revenues increased \$17,412. General revenues decreased \$695,636 for forest and timber receipts. General revenues also decreased for interest earnings (\$2,738) and for miscellaneous revenues (\$23,876). Revenues increased for property taxes (\$316,535), general grants (\$406,480) and other taxes (\$16,647).

Total expenses increased \$3,137,151 this fiscal year. Expenses increased for health and welfare, \$1,663,921 (16.2%), for highways and streets, \$1,633,573 (21.3%) and for education, \$72,372 (26.1%). Expenses decreased for general government, \$102,928 (2.4%), for public safety, \$114,592 (.9%) and for interest on long-term obligations \$15,195 (2.3%).



The chart above compares direct program revenue with program expenses. During the past year, all governmental activities relied on general revenues to support the function. Revenue from road taxes in the amount of \$3,922,328 is not included in direct program revenue. Because it is defined as a tax, it is included in general grant revenue rather than program revenue for highways and streets.

The chart below shows sources of revenue for the fiscal year. 47.2% of revenues are from grants and contributions, 28.6% from property taxes, 9.6% from charges for services, 11.6% from other taxes, \$992,582 (2.6%) from O & C timber receipts and .4% from investment income and miscellaneous receipts.



Financial Analysis of the County's Funds

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

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

At June 30, 2012, the County's governmental funds have combined ending fund balances of \$5,317,453, which includes a decrease of \$3,234,710 during the current fiscal year. The ending fund balance consists of \$228,455 defined as nonspendable, \$3,384,070 defined as restricted and \$10,275 defined as committed. Nonspendable fund balances are those tied up in inventory and prepaid expenses which are nonspendable due to the nature of the item. Restricted fund balances are funds whose balances are restricted by agencies or funding sources outside of the County. Committed fund balances are funds committed for designated purposes by the County Board of Commissioners. Fund balances not included in these defined categories are considered unassigned and available for appropriation in the subsequent year at the Board's discretion. The County's unassigned fund balance at June 30, 2012 is \$1,694,653.

The General Fund is the chief operating fund of the County. At June 30, 2012, unassigned General Fund balance was \$2,241,602, approximately 42% of the total fund balance. The General Fund balance decreased \$600,324 during the current fiscal year, compared to a decrease of \$211,457 in the prior year. General Fund revenues, expenses and transfers to other funds during this fiscal year were similar to amounts in the prior fiscal year.

Changes in fund balances for other major funds during the year includes \$101,938 increase for Public Works Fund and a decrease of \$1,095,838 for the Mental Health fund. Other non-major governmental funds combined showed a fund balance decrease of \$1,640,486. Included in the other governmental funds is \$1,431,680 decrease for the Building Improvement fund caused by expenditure of funds for building improvement projects.

General Fund Budgetary Highlights

During the fiscal year, one budget modification was adopted by the Board. This modification increased appropriations by \$2,648,000. This modification included appropriations of \$885,000 from increased revenue, \$840,000 from loan proceeds, and \$107,000 from increases in transfers from the General Fund. The budget modification also reallocated \$646,000 contingency appropriation in the General Fund and reduced the Management Services fund equipment replacement reserve by \$170,000. Minor transfers of appropriations within funds were also made.

Capital Assets and Debt Administration

The County's investment in capital assets, net of depreciation, at June 30, 2012, is \$56,514,457. This investment in capital assets includes land, building and improvements, machinery and equipment, roads and bridges and motor vehicles. The total decrease during the current year was \$1,578,104 (2.7%). Capital asset additions for the year totaled \$3,088,566. Additions include work on bridge replacements (\$281,641), one patrol vehicle and law enforcement utility equipment (\$59,176), public works vehicle and road equipment (\$173,126), emergency managements tower enhancements (\$227,099), Academy building remodel (\$1,605,676), other County buildings improvements (\$97,397), leasehold improvements to West Salem Health office (\$288,115) and other equipment (\$356,336). The net asset balance for the year is increased by asset acquisitions (\$3,088,566) and decreased by depreciation expense (\$4,665,898) and also decreased for net book value of assets sold (\$772). There was no change in the condition of the County's capital assets during the year. Additional detail about capital asset changes can be found beginning on page 32 in the notes to the financial statements.

At the end of the current fiscal year, the County had \$14,835,000 in general obligation bonds outstanding, which is the total of three bond issues. Road improvement bonds were issued March 2007 for the purpose of road improvements. Bonds (certificates of participation) in the amount of \$2,250,000 were issued in 2011 for the primary purpose of debt payoff and remodeling to the Academy Building. Additional bonds (\$790,000) were issued in April 2012 for the purpose of paying off debt which financed the 2004 Falls City road project. \$1,975,000 principal plus \$696,791 interest was paid on the bonds during the year. No payments were made on the bonds issued in 2012. Bond payments for the Road Bond are made from property tax revenues. Bond payments for the certificates of participations are made from savings in rental costs.

At the end of the fiscal year, the County has \$43,560 remaining non-bond debt outstanding for four capital leases on office equipment. Total payments on non-bond debt during this year included \$811,850 principal and \$47,830 interest. Additional details about debt and repayment terms are contained on pages 34 through 36 of the notes to the financial statements.

Key Economic Factors and Next Year's Budget Information

- Polk County's fiscal year 2012-13 budgeted appropriations decreased approximately 1.65% compared to the prior year.
- General Fund revenues for fiscal year 2012-13 are budgeted at \$16,705,000. This includes a beginning fund balance of \$2,900,000.
- Significant changes in fiscal year 2012-13 budgeted expenses, including percentage change from the prior year are:
 - General Fund decrease - \$949,000 (5.4%), overall budget cuts
 - Public Works Fund decrease - \$320,000 (5.5%), reduced revenue
 - Mental Health Fund increase - \$1,444,657 (14.7%), increased revenue

Requests for Information

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

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

BASIC FINANCIAL STATEMENTS

POLK COUNTY

STATEMENT OF NET ASSETS

June 30, 2012

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Cash and investments	\$ 5,770,127
Receivables	3,712,678
Inventory	138,683
Prepaid items	142,258
Capital assets:	
Land and construction in progress	1,330,548
Other capital assets, net	<u>55,183,909</u>
TOTAL ASSETS	<u>66,278,203</u>
<u>LIABILITIES</u>	
Accounts payable and accrued expenses	1,935,757
Accrued interest payable	4,819
Unamortized premium on long-term obligations	183,290
Net other post-employment benefits	1,222,609
Long-term obligations:	
Due within one year	3,119,851
Due in more than one year	<u>12,670,118</u>
TOTAL LIABILITIES	<u>19,136,444</u>
<u>NET ASSETS</u>	
Invested in capital assets, net of related debt	41,635,897
Restricted for:	
Debt service	313,049
Bridge construction	671,201
Road and street maintenance	324,343
Bicycle path construction/maintenance	356,986
Law enforcement	344,598
Health and welfare	1,810,257
Economic development	310,130
Education	51,185
Other purposes	377,459
Unrestricted	<u>946,654</u>
TOTAL NET ASSETS	<u>\$ 47,141,759</u>

See notes to basic financial statements

POLK COUNTY

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2012

	Program Revenues		Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Services		Operating Grants and Contributions
Functions/Programs				
Governmental activities				
General government	\$ 4,257,635	\$ 1,400,669	\$ 803,973	\$ (2,052,993)
Public safety	13,357,592	776,517	4,145,354	(8,435,721)
Highways and streets	9,294,058	793,299	1,166,663	(7,334,096)
Health and welfare	11,931,835	639,065	11,074,679	(218,091)
Education	349,462	-	-	(349,462)
Interest on long-term obligations	646,879	-	-	(646,879)
TOTAL GOVERNMENTAL ACTIVITIES	<u>\$ 39,837,461</u>	<u>\$ 3,609,550</u>	<u>\$ 17,190,669</u>	<u>(19,037,242)</u>
General revenues				
Property taxes levied for:				
General purposes				7,912,115
Education				341,273
Debt service				2,503,734
Other taxes				983,059
Other grants and contributions not restricted				
for specific programs				4,914,910
Unrestricted investment earnings				44,831
Miscellaneous				93,433
Gain on disposition of capital assets				2,619
TOTAL GENERAL REVENUES				<u>16,795,974</u>
CHANGES IN NET ASSETS				<u>(2,241,268)</u>
NET ASSETS - BEGINNING				<u>49,383,027</u>
NET ASSETS - ENDING				<u>\$ 47,141,759</u>

See notes to basic financial statements

POLK COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2012

	General	Public Works	Mental Health	Other Governmental Funds	Totals
ASSETS					
Cash and investments	\$ 2,320,592	\$ 41,413	\$ 1,265,851	\$ 1,536,697	\$ 5,164,553
Receivables	1,247,886	913,462	903,302	633,366	3,698,016
Inventory	-	138,683	-	-	138,683
Prepaid items	45,397	-	13,920	30,724	90,041
TOTAL ASSETS	\$ 3,613,875	\$ 1,093,558	\$ 2,183,073	\$ 2,200,787	\$ 9,091,293
LIABILITIES					
Accounts payable and accrued expenditures	\$ 317,272	\$ 273,546	\$ 814,352	\$ 415,613	\$ 1,820,783
Deferred revenue	777,919	-	813,184	361,954	1,953,057
TOTAL LIABILITIES	1,095,191	273,546	1,627,536	777,567	3,773,840
FUND BALANCES					
Nonspendable	45,397	138,683	13,920	30,455	228,455
Restricted	231,685	681,329	541,617	1,929,439	3,384,070
Committed	-	-	-	10,275	10,275
Assigned	-	-	-	-	-
Unassigned	2,241,602	-	-	(546,949)	1,694,653
TOTAL FUND BALANCES	2,518,684	820,012	555,537	1,423,220	5,317,453
TOTAL LIABILITIES AND FUND BALANCES	\$ 3,613,875	\$ 1,093,558	\$ 2,183,073	\$ 2,200,787	
<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>					
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.					56,514,457
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.					1,953,057
The assets and liabilities of the Internal Service Fund are included in governmental activities in the statement of net assets			\$ 464,507		
Less: Capital assets of the Internal Service Funds included above				(145,715)	
Plus: Compensated absences and net OPEB obligations of the Internal Service Fund included below				199,096	
Plus: Long-term obligations of the Internal Service Fund				39,591	557,479
Proceeds from long-term obligations in excess of the face amount of the bonds are amortized over the term of the bonds.					(183,290)
Some liabilities, including bonds payable, are not due and payable in the current period and therefore not reported in the funds.					(17,017,397)
NET ASSETS OF GOVERNMENTAL ACTIVITIES					\$ 47,141,759

See notes to basic financial statements

POLK COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2012

	General	Public Works	Mental Health	Other Governmental Funds	Totals
REVENUES					
Property taxes	\$ 7,838,855	\$ -	\$ -	\$ 2,811,975	\$10,650,830
Licenses, fees and permits	526,290	-	-	61,944	588,234
Intergovernmental	4,936,462	5,355,877	8,409,725	3,631,418	22,333,482
Charges for services	1,152,623	387,437	288,452	1,114,369	2,942,881
Franchise fees	117,134	-	-	315,683	432,817
Fines and forfeitures	115,966	-	-	34,826	150,792
Donations	13,639	-	-	29,141	42,780
Interest	31,122	-	8,932	4,777	44,831
Miscellaneous	92,146	966	4,811	18,026	115,949
TOTAL REVENUES	14,824,237	5,744,280	8,711,920	8,022,159	37,302,596
EXPENDITURES					
Current					
General government	3,240,914	-	-	797,314	4,038,228
Public safety	10,850,705	-	-	2,282,588	13,133,293
Highways and streets	-	5,414,119	-	106,616	5,520,735
Health and welfare	197,195	-	9,209,893	3,006,019	12,413,107
Education	-	-	-	352,652	352,652
Debt service					
Principal	-	804,479	1,217	1,975,000	2,780,696
Interest	-	46,296	196	696,791	743,283
Capital outlay	14,600	228,594	601,637	1,758,781	2,603,612
TOTAL EXPENDITURES	14,303,414	6,493,488	9,812,943	10,975,761	41,585,606
Excess (deficiency) of revenues over expenditures	520,823	(749,208)	(1,101,023)	(2,953,602)	(4,283,010)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	61,146	-	1,312,116	1,373,262
Issuance of long-term obligations	-	790,000	5,185	-	795,185
Sale of capital assets	2,115	-	-	1,000	3,115
Transfers out	(1,123,262)	-	-	-	(1,123,262)
TOTAL OTHER FINANCING SOURCES (USES)	(1,121,147)	851,146	5,185	1,313,116	1,048,300
Net change in fund balances	(600,324)	101,938	(1,095,838)	(1,640,486)	(3,234,710)
Fund balance beginning of year	3,119,008	718,074	1,651,375	3,063,706	8,552,163
Fund balances at end of year	\$ 2,518,684	\$ 820,012	\$ 555,537	\$ 1,423,220	\$ 5,317,453

See notes to basic financial statements

POLK COUNTY

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2012

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ (3,234,710)

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

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. The difference between these two amounts is:

Capitalized expenditures	\$ 3,012,978	
Depreciation	<u>(4,665,898)</u>	(1,652,920)

In the Statement of Activities, property taxes are reported as revenue when assessed. However in the governmental fund, property taxes are reported as revenues when they are measurable and available. This revenue recognition results in differences in amounts reported for property tax revenue. 106,292

In the Statement of Activities, revenue is recognized when earned. However in the governmental funds, revenues are reported when they are measurable and available. This results in differences in amounts reported for grants and contributions. 655,821

In the Statement of Activities, only the gain on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost, less accumulated depreciation, of the capital assets sold. (772)

Proceeds from long-term obligations provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. (795,185)
Issuance costs included in expenses on the statement of activities 33,299 (761,886)

Repayment of long-term obligation principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Assets.
Governmental funds 2,780,696
Internal services funds 6,154 2,786,850

Amortization of premium on the issuance of long-term obligations reduces interest expense on the statement of activities. 64,103

Internal service funds are used to account for all costs arising from the operations of the County's central services activities and insurance programs. The primary funding sources are charges to other funds.

Changes in net assets	38,958	
Depreciation expense included above	30,528	
Debt service included above	(6,154)	
Compensated absences included below	(24,271)	
Other post employment benefits obligation included below	<u>22,094</u>	61,155

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:

Accrued interest	33,775	
Compensated absences	(70,162)	
Net other post employment benefit obligation	<u>(228,814)</u>	(265,201)

CHANGES IN NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ (2,241,268)

See notes to basic financial statements

POLK COUNTY

GENERAL FUND

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

For the Year Ended June 30, 2012

	Budget		Actual	Variance
	Original	Final		
REVENUES				
Property taxes	\$7,710,000	\$ 7,710,000	\$ 7,838,855	\$ 128,855
Licenses, permits and fees	570,000	570,000	526,290	(43,710)
Intergovernmental	4,711,000	4,711,000	4,936,462	225,462
Charges for services	1,167,000	1,167,000	1,152,623	(14,377)
Franchise fees	100,000	100,000	117,134	17,134
Fines and forfeitures	180,000	180,000	115,966	(64,034)
Donations	2,000	2,000	13,639	11,639
Interest	30,000	30,000	31,122	1,122
Miscellaneous	120,500	120,500	92,146	(28,354)
TOTAL REVENUES	<u>14,590,500</u>	<u>14,590,500</u>	<u>14,824,237</u>	<u>233,737</u>
EXPENDITURES				
Commissioners				
Personnel Services	279,346	279,346	275,562	3,784
Interdepartment Charges	47,068	47,068	47,068	-
Total Commissioners	<u>326,414</u>	<u>326,414</u>	<u>322,630</u>	<u>3,784</u>
County Clerk				
Recording				
Personnel Services	138,530	138,530	81,860	56,670
Materials and Services	4,150	4,150	8,357	(4,207)
Interdepartment Charges	52,128	52,128	52,128	-
Total Recording	<u>194,808</u>	<u>194,808</u>	<u>142,345</u>	<u>52,463</u>

*See notes to basic financial statements
Continued on pages 7 - 11*

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

EXPENDITURES (continued)	Budget		Actual	Variance
	Original	Final		
County Clerk (continued)				
Elections				
Personnel Services	\$ 151,055	\$ 151,055	\$ 131,774	\$ 19,281
Materials and Services	99,650	99,650	106,510	(6,860)
Interdepartment Charges	54,615	54,615	54,615	-
Total Elections	305,320	305,320	292,899	12,421
Total County Clerk	500,128	500,128	435,244	64,884
Treasurer				
Personnel Services	50,630	50,630	46,378	4,252
Materials and Services	3,100	3,100	3,457	(357)
Interdepartment Charges	9,250	9,250	9,250	-
Total Treasurer	62,980	62,980	59,085	3,895
Non-Departmental				
Fund-wide				
Materials and Services	4,000	5,000	4,277	723
Contingency	1,980,603	1,334,603	-	1,334,603
Total Fund-wide	1,984,603	1,339,603	4,277	1,335,326
O & C TIMBER - Title III				
Personnel Services	44,320	44,320	48,014	(3,694)
Materials and Services	15,000	15,000	10,132	4,868
Interdepartment Charges	73,222	73,222	73,222	-
Total O & C TIMBER - Title III	132,542	132,542	131,368	1,174
Total Non-departmental	2,117,145	1,472,145	135,645	1,336,500

See notes to basic financials statements
Continued on pages 8 - 11

GENERAL FUND

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

EXPENDITURES (continued)	Budget		Actual	Variance
	Original	Final		
Assessment				
Personnel Services	\$ 805,206	\$ 805,206	\$ 795,669	\$ 9,537
Materials and Services	23,250	23,250	21,333	1,917
Interdepartment Charges	252,661	252,661	252,661	-
Total Assessment	1,081,117	1,081,117	1,069,663	11,454
Tax Collector				
Personnel Services	160,414	160,414	145,779	14,635
Materials and Services	31,850	31,850	30,076	1,774
Interdepartment Charges	49,363	49,363	49,363	-
Total Tax Collector	241,627	241,627	225,218	16,409
Community Development Planning				
Personnel Services	260,021	260,021	217,809	42,212
Materials and Services	24,850	24,850	11,578	13,272
Interdepartment Charges	90,362	90,362	90,362	-
Total Planning	375,233	375,233	319,749	55,484
Building Inspection				
Personnel Services	113,398	113,398	141,595	(28,197)
Materials and Services	374,550	404,550	328,393	76,157
Interdepartment Charges	62,659	62,659	62,659	-
Total Building Inspection	550,607	580,607	532,647	47,960
Environmental Health				
Personnel Services	197,743	197,743	140,978	56,765
Materials and Services	36,825	36,825	12,346	24,479
Interdepartment Charges	43,871	43,871	43,871	-
Total Environmental Health	278,439	278,439	197,195	81,244
Total Community Development	1,204,279	1,234,279	1,049,591	184,688

*See notes to basic financials statements
Continued on pages 9 - 11*

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

EXPENDITURES (continued)	<u>Budget</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
District Attorney				
Prosecution				
Personnel Services	\$ 794,305	\$ 794,305	\$ 658,765	\$ 135,540
Materials and Services	48,850	48,850	84,163	(35,313)
Interdepartment Charges	142,494	142,494	142,494	-
Total Prosecution	<u>985,649</u>	<u>985,649</u>	<u>885,422</u>	<u>100,227</u>
Support Enforcement				
Personnel Services	272,240	272,240	269,229	3,011
Materials and Services	11,600	11,600	10,401	1,199
Interdepartment Charges	41,407	41,407	41,407	-
Total Support Enforcement	<u>325,247</u>	<u>325,247</u>	<u>321,037</u>	<u>4,210</u>
Court Appointed Special Advisor (CASA)				
Materials and Services	33,450	36,450	33,593	2,857
Interdepartment Charges	816	816	816	-
Total CASA	<u>34,266</u>	<u>37,266</u>	<u>34,409</u>	<u>2,857</u>
Medical Examiner				
Personnel Services	30,251	30,251	31,440	(1,189)
Materials and Services	7,525	7,525	4,928	2,597
Interdepartment Charges	885	885	885	-
Total Medical Examiner	<u>38,661</u>	<u>38,661</u>	<u>37,253</u>	<u>1,408</u>
Total District Attorney	<u>1,383,823</u>	<u>1,386,823</u>	<u>1,278,121</u>	<u>108,702</u>

*See notes to basic financials statements
Continued on pages 10 and 11*

GENERAL FUND

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

EXPENDITURES (continued)	Budget		Actual	Variance
	Original	Final		
Sheriff				
Criminal				
Personnel Services	\$2,617,345	\$ 2,717,345	\$ 2,724,855	\$ (7,510)
Materials and Services	365,500	415,500	427,247	(11,747)
Interdepartment Charges	280,903	280,903	280,933	(30)
Capital Outlay	-	-	14,600	(14,600)
Total Criminal	<u>3,263,748</u>	<u>3,413,748</u>	<u>3,447,635</u>	<u>(33,887)</u>
Jail				
Personnel Services	2,641,364	2,641,364	2,613,111	28,253
Materials and Services	702,750	702,750	744,542	(41,792)
Interdepartment Charges	493,007	493,007	493,007	-
Total Jail	<u>3,837,121</u>	<u>3,837,121</u>	<u>3,850,660</u>	<u>(13,539)</u>
Emergency Management				
Personnel Services	140,478	140,478	130,870	9,608
Materials and Services	314,600	564,600	425,662	138,938
Interdepartment Charges	22,008	22,008	22,008	-
Capital Outlay	50,000	50,000	-	50,000
Total Emergency Management	<u>527,086</u>	<u>777,086</u>	<u>578,540</u>	<u>198,546</u>
Total Sheriff	<u>7,627,955</u>	<u>8,027,955</u>	<u>7,876,835</u>	<u>151,120</u>
Community Corrections				
Personnel Services	1,099,833	1,149,833	1,147,605	2,228
Materials and Services	407,700	457,700	481,155	(23,455)
Interdepartment Charges	81,589	81,589	81,589	-
Total Community Corrections	<u>1,589,122</u>	<u>1,689,122</u>	<u>1,710,349</u>	<u>(21,227)</u>

*See notes to basic financials statements
Continued on page 11*

GENERAL FUND

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

EXPENDITURES (continued)	Budget		Actual	Variance
	Original	Final		
Community Service-Diversion				
Personnel Services	\$ 48,066	\$ 53,066	\$ 54,759	\$ (1,693)
Materials and Services	22,410	22,410	19,284	3,126
Interdepartment Charges	9,597	9,597	9,597	-
Total Community Service-Diversion	80,073	85,073	83,640	1,433
Parks Maintenance				
Personnel Services	40,990	40,990	42,680	(1,690)
Materials and Services	19,850	19,850	11,332	8,518
Interdepartment Charges	3,381	3,381	3,381	-
Parks Maintenance	64,221	64,221	57,393	6,828
TOTAL EXPENDITURES	16,278,884	16,171,884	14,303,414	1,868,470
Excess (deficiency) of revenues over expenditures	(1,688,384)	(1,581,384)	520,823	2,102,207
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	5,000	5,000	2,115	(2,885)
Transfers out	(1,065,116)	(1,172,116)	(1,123,262)	48,854
TOTAL OTHER FINANCING SOURCES (USES)	(1,060,116)	(1,167,116)	(1,121,147)	45,969
Net change in fund balance	(2,748,500)	(2,748,500)	(600,324)	2,148,176
Fund balance at beginning of year	3,050,000	3,050,000	3,119,008	69,008
Fund balance at end of year	\$ 301,500	\$ 301,500	\$ 2,518,684	\$ 2,217,184

See notes to basic financials statements

POLK COUNTY

PUBLIC WORKS FUND

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

For the Year Ended June 30, 2012

	Budget		Actual	Variance
	Original	Final		
REVENUES				
Intergovernmental	\$4,737,500	\$4,737,500	\$5,355,877	\$ 618,377
Charges for services	485,000	485,000	387,437	(97,563)
Interest	1,000	1,000	-	(1,000)
Miscellaneous	-	-	966	966
TOTAL REVENUES	<u>5,223,500</u>	<u>5,223,500</u>	<u>5,744,280</u>	<u>520,780</u>
EXPENDITURES				
Administration				
Personnel Services	254,587	254,587	245,533	9,054
Materials and Services	100,750	100,750	82,728	18,022
Interdepartment Charges	209,667	209,667	209,667	-
Capital Outlay	10,000	10,000	25,106	(15,106)
Total Administration	<u>575,004</u>	<u>575,004</u>	<u>563,034</u>	<u>11,970</u>
County Shops				
Personnel Services	234,120	234,120	235,953	(1,833)
Materials and Services	216,000	266,000	237,949	28,051
Capital outlay	5,000	5,000	-	5,000
Total County Shops	<u>455,120</u>	<u>505,120</u>	<u>473,902</u>	<u>31,218</u>
Road Maintenance				
Personnel Services	989,352	989,352	965,415	23,937
Materials and Services	2,555,000	2,555,000	2,809,511	(254,511)
Capital Outlay	250,000	250,000	194,758	55,242
Total Road Maintenance	<u>3,794,352</u>	<u>3,794,352</u>	<u>3,969,684</u>	<u>(175,332)</u>

See notes to basic financials statements

Continued on page 13

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

	Budget		Actual	Variance
	Original	Final		
EXPENDITURES (continued)				
Road Construction				
Materials and Services	\$ 115,500	\$ 115,500	\$ 239,833	\$(124,333)
Debt payments	70,000	860,000	821,933	38,067
Capital Outlay	125,000	125,000	-	125,000
Total Road Construction	310,500	1,100,500	1,061,766	38,734
Survey				
Personnel Services	254,813	254,813	257,090	(2,277)
Materials and Services	39,500	39,500	8,708	30,792
Capital outlay	-	-	6,477	(6,477)
Total Survey	294,313	294,313	272,275	22,038
Engineering				
Personnel Services	158,282	158,282	148,936	9,346
Materials and Services	7,500	7,500	1,638	5,862
Capital outlay	-	-	2,253	(2,253)
Total Engineering	165,782	165,782	152,827	12,955
Contingency	353,429	353,429	-	353,429
TOTAL EXPENDITURES	5,948,500	6,788,500	6,493,488	295,012
Excess (deficiency) of revenues over expenditures	(725,000)	(1,565,000)	(749,208)	815,792
OTHER FINANCING SOURCES (USES)				
Transfers in	60,000	110,000	61,146	(48,854)
Issuance of long-term obligations	-	790,000	790,000	-
Sale of capital assets	15,000	15,000	-	(15,000)
TOTAL OTHER FINANCING SOURCES (USES)	75,000	915,000	851,146	(63,854)
Net change in fund balance	(650,000)	(650,000)	101,938	751,938
Fund balance at beginning of year	650,000	650,000	718,074	68,074
Fund balance at end of year	\$ -	\$ -	\$ 820,012	\$ 820,012

See notes to basic financials statements

POLK COUNTY

MENTAL HEALTH FUND

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

For the Year Ended June 30, 2012

	Budget		Actual	Variance
	Original	Final		
REVENUES				
Intergovernmental	\$ 8,468,343	\$ 9,143,343	\$ 8,409,725	\$ (733,618)
Charges for services	416,000	416,000	288,452	(127,548)
Interest	5,000	5,000	8,932	3,932
Miscellaneous	3,000	3,000	4,811	1,811
TOTAL REVENUES	8,892,343	9,567,343	8,711,920	(855,423)
EXPENDITURES				
Administration				
Personnel Services	350,711	350,711	350,829	(118)
Materials and Services	315,750	315,750	244,805	70,945
Interdepartment Charges	304,021	304,021	334,021	(30,000)
Total Administration	970,482	970,482	929,655	40,827
Addiction Program				
Personnel Services	812,920	812,920	819,765	(6,845)
Materials and Services	44,250	119,250	107,545	11,705
Interdepartment Charges	47,465	47,465	47,465	-
Total Addiction Program	904,635	979,635	974,775	4,860
Outpatient Mental Health Services				
Personnel Services	3,254,045	3,454,045	3,194,747	259,298
Materials and Services	1,504,800	1,604,800	1,663,750	(58,950)
Interdepartment Charges	575,218	575,218	575,218	-
Capital Outlay	-	300,000	485,091	(185,091)
Total Outpatient Mental Health Services	5,334,063	5,934,063	5,918,806	15,257

See notes to basic financials statements

Continued on page 15

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

	Budget		Actual	Variance
	Original	Final		
EXPENDITURES (continued)				
Developmental Disability				
Personnel Services	\$ 965,040	\$ 965,040	\$ 815,664	\$ 149,376
Materials and Services	79,200	79,200	34,387	44,813
Interdepartment Charges	114,160	114,160	114,160	-
Capital Outlay	-	-	116,546	(116,546)
Total Developmental Disability	<u>1,158,400</u>	<u>1,158,400</u>	<u>1,080,757</u>	<u>77,643</u>
Sub-Grant Programs				
Materials and Services	<u>1,118,343</u>	<u>1,118,343</u>	<u>908,950</u>	<u>209,393</u>
Contingency	<u>356,420</u>	<u>356,420</u>	<u>-</u>	<u>356,420</u>
TOTAL EXPENDITURES	9,842,343	10,517,343	9,812,943	704,400
OTHER FINANCING SOURCES				
Issuance of long-term obligations	<u>-</u>	<u>-</u>	<u>5,185</u>	<u>5,185</u>
Net change in fund balance	(950,000)	(950,000)	(1,095,838)	(145,838)
Fund balance at beginning of year	<u>950,000</u>	<u>950,000</u>	<u>1,651,375</u>	<u>701,375</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 555,537</u>	<u>\$ 555,537</u>

See notes to basic financials statements

POLK COUNTY

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2012

	<u>Governmental Activities</u>
	<u>Internal Service</u>
<u>ASSETS</u>	
Current assets	
Cash and investments	\$ 605,574
Receivables	14,662
Prepaid items	<u>52,217</u>
Total current assets	672,453
Capital assets, net	<u>145,715</u>
TOTAL ASSETS	<u>818,168</u>
<u>LIABILITIES</u>	
Accounts payable and accrued expenses	114,974
Compensated absences	77,259
Net OPEB obligation	121,837
Long-term obligations:	
Due within one year	10,852
Due in more than one year	<u>28,739</u>
TOTAL LIABILITIES	<u>353,661</u>
<u>NET ASSETS</u>	
Invested in capital assets	145,715
Unrestricted	<u>318,792</u>
TOTAL NET ASSETS	<u>\$ 464,507</u>

See notes to basic financial statements

POLK COUNTY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
 PROPRIETARY FUNDS
 For the Year Ended June 30, 2012

	<u>Governmental Activities Internal Service</u>
OPERATING REVENUES	
Intergovernmental	70,687
Charges for services	\$ 4,265,508
Miscellaneous	<u>9,611</u>
TOTAL OPERATING REVENUES	<u>4,345,806</u>
OPERATING EXPENSES	
Personal services	2,099,459
Materials and services	1,925,662
Interest on long-term obligations	1,474
Depreciation	<u>30,528</u>
TOTAL OPERATING EXPENSES	<u>4,057,123</u>
Operating income	<u>288,683</u>
NONOPERATING REVENUE (EXPENSE)	
Gain on sale of capital asset	275
Transfers out	<u>(250,000)</u>
TOTAL NONOPERATING REVENUE (EXPENSE)	<u>(249,725)</u>
Change in net assets	38,958
Net assets - beginning of year	<u>425,549</u>
Net assets - end of year	<u>\$ 464,507</u>

See notes to basic financial statements

POLK COUNTY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2012

	Governmental Activities
	Internal Service
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 4,330,665
Other receipts	9,611
Payments to employees for services	(2,101,636)
Payments to other suppliers of goods or services	(1,891,386)
	347,254
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers out	(250,000)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of capital assets	(75,588)
Sale of capital assets	275
Issuance of long-term obligations	45,745
Principal payments on long-term obligations	(6,154)
	(35,722)
Net cash (used in) capital and related financing activities	(35,722)
Net increase in cash and cash equivalents	61,532
Cash and cash equivalents, beginning of year	544,042
Cash and cash equivalents, end of year	\$ 605,574
Reconciliation of operating income to net cash provided by operating activities	
Operating income	\$ 288,683
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	30,528
(Increase) decrease in assets:	
Receivables	(5,530)
Prepaid items	13,850
Increase (decrease) in liabilities:	
Accounts payable and accrued expenses	21,900
Compensated absences	(24,271)
Net OPEB obligation	22,094
	347,254
Net cash provided by operating activities	\$ 347,254

See notes to basic financial statements

POLK COUNTY
STATEMENT OF NET ASSETS
FIDUCIARY FUNDS
June 30, 2012

	<u>Agency</u>
<u>ASSETS</u>	
Cash and investments	\$ 955,118
Receivables	<u>6,054,579</u>
TOTAL ASSETS	<u>\$ 7,009,697</u>
<u>LIABILITIES</u>	
Due to other governments	<u>\$ 7,009,697</u>

See notes to basic financial statements

POLK COUNTY

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2012

1. Summary of Significant Accounting Policies

The Reporting entity

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

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

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

Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the County. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities* are supported by taxes and intergovernmental revenues.

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

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. Summary of Significant Accounting Policies (continued)

Government-wide and fund financial statements (continued)

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

Measurement focus, basis of accounting and financial statement presentation

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

The government-wide statements and proprietary funds have applied all Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedure issued on or before November 30, 1989, unless those pronouncements conflict with or contradict Governmental Accounting Standards Board (GASB) pronouncements. The County has elected not to apply FASB pronouncements issued after November 30, 1989.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the functions of the County, the elimination of which would distort the direct costs and program revenues reported for the various functions concerned.

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

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

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

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. Summary of Significant Accounting Policies (continued)

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Significant revenues, which are susceptible to accrual under the modified accrual basis of accounting, include property taxes and federal and state grants. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

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

The County reports the following major governmental funds:

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

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

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

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. Summary of Significant Accounting Policies (continued)

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

Additionally, the County reports the following fund types:

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

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

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

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

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

Equity Classification

Government-wide statements

On the Statement of Net Assets equity is classified as net assets and displayed in three components:

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

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

Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. Summary of Significant Accounting Policies (continued)

Equity Classification (continued)

Governmental Fund Type Fund Balance Reporting

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54) requires governmental type fund balance amounts to be properly reported within one of the fund balance categories listed below

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

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

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

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

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

Budget policies and budgetary control

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

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

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

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

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. Summary of Significant Accounting Policies (continued)

Risk management

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

Cash and cash equivalents

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

Inventories

Inventories are valued at the lower of cost (first-in, first-out method) or market. Inventories consist of expendable supplies held for consumption.

Property taxes

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

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

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

Grants and entitlements

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

Other receivables

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

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. Summary of Significant Accounting Policies (continued)

Capital assets

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

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

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

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

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

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

Long-term obligations

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

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

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. Summary of Significant Accounting Policies (continued)

Compensated absences

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

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

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

Use of estimates

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

2. Deposits and Investments

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

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

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

2. Deposits and Investments (continued)

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

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

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

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

	Standard and Poor's Ratings	Maturities	Fair Value
State Treasurer's Investment Pool	N/A	N/A	\$ 5,982,695

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

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

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

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

2. Deposits and Investments (continued)

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

Custodial Credit Risk – Deposits. This is the risk that, in the event of a bank failure, the County's deposits may not be returned. The Federal Depository Insurance Corporation (FDIC) provides insurance for the County's deposits with financial institutions up to \$250,000 each for the aggregate of all non-interest bearing accounts and the aggregate of all interest bearing accounts at each institution. Deposits in excess of FDIC coverage with institutions participating in the Oregon Public Funds Collateralization Program are collateralized with securities held by the Federal Home Loan Bank of Seattle in the name of the institution. As of June 30, 2012, \$933,674 of the County's bank balances were exposed to custodial credit risk as they were collateralized with securities held by the pledging financial institution's agent but not in the County's name.

A. The County's deposits and investments at June 30, 2012 are as follows:

Total investments	\$ 5,982,695
Cash on hand	5,495
Deposits with financial institutions	<u>737,055</u>
Total deposits and investments	<u>\$ 6,725,245</u>

B. Cash and investments by fund:

Governmental activities/funds

Governmental funds

General	\$ 2,320,592
Public Works	41,413
Mental Health	1,265,851
Other governmental funds	<u>1,536,697</u>

Total governmental funds 5,164,553

Internal Service funds 605,574

Total governmental activities 5,770,127

Fiduciary fund

Agency 955,118

Total cash and investments \$ 6,725,245

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

3. Receivables

A. The County's receivables at June 30, 2012 are as follows:

Fund	Property Taxes	Accounts	Grants	Assessments	Totals
General	\$ 776,994	\$ 94,107	\$ 323,928	\$ 52,857	\$ 1,247,886
Public Works	-	196,985	716,477	-	913,462
Mental Health	-	788,126	115,176	-	903,302
Other governmental funds	270,094	49,082	314,190	-	633,366
Total governmental funds	1,047,088	1,128,300	1,469,771	52,857	3,698,016
Internal service funds	-	14,662	-	-	14,662
Total governmental activities	1,047,088	1,142,962	1,469,771	52,857	3,712,678
Fiduciary funds					
Agency	6,054,579	-	-	-	6,054,579
Totals	\$ 7,101,667	\$ 1,142,962	\$ 1,469,771	\$ 52,857	\$ 9,767,257

B. Property taxes

i. Collection procedures

Taxes are levied on July 1 and are payable in three installments due November 15, February 15 and May 15.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

3. Receivables

B. Property taxes (continued)

ii. Transactions

	Balances July 1, 2011	2011-12 Levy	Adjustments	Net Interest (Discounts)	Collections	Balances June 30, 2012
Current	\$ -	\$ 73,766,524	\$ (299,472)	\$ (1,767,694)	\$ 68,365,242	\$ 3,334,116
Prior	6,460,289	-	(64,979)	775,369	3,403,128	3,767,551
	<u>\$ 6,460,289</u>	<u>\$ 73,766,524</u>	<u>\$ (364,451)</u>	<u>\$ (992,325)</u>	<u>\$ 71,768,370</u>	<u>\$ 7,101,667</u>

iii. Ensuing year's levies

The permanent tax rates per \$1,000 of assessed value for the various funds are as follows:

General	\$ 1.716
Polk County Extension Service District	.075

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

In addition, the County will levy \$2,550,000 for the retirement of long-term debt principal and interest due in 2012-13.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

4. Capital Assets

A. Capital asset activity for the governmental activities for the year ended June 30, 2012 was as follows:

	Balances July 1, 2011	Additions	Reclassifications Deletions	Balances June 30, 2012
<i>Capital assets not being depreciated</i>				
Land	\$ 1,314,346	\$ -	\$ -	\$ 1,314,346
Construction in progress	<u>1,386,064</u>	<u>-</u>	<u>(1,369,862)</u>	<u>16,202</u>
Total capital assets not being depreciated	<u>2,700,410</u>	<u>-</u>	<u>(1,369,862)</u>	<u>1,330,548</u>
<i>Capital assets being depreciated</i>				
Infrastructure	96,769,240	-	-	96,769,240
Buildings	18,972,023	2,722,824	-	21,694,847
Improvements	886,048	389,362	-	1,275,410
Bridges	21,644,617	588,435	-	22,233,052
Equipment	<u>7,648,105</u>	<u>757,807</u>	<u>(41,600)</u>	<u>8,364,312</u>
Total capital assets being depreciated	<u>145,920,033</u>	<u>4,458,428</u>	<u>(41,600)</u>	<u>150,336,861</u>
Less accumulated depreciation for:				
Infrastructure	71,154,728	3,160,210	-	74,314,938
Buildings	7,968,398	495,858	-	8,464,256
Improvements	498,317	70,021	-	568,338
Bridges	5,662,695	425,163	-	6,087,858
Equipment	<u>5,243,744</u>	<u>514,646</u>	<u>(40,828)</u>	<u>5,717,562</u>
Total accumulated depreciation	<u>90,527,882</u>	<u>4,665,898</u>	<u>(40,828)</u>	<u>95,152,952</u>
Total capital assets being depreciated, net	<u>55,392,151</u>	<u>(207,470)</u>	<u>(772)</u>	<u>55,183,909</u>
Governmental activities capital assets, net	<u>\$ 58,092,561</u>	<u>\$ (207,470)</u>	<u>\$ (1,370,634)</u>	<u>\$ 56,514,457</u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

4. Capital Assets (continued)

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

Governmental Activities	
General government	\$ 181,178
Public safety	547,149
Highways and streets	3,784,059
Health and welfare	<u>153,512</u>
 Total governmental activities	 <u>\$ 4,665,898</u>

C. Capital asset activity in internal service funds, which are included in the governmental activities, for the year ended June 30, 2012 was as follows:

	<u>Balances</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Reclassifications</u> <u>Deletions</u>	<u>Balances</u> <u>June 30, 2012</u>
<i>Capital assets being depreciated</i>				
Improvements	\$ 19,532	\$ -	\$ -	\$ 19,532
Equipment	<u>495,863</u>	<u>75,588</u>	<u>(18,134)</u>	<u>553,318</u>
 Total capital assets being depreciated	 <u>515,395</u>	 <u>75,588</u>	 <u>(18,134)</u>	 <u>572,850</u>
Less accumulated depreciation for:				
Improvements	13,025	1,953	-	14,978
Equipment	<u>401,715</u>	<u>28,575</u>	<u>(18,134)</u>	<u>412,156</u>
 Total accumulated depreciation	 <u>414,740</u>	 <u>30,528</u>	 <u>(18,134)</u>	 <u>427,134</u>
 Total capital assets being depreciated, net	 <u>\$ 100,655</u>	 <u>\$ 45,060</u>	 <u>\$ -</u>	 <u>\$ 145,715</u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

5. Long-term Obligations

A. Transactions for the year ended June 30, 2012 are as follows:

	Outstanding July 1, 2011	Additions	Reductions	Outstanding June 30, 2012	Balances Due Within One Year
General Obligation Bonds, Series 2007 - original amount \$20,000,000; interest rates of 4.5 percent to 5.0 percent					
Principal	\$ 13,770,000	\$ -	\$ 1,870,000	\$ 11,900,000	\$ 2,025,000
Interest	-	597,225	597,225	-	
	<u>13,770,000</u>	<u>597,225</u>	<u>2,467,225</u>	<u>11,900,000</u>	
Full Faith and Credit Obligations, Series 2011 - original amount \$2,250,000; interest rates of 2.0 percent to 4.4 percent					
Principal	2,250,000	-	105,000	2,145,000	120,000
Interest	13,730	85,836	99,566	-	
	<u>2,263,730</u>	<u>85,836</u>	<u>204,566</u>	<u>2,145,000</u>	
Loan - Bank of New York, Oregon Economic and Community Development Department, original amount \$1,000,000; interest at 5.46 percent					
Principal	776,935	-	776,935	-	
Interest	24,523	20,465	44,988	-	
	<u>801,458</u>	<u>20,465</u>	<u>821,923</u>	<u>-</u>	
Full Faith and Credit Refunding Obligations, Series 2012-original amount \$790,000; interest rates of 1.85 percent to 3.80 percent					
Principal	-	790,000	-	790,000	50,000
Interest	-	4,662	-	4,662	
	<u>-</u>	<u>794,662</u>	<u>-</u>	<u>794,662</u>	
Capital Lease - US Bank Equipment Finance 4 leases, total lease amount \$50,931 interest rates of 4.94 percent to 8.38 percent					
Principal	-	50,931	7,371	43,560	13,442
Interest	-	1,691	1,534	157	
	<u>-</u>	<u>52,622</u>	<u>8,905</u>	<u>43,717</u>	

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

5. Long-term Obligations (continued)

A. Transactions for the year ended June 30, 2012 are as follows: (continued)

	Outstanding July 1, 2011	Additions	Reductions	Outstanding June 30, 2012	Balances Due Within One Year
Capital Lease - Caterpillar Financial Services Corp. original amount \$176,470; interest at 4.5 percent; secured by equipment.					
Principal	\$ 27,544	\$ -	\$ 27,544	\$ -	\$ -
Interest	341	967	1,308	-	
	<u>27,885</u>	<u>967</u>	<u>28,852</u>	<u>-</u>	
Vested compensated absences	<u>841,247</u>	<u>70,162</u>	<u>-</u>	<u>911,409</u>	<u>911,409</u>
Total	17,704,320	1,621,939	3,531,471	15,794,788	<u>\$ 3,119,851</u>
Interest	<u>38,594</u>	<u>710,846</u>	<u>744,621</u>	<u>4,819</u>	
Principal	<u>\$ 17,665,726</u>	<u>\$ 911,093</u>	<u>\$ 2,786,850</u>	<u>\$ 15,789,969</u>	

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

5. Long-term Obligations (continued)

B. The future maturity of all obligations outstanding as of June 30, 2012 is as follows:

Fiscal Year	General Obligation Bonds, Series 2007		Full Faith & Credit Obligations Series 2011		Full Faith and Credit Refunding Obligations Series 2012		Capital Leases US Bank Equipment Finance 4 Leases	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
	2013	\$ 2,025,000	\$ 514,456	\$ 120,000	\$ 83,355	\$ 50,000	\$ 27,957	\$ 13,442
2014	2,190,000	424,888	125,000	80,593	40,000	22,388	12,837	1,334
2015	2,360,000	322,300	125,000	77,155	45,000	21,601	12,099	659
2016	2,555,000	202,375	130,000	72,680	45,000	20,769	5,182	84
2017	2,770,000	69,250	135,000	67,380	45,000	19,936	-	-
2018-22	-	-	765,000	248,210	260,000	78,233	-	-
2023-27	-	-	745,000	67,430	305,000	29,925	-	-
	<u>\$ 11,900,000</u>	<u>\$ 1,533,269</u>	<u>\$ 2,145,000</u>	<u>\$ 696,803</u>	<u>\$ 790,000</u>	<u>\$ 220,808</u>	<u>\$ 43,560</u>	<u>\$ 4,218</u>

Fiscal Year	Vested Compen- sated Absences	Totals	
		Principal	Interest
		2013	\$ 911,409
2014	-	2,367,837	529,203
2015	-	2,542,099	421,715
2016	-	2,735,182	295,908
2017	-	2,950,000	156,566
2018-22	-	1,025,000	326,443
2023-27	-	1,050,000	97,355
	<u>\$ 911,409</u>	<u>\$ 15,789,969</u>	<u>\$ 2,455,099</u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

6. Interfund Transfers

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

Fund(s)	Transfers	
	In	Out
General	\$ --	\$ 1,123,262
Public Works	61,146	--
Other Governmental	1,312,116	--
Internal Service	--	250,000
	<u>\$ 1,373,262</u>	<u>\$ 1,373,262</u>

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

7. Deferred Revenue

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

	General	Mental Health	Other Governmental Funds	Totals
Property taxes	\$ 687,188	\$ -	\$ 238,899	\$ 926,087
Assessments	46,367	-	-	46,367
Accounts and grants	44,364	813,184	123,055	980,603
	<u>\$ 777,919</u>	<u>\$ 813,184</u>	<u>\$ 361,954</u>	<u>\$ 1,953,057</u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

8. Retirement Plan

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

County employees are eligible to participate after completing six months of service. Covered employees are required by state statute to contribute 6 percent of their compensation to the plan. Current law permits the County to pay this amount on behalf of the employees. The County's contribution rate is set by PERB and is periodically adjusted based upon actuarial computations of the amount needed to provide retirement benefits. The required contribution was determined as part of the December 31, 2009 actuarial valuation using the projected unit credit cost method. The actuarial assumptions include:

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

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

For employees hired before August 29, 2003 – 13.66 percent
For employees hired after August 29, 2003:
 Law enforcement personnel – 11.98 percent
 All other employees – 9.27 percent

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

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

8. Retirement Plan (continued)

The County's contribution to the plan for the years ending June 30, 2012, 2011, and 2010, were as follows:

June 30,	Cost (APC)	Contributions	Contributed
2012	\$ 2,606,473	\$ 2,606,473	100
2011	2,094,722	2,094,722	100
2010	2,045,398	2,045,398	100

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

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

9. Other Post-Employment Benefits

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

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

9. Other Post-Employment Benefits (continued)

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

At the August 1, 2010 actuarial valuation date, there were 262 active employees and 11 retirees and spouses of retirees receiving benefits.

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

Expected monthly cost - Medical	Retirees		Spouses	
	Male	Female	Male	Female
Age 50	\$ 678	\$ 701	\$ 442	\$ 523
Age 55	723	711	539	593
Age 60	878	825	673	691
Age 64	1,090	996	834	825
Average Gross premiums	\$ 419		\$ 414	

Expected monthly cost - Dental	Retirees		Spouses	
	Male	Female	Male	Female
Age 50	\$ 60	\$ 66	\$ 60	\$ 66
Age 55	65	69	65	69
Age 60	68	72	68	72
Age 64	70	72	70	72
Average Gross premiums	\$ 59		\$ 57	

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

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

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

9. Other Post-Employment Benefits (continued)

The following table shows components of the County's annual OPEB cost for the fiscal year ending June 30, 2012, the amount actually contributed to the plan, and changes in the County's net OPEB liability:

Normal cost at year end	\$ 188,088
Amortization of UAAL	<u>142,751</u>
Annual Required Contribution	330,839
Interest earned on net OPEB obligation	39,752
Adjustment to the ARC	<u>(67,537)</u>
Annual OPEB cost (expense)	303,054
Implicit benefit payments	<u>(74,240)</u>
Increase in Net OPEB Obligation	228,814
Net OPEB Obligation – beginning of year	<u>993,795</u>
Net OPEB Obligation – end of year	<u>\$ 1,222,609</u>

As of August 1, 2010, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$1,953,122, and the actuarial value of assets were zero, resulting in an unfunded accrued liability of \$1,953,122.

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

Actuarial Valuation Date	Actuarial Value of Assets	AAL Unit Credit	UAAL	Funded Ratio	Covered Payroll	UAAL as a Percent of Covered Payroll
8/1/2010	\$ -	\$ 1,953,122	\$ 1,953,122	0%	\$ 13,928,664	24%
8/1/2008	-	2,273,567	2,273,567	0%	12,760,103	18%

The County's annual OPEB cost, percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as of June 30, 2012 is as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2009	\$ 404,332	18%	\$ 332,858
June 30, 2010	414,011	20%	662,113
June 30, 2011	438,523	24%	993,795
June 30, 2012	303,054	24%	1,222,609

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

10. Contingency – Sick Leave

Portions of amounts accumulated at any point in time can be expected to be redeemed before termination of employment; however, such redemptions cannot be reasonably estimated. As of June 30, 2012, employees of the County had accumulated 8,403 days of sick leave.

11. Litigation

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

12. Commitment

As of June 30, 2012, the County was contractually committed to construct tenant improvements in the West Salem clinic. The outstanding amount of the contract as of June 30, 2012 was \$219,613.

13. Operating Leases

The County leases three buildings (office space for use in operations) under non-cancelable operating leases. Total lease costs paid for the year ended June 30, 2012 were \$221,769.

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

<u>Fiscal Year Ending</u>	<u>Amount</u>
June 30, 2013	\$ 289,866
June 30, 2014	292,787
June 30, 2015	296,436
June 30, 2016	178,439
June 30, 2017	147,847
June 30, 2017-2021	<u>475,179</u>
Total	<u>\$ 1,680,554</u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

14. Net Assets Restricted Through Enabling Legislation

A. Net assets resulting from the County's receipt of funds under the Oregon Transportation Improvement Act (OTIA) are restricted for the repair or replacement of bridges in the amount of \$671,201.

B. Net assets resulting from the County's receipt of funds under the Distribution of Receipts to State and Local Governments from the Bureau of Land Management are restricted for various purposes as defined under Public Law 110-343 in the amount of \$231,685.

15. Governmental Fund Balances

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

	General	Public Works	Mental Health	Other Governmental Funds	Totals
Nonspendable:					
Inventory	\$ -	\$ 138,683	\$ -	\$ -	\$ 138,683
Prepaid items	45,397	-	13,920	30,455	89,772
Restricted for:					
Roads and street maintenance	-	324,343	-	-	324,343
Bicycle path construction/maintenance	-	356,986	-	-	356,986
Bridge construction	-	-	-	671,201	671,201
Law enforcement	-	-	-	344,598	344,598
Health and welfare	-	-	541,617	332,402	874,019
Economic development	-	-	-	310,130	310,130
Education	-	-	-	28,805	28,805
Debt service	-	-	-	96,529	96,529
Other purposes	231,685	-	-	145,774	377,459
Committed for:					
Dog control	-	-	-	7,043	7,043
Fair and fairgrounds facility support	-	-	-	3,232	3,232
Unassigned	2,241,602	-	-	(546,949)	1,694,653
Total Fund Balances	\$ 2,518,684	\$ 820,012	\$ 555,537	\$ 1,423,220	\$ 5,317,453

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

16. Fund Deficits

At June 30, 2012, the Domestic Mediation Fund had a deficit of \$(11,415). The deficit will be eliminated by a reduction in future costs. Also, the Building Improvement Fund had a deficit of \$(535,534). The deficit will be eliminated with transfers from other funds.

17. Expenditures in Excess of Appropriations

Oregon law prohibits expenditures in excess of appropriations. The Board of Commissioners approves appropriations by category for each fund.

<u>Fund/Category</u>	<u>Appropriation</u>	<u>Actual</u>	<u>Variance</u>
General			
Sheriff/Criminal	\$ 3,413,748	\$ 3,447,635	\$ (33,887)
Sheriff/Jail	3,837,121	3,850,660	(13,539)
Community Corrections	1,689,122	1,710,349	(21,227)
Public Works			
Road Maintenance	3,794,352	3,969,684	(175,332)

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

OTHER GOVERNMENTAL FUNDS (NON-MAJOR)

Special Revenue Funds

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

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

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

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

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

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

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

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

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

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

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

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

OTHER GOVERNMENTAL FUNDS (NON-MAJOR) (continued)

Special Revenue Funds (continued)

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

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

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

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

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

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

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

Debt Service Fund

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

Capital Projects Fund

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

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

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

POLK COUNTY

COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS

June 30, 2012

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Totals</u>
ASSETS				
Cash and investments	\$1,146,945	\$ 67,791	\$ 321,961	\$1,536,697
Receivables	388,108	245,258	-	633,366
Prepaid items	<u>30,455</u>	<u>-</u>	<u>269</u>	<u>30,724</u>
TOTAL ASSETS	<u>\$1,565,508</u>	<u>\$ 313,049</u>	<u>\$ 322,230</u>	<u>\$2,200,787</u>
LIABILITIES				
Accounts payable and accrued expenditures	\$ 229,050	\$ -	\$ 186,563	\$ 415,613
Deferred revenue	<u>145,434</u>	<u>216,520</u>	<u>-</u>	<u>361,954</u>
TOTAL LIABILITIES	<u>374,484</u>	<u>216,520</u>	<u>186,563</u>	<u>777,567</u>
FUND BALANCES				
Nonspendable	30,455	-	-	30,455
Restricted	1,161,709	96,529	671,201	1,929,439
Committed	10,275	-	-	10,275
Unassigned	<u>(11,415)</u>	<u>-</u>	<u>(535,534)</u>	<u>(546,949)</u>
TOTAL FUND BALANCES	<u>1,191,024</u>	<u>96,529</u>	<u>135,667</u>	<u>1,423,220</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$1,565,508</u>	<u>\$ 313,049</u>	<u>\$ 322,230</u>	<u>\$2,200,787</u>

POLK COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
OTHER GOVERNMENTAL FUNDS
For the Year Ended June 30, 2012

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Totals</u>
REVENUES				
Property taxes	\$ 331,845	\$ 2,480,130	\$ -	\$2,811,975
Licenses, fees and permits	61,944	-	-	61,944
Intergovernmental	3,545,552	-	85,866	3,631,418
Charges for services	1,114,369	-	-	1,114,369
Franchise fees	315,683	-	-	315,683
Fines and forfeitures	34,826	-	-	34,826
Donations	29,141	-	-	29,141
Interest	1,062	304	3,411	4,777
Miscellaneous	18,026	-	-	18,026
TOTAL REVENUES	<u>5,452,448</u>	<u>2,480,434</u>	<u>89,277</u>	<u>8,022,159</u>
EXPENDITURES				
Current				
General government	797,314	-	-	797,314
Public Safety	2,282,588	-	-	2,282,588
Highways and streets	106,616	-	-	106,616
Health and welfare	3,006,019	-	-	3,006,019
Education	352,652	-	-	352,652
Debt service - principal	-	1,870,000	105,000	1,975,000
Debt service - interest	-	597,225	99,566	696,791
Capital outlay	25	-	1,758,756	1,758,781
TOTAL EXPENDITURES	<u>6,545,214</u>	<u>2,467,225</u>	<u>1,963,322</u>	<u>10,975,761</u>
Excess (deficiency) of revenues over expenditures	<u>(1,092,766)</u>	<u>13,209</u>	<u>(1,874,045)</u>	<u>(2,953,602)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,062,116	-	250,000	1,312,116
Sale of capital assets	1,000	-	-	1,000
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,063,116</u>	<u>-</u>	<u>250,000</u>	<u>1,313,116</u>
Net change in fund balances	(29,650)	13,209	(1,624,045)	(1,640,486)
Fund balances at beginning of year	<u>1,220,674</u>	<u>83,320</u>	<u>1,759,712</u>	<u>3,063,706</u>
Fund balances at end of year	<u>\$1,191,024</u>	<u>\$ 96,529</u>	<u>\$ 135,667</u>	<u>\$1,423,220</u>

POLK COUNTY

COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS

June 30, 2012

	Polk Interagency Narcotics Team	Multi- Disciplinary Intervention	Domestic Mediation	Court Security	Public Land Corner	Dog Control	Marine Patrol	Law Library
ASSETS								
Cash and investments	\$ 62,715	\$ (4,743)	\$ (4,619)	\$ 82,499	\$ 21,867	\$ 8,217	\$ (13,729)	\$ 12,337
Receivables	14,286	22,030	-	635	-	442	22,756	-
Prepaid items	1,592	-	-	-	-	-	-	-
TOTAL ASSETS	\$ 78,593	\$ 17,287	\$ (4,619)	\$ 83,134	\$ 21,867	\$ 8,659	\$ 9,027	\$ 12,337
LIABILITIES								
Accounts payable and accrued expenditures	\$ 5,968	\$ 10,000	\$ 6,796	\$ -	\$ 1,754	\$ 1,616	\$ 5,108	\$ 4,278
Deferred revenue	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	5,968	10,000	6,796	-	1,754	1,616	5,108	4,278
FUND BALANCES								
Nonspendable	1,592	-	-	-	-	-	-	-
Restricted	71,033	7,287	-	83,134	20,113	-	3,919	8,059
Committed	-	-	-	-	-	7,043	-	-
Unassigned	-	-	(11,415)	-	-	-	-	-
TOTAL FUND BALANCES	72,625	7,287	(11,415)	83,134	20,113	7,043	3,919	8,059
TOTAL LIABILITIES AND FUND BALANCE	\$ 78,593	\$ 17,287	\$ (4,619)	\$ 83,134	\$ 21,867	\$ 8,659	\$ 9,027	\$ 12,337

Health and Human Services	Public Health	Juvenile	Youth Programs	Fair	911 Emergency Communications	Economic Development	Household Hazardous Waste	Extension Service District	Totals
\$ 261,539	\$ 122,318	\$ 85,076	\$ 16,379	\$ 18,852	\$ 34,924	\$ 310,130	\$ 114,728	\$ 18,455	\$ 1,146,945
81,563	97,709	55,034	49,977	-	-	-	18,840	24,836	388,108
172	4,978	-	172	5,931	-	15,000	-	2,610	30,455
<u>\$ 343,274</u>	<u>\$ 225,005</u>	<u>\$ 140,110</u>	<u>\$ 66,528</u>	<u>\$ 24,783</u>	<u>\$ 34,924</u>	<u>\$ 325,130</u>	<u>\$ 133,568</u>	<u>\$ 45,901</u>	<u>\$ 1,565,508</u>
\$ 83,943	\$ 23,730	\$ 52,935	\$ 1,943	\$ 15,620	\$ -	\$ -	\$ 15,194	\$ 165	\$ 229,050
123,054	-	-	-	-	-	-	-	22,380	145,434
206,997	23,730	52,935	1,943	15,620	-	-	15,194	22,545	374,484
172	4,978	-	172	5,931	-	15,000	-	2,610	30,455
136,105	196,297	87,175	64,413	-	34,924	310,130	118,374	20,746	1,161,709
-	-	-	-	3,232	-	-	-	-	10,275
-	-	-	-	-	-	-	-	-	(11,415)
<u>136,277</u>	<u>201,275</u>	<u>87,175</u>	<u>64,585</u>	<u>9,163</u>	<u>34,924</u>	<u>325,130</u>	<u>118,374</u>	<u>23,356</u>	<u>1,191,024</u>
<u>\$ 343,274</u>	<u>\$ 225,005</u>	<u>\$ 140,110</u>	<u>\$ 66,528</u>	<u>\$ 24,783</u>	<u>\$ 34,924</u>	<u>\$ 325,130</u>	<u>\$ 133,568</u>	<u>\$ 45,901</u>	<u>\$ 1,565,508</u>

POLK COUNTY

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS**

For the Year Ended June 30, 2012

	Polk							
	Interagency Narcotics Team	Multi- Disciplinary Intervention	Domestic Mediation	Court Security	Public Land Corner	Dog Control	Marine Patrol	Law Library
REVENUES								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, fees and permits	-	-	-	-	-	61,944	-	-
Intergovernmental	76,495	88,119	40,778	26,407	-	-	81,901	49,818
Charges for services	-	-	-	-	106,457	1,152	-	267
Franchise fees	-	-	-	-	-	-	-	-
Fines and forfeitures	3,208	-	843	27,486	-	3,289	-	-
Donations	-	-	-	-	-	-	-	-
Interest	-	-	-	314	-	-	-	-
Miscellaneous	6,837	-	-	-	-	-	63	-
TOTAL REVENUES	86,540	88,119	41,621	54,207	106,457	66,385	81,964	50,085
EXPENDITURES								
Current								
General government	-	-	61,341	-	-	-	-	59,611
Public safety	71,640	81,187	-	35,082	-	115,340	88,660	-
Highways and streets	-	-	-	-	106,616	-	-	-
Health and welfare	-	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	25	-	-
TOTAL EXPENDITURES	71,640	81,187	61,341	35,082	106,616	115,365	88,660	59,611
Excess (deficiency) of revenues over expenditures	14,900	6,932	(19,720)	19,125	(159)	(48,980)	(6,696)	(9,526)
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	52,116	10,000	-
Sale of capital assets	1,000	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	1,000	-	-	-	-	52,116	10,000	-
Net change in fund balances	15,900	6,932	(19,720)	19,125	(159)	3,136	3,304	(9,526)
Fund balances at beginning of year	56,725	355	8,305	64,009	20,272	3,907	615	17,585
Fund balances at end of year	\$ 72,625	\$ 7,287	\$ (11,415)	\$ 83,134	\$ 20,113	\$ 7,043	\$ 3,919	\$ 8,059

Health and Human Services	Public Health	Juvenile	Youth Programs	Fair	911 Emergency Communications	County School	Economic Development	Household Hazardous Waste	Extension Service District	Totals
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 331,845	\$ 331,845
-	-	-	-	-	-	-	-	-	-	61,944
890,383	1,172,131	241,288	574,378	110,002	-	1,371	192,481	-	-	3,545,552
515,002	211,528	61,308	-	218,655	-	-	-	-	-	1,114,369
-	-	-	-	-	236,730	19,314	-	59,639	-	315,683
-	-	-	-	-	-	-	-	-	-	34,826
579	4,631	-	-	23,931	-	-	-	-	-	29,141
-	-	-	55	-	198	-	-	-	495	1,062
1,642	656	15	7,940	873	-	-	-	-	-	18,026
<u>1,407,606</u>	<u>1,388,946</u>	<u>302,611</u>	<u>582,373</u>	<u>353,461</u>	<u>236,928</u>	<u>20,685</u>	<u>192,481</u>	<u>59,639</u>	<u>332,340</u>	<u>5,452,448</u>
-	-	65,762	-	386,617	-	20,685	139,193	64,105	-	797,314
-	-	1,064,770	589,179	-	236,730	-	-	-	-	2,282,588
-	-	-	-	-	-	-	-	-	-	106,616
1,453,735	1,552,284	-	-	-	-	-	-	-	-	3,006,019
-	-	-	-	-	-	-	-	-	352,652	352,652
-	-	-	-	-	-	-	-	-	-	25
<u>1,453,735</u>	<u>1,552,284</u>	<u>1,130,532</u>	<u>589,179</u>	<u>386,617</u>	<u>236,730</u>	<u>20,685</u>	<u>139,193</u>	<u>64,105</u>	<u>352,652</u>	<u>6,545,214</u>
<u>(46,129)</u>	<u>(163,338)</u>	<u>(827,921)</u>	<u>(6,806)</u>	<u>(33,156)</u>	<u>198</u>	<u>-</u>	<u>53,288</u>	<u>(4,466)</u>	<u>(20,312)</u>	<u>(1,092,766)</u>
-	130,000	870,000	-	-	-	-	-	-	-	1,062,116
-	-	-	-	-	-	-	-	-	-	1,000
-	130,000	870,000	-	-	-	-	-	-	-	1,063,116
(46,129)	(33,338)	42,079	(6,806)	(33,156)	198	-	53,288	(4,466)	(20,312)	(29,650)
<u>182,406</u>	<u>234,613</u>	<u>45,096</u>	<u>71,391</u>	<u>42,319</u>	<u>34,726</u>	<u>-</u>	<u>271,842</u>	<u>122,840</u>	<u>43,668</u>	<u>1,220,674</u>
<u>\$ 136,277</u>	<u>\$ 201,275</u>	<u>\$ 87,175</u>	<u>\$ 64,585</u>	<u>\$ 9,163</u>	<u>\$ 34,924</u>	<u>\$ -</u>	<u>\$ 325,130</u>	<u>\$ 118,374</u>	<u>\$ 23,356</u>	<u>\$ 1,191,024</u>

POLK COUNTY

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

For the Year Ended June 30, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Intergovernmental	\$ 46,000	\$ 46,495	\$ 495
Charges for services	25,000	30,000	5,000
Fines and forfeitures	-	3,208	3,208
Miscellaneous	-	6,837	6,837
TOTAL REVENUES	<u>71,000</u>	<u>86,540</u>	<u>15,540</u>
EXPENDITURES			
Materials and services	99,655	70,295	29,360
Interdepartment charges	1,345	1,345	-
TOTAL EXPENDITURES	<u>101,000</u>	<u>71,640</u>	<u>29,360</u>
Excess (deficiency) of revenues over expenditures	(30,000)	14,900	44,900
OTHER FINANCING SOURCES (USES)			
Sale of capital assets	-	1,000	1,000
Net change in fund balance	(30,000)	15,900	45,900
Fund balance at beginning of year	<u>30,000</u>	<u>56,725</u>	<u>26,725</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 72,625</u>	<u>\$ 72,625</u>

POLK COUNTY

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

For the Year Ended June 30, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Intergovernmental	\$ 100,000	\$ 88,119	\$ (11,881)
EXPENDITURES			
Personal services	29,115	27,266	1,849
Materials and services	69,651	51,687	17,964
Interdepartment charges	2,234	2,234	-
TOTAL EXPENDITURES	<u>101,000</u>	<u>81,187</u>	<u>19,813</u>
Net change in fund balance	(1,000)	6,932	7,932
Fund balance at beginning of year	<u>1,000</u>	<u>355</u>	<u>(645)</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 7,287</u>	<u>\$ 7,287</u>

POLK COUNTY

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

For the Year Ended June 30, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Intergovernmental	\$ 10,000	\$ 40,778	\$ 30,778
Fines and forfeitures	40,000	843	(39,157)
TOTAL REVENUES	<u>50,000</u>	<u>41,621</u>	<u>(8,379)</u>
EXPENDITURES			
Materials and services	53,021	59,362	(6,341)
Interdepartment charges	1,979	1,979	-
TOTAL EXPENDITURES	<u>55,000</u>	<u>61,341</u>	<u>(6,341)</u>
Net change in fund balance	(5,000)	(19,720)	(14,720)
Fund balance at beginning of year	<u>5,000</u>	<u>8,305</u>	<u>3,305</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ (11,415)</u>	<u>\$ (11,415)</u>

POLK COUNTY

COURT SECURITY - SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 For the Year Ended June 30, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Intergovernmental	\$ -	\$ 26,407	\$ 26,407
Fines and forfeitures	50,000	27,486	(22,514)
Interest	5,000	314	(4,686)
	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	55,000	54,207	(793)
	<hr/>	<hr/>	<hr/>
EXPENDITURES			
Materials and services	68,918	19,000	49,918
Interdepartment charges	16,082	16,082	-
Capital outlay	10,000	-	10,000
	<hr/>	<hr/>	<hr/>
TOTAL EXPENDITURES	95,000	35,082	59,918
	<hr/>	<hr/>	<hr/>
Net change in fund balance	(40,000)	19,125	59,125
Fund balance at beginning of year	40,000	64,009	24,009
	<hr/>	<hr/>	<hr/>
Fund balance at end of year	\$ -	\$ 83,134	\$ 83,134
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

POLK COUNTY

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

For the Year Ended June 30, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Charges for services	\$ 115,000	\$ 106,457	\$ (8,543)
EXPENDITURES			
Materials and services	128,558	80,174	48,384
Interdepartment charges	26,442	26,442	-
TOTAL EXPENDITURES	<u>155,000</u>	<u>106,616</u>	<u>48,384</u>
Net change in fund balance	(40,000)	(159)	39,841
Fund balance at beginning of year	<u>40,000</u>	<u>20,272</u>	<u>(19,728)</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 20,113</u>	<u>\$ 20,113</u>

POLK COUNTY

DOG CONTROL - SPECIAL REVENUE FUND

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

For the Year Ended June 30, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Permits and licenses	\$ 80,000	\$ 61,944	\$ (18,056)
Charges for services	5,000	1,152	(3,848)
Fines and forfeitures	7,500	3,289	(4,211)
	<u>92,500</u>	<u>66,385</u>	<u>(26,115)</u>
TOTAL REVENUES			
EXPENDITURES			
Personal services	97,704	68,563	29,141
Materials and services	57,200	32,065	25,135
Interdepartment charges	14,712	14,712	-
Capital outlay	-	25	(25)
	<u>169,616</u>	<u>115,365</u>	<u>54,251</u>
TOTAL EXPENDITURES			
Excess (deficiency) of revenues over expenditures	(77,116)	(48,980)	28,136
OTHER FINANCING SOURCES (USES)			
Transfers in	52,116	52,116	-
	<u>52,116</u>	<u>52,116</u>	<u>-</u>
Net change in fund balance	(25,000)	3,136	28,136
Fund balance at beginning of year	25,000	3,907	(21,093)
	<u>25,000</u>	<u>3,907</u>	<u>(21,093)</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 7,043</u>	<u>\$ 7,043</u>

POLK COUNTY

MARINE PATROL - SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL

For the Year Ended June 30, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Intergovernmental	\$ 76,400	\$ 81,901	\$ 5,501
Miscellaneous	-	63	63
	<u>76,400</u>	<u>81,964</u>	<u>5,564</u>
TOTAL REVENUES			
EXPENDITURES			
Personal services	60,648	57,449	3,199
Materials and services	24,429	27,388	(2,959)
Interdepartment charges	3,823	3,823	-
	<u>88,900</u>	<u>88,660</u>	<u>240</u>
TOTAL EXPENDITURES			
Excess (deficiency) of revenues over expenditures	(12,500)	(6,696)	5,804
OTHER FINANCING SOURCES (USES)			
Transfers in	10,000	10,000	-
Net change in fund balance	(2,500)	3,304	5,804
Fund balance at beginning of year	2,500	615	(1,885)
Fund balance at end of year	<u>\$ -</u>	<u>\$ 3,919</u>	<u>\$ 3,919</u>

POLK COUNTY

LAW LIBRARY - SPECIAL REVENUE FUND

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

For the Year Ended June 30, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Intergovernmental	\$ -	\$ 49,818	\$ 49,818
Charges for service	<u>60,000</u>	<u>267</u>	<u>(59,733)</u>
TOTAL REVENUES	<u>60,000</u>	<u>50,085</u>	<u>(9,915)</u>
EXPENDITURES			
Materials and services	37,524	32,135	5,389
Interdepartment charges	<u>27,476</u>	<u>27,476</u>	<u>-</u>
TOTAL EXPENDITURES	<u>65,000</u>	<u>59,611</u>	<u>5,389</u>
Net change in fund balance	(5,000)	(9,526)	(4,526)
Fund balance at beginning of year	<u>5,000</u>	<u>17,585</u>	<u>12,585</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 8,059</u>	<u>\$ 8,059</u>

POLK COUNTY

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

For the Year Ended June 30, 2012

	Budget	Actual	Variance
REVENUES			
Intergovernmental	\$ 834,000	\$ 890,383	\$ 56,383
Charges for services	475,000	515,002	40,002
Donations	-	579	579
Miscellaneous	-	1,642	1,642
TOTAL REVENUES	1,309,000	1,407,606	98,606
EXPENDITURES			
Administration			
Personal services	623,341	630,941	(7,600)
Materials and services	103,013	73,871	29,142
Interdepartment charges	118,646	118,646	-
Total Administration	845,000	823,458	21,542
Commission on Children and Families			
Personal services	206,662	191,965	14,697
Materials and services	417,226	398,200	19,026
Interdepartment charges	40,112	40,112	-
Total Commission on Children and Families	664,000	630,277	33,723
TOTAL EXPENDITURES	1,509,000	1,453,735	55,265
Net change in fund balance	(200,000)	(46,129)	153,871
Fund balance at beginning of year	200,000	182,406	(17,594)
Fund balance at end of year	\$ -	\$ 136,277	\$ 136,277

POLK COUNTY

PUBLIC HEALTH - SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 For the Year Ended June 30, 2012

	Budget	Actual	Variance
REVENUES			
Intergovernmental	\$ 1,035,000	\$ 1,172,131	\$ 137,131
Charges for services	220,000	211,528	(8,472)
Donations	2,500	4,631	2,131
Miscellaneous	-	656	656
TOTAL REVENUES	<u>1,257,500</u>	<u>1,388,946</u>	<u>131,446</u>
EXPENDITURES			
Family Planning			
Personal services	92,893	85,037	7,856
Materials and services	118,515	110,131	8,384
Interdepartment charges	45,092	45,092	-
Total Family Planning	<u>256,500</u>	<u>240,260</u>	<u>16,240</u>
General Health			
Personal services	782,987	777,466	5,521
Materials and services	169,250	173,136	(3,886)
Interdepartment charges	135,763	135,763	-
Total General Health	<u>1,088,000</u>	<u>1,086,365</u>	<u>1,635</u>
Women, Infants and Children			
Personal services	154,482	151,864	2,618
Materials and services	27,878	23,155	4,723
Interdepartment charges	50,640	50,640	-
Total Women, Infants and Children	<u>233,000</u>	<u>225,659</u>	<u>7,341</u>
TOTAL EXPENDITURES	<u>1,577,500</u>	<u>1,552,284</u>	<u>25,216</u>
Excess (deficiency) of revenues over expenditures	(320,000)	(163,338)	156,662
OTHER FINANCING SOURCES (USES)			
Transfers in	130,000	130,000	-
Net change in fund balance	(190,000)	(33,338)	156,662
Fund balance at beginning of year	190,000	234,613	44,613
Fund balance at end of year	<u>\$ -</u>	<u>\$ 201,275</u>	<u>\$ 201,275</u>

POLK COUNTY

JUVENILE - SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL

For the Year Ended June 30, 2012

	Budget	Actual	Variance
REVENUES			
Intergovernmental	\$ 282,500	\$ 241,288	\$ (41,212)
Charges for services	9,000	61,308	52,308
Miscellaneous	-	15	15
TOTAL REVENUES	291,500	302,611	11,111
EXPENDITURES			
Juvenile Probations			
Personal services	627,308	619,541	7,767
Materials and services	31,200	28,718	2,482
Interdepartment charges	122,323	122,323	-
Total Juvenile Probations	780,831	770,582	10,249
Juvenile Sanctions			
Materials and services	340,000	281,519	58,481
Interdepartment charges	12,669	12,669	-
Total Juvenile Sanctions	352,669	294,188	58,481
Juvenile Community Service			
Personal services	47,847	51,968	(4,121)
Materials and services	22,153	13,794	8,359
Total Juvenile Community Service	70,000	65,762	4,238
TOTAL EXPENDITURES	1,203,500	1,130,532	72,968
Excess (deficiency) of revenues over expenditures	(912,000)	(827,921)	84,079
OTHER FINANCING SOURCES (USES)			
Transfers in	870,000	870,000	-
Net change in fund balance	(42,000)	42,079	84,079
Fund balance at beginning of year	42,000	45,096	3,096
Fund balance at end of year	\$ -	\$ 87,175	\$ 87,175

POLK COUNTY

YOUTH PROGRAMS - SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL

For the Year Ended June 30, 2012

	Budget	Actual	Variance
REVENUES			
Intergovernmental	\$ 545,000	\$ 574,378	\$ 29,378
Interest	100	55	(45)
Miscellaneous	1,750	7,940	6,190
TOTAL REVENUES	<u>546,850</u>	<u>582,373</u>	<u>35,523</u>
EXPENDITURES			
Personal services	320,749	325,951	(5,202)
Materials and services	210,351	187,478	22,873
Interdepartment charges	75,750	75,750	-
TOTAL EXPENDITURES	<u>606,850</u>	<u>589,179</u>	<u>17,671</u>
Net change in fund balance	(60,000)	(6,806)	53,194
Fund balance at beginning of year	<u>60,000</u>	<u>71,391</u>	<u>11,391</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 64,585</u>	<u>\$ 64,585</u>

POLK COUNTY

FAIR - SPECIAL REVENUE FUND

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

For the Year Ended June 30, 2012

	Budget	Actual	Variance
REVENUES			
Intergovernmental	\$ 105,000	\$ 110,002	\$ 5,002
Charges for services	222,300	218,655	(3,645)
Donations	23,000	23,931	931
Miscellaneous	1,100	873	(227)
TOTAL REVENUES	351,400	353,461	2,061
EXPENDITURES			
Annual Fair			
Personal services	49,401	39,964	9,437
Materials and services	90,699	100,375	(9,676)
Interdepartment charges	7,645	7,645	-
Total Annual Fair	147,745	147,984	(239)
Year Around Operation			
Personal services	103,410	103,779	(369)
Materials and services	117,734	117,343	391
Interdepartment charges	17,511	17,511	-
Total Year Around Operation	238,655	238,633	22
TOTAL EXPENDITURES	386,400	386,617	(217)
Net change in fund balance	(35,000)	(33,156)	1,844
Fund balance at beginning of year	35,000	42,319	7,319
Fund balance at end of year	\$ -	\$ 9,163	\$ 9,163

POLK COUNTY

**911 EMERGENCY COMMUNICATIONS - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL**

For the Year Ended June 30, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Franchise fees	\$ 250,000	\$ 236,730	\$ (13,270)
Interest	2,000	198	(1,802)
TOTAL REVENUES	252,000	236,928	(15,072)
EXPENDITURES			
Materials and services	292,000	236,730	55,270
Net change in fund balance	(40,000)	198	40,198
Fund balance at beginning of year	40,000	34,726	(5,274)
Fund balance at end of year	<u>\$ -</u>	<u>\$ 34,924</u>	<u>\$ 34,924</u>

POLK COUNTY

COUNTY SCHOOL - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

For the Year Ended June 30, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Intergovernmental	\$ 2,500	\$ 1,371	\$ 1,129
Franchise fees	<u>22,500</u>	<u>19,314</u>	<u>3,186</u>
TOTAL REVENUES	25,000	20,685	4,315
EXPENDITURES			
Materials and services	<u>25,000</u>	<u>20,685</u>	<u>4,315</u>
Net change in fund balance	-	-	-
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

POLK COUNTY

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

For the Year Ended June 30, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Intergovernmental	\$ 850,000	\$ 192,481	\$ (657,519)
EXPENDITURES			
Personal services	7,862	7,498	364
Materials and services	406,538	121,095	285,443
Interdepartment charges	10,600	10,600	-
Capital outlay	700,000	-	700,000
TOTAL EXPENDITURES	<u>1,125,000</u>	<u>139,193</u>	<u>985,807</u>
Net change in fund balance	(275,000)	53,288	328,288
Fund balance at beginning of year	<u>275,000</u>	<u>271,842</u>	<u>(3,158)</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 325,130</u>	<u>\$ 325,130</u>

POLK COUNTY

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

For the Year Ended June 30, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Franchise fees	\$ 65,000	\$ 59,639	\$ (5,361)
EXPENDITURES			
Personal services	30,507	29,514	993
Materials and services	161,199	31,297	129,902
Interdepartment charges	3,294	3,294	-
TOTAL EXPENDITURES	<u>195,000</u>	<u>64,105</u>	<u>130,895</u>
Net change in fund balance	(130,000)	(4,466)	125,534
Fund balance at beginning of year	<u>130,000</u>	<u>122,840</u>	<u>(7,160)</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 118,374</u>	<u>\$ 118,374</u>

POLK COUNTY

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

For the Year Ended June 30, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Property tax	\$ 335,000	\$ 331,845	\$ (3,155)
Charges for services	1,000	-	(1,000)
Interest	2,500	495	(2,005)
TOTAL REVENUES	<u>338,500</u>	<u>332,340</u>	<u>(6,160)</u>
EXPENDITURES			
Education	363,500	352,652	10,848
Contingency	50,000	-	50,000
TOTAL EXPENDITURES	<u>413,500</u>	<u>352,652</u>	<u>60,848</u>
Net change in fund balance	(75,000)	(20,312)	54,688
Fund balance at beginning of year	<u>75,000</u>	<u>43,668</u>	<u>(31,332)</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 23,356</u>	<u>\$ 23,356</u>

POLK COUNTY

DEBT SERVICE FUND

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

For the Year Ended June 30, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Property taxes	\$ 2,432,619	\$ 2,480,130	\$ 47,511
Interest	<u>1,000</u>	<u>304</u>	<u>(696)</u>
TOTAL REVENUES	2,433,619	2,480,434	46,815
EXPENDITURES			
Debt service	<u>2,543,619</u>	<u>2,467,225</u>	<u>76,394</u>
Net change in fund balance	(110,000)	13,209	123,209
Fund balance at beginning of year	<u>110,000</u>	<u>83,320</u>	<u>(26,680)</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 96,529</u>	<u>\$ 96,529</u>

POLK COUNTY

COMBINING BALANCE SHEET

CAPITAL PROJECTS FUNDS

June 30, 2012

	OTIA III Bridge <u>Replacement</u>	Building <u>Improvement</u>	<u>Totals</u>
ASSETS			
Cash and investments	\$ 676,314	\$ (354,353)	\$ 321,961
Prepaid items	<u>-</u>	<u>269</u>	<u>269</u>
TOTAL ASSETS	<u>\$ 676,314</u>	<u>\$ (354,084)</u>	<u>\$ 322,230</u>
LIABILITIES			
Accounts payable and accrued expenditures	<u>\$ 5,113</u>	<u>\$ 181,450</u>	<u>\$ 186,563</u>
FUND BALANCES			
Restricted	671,201	-	671,201
Unassigned	<u>-</u>	<u>(535,534)</u>	<u>(535,534)</u>
TOTAL FUND BALANCES	<u>671,201</u>	<u>(535,534)</u>	<u>135,667</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 676,314</u>	<u>\$ (354,084)</u>	<u>\$ 322,230</u>

POLK COUNTY

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
CAPITAL PROJECTS FUNDS
For the Year Ended June 30, 2012**

	<u>OTIA III Bridge Replacement</u>	<u>Building Improvement</u>	<u>Totals</u>
REVENUES			
Intergovernmental	\$ 85,866	\$ -	\$ 85,866
Interest	<u>3,411</u>	<u>-</u>	<u>3,411</u>
TOTAL REVENUES	<u>89,277</u>	<u>-</u>	<u>89,277</u>
EXPENDITURES			
Debt service	-	204,566	204,566
Capital outlay	<u>281,642</u>	<u>1,477,114</u>	<u>1,758,756</u>
TOTAL EXPENDITURES	<u>281,642</u>	<u>1,681,680</u>	<u>1,963,322</u>
Excess (deficiency) of revenues over expenditures	(192,365)	(1,681,680)	(1,874,045)
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>-</u>	<u>250,000</u>	<u>250,000</u>
Net change in fund balances	(192,365)	(1,431,680)	(1,624,045)
Fund balances at beginning of year	<u>863,566</u>	<u>896,146</u>	<u>1,759,712</u>
Fund balances at end of year	<u>\$ 671,201</u>	<u>\$ (535,534)</u>	<u>\$ 135,667</u>

POLK COUNTY

OTIA III BRIDGE REPLACEMENT - CAPITAL PROJECTS FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL

For the Year Ended June 30, 2012

	Budget	Actual	Variance
REVENUES			
Intergovernmental	\$ -	\$ 85,866	\$ 85,866
Interest	5,000	3,411	(1,589)
TOTAL REVENUES	<u>5,000</u>	<u>89,277</u>	<u>84,277</u>
EXPENDITURES			
Personal services	49,462	50,345	(883)
Materials and services	200,000	39,793	160,207
Interdepartment charges	17,175	17,175	-
Capital outlay	450,000	174,329	275,671
Contingency	288,363	-	288,363
TOTAL EXPENDITURES	<u>1,005,000</u>	<u>281,642</u>	<u>723,358</u>
Net change in fund balance	(1,000,000)	(192,365)	807,635
Fund balance at beginning of year	<u>1,000,000</u>	<u>863,566</u>	<u>(136,434)</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 671,201</u>	<u>\$ 671,201</u>

POLK COUNTY

**BUILDING IMPROVEMENT - CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL**

For the Year Ended June 30, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES			
Academy Building Improvement			
Personal services	\$ 10,276	\$ 11,778	\$ (1,502)
Materials and services	55,000	69,869	(14,869)
Debt service	220,000	204,566	15,434
Capital outlay	<u>759,724</u>	<u>1,255,301</u>	<u>(495,577)</u>
Total Academy Building Improvement	<u>1,045,000</u>	<u>1,541,514</u>	<u>(496,514)</u>
Courthouse Building Improvement			
Materials and services	15,000	10,217	4,783
Capital outlay	<u>300,000</u>	<u>129,949</u>	<u>170,051</u>
Total Courthouse Building Improvement	<u>315,000</u>	<u>140,166</u>	<u>174,834</u>
TOTAL EXPENDITURES	1,360,000	1,681,680	(321,680)
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>260,000</u>	<u>250,000</u>	<u>(10,000)</u>
Net change in fund balance	(1,100,000)	(1,431,680)	(331,680)
Fund balance at beginning of year	<u>1,100,000</u>	<u>896,146</u>	<u>(203,854)</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ (535,534)</u>	<u>\$ (535,534)</u>

INTERNAL SERVICE FUNDS

Management Services

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

Insurance

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

POLK COUNTY

COMBINING STATEMENT OF NET ASSETS

INTERNAL SERVICE FUNDS

June 30, 2012

	Management Services	Insurance	Totals
<u>ASSETS</u>			
Current assets			
Cash and investments	\$ 118,458	\$ 487,116	\$ 605,574
Receivables	14,662	-	14,662
Prepaid items	43,717	8,500	52,217
Total current assets	176,837	495,616	672,453
Capital assets, net	145,715	-	145,715
TOTAL ASSETS	322,552	495,616	818,168
<u>LIABILITIES</u>			
Accounts payable and accrued expenses	67,644	47,330	114,974
Compensated absences	77,259	-	77,259
Net OPEB obligation	121,837	-	121,837
Long-term obligations:			
Due within one year	10,852	-	10,852
Due in more than one year	28,739	-	28,739
TOTAL LIABILITIES	306,331	47,330	353,661
<u>NET ASSETS</u>			
Invested in capital assets	145,715	-	145,715
Unrestricted	(129,494)	448,286	318,792
TOTAL NET ASSETS	\$ 16,221	\$ 448,286	\$ 464,507

POLK COUNTY

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET ASSETS
INTERNAL SERVICE FUNDS

For the Year Ended June 30, 2012

	<u>Management Services</u>	<u>Insurance</u>	<u>Totals</u>
OPERATING REVENUES			
Intergovernmental	\$ 70,687	\$ -	\$ 70,687
Charges for services	3,651,461	614,047	4,265,508
Miscellaneous	1,335	8,276	9,611
TOTAL OPERATING REVENUES	<u>3,723,483</u>	<u>622,323</u>	<u>4,345,806</u>
OPERATING EXPENSES			
Personal services	2,099,459	-	2,099,459
Materials and services	1,401,282	524,380	1,925,662
Interest on long-term obligations	1,474	-	1,474
Depreciation	30,528	-	30,528
TOTAL OPERATING EXPENSES	<u>3,532,743</u>	<u>524,380</u>	<u>4,057,123</u>
Operating income	<u>190,740</u>	<u>97,943</u>	<u>288,683</u>
NONOPERATING REVENUE (EXPENSE)			
Gain on sale of capital asset	275	-	275
Transfers out	(250,000)	-	(250,000)
TOTAL OTHER NONOPERATING REVENUE (EXPENSE)	<u>(249,725)</u>	<u>-</u>	<u>(249,725)</u>
Change in net assets	(58,985)	97,943	38,958
Net assets - beginning of year	<u>75,206</u>	<u>350,343</u>	<u>425,549</u>
Net assets - end of year	<u>\$ 16,221</u>	<u>\$ 448,286</u>	<u>\$ 464,507</u>

POLK COUNTY

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2012

	<u>Management Services</u>	<u>Insurance</u>	<u>Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 3,716,618	\$ 614,047	\$ 4,330,665
Other receipts	1,335	8,276	9,611
Payments to employees for services	(2,101,636)	-	(2,101,636)
Payments to other suppliers of goods or services	<u>(1,385,349)</u>	<u>(506,037)</u>	<u>(1,891,386)</u>
Net cash provided by operating activities	<u>230,968</u>	<u>116,286</u>	<u>347,254</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers out	<u>(250,000)</u>	<u>-</u>	<u>(250,000)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of capital assets	(75,588)	-	(75,588)
Sale of capital assets	275	-	275
Issuance of long-term obligations	45,745	-	45,745
Principal payments on long-term obligations	<u>(6,154)</u>	<u>-</u>	<u>(6,154)</u>
Net cash (used in) capital and related financing activities	<u>(35,722)</u>	<u>-</u>	<u>(35,722)</u>
Net increase (decrease) in cash and cash equivalents	(54,754)	116,286	61,532
Cash and cash equivalents, beginning of year	<u>173,212</u>	<u>370,830</u>	<u>544,042</u>
Cash and cash equivalents, end of year	<u>\$ 118,458</u>	<u>\$ 487,116</u>	<u>\$ 605,574</u>
Reconciliation of operating income to net cash provided by operating activities			
Operating income	\$ 190,740	\$ 97,943	\$ 288,683
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	30,528	-	30,528
(Increase) decrease in assets:			
Receivables	(5,530)	-	(5,530)
Prepaid items	13,850	-	13,850
Increase (decrease) in liabilities:			
Accounts payable and accrued expenses	3,557	18,343	21,900
Compensated absences	(24,271)	-	(24,271)
Net OPEB obligation	<u>22,094</u>	<u>-</u>	<u>22,094</u>
Net cash provided by operating activities	<u>\$ 230,968</u>	<u>\$ 116,286</u>	<u>\$ 347,254</u>

POLK COUNTY

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

Year Ended June 30, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Intergovernmental	\$ 40,000	\$ 70,687	\$ 30,687
Charges for services	3,539,500	3,651,461	111,961
Miscellaneous	-	1,335	1,335
TOTAL REVENUES	<u>3,579,500</u>	<u>3,723,483</u>	<u>143,983</u>
EXPENDITURES			
GIS-Computer Mapping			
Personnel Services	242,023	232,046	9,977
Materials and Services	26,300	36,157	(9,857)
Total GIS-Computer Mapping	<u>268,323</u>	<u>268,203</u>	<u>120</u>
Equipment Replacement Reserve			
Capital outlay	3,971	-	3,971
Central Services			
Personnel Services	160,198	155,618	4,580
Materials and Services	309,600	320,108	(10,508)
Capital outlay	70,000	60,545	9,455
Total Central Services	<u>539,798</u>	<u>536,271</u>	<u>3,527</u>
Academy Building Maintenance			
Personnel Services	220,333	230,813	(10,480)
Materials and Services	113,000	100,443	12,557
Total Academy Building Maintenance	<u>333,333</u>	<u>331,256</u>	<u>2,077</u>
Jail Maintenance			
Personnel Services	108,370	115,170	(6,800)
Materials and Services	198,700	189,070	9,630
Total Jail Maintenance	<u>307,070</u>	<u>304,240</u>	<u>2,830</u>

Continued on pages 78 and 79

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

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES (continued)			
Courthouse Building Maintenance			
Personnel Services	\$ 343,615	\$ 348,349	\$ (4,734)
Materials and Services	<u>219,150</u>	<u>213,872</u>	<u>5,278</u>
Total Courthouse Building Maintenance	<u>562,765</u>	<u>562,221</u>	<u>544</u>
Information Services			
Personnel Services	452,137	449,252	2,885
Materials and Services	<u>334,700</u>	<u>335,004</u>	<u>(304)</u>
Total Information Services	<u>786,837</u>	<u>784,256</u>	<u>2,581</u>
Finance			
Personnel Services	357,646	345,860	11,786
Materials and Services	<u>77,900</u>	<u>83,963</u>	<u>(6,063)</u>
Total Finance	<u>435,546</u>	<u>429,823</u>	<u>5,723</u>
Personnel			
Personnel Services	208,005	205,009	2,996
Materials and Services	<u>22,000</u>	<u>24,827</u>	<u>(2,827)</u>
Total Personnel	<u>230,005</u>	<u>229,836</u>	<u>169</u>
County Legal Counsel			
Personnel Services	20,852	19,518	1,334
Materials and Services	<u>122,000</u>	<u>120,374</u>	<u>1,626</u>
Total County Legal Counsel	<u>142,852</u>	<u>139,892</u>	<u>2,960</u>
TOTAL EXPENDITURES	<u>3,610,500</u>	<u>3,585,998</u>	<u>24,502</u>
Excess (deficiency) of revenues over expenditures	<u>(31,000)</u>	<u>137,485</u>	<u>168,485</u>

Continued on page 79

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

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
OTHER FINANCING SOURCES (USES)			
Sale of capital assets	\$ 1,000	\$ 275	\$ (725)
Issuance of long-term obligations	50,000	45,745	(4,255)
Transfers out	<u>(260,000)</u>	<u>(250,000)</u>	<u>10,000</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(209,000)</u>	<u>(203,980)</u>	<u>5,020</u>
Net change in fund balance	(240,000)	(66,495)	173,505
Fund balance at beginning of year	<u>240,000</u>	<u>175,824</u>	<u>(64,176)</u>
Fund balance at end of year	<u>\$ -</u>	109,329	<u>\$ 109,329</u>
Reconciliation to generally accepted accounting principles:			
Capital assets, net		145,715	
Compensated absences		(77,259)	
Net other post-employment benefit obligation		(121,837)	
Accrued interest on long-term obligations		(136)	
Long-term obligations		<u>(39,591)</u>	
Net assets at end of year		<u>\$ 16,221</u>	

POLK COUNTY

INSURANCE - INTERNAL SERVICE FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
Year Ended June 30, 2012**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Charges for services	\$ 600,000	\$ 614,047	\$ 14,047
Settlements	10,000	\$ 8,193	(1,807)
Miscellaneous	-	83	83
TOTAL REVENUES	<u>610,000</u>	<u>622,323</u>	<u>12,323</u>
EXPENDITURES			
Materials and services	660,000	524,380	135,620
Contingency	<u>350,000</u>	<u>-</u>	<u>350,000</u>
TOTAL EXPENDITURES	<u>1,010,000</u>	<u>524,380</u>	<u>485,620</u>
Net change in fund balance	(400,000)	97,943	497,943
Fund balance at beginning of year	<u>400,000</u>	<u>350,343</u>	<u>(49,657)</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 448,286</u>	<u>\$ 448,286</u>

AGENCY FUND

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

POLK COUNTY

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
For the Year Ended June 30, 2012

	<u>Balances</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balances</u> <u>June 30, 2012</u>
<u>ASSETS</u>				
Cash and investments	\$ 1,122,532	\$ 73,755,377	73,922,791	\$ 955,118
Taxes receivable	<u>5,510,472</u>	<u>72,649,800</u>	<u>72,105,693</u>	<u>6,054,579</u>
TOTAL ASSETS	<u>\$ 6,633,004</u>	<u>\$ 146,405,177</u>	<u>\$ 146,028,484</u>	<u>\$ 7,009,697</u>
<u>LIABILITIES</u>				
Due to other governments	<u>\$ 6,633,004</u>	<u>\$ 146,405,177</u>	<u>\$ 146,028,484</u>	<u>\$ 7,009,697</u>

OTHER FINANCIAL SCHEDULES

POLK COUNTY

SCHEDULE OF CASH RECEIPTS AND TURNS OVERS FOR ELECTED OFFICIALS
As of and for the Year Ended June 30, 2012

<u>Elected Official</u>	<u>Cash and Investment Balances July 1, 2011</u>	<u>Cash Receipts</u>	<u>Cash Turnovers and Disbursements to County Treasurer and Others</u>	<u>Cash and Investment Balances June 30, 2012</u>
Assessor	\$ 10	\$ 6,906	\$ 6,906	\$ 10
Clerk	150	360,673	360,673	150
District Attorney	25	234,143	234,143	25
Sheriff	83,151	2,058,285	2,063,280	78,156
Treasurer	<u>9,869,171</u>	<u>71,095,370</u>	<u>74,317,637</u>	<u>6,646,904</u>
TOTALS	<u>\$ 9,952,507</u>	<u>\$ 73,755,377</u>	<u>\$ 76,982,639</u>	<u>\$ 6,725,245</u>

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



**INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS
MINIMUM STANDARDS FOR AUDITS OF OREGON MUNICIPAL CORPORATIONS
For the Year Ended June 30, 2012**

To the Board of County Commissioners
POLK COUNTY
Dallas, Oregon

We have audited the basic financial statements of POLK COUNTY as of and for the year ended June 30, 2012, and have issued our report thereon dated December 18, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-240 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. As such, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

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

To the Board of Directors
 POLK COUNTY
 Dallas, Oregon

In connection with our testing nothing came to our attention, except as noted below, that caused us to believe the County was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-240 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, except as follows:

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

<u>Fund/Category</u>	<u>Appropriation</u>	<u>Expenditures</u>	<u>Variance</u>
General			
Sheriff/Criminal	\$ 3,413,748	\$ 3,447,635	\$ (33,887)
Sheriff/Jail	3,837,121	3,850,660	(13,539)
Community Corrections	1,689,122	1,710,349	(21,227)
Public Works			
Road Maintenance	3,794,352	3,969,684	(175,332)
Domestic Mediation	55,000	61,341	(6,341)
Fair			
Annual Fair	147,745	147,984	(239)
Building Improvement	1,360,000	1,681,680	(321,680)

- B. The County has not reasonably estimated the beginning fund balance of the following fund in its 2013-13 adopted budget as required by ORS 294.361 (1):

<u>Fund</u>	<u>Actual</u>	<u>Budget Estimate</u>
Mental Health	\$ 555,537	\$ 1,600,000

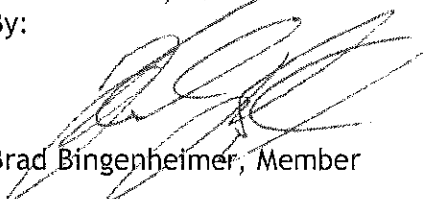
Internal Control OAR 162-10-0230

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

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

Boldt Carlisle + Smith
 Certified Public Accountants
 Salem, Oregon
 December 18, 2012

By:



Brad Bingenheimer, Member

GRANT COMPLIANCE – SINGLE AUDIT



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

Board of County Commissioners
POLK COUNTY
Dallas, Oregon

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Polk County as of and for the year ended June 30, 2012, which collectively comprise the County's basic financial statements and have issued our report thereon dated December 18, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the County is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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

Compliance and Other Matters

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

This report is intended solely for the information and use of management, Board of Commissioners, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Baldt Carlisle + Smith

Certified Public Accountants
Salem, Oregon
December 18, 2012



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT
AND MATERIAL EFFECT ON
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of County Commissioners
POLK COUNTY
Dallas, Oregon

Compliance

We have audited the County's compliance with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2012. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the County's compliance with those requirements.

In our opinion Polk County, complied, in all material respects, with the compliance requirements referred to above that that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 (Continued)

Internal Control Over Compliance

Management of Polk County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

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

This report is intended solely for the information and use of management, Board of Commissioners, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Boldt Carlisle + Smith

Certified Public Accountants
Salem, Oregon
December 18, 2012

POLK COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2012

Section I Summary of Auditors' Results

Financial Statements

Type of auditor's report issued:	<i>Unqualified</i>
Internal controls over financial reporting:	
Material weakness identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal awards

Internal control over major programs:	
Material weakness identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs:	<i>Unqualified</i>
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	No
Identification of major programs:	
15.227 Distribution of Receipts to State and Local Governments	
97.036 Disaster Grants - Public Assistance (Presidentially Declared Disasters)	

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

Audited qualified as a low-risk auditee:	Yes
--	-----

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

POLK COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2012

	Federal CFDA Number	Pass Through Entity Identifying Number	Expenditures
DEPARTMENT OF AGRICULTURE			
Food and Nutrition Service			
<i>Passed through Oregon State Health Division</i>			
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	2702	\$ 213,956
WIC Grants to States (WGS)	10.578		5,000
Forest Service			
<i>Passed through Oregon Department of Administrative Services</i>			
Schools and Roads - Grants to States	10.665		5,483
Total Department of Agriculture			<u>224,439</u>
DEPARTMENT OF COMMERCE			
<i>Passed through Oregon State Police</i>			
Public Safety Interoperable Communication	11.555	07-416	120,818
DEPARTMENT OF THE INTERIOR			
Bureau of Land Management			
Payment in Lieu of Taxes	15.226	6396	100,785
Distribution of Receipts to State and Local Governments	15.227	6396	999,534
Scotch Broom Removal and Dump Stoppers	15.999		85,111
Total Department of the Interior			<u>1,185,430</u>
DEPARTMENT OF JUSTICE			
Office of Juvenile Justice and Delinquency Prevention			
<i>Passed through Oregon State Criminal Justice Services Division</i>			
Juvenile Accountability Incentive Block Grant	16.523	05-86	10,000
Bureau of Justice Assistance			
State Criminal Alien Assistance Program	16.606		18,878
Bullet Proof Vest Partnership Program	16.607		3,151
<i>Passed through Oregon State Criminal Justice Commission</i>			
Edward Byrne Memorial State and Local Law Enforcement Assistance			
Discretionary Grants Program	16.580	2001-85	748
Drug Court Discretionary Grant Program	16.585		112,297
Edward Byrne Memorial-JJAG Illicit drugs	16.738	06-015	46,495
Second Chance Act Prisoner Reentry Initiative	16.812		55,926
Office of Victims of Crime			
<i>Passed through Oregon State Criminal Justice Division</i>			
Crime Victim Assistance (VOCA)	16.575	VOCA 03-2099	33,607
Total Department of Justice			<u>281,102</u>
DEPARTMENT OF GENERAL SERVICES ADMINISTRATION			
Federal Surplus Property	39.003		62,107
<i>Passed through Oregon Department of Administrative Services</i>			
Federal Surplus Property	39.003		233
Total Department of General Services Administration			<u>62,340</u>

See note to schedule of expenditures of federal awards
Continued on pages 91 and 92

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)

	Federal CFDA Number	Pass Through Entity Identifying Number	Expenditures
U.S. ELECTION ASSISTANCE COMMISSION			
<i>Passed through Oregon Secretary of State</i>			
Help America Vote	90.400		5,624
ENVIRONMENTAL PROTECTION AGENCY			
Office of Water			
<i>Passed through Oregon Health Authority</i>			
State Public Water System Supervision	66.432	27-02	\$ 3,564
Capitalization Grants for Drinking Water State Revolving Funds	66.468	27-02	3,920
Total Enviromental Protection Agency			7,484
DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Office of Population Affairs			
<i>Passed through Oregon Department of Human Services</i>			
Family Planning Services	93.217		19,540
Immunization Program	93.268		1,140
Administration for Children and Families			
<i>Passed through Oregon Commission on Children and Families</i>			
Promoting Safe and Stable Families	93.556	41180	17,450
Social Services Block Grant	93.667	41190	59,273
			44,400
<i>Passed through Oregon Department of Justice</i>			
Child Support Enforcement	93.563	461	218,940
Health Resources and Services Administration			
<i>Passed through Oregon Department of Human Services</i>			
HIV Care Formula Grants	93.917	27 02	22,474
Maternal and Child Health Block Grant	93.994	27 02	38,028
Substance Abuse and Mental Health Services Administration			
<i>Passed through Oregon Health Authority</i>			
Substance Abuse and Mental Health Services-Projects of Regional and National Significance	93.243		20,000
<i>Passed through Oregon Department of Human Services</i>			
Block Grants for Comm Mental Health	93.958	MHS-20/22	62,381
Block Grants for Prevention and Treatment of Substance Abuse	93.959	A&D 70	208,731
TB Case Management	93.116		861
Centers for Disease Control and Prevention			
<i>Passed through Oregon Department of Human Services</i>			
HIV Prevention Activities-Health Department Based	93.940		11,256
<i>Passed through Oregon Health Authority</i>			
Bioterrorism Preparedness & Response	93.069	27 02	91,727
Strengthening Public Health Infrastructure for Improved Health Outcomes	93.507		39,262
Centers for Medicare and Medicaid Services			
<i>Passed through Oregon Health Authority</i>			
Children's Health Insurance Program	93.767		6,190
<i>Passed through Commission on Children and Families</i>			
Healthy Start/Title XIX	93.778	41270	3,516
Total Department of Health and Human Services			865,169

*See note to schedule of expenditures of federal awards
Continued on page 92*

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)

	Federal CFDA Number	Pass Through Entity Identifying Number	Expenditures
DEPARTMENT OF HOMELAND SECURITY			
<i>Passed through Oregon State Police</i>			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036		\$ 452,256
Emergency Management Performance	97.042		88,116
State Homeland Security Program	97.073	06-234	108,432
		08-283	20,217
			25,668
<i>Passed through Oregon State Marine Board</i>			
Law Enforcement Terrorism Prevention Program	97.012	05-172	22,756
Total Department of Homeland Security			<u>717,445</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE			<u>\$ 3,469,851</u>

See note to schedule of expenditures of federal awards

POLK COUNTY

NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2012

Basis of Presentation

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