



# POLK COUNTY COMMISSIONERS COURT

August 14, 2007

10:00 A.M.

Polk County Courthouse, 3<sup>rd</sup> floor

Livingston, Texas

## NOTICE

Is hereby given that a regular meeting of the Polk County Commissioners Court will be held on the date stated above, at which time the following subjects will be discussed;

### Agenda Topics

1. **CALL TO ORDER.**

- Invocation
- Pledges of Allegiance

2. **PUBLIC COMMENTS.**

This item is included on the Agenda to allow public comments on topics that may or may not appear on this agenda. In accordance with law, this Court cannot discuss, deliberate or take action on any item or topic not listed on this agenda. Public comments requesting or requiring action or deliberation may be scheduled on a future agenda. Each public comment will be limited to a maximum of five (5) minutes, unless a member of the Court requests additional time for the presenter. Any handout materials must be reproduced and furnished by the presenter.

3. **INFORMATIONAL REPORTS.**

This item is included on the Agenda to receive announcements from the Court members and/or other Elected Officials and Department Heads of Polk County.

4. **OLD BUSINESS**

**NEW BUSINESS**

5. **CONSENT AGENDA** (The items listed within the Consent Agenda are deemed to be of a routine nature and are not scheduled for individual consideration by the Commissioners Court. However, any member of the Court retains the option to remove any one or more items from the Consent Agenda and to have the item/s individually considered).

- A. APPROVE MINUTES OF PREVIOUS MEETING/S: July 24, 2007 (Regular Meeting)
- B. CONSIDER APPROVAL OF BUDGET REVISIONS, AS PRESENTED BY THE COUNTY AUDITOR.
- C. CONSIDER APPROVAL OF BUDGET AMENDMENTS, AS SUBMITTED AND REVIEWED BY COURT APPOINTED COMMITTEE.
- D. CONSIDER APPROVAL OF SCHEDULE OF BILLS.
- E. CONSIDER APPROVAL OF PERSONNEL ACTION FORMS.
- F. CONSIDER APPROVAL OF FINAL PLAT FOR SUNSET SHORES, PCT. 1.
- G. CONSIDER APPROVAL OF CONSTABLE PCT. 3 REQUEST FOR APPOINTMENT OF HOYT O'NEAL AS RESERVE DEPUTY CONSTABLE EFFECTIVE AUGUST 14, 2007 AND APPROVE BOND FOR THE SAME.
- H. CONSIDER OFFERS TO PURCHASE TAX FORECLOSURE PROPERTIES: (PCT 1) Lots 529 through 534 and 553 through 558, Green Acres, Cause #T02-061.
- I. CONSIDER APPROVAL OF AGREEMENTS WITH EAST TEXAS COPY SYSTEMS FOR ANNUAL MAINTENANCE OF CERTAIN COPIERS.

6. RECEIVE FY2006 AUDIT REPORT FROM SANDERSEN KNOX & BELT, LLP.

7. CONSIDER APPROVAL OF AGREEMENT WITH TxDOT TO CONTRIBUTE FUNDS FOR RIGHT OF WAY PURCHASE FOR BRIDGE REPLACEMENT PROJECTS: FM942 AT (1) BARNETT CREEK AND (2) LONG KING CREEK RELIEF AND MUD CREEK, INCLUDING METHOD OF FUNDING.

8. CONSIDER REQUEST TO ADVERTISE FOR BIDS FOR MINERAL LEASE OF CERTAIN COUNTY PROPERTY.

9. CONSIDER COUNTY AUDITOR'S REQUEST TO TRANSFER INTEREST EARNED TO DATE FROM JAIL EXPANSION CONSTRUCTION FUND TO DEBT SERVICE FUND FOR PAYMENT OF A PORTION OF INTEREST DUE ON CERTIFICATES OF OBLIGATION, SERIES 2007(JAIL EXPANSION) AND APPROVE BUDGET AMENDMENT FOR PAYMENT OF REMAINING PORTION OF INTEREST DUE FROM DEBT SERVICE FUND BALANCE.

10. CONSIDER APPROVAL OF CONTRACT WITH DAVID J. WAXMAN, INC. FOR FY2007 FLOOD DISASTER PROJECT (OCTOBER 2006 FLOODS) ADMINISTRATIVE SERVICES.

- 11. CONSIDER APPROVAL OF PERSONNEL MANAGEMENT SYSTEM UPDATE, INCLUDING (a) CREATING JOB DESCRIPTIONS "FIELD TRAINING OFFICER" IN SHERIFF DEPARTMENT AND "ASSISTANT MAINTENANCE TECHNICIAN" IN MAINTENANCE ENGINEERING DEPARTMENT AND (b) REVISION TO "SECTION 8.10 FAMILY AND MEDICAL LEAVE".
- 12. CONSIDER APPROVAL OF BAILEY ARCHITECTS AS FIRM TO SUBMIT COUNTY'S APPLICATION FOR TEXAS HISTORICAL COMMISSION COURTHOUSE PRESERVATION GRANT ROUND V FUNDING.
- 13. CONSIDER FOR ADOPTION THE ORDER APPROVING THE ISSUANCE OF BONDS BY THE LUFKIN HEALTH FACILITIES DEVELOPMENT CORPORATION TO FINANCE THE COST OF HEALTH FACILITIES LOCATED AND TO BE LOCATED IN POLK COUNTY, TEXAS FOR MEMORIAL HEALTH SYSTEM OF EAST TEXAS AND MEMORIAL HOSPITAL OF POLK COUNTY D/B/A/ MEMORIAL MEDICAL CENTER - LIVINGSTON, AND WITH RESPECT TO A PUBLIC HEARING.
- 14. CONSIDER APPROVAL OF LETTER OF AGREEMENT WITH AIRPLEXUS FOR VIDEO CONFERENCING TECHNICAL SERVICES.

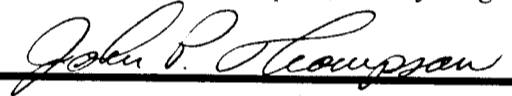
**RECESS**

**RECONVENE-BUDGET WORKSHOP**

- 15. DISCUSS PROPOSED SALARIES, EXPENSES AND ALLOWANCES OF ELECTED OFFICIALS FOR FY2008.
- 16. RECEIVE EFFECTIVE TAX RATE CALCULATION SUBMITTED BY TAX ASSESSOR/COLLECTOR.
- 17. DISCUSS PROPOSED TAX RATE;
  - 1. IF PROPOSED RATE DOES NOT EXCEED ROLLBACK RATE OR EFFECTIVE RATE (THE LOWER) ANNOUNCE MEETING AT, WHICH RATE WILL BE ADOPTED.
  - 2. IF PROPOSED RATE EXCEEDS ROLLBACK RATE OR EFFECTIVE RATE (THE LOWER), TAKE RECORD VOTE TO PLACE A PROPOSAL TO ADOPT SPECIFIED RATE ON A FUTURE AGENDA AND SCHEDULE TWO PUBLIC HEARINGS ON PROPOSED RATE.
- 18. SCHEDULE PUBLIC HEARING ON FY2008 BUDGET.

**ADJOURN**

By: John P. Thompson, County Judge



Posted: Wednesday, August 8, 2007

I do hereby certify that the above Notice of Meeting of the Polk County Commissioners Court is a true and correct copy of said Notice and that I posted a true and correct copy of said Notice in the Polk County Courthouse at a place readily accessible to the general public at all times on Wednesday, August 8, 2007 and that said Notice remained so posted continuously for at least 72 hours preceding the scheduled time of said Meeting. This notice has also been posted on the official website of Polk County, Texas ([www.co.polk.tx.us](http://www.co.polk.tx.us)).

BARBARA MIDDLETON, COUNTY CLERK

BY:

Andrea Schmidt (Deputy)

FILED FOR RECORD

2007 AUG -8 A 9:59



BARBARA MIDDLETON  
POLK COUNTY CLERK



**AUGUST 14, 2007**  
Regular Session - 10:00 a.m.

**COMMISSIONERS COURT**

**of Polk County, Texas**  
County Courthouse, 3rd floor  
Livingston, Texas

**ADDENDUM to Posting # 2007-90**

Pursuant to Chapter 551 of the Texas Government Code, the following will serve to amend the Agenda of the Commissioners Court Regular Session scheduled for August 14, 2007 at 10:00 A.M.

**AMEND TO ADD:**

19. CONSIDER APPROVAL OF POLK CENTRAL APPRAISAL DISTRICT'S FY2008 BUDGET.
20. CONSIDER APPROVAL OF INTERLOCAL AGREEMENT WITH TRINITY COUNTY FOR THE HOUSING OF INMATES AT THE IAH SECURE ADULT DETENTION FACILITY.

**EXECUTIVE SESSION;** As authorized by the Texas Open Meetings Act, as amended; Government Code §§ 551. 072.

- Deliberations about real property.

Commissioners Court of Polk County, Texas

By: John P. Thompson, County Judge

Dated: Friday, August 10, 2007

I, the undersigned County Clerk, do hereby certify that the above Addendum to the Notice of Meeting of the Polk County Commissioners Court is a true and correct copy of said Addendum and that I posted a true and correct copy of said Addendum at the door of the Polk County Courthouse at a place readily accessible to the general public at all times on Friday, August 10, 2007 and that said Addendum remained so posted continuously for at least 72 hours preceding the scheduled time of said Meeting. This notice has also been posted on the official website of Polk County, Texas ([www.co.polk.tx.us](http://www.co.polk.tx.us)).

BARBARA MIDDLETON, COUNTY CLERK

BY Shelana Walker, Deputy

FILED FOR RECORD  
2007 AUG 10 P 2:37

BARBARA MIDDLETON  
POLK COUNTY CLERK

**COMMISSIONERS COURT  
AGENDA POSTING #2007-090**

BE IT REMEMBERED ON THIS THE 14TH DAY OF AUGUST, 2007 THE HONORABLE COMMISSIONERS COURT MET IN "REGULAR" CALLED MEETING WITH THE FOLLOWING OFFICERS AND MEMBERS PRESENT, TO WIT; HONORABLE JUDGE JOHN P. THOMPSON, COUNTY JUDGE, PRESIDING. BOB WILLIS - COMMISSIONER PCT#1, RONNIE VINCENT - COMMISSIONER PCT #2, JAMES J. "Buddy" PURVIS - COMMISSIONER PCT #3, C.T. "TOMMY" OVERSTREET COMMISSIONER PCT #4, SCHELANA WALKER, CHIEF DEPUTY COUNTY CLERK AND RAY STELLY, COUNTY AUDITOR, THE FOLLOWING AGENDA ITEMS, ORDERS AND DECREES WERE DULY MADE, CONSIDERED & PASSED.

1. WELCOME & CALLED TO ORDER BY JUDGE JOHN P. THOMPSON AT 10:00 A.M.
  - INVOCATION BY RAY STELLY, COUNTY AUDITOR.
  - PLEDGES TO THE U.S. AND TEXAS FLAGS WERE LED BY JOE ROEDER.
2. PUBLIC COMMENTS: NONE.
3. INFORMATIONAL REPORTS:
  - A. JEANETTE MONTGOMERY, HUMAN RESOURCE SUPERVISOR, INFORMED COURT THE THAT ALL COUNTY JOBS AND APPLICATIONS ARE NOW POSTED ONLINE AT WWW.CO.POLK.TX.US. APPLICANTS CAN NOW TAKE TYPING TESTS IN THE HUMAN RESOURCE OFFICE INSTEAD OF GOING TO THE TEXAS WORKFORCE COMMISSION OFFICE.
  - B. RAY STELLY, COUNTY AUDITOR, ADVISED THE COURT OF THE AUDITOR REPORTS ARE NOW ON THE COUNTY WEBSITE UNDER THE AUDITOR'S PAGE.
  - C. KENNETH HAMMACK, SHERIFF, UPDATED THE COURT ON LAST WEEK'S MAN HUNT AND GAVE A BRIEF SUMMARY OF THE DEPARTMENT'S JULY REPORT.
4. OLD BUSINESS: NONE

**CONSENT AGENDA**

5. MOTIONED BY RONNIE VINCENT, SECONDED BY BOB WILLIS, TO APPROVE THE CONSENT AGENDA ITEMS AS LISTED, ADD ADDENDUMS TO ITEM # D & E AND APPROVE ITEM # F ONCE THE BOND HAS BEEN POSTED.  
ALL VOTING YES.
  - A. APPROVE MINUTES FOR JULY 24, 2007 REGULAR MEETING.
  - B. APPROVE BUDGET REVISIONS #2007-20, AS PRESENTED BY THE COUNTY AUDITOR. (SEE ATTACHED)
  - C. APPROVE BUDGET AMENDMENTS #2007-20(a), AS SUBMITTED AND REVIEWED BY COURT APPOINTED COMMITTEE. (SEE ATTACHED)
  - D. APPROVAL OF SCHEDULE OF BILLS, INCLUDING ADDENDUMS. (SEE ATTACHED)

DATE	AMOUNT	CHECK #
7/11/07	2678.00	96837-96980
7/17/07	198.00	96981-97013
7/17/07	1956.00	97014-97078
7/17/07	1908.00	97079-97147
7/17/07	1188.00	97148-97189
7/17/07	2996.00	91790-97259

7/17/07	10,045.70	2066057-206079
7/17/07	22,072.00	206080
7/20/07	33,750.00	ACH 003
7/20/07	2738.00	ACH 004
7/20/07	5718.03	ACH 005
7/20/07	2880.00	206081-206098
7/25/07	68,753.00	ACH 006
7/25/07	29,404.25	206099-206106
7/25/07	27,036.42	206107-206135
7/26/07	4405.81	ACH 007
7/26/07	40,385.64	ACH 008
7/26/07	9445.44	ACH 009
7/26/07	27,065.62	ACH 010
7/26/07	240,683.73	ACH 011
7/26/07	3208.27	ACH 012
7/26/07	4797.28	206136-206143
7/30/07	155,394.27	ACH 013
7/30/07	22,600.40	206144
8/1/07	98,713.67	ACH 014
8/1/07	137,152.14	206145
8/1/07	6293.91	206146-206149
8/1/07	14,251.38	206150-206154
8/2/07	115,000.00	ACH 015
8/3/07	81,141.48	206155-206195
8/7/07	371,293.29	206196-206410
8/7/07	9237.32	206411-206425
8/14/07	50,142.64	Addendum to appear on future schedule
<b>TOTAL</b>	<b>1,554,391.05</b>	

- E. APPROVE PERSONNEL ACTION FORMS, AS REVISED. (SEE ATTACHED)
- F. APPROVE FINAL PLAT FOR SUNSET SHORES, PCT. 1, PENDING POSTING OF BOND.
- G. APPROVE CONSTABLE PCT 3 REQUEST FOR APPOINTMENT OF HOYT O'NEAL AS RESERVE DEPUTY CONSTABLE EFFECTIVE AUGUST 14, 2007 AND APPROVE BOND FOR THE SAME.
- H. ACCEPT OFFERS TO PURCHASE TAX FORECLOSURE PROPERTIES: (PCT 1) LOTS 529 THROUGH 534 AND 553 THROUGH 558, GREEN ACRES, CAUSE #T02-061.
- I. APPROVAL OF AGREEMENTS WITH EAST TEXAS COPY SYSTEMS FOR ANNUAL MAINTENANCE OF CERTAIN COPIERS. (SEE ATTACHED)

6. MOTIONED BY TOMMY OVERSTREET, SECONDED BY RONNIE VINCENT TO RECEIVE FY2006 AUDIT REPORT FROM SANDERSEN KNOX & BELT, LLP, AS PRESENTED BY ROBERT BELT. (SEE ATTACHED)  
ALL VOTING YES.

JUDGE THOMPSON EXCUSED HIMSELF FROM COURT. JAMES J. "BUDDY" PURVIS NOW PRESIDING.

12. MOTIONED BY BOB WILLIS, SECONDED BY TOMMY OVERSTREET, APPROVAL OF BAILEY ARCHITECTS AS FIRM TO SUBMIT COUNTY'S APPLICATION FOR TEXAS HISTORICAL COMMISSION COURTHOUSE PRESERVATION GRANT ROUND V FUNDING.  
ALL VOTING YES.

JUDGE THOMPSON RETURNED TO COURT.

13. MOTIONED BY JAMES J. "BUDDY" PURVIS, SECONDED BY RONNIE VINCENT, TO ADOPT THE ORDER APPROVING THE ISSUANCE OF BONDS BY THE LUFKIN HEALTH FACILITIES DEVELOPMENT CORPORATION TO FINANCE THE COST OF HEALTH FACILITIES LOCATED AND TO BE LOCATED IN POLK COUNTY, TEXAS FOR MEMORIAL HEALTH SYSTEM OF EAST TEXAS AND MEMORIAL HOSPITAL OF POLK COUNTY D/B/A/ MEMORIAL MEDICAL CENTER - LIVINGSTON, AND WITH RESPECT TO A PUBLIC HEARING, AS EXPLAINED BY CRAIG WALKER, VICE PRESIDENT OF MEMORIAL HEALTH SYSTEM OF EAST TEXAS.  
ALL VOTING YES. (SEE ATTACHED)
7. MOTIONED BY BOB WILLIS, SECONDED BY JAMES J. "BUDDY" PURVIS, TO APPROVE AGREEMENT WITH TxDOT TO CONTRIBUTE FUNDS FOR RIGHT OF WAY PURCHASE FOR BRIDGE REPLACEMENT PROJECTS: FM942 AT (1) BARNETT CREEK AND (2) LONG KING CREEK RELIEF AND MUD CREEK, WITH COUNTY CONTRIBUTING \$7,000.  
ALL VOTING YES. (SEE ATTACHED)
8. MOTIONED BY TOMMY OVERSTREET, SECONDED BY BOB WILLIS, TO ADVERTISE FOR BIDS FOR 30 DAYS FOR MINERAL LEASE OF 2 ACRE TRACT, S.R. BAXTER SURVEY, A-141, POLK COUNTY, TX.  
ALL VOTING YES. (SEE ATTACHED)
9. MOTIONED BY BOB WILLIS, SECONDED BY RONNIE VINCENT, TO ACCEPT AUDITOR'S REQUEST TO TRANSFER INTEREST EARNED TO DATE FROM JAIL EXPANSION CONSTRUCTION FUND TO DEBT SERVICE FUND FOR PAYMENT OF A PORTION OF INTEREST DUE ON CERTIFICATES OF OBLIGATION, SERIES 2007 (JAIL EXPANSION) AND APPROVE BUDGET AMENDMENT FOR PAYMENT OF REMAINING PORTION OF INTEREST DUE FROM DEBT SERVICE FUND BALANCE.  
ALL VOTING YES.
14. MOTIONED BY BOB WILLIS, SECONDED BY TOMMY OVERSTREET, TO APPROVE LETTER OF AGREEMENT WITH AIRPLEXUS FOR VIDEO CONFERENCING TECHNICAL SERVICES, AS RECOMMENDED BY JEAN LEBLANC.  
ALL VOTING YES. (SEE ATTACHED)
10. MOTIONED BY TOMMY OVERSTREET, SECONDED BY RONNIE VINCENT, TO APPROVE CONTRACT WITH DAVID J. WAXMAN, INC. FOR FY2007 FLOOD DISASTER PROJECT (OCTOBER 2006 FLOODS) ADMINISTRATIVE SERVICES.  
ALL VOTING YES. (SEE ATTACHED)
11. MOTIONED BY BOB WILLIS, SECONDED BY RONNIE VINCENT, TO APPROVE PERSONNEL MANAGEMENT SYSTEM UPDATE, INCLUDING (a) CREATING JOB DESCRIPTIONS "FIELD TRAINING OFFICER" IN SHERIFF DEPARTMENT AND "ASSISTANT MAINTENANCE TECHNICIAN" IN MAINTENANCE ENGINEERING DEPARTMENT AND (b) REVISION TO "SECTION 8.10 FAMILY AND MEDICAL LEAVE", AS REQUESTED BY JEANETTE MONTGOMERY, HUMAN RESOURCE SUPERVISOR.  
ALL VOTING YES. (SEE ATTACHED)
19. MOTIONED BY TOMMY OVERSTREET, SECONDED BY RONNIE VINCENT, TO APPROVE POLK CENTRAL APPRAISAL DISTRICT ADOPTED BUDGET.  
ALL VOTING YES. (SEE ATTACHED)
20. MOTIONED BY BOB WILLIS, SECONDED BY TOMMY OVERSTREET, TO APPROVE THE INTERLOCAL AGREEMENT WITH TRINITY COUNTY FOR THE HOUSING OF INMATES AT THE IAH SECURE ADULT DETENTION FACILITY.  
ALL VOTING YES. (SEE ATTACHED)

**EXECUTIVE SESSION 10:37 A.M.**

As authorized by Open Meetings Act, Government Code § 551.072  
(Deliberations about real property)

**EXECUTIVE SESSION ENDED 11:03 A.M.**

**RECESS**

**RECONVENED INTO BUDGET WORKSHOP: 11:11 A.M.**

15. DISCUSS PROPOSED SALARIES, EXPENSES AND ALLOWANCES OF ELECTED OFFICIALS FOR FY2008.

3% COST OF LIVING AND 2 1/2% MERIT INCREASE FOR ALL ELECTED OFFICIALS.  
3% COST OF LIVING FOR COUNTY EMPLOYEES AND 2 1/2% MERIT INCREASE TO BE DETERMINED BY EACH ELECTED OFFICIAL/DEPARTMENT HEAD.

ALL VOTING YES.

16. MOTIONED BY BOB WILLIS SECONDED BY RONNIE VINCENT, TO RECEIVE EFFECTIVE TAX RATE CALCULATION SUBMITTED BY TAX ASSESSOR/COLLECTOR.

ALL VOTING YES.

17. MOTIONED BY TOMMY OVERSTREET, SECONDED BY RONNIE VINCENT, TO PLACE A PROPOSAL TO ADOPT .6277 AS 2007 TAX RATE ON THE AGENDA FOR SEPTEMBER 17, 2007 AT 10:00 A.M. AND TO SCHEDULE TWO (2) PUBLIC HEARINGS ON THE PROPOSED TAX RATE: AUGUST 28, 2007 AT 9:00 A.M. AND SEPTEMBER 4, 2007 AT 4:00 P.M. IN THE COMMISSIONERS COURTROOM OF THE POLK COUNTY COURTHOUSE.

ALL MEMBERS PRESENT AND VOTES RECORDED AS FOLLOWS:

- JUDGE THOMPSON..... YES
- COMMISSIONER WILLIS..... YES
- COMMISSIONER VINCENT..... YES
- COMMISSIONER PURVIS..... YES
- COMMISSIONER OVERSTREET..... YES

18. MOTIONED BY JAMES J "BUDDY" PURVIS, SECONDED BY BOB WILLIS, TO SCHEDULE PUBLIC HEARING ON FY2008 BUDGET SEPTEMBER 17, 2007 AT 9:00 A.M. IN THE COMMISSIONERS COURTROOM OF THE POLK COUNTY COURTHOUSE.

ALL VOTING YES.

**ADJOURN:**

MOTIONED BY TOMMY OVERSTREET, SECONDED BY RONNIE VINCENT TO ADJOURN COURT THIS 14TH DAY OF AUGUST, 2007 AT 11:59 A.M.



JOHN P. THOMPSON, COUNTY JUDGE

**ATTEST:**

Shelana Walker  
SCHELANA WALKER, DEPUTY CLERK

Budget Revisions  
AMENDMENT CHANGES BY FUND

#2007-20

#5(B)  
COPY

FUND DESCRIPTION	INCREASE/DECREASE
010 GENERAL FUND	.00
015 ROAD & BRIDGE ADM	562,249.29
051 AGING	.00

THE PRECEDING LIST OF AMENDMENTS WAS REVIEWED AND APPROVED.

RAY STELLY  
COUNTY AUDITOR

JOHN P. THOMPSON

COUNTY JUDGE



ACCOUNT NUMBER	ACCOUNT NAME	DATE	AMOUNT	AMOUNT	AMOUNT	DESCRIPTION	CLK
2007 010-495-315	OFFICE SUPPLIES	08/06/2007	2K7R20	6,500.00	7,094.07	TO COVER ADDITIONAL EXP	SD
2007 010-495-423	MOBILE PHONE	08/06/2007	2K7R20	2,900.00	.00	TO COVER ADDITIONAL EXP	SD
2007 010-495-423	MOBILE PHONE	08/06/2007	2K7R20	.00	2,900.00	CORRECTION	SD
2007 010-495-423	MOBILE PHONE	08/06/2007	2K7R20	2,900.00	594.07	TO COVER ADDITIONAL EXP	SD
EXP. SUM. - CO. AUDITOR			TOTAL AMENDMENTS	4	TOTAL CHANGES	.00	
2007 010-512-342	LAUNDRY SUPPLIES	07/25/2007	2K7R20	5,000.00	4,173.17	PER REVISION	SD
2007 010-512-342	LAUNDRY SUPPLIES	07/26/2007	2K7R20	4,173.17	3,523.17	TO COVER SHORTAGE	SD
2007 010-512-342	LAUNDRY SUPPLIES	07/27/2007	2K7R20	3,523.17	2,873.17	TO COVER INMATE TRANSFER	SD
2007 010-512-391	MEDICAL SERVICES	08/06/2007	2K7R20	65,500.00	70,800.00	TO COVER ADD EXP	SD
2007 010-512-391	MEDICAL SERVICES	08/06/2007	2K7R20	24,200.00	19,200.00	TO COVER ADD EXP	SD
2007 010-512-426	TRAVEL - TRANSPORT	07/25/2007	2K7R20	11,662.87	12,489.70	PER REVISION TO COVER ADDIT	SD
2007 010-512-426	TRAVEL - TRANSPORT	07/26/2007	2K7R20	12,489.70	13,139.70	SHORTAGE	SD
2007 010-512-426	TRAVEL - TRANSPORT	07/27/2007	2K7R20	13,139.70	13,789.70	TO COVER INMATE TRANSFER	SD
2007 010-512-426	TRAVEL - TRANSPORT	07/31/2007	2K7R20	13,789.70	15,389.70	TO COVER EXP TO XFE INMATE	SD
2007 010-512-490	MISCELLANEOUS	07/31/2007	2K7R20	5,540.00	3,940.00	TO COVER EXP TO XFR INMATE	SD
EXPENSE SUMMARY - JAIL			TOTAL AMENDMENTS	10	TOTAL CHANGES	.00	
2007 015-621-461	EQUIPMENT RENTAL	08/06/2007	2K7R20	20,000.00	94.60	19,905.40 - PER REVISION	SD
2007 015-621-490	MISCELLANEOUS	08/06/2007	2K7R20	29,224.00	27,236.34	1,987.66 - PER REVISION	SD
2007 015-621-570	LEASE & INTEREST P	08/06/2007	2K7R20	.00	2,007.66	PER REVISION	SD
2007 015-621-570	LEASE & INTEREST P	08/06/2007	2K7R20	2,007.66	21,913.06	19,905.40 - PER REVISION	SD
2007 015-621-572	OFFICE FURNISHINGS	07/26/2007	2K7R20	11,011.09	13,820.65	APPROVED IN CRT 3/27/07	ITE
2007 015-621-573	PCT 1 CAPITAL OUTL	07/26/2007	2K7R20	84,687.00	129,187.00	44,500.00 - APPROVED IN CRT 3/27/07	SD
PRECINCT #1 - EXPENSE SUMMARY			TOTAL AMENDMENTS	6	TOTAL CHANGES	47,329.56	
2007 015-622-573	CAPITAL OUTLAY PUR	07/26/2007	2K7R20	.00	79,850.00	79,850.00 - APP IN CRT 3/13/07 ITEM 5E	SD
PRECINCT #2 - ROAD & BRIDGE			TOTAL AMENDMENTS	1	TOTAL CHANGES	79,850.00	
2007 015-623-575	CAPITAL OUTLAY-BRI	07/26/2007	2K7R20	58,083.08	110,357.08	52,274.00 - APP IN CRT 1/23/07 & 3/13/0	SD
2007 015-623-575	CAPITAL OUTLAY-BRI	07/26/2007	2K7R20	110,357.08	143,781.08	33,424.00 - APP IN CRT 1/23/07 & 4/10/0	SD
2007 015-623-575	CAPITAL OUTLAY-BRI	07/26/2007	2K7R20	143,781.08	144,597.81	816.73 - EXP ON BRIDGE WK	SD
2007 015-623-575	CAPITAL OUTLAY-BRI	07/26/2007	2K7R20	144,597.81	190,063.81	45,466.00 - APP IN COURT 1/23/07	SD
2007 015-623-575	CAPITAL OUTLAY-BRI	07/26/2007	2K7R20	190,063.81	218,975.81	28,912.00 - APP IN COURT 1/23/07	SD
2007 015-623-575	CAPITAL OUTLAY-BRI	07/26/2007	2K7R20	218,975.81	249,204.81	30,229.00 - APP IN COURT 1/23/07	SD
2007 015-623-575	CAPITAL OUTLAY-BRI	07/26/2007	2K7R20	249,204.81	266,244.81	17,040.00 - APP IN COURT 3/13/07	SD
2007 015-623-575	CAPITAL OUTLAY-BRI	07/31/2007	2K7R20	266,244.81	266,400.81	156.00 - CORRECTION 2K7R20	SD
2007 015-623-575	CAPITAL OUTLAY-BRI	07/31/2007	2K7R20	266,400.81	266,445.81	45.00 - CORRECTION 2K7R20	SD
PRECINCT #3 EXPENSE SUMMARY			TOTAL AMENDMENTS	9	TOTAL CHANGES	208,362.73	
2007 015-624-573	PCT4 CAPITAL OUTLA	07/26/2007	2K7R20	.00	193,500.00	193,500.00 - APP IN COURT 3/13/07 ITEM 1	SD
2007 015-624-575	CAPITAL OUTLAY-BRI	07/26/2007	2K7R20	214,428.33	247,635.33	33,207.00 - APP IN COURT 1/11/07 ITEM 1	SD
PRECINCT #4 EXPENSE SUMMARY			TOTAL AMENDMENTS	2	TOTAL CHANGES	226,707.00	
2007 051-645-333	RAW FOOD	07/25/2007	2K7R20	42,800.00	40,300.00	2,500.00 - PURCHASE REFRIGARATOR	SD
2007 051-645-333	RAW FOOD	07/25/2007	2K7R20	40,300.00	39,800.00	500.00 - TO PROVIDE LEASE FUNDS FOR	SD
2007 051-645-333	RAW FOOD	08/06/2007	2K7R20	39,800.00	38,300.00	1,500.00 - TO COVER ADDITIONAL EXP	SD
2007 051-645-343	PAPER FOOD GOODS/S	08/06/2007	2K7R20	11,689.32	13,189.32	1,500.00 - TO COVER ADD EXP	SD
2007 051-645-463	STORAGE - EQUIPMEN	07/25/2007	2K7R20	.00	500.00	500.00 - LEASE FUNDS FOR 9/07 KIT EQ	SD
2007 051-645-572	EQUIPMENT	07/25/2007	2K7R20	4,000.00	6,500.00	2,500.00 - TO PURCHASE FRIDGE	SD
TOTAL AMENDMENTS			6	TOTAL CHANGES	.00		

POLK COUNTY #5(c)  
By: Stephanie Dale  
Ast. Auditor

Budget Amendment #2K7A20  
FY07 #2007-20(A)

August 7, 2007

Fund Account	Description	Increase	Decrease	Comments	Budget	Budget
015- Fund Balance 015-621-573	<u>GENERAL FUND</u> Pct 1 Capital Outlays	44,500.00		Reimbursement Resolution Expenditures To increase budget for reimbursement resolution expen.	129,187.00	173,687.00
015- Fund Balance 015-621-572	<u>GENERAL FUND</u> Office Furnishings/Equipment	2,809.56		Reimbursement Resolution Expenditures To increase budget for reimbursement Resolution exp	13,820.65	16,630.21
010- Fund Balance 010-511-574	<u>GENERAL FUND</u> Capital Outlay Buildings	164,469.68		Reimbursement Resolution Expenditures To increase budget for reimbursement Resolution exp	655,021.30	819,490.98
010- Fund Balance 010-511-573	<u>GENERAL FUND</u> Capital Outlay Purchases	17,010.00		Reimbursement Resolution Expenditures To increase budget for reimbursement Resolution exp	46,785.00	63,795.00
010 Fund Balance 010-401-573	<u>GENERAL FUND</u> Capital Outlay	146,924.58		Reimbursement Resolution Expenditures To increase budget for reimbursement Resolution exp	0.00	146,924.58
010- Fund Balance 010-695-573	<u>GENERAL FUND</u> Capital Outlay Purchases	20,443.00		Reimbursement Resolution Expenditures To increase budget for reimbursement Resolution exp	0.00	20,443.00
010- Fund Balance 10560106	<u>GENERAL FUND</u> TRA Overtime Salaries	47,192.92		To increase TRA OT line item To increase TRA OT line item	128,000.00	175,192.92
061-857-582 061-390-072	<u>GENERAL FUND</u> Int 2007 C/O Jail Exp Pro Transfer From 1990 C/O Prison	262,730.42 262,730.42		Amending for Interest Payment Amending for Interest Payment	0.00 0.00	262,730.42 -262,730.42
020-700-061 020-340-100	<u>GENERAL FUND</u> Transfer to Debt Service Int 2007 C/O Series	262,730.42 262,730.42		Amending for Interest Payment Amending for Interest Payment	0.00 0.00	262,730.42 -262,730.42
010-367-110 010-560-392	<u>GENERAL FUND</u> Animal Shelter Animal Shelter	200.00 200.00		City Of Corrigan Animal Shelter City Of Corrigan Animal Shelter	-2,051.10 13,521.10	-2,251.10 13,721.10
015-369-100 015-621-339	<u>GENERAL FUND</u> Culvert/Material Reimb Construction Contr & Materials	6,850.00 6,850.00		Pmt For Sequoai Rd Pmt For Sequoai Rd	-36,268.94 206,090.94	-43,118.94 212,940.94
015- Fund Balance 015-625-204	<u>GENERAL FUND</u> Right of Way Pct 4	3,603.00		Right of Way Pct 4 Right of Way Pct 4	0.00	3,603.00

010-342-695 010-694-490	<u>GENERAL FUND</u> Reimb Emer Management Salaries	899.88 899.88		Reimb from Deep East tx council gov Reimb from Deep East tx council gov	-48.77 137,188.16	-948.65 138,088.04
015- Fund Balance 015-625-207	<u>GENERAL FUND</u> Right of Way Pct 4	900.00		Per Fax From Judge's Office Per Fax From Judge's Office	3,603.00	4,503.00
015-370-200 015-623-490	<u>GENERAL FUND</u> Pct 3 Sale of Asses Misc.	92,600.00 92,600.00		To cover overage To cover overage	-48,850.00 0.00	-141,450.00 92,600.00

SCHEDULE OF BILLS BY FUND

FUND DESCRIPTION

DISBURSEMENTS

010 GENERAL FUND

~~2,796.00~~

TOTAL OF ALL FUNDS

~~2,796.00~~

2678.00 ck 096979 voided -  
paid on state report

THE PRECEDING LIST OF BILLS PAYABLE WAS REVIEWED AND APPROVED FOR PAYMENT.

RAY STELLY



COUNTY AUDITOR

JOHN P. THOMPSON



COUNTY JUDGE

SCHEDULE OF BILLS BY FUND

FUND DESCRIPTION	DISBURSEMENTS
010 GENERAL FUND	198.00
	-----
TOTAL OF ALL FUNDS	198.00

THE PRECEDING LIST OF BILLS PAYABLE WAS REVIEWED AND APPROVED FOR PAYMENT.


RAY STELLY

  
\_\_\_\_\_

COUNTY AUDITOR

\_\_\_\_\_

JOHN P. THOMPSON

  
\_\_\_\_\_

COUNTY JUDGE

\_\_\_\_\_

FUND DESCRIPTION	DISBURSEMENTS
010 GENERAL FUND	1,986.00
TOTAL OF ALL FUNDS	<del>1,986.00</del> 1956.00

pk 1956.00 ck 097077 voided -  
paid on state Report

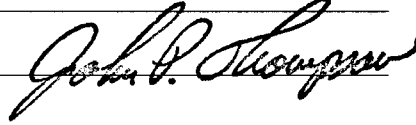
THE PRECEDING LIST OF BILLS PAYABLE WAS REVIEWED AND APPROVED FOR PAYMENT.

RAY STELLY



COUNTY AUDITOR

JOHN P. THOMPSON



COUNTY JUDGE

SCHEDULE OF BILLS BY FUND

FUND DESCRIPTION	DISBURSEMENTS
010 GENERAL FUND	1,914.00
TOTAL OF ALL FUNDS	<del>1,914.00</del>

*(19) 1908.00 ck 0977145 voided - Paid on state Report*

THE PRECEDING LIST OF BILLS PAYABLE WAS REVIEWED AND APPROVED FOR PAYMENT.

RAY STELLY

*Ray Stelly*

COUNTY AUDITOR

JOHN P. THOMPSON

*John P. Thompson*

COUNTY JUDGE

SCHEDULE OF BILLS BY FUND

FUND DESCRIPTION	DISBURSEMENTS
010 GENERAL FUND	1,200.00
TOTAL OF ALL FUNDS	<del>1,200.00</del> 1188.00

*ck 097187 voided - paid on State Report*

THE PRECEDING LIST OF BILLS PAYABLE WAS REVIEWED AND APPROVED FOR PAYMENT.

RAY STELLY

*Ray Stelly*

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COUNTY AUDITOR

---

JOHN P. THOMPSON

*John P. Thompson*

---

COUNTY JUDGE

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FUND DESCRIPTION

DISBURSEMENTS

010 GENERAL FUND

3,002.00

TOTAL OF ALL FUNDS

*pd* ~~3,002.00~~

*2996.00 ck 097256 voided -  
paid on State Report*

THE PRECEDING LIST OF BILLS PAYABLE WAS REVIEWED AND APPROVED FOR PAYMENT.

RAY STELLY

*Ray Stelly*

COUNTY AUDITOR

JOHN P. THOMPSON

*John P. Thompson*


COUNTY JUDGE

SCHEDULE OF BILLS BY FUND

FUND	DESCRIPTION	DISBURSEMENTS
010	GENERAL FUND	9,131.86
015	ROAD & BRIDGE ADM	762.64
051	AGING	151.20
		-----
	TOTAL OF ALL FUNDS	10,045.70

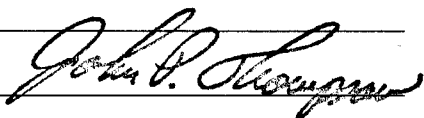
THE PRECEDING LIST OF BILLS PAYABLE WAS REVIEWED AND APPROVED FOR PAYMENT.

RAY STELLY

  
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COUNTY AUDITOR

JOHN P. THOMPSON

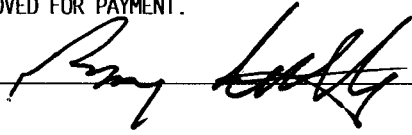
  
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COUNTY JUDGE

FUND DESCRIPTION	DISBURSEMENTS
061 DEBT SERVICE FUND	22,072.00
	-----
TOTAL OF ALL FUNDS	22,072.00

THE PRECEDING LIST OF BILLS PAYABLE WAS REVIEWED AND APPROVED FOR PAYMENT.

RAY STELLY



COUNTY AUDITOR

JOHN P. THOMPSON



COUNTY JUDGE

SCHEDULE OF BILLS BY FUND

FUND DESCRIPTION	DISBURSEMENTS
020 CONSTRUCTION FUND	33,750.00
TOTAL OF ALL FUNDS	33,750.00

*Att 003*

THE PRECEDING LIST OF BILLS PAYABLE WAS REVIEWED AND APPROVED FOR PAYMENT.

RAY STELLY

*Ray Stelly*

COUNTY AUDITOR

JOHN P. THOMPSON

*John P. Thompson*

COUNTY JUDGE

SCHEDULE OF BILLS BY FUND

FUND DESCRIPTION	DISBURSEMENTS
090 DRUG FORFEITURE FUND	2,738.00
	-----
TOTAL OF ALL FUNDS	2,738.00

*ACH 004*

THE PRECEDING LIST OF BILLS PAYABLE WAS REVIEWED AND APPROVED FOR PAYMENT

RAY STELLY

*Ray Stelly*

COUNTY AUDITOR

JOHN P. THOMPSON

*John P. Thompson*

COUNTY JUDGE

SCHEDULE OF BILLS BY FUND

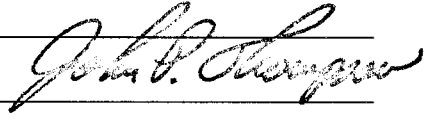
*ACK 005*

FUND DESCRIPTION	DISBURSEMENTS
010 GENERAL FUND	5,718.03
TOTAL OF ALL FUNDS	5,718.03

THE PRECEDING LIST OF BILLS PAYABLE WAS REVIEWED AND APPROVED FOR PAYMENT.

RAY STELLY 

COUNTY AUDITOR \_\_\_\_\_

JOHN P. THOMPSON 

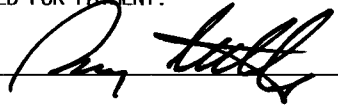
COUNTY JUDGE \_\_\_\_\_

SCHEDULE OF BILLS BY FUND

FUND DESCRIPTION	DISBURSEMENTS
010 GENERAL FUND	2,880.00
	-----
TOTAL OF ALL FUNDS	2,880.00

THE PRECEDING LIST OF BILLS PAYABLE WAS REVIEWED AND APPROVED FOR PAYMENT.


RAY STELLY

  
\_\_\_\_\_

COUNTY AUDITOR

\_\_\_\_\_

JOHN P. THOMPSON

  
\_\_\_\_\_

COUNTY JUDGE

\_\_\_\_\_

SCHEDULE OF BILLS BY FUND

FUND DESCRIPTION	DISBURSEMENTS
010 GENERAL FUND	68,753.00
	-----
TOTAL OF ALL FUNDS	68,753.00

Act 11006

THE PRECEDING LIST OF BILLS PAYABLE WAS REVIEWED AND APPROVED FOR PAYMENT.

RAY STELLY

Asst COUNTY AUDITOR

Stephanie Dale

JOHN P. THOMPSON

COUNTY JUDGE

John P. Thompson



FUND	DESCRIPTION	DISBURSEMENTS
010	GENERAL FUND	23,248.25
015	ROAD & BRIDGE ADM	6,156.00
	TOTAL OF ALL FUNDS	29,404.25

THE PRECEDING LIST OF BILLS PAYABLE WAS REVIEWED AND APPROVED FOR PAYMENT.

RAY STELLY  
*ASST* COUNTY AUDITOR *Debra D. Stelly*  
JOHN P. THOMPSON *John P. Thompson*  
COUNTY JUDGE

SCHEDULE OF BILLS BY FUND

FUND	DESCRIPTION	DISBURSEMENTS
010	GENERAL FUND	4,656.06
011	HOTEL OCCUPANCY TAX FUND	75.18
015	ROAD & BRIDGE ADM	372.17
051	AGING	19.95
061	DEBT SERVICE FUND	21,913.06
	TOTAL OF ALL FUNDS	27,036.42

THE PRECEDING LIST OF BILLS PAYABLE WAS REVIEWED AND APPROVED FOR PAYMENT.

RAY STELLY  
*Asst* COUNTY AUDITOR *Debra*  
JOHN P. THOMPSON  
COUNTY JUDGE *John P. Thompson*

SCHEDULE OF BILLS BY FUND

FUND DESCRIPTION	DISBURSEMENTS
101 ADULT SUPERVISION	4,405.81
	-----
TOTAL OF ALL FUNDS	4,405.81

ACH 007

THE PRECEDING LIST OF BILLS PAYABLE WAS REVIEWED AND APPROVED FOR PAYMENT.

RAY STELLY  
 COUNTY AUDITOR *Ray Stelly*  
 JOHN P. THOMPSON  
 COUNTY JUDGE *John P. Thompson*

asst

SCHEDULE OF BILLS BY FUND

FUND	DESCRIPTION	DISBURSEMENTS
010	GENERAL FUND	25,891.32
015	ROAD & BRIDGE ADM	6,801.72
027	SECURITY	313.20
051	AGING	663.94
101	ADULT SUPERVISION	4,432.50
185	CCAP - JUVENILE PROBATION	2,282.96
TOTAL OF ALL FUNDS		40,385.64

*ACH 008*

THE PRECEDING LIST OF BILLS PAYABLE WAS REVIEWED AND APPROVED FOR PAYMENT.

*Asst* RAY STELLY  
 COUNTY AUDITOR *Deborah Dole*  
 JOHN P. THOMPSON  
 COUNTY JUDGE *John P. Thompson*

SCHEDULE OF BILLS BY FUND

FUND	DESCRIPTION	DISBURSEMENTS
010	GENERAL FUND	6,055.48
015	ROAD & BRIDGE ADM	1,590.82
027	SECURITY	73.26
051	AGING	155.28
101	ADULT SUPERVISION	1,036.70
185	CCAP - JUVENILE PROBATION	533.90
TOTAL OF ALL FUNDS		9,445.44

*Acct 009*

THE PRECEDING LIST OF BILLS PAYABLE WAS REVIEWED AND APPROVED FOR PAYMENT.

*Asst* RAY STELLY  
 COUNTY AUDITOR *Deprante Dea*

JOHN P. THOMPSON  
 COUNTY JUDGE *John P. Thompson*

SCHEDULE OF BILLS BY FUND

FUND	DESCRIPTION	DISBURSEMENTS
010	GENERAL FUND	17,945.74
015	ROAD & BRIDGE ADM	4,006.42
027	SECURITY	147.88
051	AGING	191.30
101	ADULT SUPERVISION	3,176.93
185	CCAP - JUVENILE PROBATION	1,597.35
TOTAL OF ALL FUNDS		27,065.62

ACK 010

THE PRECEDING LIST OF BILLS PAYABLE WAS REVIEWED AND APPROVED FOR PAYMENT.

ASST RAY STELLY  
 COUNTY AUDITOR Deborah Dea  
 JOHN P. THOMPSON  
 COUNTY JUDGE John P. Thompson

SCHEDULE OF BILLS BY FUND

FUND	DESCRIPTION	DISBURSEMENTS
010	GENERAL FUND	154,500.29
015	ROAD & BRIDGE ADM	41,960.91
027	SECURITY	1,978.02
051	AGING	4,378.03
101	ADULT SUPERVISION	24,701.45
185	CCAP - JUVENILE PROBATION	13,165.03
TOTAL OF ALL FUNDS		240,683.73

*ACH 011*

THE PRECEDING LIST OF BILLS PAYABLE WAS REVIEWED AND APPROVED FOR PAYMENT.

*ASST* RAY STELLY  
 COUNTY AUDITOR *Debra Stealy*

JOHN P. THOMPSON  
 COUNTY JUDGE *John P. Thompson*

SCHEDULE OF BILLS BY FUND

FUND	DESCRIPTION	DISBURSEMENTS
010	GENERAL FUND	2,839.20
015	ROAD & BRIDGE ADM	369.07
		-----
TOTAL OF ALL FUNDS		3,208.27

ACT-012

THE PRECEDING LIST OF BILLS PAYABLE WAS REVIEWED AND APPROVED FOR PAYMENT.

Asst RAY STELLY  
 COUNTY AUDITOR Stephanie Dea

JOHN P. THOMPSON  
 COUNTY JUDGE John P. Thompson



SCHEDULE OF BILLS BY FUND

FUND	DESCRIPTION	DISBURSEMENTS
010	GENERAL FUND	1,419.30
015	ROAD & BRIDGE ADM	275.00
027	SECURITY	30.00
101	ADULT SUPERVISION	2,311.99
185	CCAP - JUVENILE PROBATION	760.99
TOTAL OF ALL FUNDS		4,797.28

THE PRECEDING LIST OF BILLS PAYABLE WAS REVIEWED AND APPROVED FOR PAYMENT.

Asst RAY STELLY  
COUNTY AUDITOR Ray Stelly  
JOHN P. THOMPSON  
COUNTY JUDGE John P. Thompson

SCHEDULE OF BILLS BY FUND

FUND	DESCRIPTION	DISBURSEMENTS
010	GENERAL FUND	24,267.00
088	JUDICIARY FUND	131,127.27
TOTAL OF ALL FUNDS		155,394.27

*AC 10/1/28*

THE PRECEDING LIST OF BILLS PAYABLE WAS REVIEWED AND APPROVED FOR PAYMENT.

RAY STELLY  
*Asst* COUNTY AUDITOR *Deborah Dale*  
 JOHN P. THOMPSON *John P. Thompson*  
 COUNTY JUDGE

FUND DESCRIPTION	DISBURSEMENTS
088 JUDICIARY FUND	22,600.40
	-----
TOTAL OF ALL FUNDS	22,600.40

THE PRECEDING LIST OF BILLS PAYABLE WAS REVIEWED AND APPROVED FOR PAYMENT.

Asst RAY STELLY  
COUNTY AUDITOR

Stephanie Dale

JOHN P. THOMPSON  
COUNTY JUDGE

John P. Thompson

FUND	DESCRIPTION	DISBURSEMENTS
010	GENERAL FUND	63,886.66
015	ROAD & BRIDGE ADM	16,211.39
027	SECURITY	679.48
051	AGING	1,556.87
101	ADULT SUPERVISION	11,023.75
185	CCAP - JUVENILE PROBATION	5,355.52
TOTAL OF ALL FUNDS		98,713.67

AC 14014

THE PRECEDING LIST OF BILLS PAYABLE WAS REVIEWED AND APPROVED FOR PAYMENT.

Asst RAY STELLY  
 COUNTY AUDITOR Debra Marie Duce

JOHN P. THOMPSON  
 COUNTY JUDGE John P. Thompson

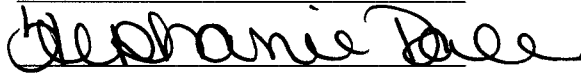
SCHEDULE OF BILLS BY FUND

FUND	DESCRIPTION	DISBURSEMENTS
010	GENERAL FUND	105,382.97
015	ROAD & BRIDGE ADM	24,096.07
027	SECURITY	550.74
051	AGING	550.74
185	CCAP - JUVENILE PROBATION	6,571.62
TOTAL OF ALL FUNDS		137,152.14

THE PRECEDING LIST OF BILLS PAYABLE WAS REVIEWED AND APPROVED FOR PAYMENT.

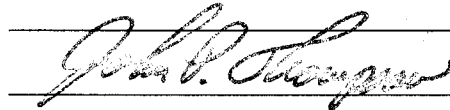
RAY STELLY

Asst COUNTY AUDITOR



JOHN P. THOMPSON

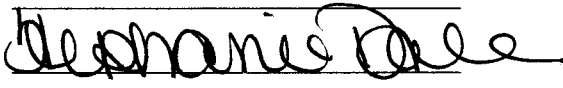
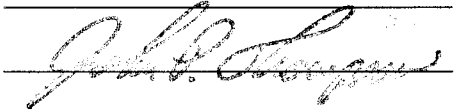
COUNTY JUDGE



SCHEDULE OF BILLS BY FUND

FUND	DESCRIPTION	DISBURSEMENTS
010	GENERAL FUND	4,332.39
015	ROAD & BRIDGE ADM	1,356.86
051	AGING	18.00
185	CCAP - JUVENILE PROBATION	586.66
TOTAL OF ALL FUNDS		6,293.91

THE PRECEDING LIST OF BILLS PAYABLE WAS REVIEWED AND APPROVED FOR PAYMENT.

RAY STELLY  
 Asst COUNTY AUDITOR   
 JOHN P. THOMPSON  
 COUNTY JUDGE 

FUND DESCRIPTION	DISBURSEMENTS
010 GENERAL FUND	14,251.38
	-----
TOTAL OF ALL FUNDS	14,251.38

THE PRECEDING LIST OF BILLS PAYABLE WAS REVIEWED AND APPROVED FOR PAYMENT.

*asst* RAY STELLY  
COUNTY AUDITOR *Stephanie Dae*

JOHN P. THOMPSON  
COUNTY JUDGE *John P. Thompson*

FUND DESCRIPTION	DISBURSEMENTS
092 AVAILABLE SCHOOL FUND ACCT	115,000.00
	-----
TOTAL OF ALL FUNDS	115,000.00

ACH 015

THE PRECEDING LIST OF BILLS PAYABLE WAS REVIEWED AND APPROVED FOR PAYMENT.

RAY STELLY  
Asst. COUNTY AUDITOR Ray Stelly  
JOHN P. THOMPSON  
COUNTY JUDGE John P. Thompson



## SCHEDULE OF BILLS BY FUND

FUND	DESCRIPTION	DISBURSEMENTS
010	GENERAL FUND	75,063.23
013	JP JUSTICE COURT TECHNOLOGY	59.95
015	ROAD & BRIDGE ADM	2,199.28
027	SECURITY	113.54
040	LAW LIBRARY FUND	50.50
051	AGING	2,611.32
090	DRUG FORFEITURE FUND	917.51
093	CO CLERK RECORDS MGMT FUND	126.15
		-----
	TOTAL OF ALL FUNDS	81,141.48

THE PRECEDING LIST OF BILLS PAYABLE WAS REVIEWED AND APPROVED FOR PAYMENT.

RAY STELLY

*Assist*

COUNTY AUDITOR

*Chargie N. Amos*

JOHN P. THOMPSON

COUNTY JUDGE

*John P. Thompson*

FUND	DESCRIPTION	DISBURSEMENTS
010	GENERAL FUND	210,238.26
013	JP JUSTICE COURT TECHNOLOGY	39.99
015	ROAD & BRIDGE ADM	156,183.27
027	SECURITY	27.00
040	LAW LIBRARY FUND	443.72
051	AGING	3,227.15
088	JUDICIARY FUND	1,133.90
TOTAL OF ALL FUNDS		371,293.29

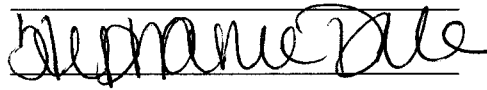
THE PRECEDING LIST OF BILLS PAYABLE WAS REVIEWED AND APPROVED FOR PAYMENT.

RAY STELLY  
 COUNTY AUDITOR *Asst* Stephanie Dill  
 JOHN P. THOMPSON John P. Thompson  
 COUNTY JUDGE

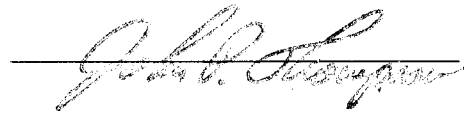
FUND DESCRIPTION	DISBURSEMENTS
010 GENERAL FUND	9,237.32
	-----
TOTAL OF ALL FUNDS	9,237.32

THE PRECEDING LIST OF BILLS PAYABLE WAS REVIEWED AND APPROVED FOR PAYMENT.

RAY STELLY  
*Asst* COUNTY AUDITOR



JOHN P. THOMPSON  
COUNTY JUDGE



VOL. 53 PAGE 998

ADDENDUM  
SCHEDULE OF BILLS FOR  
AUGUST 14, 2007  
FY 2007

COMPANY NAME	DESCRIPTION	DEPARTMENT	LINE ITEM	AMOUNT
"S" ICE	ICE	R&B#3	015-623-337	\$ 60.00
A TO Z TIRE, INC	TIRES & REPAIR	R&B#3	015-623-354	\$ 692.00
EAST TEXAS ASPHALT, INC	ROAD MATERIAL	R&B#3	015-623-339	\$ 1,448.54
ETOX, INC	WELDING SUPPLIES	R&B#3	015-623-337	\$ 224.75
HUGHES PETROLEUM INC	FUEL	R&B#3	015-623-330	\$ 30,103.71
OFFICE DEPOT	OFFICE SUPPLIES	R&B#3	015-623-315	\$ 337.78
PERFORMANCE TRUCK	REPAIR	R&B#3	015-623-456	\$ 1,907.52
PETERS TRACTOR	REPAIR PARTS	R&B#3	015-623-456	\$ 437.25
POWER PLAN	REPAIR	R&B#3	015-623-456	\$ 14,760.36
POLK COUNTY TRACTOR	REPAIR PARTS	R&B#3	015-623-456	\$ 39.80
ROMCO EQUIPMENT CO	REPAIR PARTS	R&B#3	015-623-456	\$ 130.93
TOTAL				<u>\$ 50,142.64</u>

*John P. Thompson*

15(E)

DATE: July 25-Aug 14, 2007

COPY

NO.	EMPLOYEE	DEPT	JOB DESCRIPTION	TYPE OF EMPLOYMENT	GROUP STEP & WAGE	ACTION TAKEN
(1)	STEWART L BURNS	JAIL	#1055 CORRECTIONS OFFICER	REGULAR FULL-TIME	14/01 \$22,859.20	DECLINED POSITION EFFECTIVE 08/08/2007
(2)	BRANDON VESTAL	JAIL	#1055 CORRECTIONS OFFICER	REGULAR FULL-TIME	14/01 \$22,859.20	NEW HIRE EFFECTIVE 08/15/2007
(3)	WANDA G. GOTT	TREASURER	#0102 PERSONNEL Human Res. SECRETARY I	REGULAR FULL-TIME	12/01 \$20,758.40	PROMOTION TO #1043 TELECOMMUNICATIONS. 17/01, \$26,457.60 EFFECTIVE 07/25/2007
(4)	LAURA JERNIGAN	SHERIFF	#1043 TELECOMMUNICATIONS OPERATOR	REGULAR FULL-TIME	14/01 \$22,859.20	EFFECTIVE 08/15/2007
(5)	VICTOR L ARCHER	SHERIFF	#1037 DEPUTY SHERIFF (PATROL)	REGULAR FULL-TIME	20/01 \$30,617.60	RESIGNATION EFFECTIVE 08/03/2007
(6)	RANDY ALBERT TURNER	SHERIFF	#1037 DEPUTY SHERIFF (PATROL)	REGULAR FULL-TIME	20/01 \$30,617.60	NEW HIRE EFFECTIVE 08/15/2007
(7)	TERRY L WHITE II	SHERIFF	#1037 DEPUTY SHERIFF (PATROL)	REGULAR FULL-TIME	20/01 \$30,617.60	MERIT INCREASE TO 2002, \$31,366.40 EFFECTIVE 08/15/2007
(8)	GLENN A. EDWARDS	SHERIFF	#1037 DEPUTY SHERIFF (PATROL)	REGULAR FULL-TIME	20/01 \$30,617.60	RE-HIRE EFFECTIVE 08/20/2007
(9)	JONATHAN T. TUCKER	ROAD & BRIDGE #4	#0108 HEAVY EQUIPMENT OPERATOR	REGULAR FULL-TIME	16/01 \$25,188.80	SEPARATION EFFECTIVE 08/02/2007
(10)	DANNY CLYDE FREEMAN	R&B, PCT 1/ SHERIFF	#1030 ANIMAL CONTROL OFFICER	REGULAR FULL-TIME	15/01 \$24,003.20	TRANSFER TO SHERIFF DEPT FTI, 15/01, \$24,003.20 EFFECTIVE 08/06/2007
(11)	ANTHONY D. BAILEY	ROAD & BRIDGE #4	#0113 Road & Bridge MAINTENANCE WORKER	REGULAR FULL-TIME	12/01 \$20,758.40	NEW HIRE EFFECTIVE 08/15/2007
(12)	STACY RENEE HANDLEY	TREASURER/ HUMAN RES	#0102 SECRETARY I	REGULAR FULL-TIME	12/01 \$20,758.40	RE-HIRE EFFECTIVE 08/15/2007
(13)	CHRISTI JEAN HENSON	AGING Livingston	#1265 COOK	LABOR POOL (-900)	09/01 \$8,634/HR	TRANSFER TO HUMAN RESOURCES LP, 12/01, \$9,984/HR EMERGENCY TRANSFER EFFECTIVE 08/09/2007
(14)	KAYLA R. PITTS	HUMAN RESOURCES	#0102 SECRETARY I	LABOR POOL (-900)	09/01 \$9,984/HR	NEW HIRE EFFECTIVE 08/15/2007
(15)	QUENTIN MICHAEL	ROAD & BRIDGE, ADM	#0215 INMATE WORK SUPERVISOR	REGULAR FULL-TIME	18/04 \$29,889.60	DECEASED EFFECTIVE 08/02/2007
(16)	WRIGHT JASON S	JAIL	#1055 CORRECTIONS OFFICER	REGULAR FULL-TIME	14/01 \$22,859.20	RESIGNATION 8/17/2007
(17)	MONCRIEF WILLIAM R	MAINTENANCE ENGINEERING	#0805 MAINTENANCE TECHNICIAN	REGULAR FULL-TIME	16/01 \$25,188.80	NEW HIRE 8/24/2007
(18)	NELSON, JR	ROAD & BRIDGE #1	#0108 HEAVY EQUIPMENT OPERATOR	REGULAR FULL-TIME	16/05, 06 \$27,647.99	TRANSFER TO ROAD & BRIDGE #4 EFFECTIVE 08/14/2007
(19)						
(20)						
(21)						
(22)						

#5(I) VOL



# ANNUAL MAINTENANCE AGREEMENT

East Texas Copy Systems, Inc.

Corporate Office:  
 4545 Old Jacksonville Hwy. • Tyler, TX 75703 (903) 939-2255 • Fax (903) 939-2299  
 1218 McCann Rd. • Longview, TX 75601 (903) 758-2679 • Fax (903) 758-5259  
 1600 W. Frank St. • Lufkin, TX 75904 (936) 699-4455 • Fax (936) 699-4499  
 315 W. Oak St. • Palestine, TX 75801 (903) 723-1912 • Fax (903) 723-5997

CUSTOMER NAME <b>Polk County Auditor - Sheriff DEPT</b>		CUSTOMER # <b>7048</b>	DATE <b>7/30/07</b>
CONTACT NAME		CONTACT NAME	
BILL TO ADDRESS <b>602 East Church Stree, Suite 108</b>		SHIP TO ADDRESS <b>1733 North Washington</b>	
CITY, STATE, ZIP <b>Livingston, Texas 77351</b>		CITY, STATE, ZIP <b>Livingston, Texas 77351</b>	
PHONE <b>936/327-6811</b>	FAX	PHONE	FAX
SALES REP <b>Connie B.</b>			

### COVERED EQUIPMENT

Model	Serial #	Equipment ID#	Bill Cycle	Impressions Per Cycle	Total Meter	Total B/W	Rate
Canon IR2200	KFH04388	10631	Annual	90,000			\$1,350.00

Contract Period: 10/1/07 to 9/30/08 B/W Overage Rate: \$0.01500 Color Overage Rate: \$N/A Overages Reconciled: Annually

### CONTRACT TYPES

<input type="checkbox"/> <b>STANDARD PLAN</b> Includes on-site service, all parts and labor (excludes supplies)	<input checked="" type="checkbox"/> <b>STANDARD DIGITAL PLAN</b> Includes on-site service, all parts, labor and toner (excludes staples and paper)	<input type="checkbox"/> <b>DIGITAL PLUS PLAN</b> Includes standard digital plan and addresses connectivity issues that are directly related to the above referenced equipment. Also includes the reinstallation of software applications purchased from East Texas Copy Systems.
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<b>East Texas Copy Systems, Inc.</b> _____ ETCS MANAGER APPROVAL _____ PRINTED NAME _____ TITLE _____ DATE		CUSTOMER ACCEPTANCE  CUSTOMER SIGNATURE <b>John. P. Thompson</b> PRINTED NAME <b>County Judge</b> TITLE <b>8/14/07</b> DATE	
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# ANNUAL MAINTENANCE AGREEMENT

East Texas Copy Systems, Inc.

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 1600 W. Frank St. • Lufkin, TX 75904 (936) 699-4455 • Fax (936) 699-4499  
 315 W. Oak St. • Palestine, TX 75801 (903) 723-1912 • Fax (903) 723-5997

CUSTOMER NAME <b>Polk County Auditor - Judge Thompson, County Judge</b>		CUSTOMER # <b>7048</b>	DATE <b>7/30/07</b>
CONTACT NAME		CONTACT NAME	
BILL TO ADDRESS <b>602 E Church Street, Suite 108</b>		SHIP TO ADDRESS <b>101 West Church</b>	
CITY, STATE, ZIP <b>Livingston, Texas 77351</b>		CITY, STATE, ZIP <b>Livingston, Texas 77351</b>	
PHONE <b>936/327-6811</b>	FAX	PHONE <b>936/327-6813</b>	FAX
SALES REP <b>Connie B</b>			

### COVERED EQUIPMENT

Model	Serial #	Equipment ID#	Bill Cycle	Impressions Per Cycle	Total Meter	Total B/W	Rate
Canon IR550	NNT00493	0576	Annual	136,692			\$1,503.61

Contract Period: 10/1/07 to 9/30/08 B/W Overage Rate: \$0.01100 Color Overage Rate: \$N/A Overages Reconciled: Annually

### CONTRACT TYPES

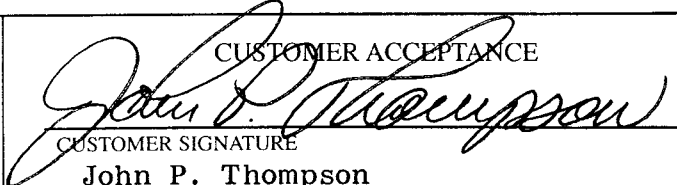
<input type="checkbox"/> <b>STANDARD PLAN</b> Includes on-site service, all parts and labor (excludes supplies)	<input checked="" type="checkbox"/> <b>STANDARD DIGITAL PLAN</b> Includes on-site service, all parts, labor and toner (excludes staples and paper)	<input type="checkbox"/> <b>DIGITAL PLUS PLAN</b> Includes standard digital plan and addresses connectivity issues that are directly related to the above referenced equipment. Also includes the reinstallation of software applications purchased from East Texas Copy Systems.
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<b>East Texas Copy Systems, Inc.</b>		CUSTOMER ACCEPTANCE	
_____ ETCS MANAGER APPROVAL		 CUSTOMER SIGNATURE	
_____ PRINTED NAME		<b>John P. Thompson</b>	
_____ TITLE		<b>County Judge</b>	
_____ DATE		<b>8/14/07</b>	



# ANNUAL MAINTENANCE AGREEMENT

**COPY**

East Texas Copy Systems, Inc.

Corporate Office:  
 4545 Old Jacksonville Hwy. • Tyler, TX 75703 (903) 939-2255 • Fax (903) 939-2299  
 1218 McCann Rd. • Longview, TX 75601 (903) 758-2679 • Fax (903) 758-5259  
 1600 W. Frank St. • Lufkin, TX 75904 (936) 699-4455 • Fax (936) 699-4499  
 315 W. Oak St. • Palestine, TX 75801 (903) 723-1912 • Fax (903) 723-5997

CUSTOMER NAME <b>Polk County Auditor - County Courty at Law</b>		CUSTOMER # <b>7048</b>	DATE <b>7/30/07</b>
CONTACT NAME		CONTACT NAME	
BILL TO ADDRESS <b>602 E Church Street, Suite 108</b>		SHIP TO ADDRESS <b>101 West Church</b>	
CITY, STATE, ZIP <b>Livingston, Texas 77351</b>		CITY, STATE, ZIP <b>Livingston, Texas 77351</b>	
PHONE <b>936/327-6811</b>	FAX	PHONE <b>936/327-6856</b>	FAX
SALES REP <b>Connie B</b>			

### COVERED EQUIPMENT

Model	Serial #	Equipment ID#	Bill Cycle	Impressions Per Cycle	Total Meter	Total B/W	Rate
Canon GP200	NPC04858	0566	Annual	44,340			\$709.44

Contract Period: 10/1/07 to 9/30/08 B/W Overage Rate: \$0.0600 Color Overage Rate: \$N/A Overages Reconciled: Annually

### CONTRACT TYPES

<input type="checkbox"/> <b>STANDARD PLAN</b> Includes on-site service, all parts and labor (excludes supplies)	<input checked="" type="checkbox"/> <b>STANDARD DIGITAL PLAN</b> Includes on-site service, all parts, labor and toner (excludes staples and paper)	<input type="checkbox"/> <b>DIGITAL PLUS PLAN</b> Includes standard digital plan and addresses connectivity issues that are directly related to the above referenced equipment. Also includes the reinstallation of software applications purchased from East Texas Copy Systems.
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<b>East Texas Copy Systems, Inc.</b>		CUSTOMER ACCEPTANCE	
ETCS MANAGER APPROVAL			
PRINTED NAME		CUSTOMER SIGNATURE	
TITLE		PRINTED NAME	
DATE		TITLE	
		DATE	





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**ANNUAL MAINTENANCE AGREEMENT**  
**COPY**

East Texas Copy Systems, Inc.

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 1218 McCann Rd. • Longview, TX 75601 (903) 758-2679 • Fax (903) 758-5259  
 1600 W. Frank St. • Lufkin, TX 75904 (936) 699-4455 • Fax (936) 699-4499  
 315 W. Oak St. • Palestine, TX 75801 (903) 723-1912 • Fax (903) 723-5997

CUSTOMER NAME <b>Polk County Auditor - Juvenile Probation</b>		CUSTOMER # <b>7048</b>	DATE <b>7/30/07</b>
CONTACT NAME		CONTACT NAME	
BILL TO ADDRESS <b>602 E Church Street, Suite 108</b>		SHIP TO ADDRESS <b>114 Dogwood</b>	
CITY, STATE, ZIP <b>Livingston, Texas 77351</b>		CITY, STATE, ZIP <b>Livingston, Texas 77351</b>	
PHONE <b>936/327-6811</b>	FAX	PHONE <b>936/327-6850</b>	FAX
SALES REP <b>Connie B</b>			

**COVERED EQUIPMENT**

Model	Serial #	Equipment ID#	Bill Cycle	Impressions Per Cycle	Total Meter	Total B/W	Rate
<b>Canon NP6230</b>	<b>NGM10662</b>	<b>0657</b>	<b>Annual</b>	<b>44,472</b>			<b>\$711.55</b>

Contract Period: 10/1/07 to 9/30/08 B/W Overage Rate: \$0.0600 Color Overage Rate: \$N/A Overages Reconciled: Annually

**CONTRACT TYPES**

<input type="checkbox"/> <b>STANDARD PLAN</b> Includes on-site service, all parts and labor (excludes supplies)	<input checked="" type="checkbox"/> <b>STANDARD DIGITAL PLAN</b> Includes on-site service, all parts, labor and toner (excludes staples and paper)	<input type="checkbox"/> <b>DIGITAL PLUS PLAN</b> Includes standard digital plan and addresses connectivity issues that are directly related to the above referenced equipment. Also includes the reinstallation of software applications purchased from East Texas Copy Systems.
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<b>East Texas Copy Systems, Inc.</b>		CUSTOMER ACCEPTANCE	
ETCS MANAGER APPROVAL		 CUSTOMER SIGNATURE	
PRINTED NAME		<b>John P. Thompson</b>	
TITLE	DATE	<b>County Judge</b>	<b>8/14/07</b>



# ANNUAL MAINTENANCE AGREEMENT **COPY**

East Texas Copy Systems, Inc.

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 1600 W. Frank St. • Lufkin, TX 75904 (936) 699-4455 • Fax (936) 699-4499  
 315 W. Oak St. • Palestine, TX 75801 (903) 723-1912 • Fax (903) 723-5997

CUSTOMER NAME <b>Polk County Auditor - Treasurer's Office</b>		CUSTOMER # <b>7048</b>	DATE <b>7/30/07</b>
CONTACT NAME		CONTACT NAME	
BILL TO ADDRESS <b>602 East Church Street, Suite 108</b>		SHIP TO ADDRESS <b>602 East Church</b>	
CITY, STATE, ZIP <b>Livingston, Texas 77351</b>		CITY, STATE, ZIP <b>Livingston, Texas 77351</b>	
PHONE <b>936/327-6811</b>	FAX	PHONE <b>936/327-6811</b>	FAX
SALES REP <b>Connie B</b>			

### COVERED EQUIPMENT

Model	Serial #	Equipment ID#	Bill Cycle	Impressions Per Cycle	Total Meter	Total B/W	Rate
Canon IR330S	NNY02087	0578	Annual	57,204			\$743.65

Contract Period: 10/1/07 to 9/30/08 B/W Overage Rate: \$0.01300 Color Overage Rate: SN/A Overages Reconciled: Annually

### CONTRACT TYPES

<input type="checkbox"/> <b>STANDARD PLAN</b> Includes on-site service, all parts and labor (excludes supplies)	<input checked="" type="checkbox"/> <b>STANDARD DIGITAL PLAN</b> Includes on-site service, all parts, labor and toner (excludes staples and paper)	<input type="checkbox"/> <b>DIGITAL PLUS PLAN</b> Includes standard digital plan and addresses connectivity issues that are directly related to the above referenced equipment. Also includes the reinstallation of software applications purchased from East Texas Copy Systems.
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East Texas Copy Systems, Inc. <hr/> ETCS MANAGER APPROVAL <hr/> PRINTED NAME <hr/> TITLE <hr/> DATE		CUSTOMER ACCEPTANCE  CUSTOMER SIGNATURE John P. Thompson PRINTED NAME County Judge TITLE 8/14/07 DATE	
---	--	---	--

**1. GENERAL SCOPE OF COVERAGE**

This agreement covers both the labor and the material for adjustments, repairs and replacements of parts as necessitated by normal use of the equipment except as hereinafter provided. Damage to the equipment or its parts arising out of misuse, abuse, negligence or causes beyond East Texas Copy Systems (ETCS) control are not covered. In addition, ETCS may terminate this agreement in the event the equipment is modified, damaged, altered or serviced by personnel other than those employed by ETCS, or if parts, accessories or components not authorized by ETCS are fitted to the equipment.

**2. SERVICE CALLS**

Service calls under this agreement will be made during normal business hours at the installation address shown on the reverse side of this agreement.

**3. EXTENT OF LABOR SERVICES**

Labor performed during a service call includes lubrication and cleaning of the equipment and the adjustments, repair or replacement of parts described in Paragraph 4.

**4. REPAIR AND REPLACEMENT OF PARTS**

All parts necessary for proper operation of covered equipment, with the exception of the parts listed below, and subject to the general scope of coverage, will be furnished free of charge during a service call included in the maintenance service provided by this agreement. Exceptions are:

- Copy drums, unless such copier is covered by a Full or Complete Coverage Maintenance Agreement
- Receiving trays and cassettes

**5. RECONDITIONING**

When in its sole discretion ETCS determines shop reconditioning is necessary to keep the equipment in working condition, ETCS will notify customer of needed repairs and the cost thereof, which will be in addition to the charge payable under this maintenance agreement. If the customer does not authorize such reconditioning, ETCS may discontinue service of the equipment under this agreement, refunding the unused portion of the maintenance charge, or may refuse to renew this agreement upon expiration. Thereafter service will be available on a "Per Call" basis as published rates.

**6. TERMS**

This agreement shall become effective upon receipt by ETCS of the initial annual maintenance charge provided on the reverse side hereof and shall continue for one full calendar year or the maximum number of copies shown on the reverse side, whichever occurs sooner. It shall be automatically renewed for successive similar periods subject to the receipt by ETCS of the maintenance charge in effect at the time of renewal, provided that the customer is not then in default. This agreement is not automatically transferred if this equipment is sold. Due to costs beyond our control, this contract is subject to an increase not to exceed 15% per year upon each renewal.

**7. CHARGES**

The initial annual charge for maintenance under this agreement shall be the amount set forth on the reverse side hereof. The annual maintenance charge with respect to any renewal term will be the charge in effect at the time of renewal. Customer agrees to pay the total of all charges for maintenance during the initial term and any renewal term within 10 days of the date of ETCS invoice for such charges. Customer understands that alterations, attachments or specification charges may require an increase in maintenance charges and agrees to pay such charges promptly when due.

**8. BREACH OR DEFAULT**

If the customer does not pay all charges for maintenance or parts as provided hereunder, promptly when due: (1) ETCS may (a) refuse to service the equipment or (b) furnish service on a C.O.D. "Per Call" basis at published rates and (2) the customer agrees to pay ETCS costs and expenses of collection including the maximum attorney's fee permitted by law, said fee not to exceed 25% of the amount due hereunder.

If equipment is moved to a new service zone, ETCS shall have the option to charge, and the customer agrees to pay, the difference in published maintenance charges between the current zone and new zone, such charges to be assessed on a pro-rata basis. If equipment is moved beyond ETCS published service zone, customer agrees to pay a fair and reasonable upcharge for continued maintenance under this agreement, taking into account the distance to customer's new location and ETCS published rates for service on a "Per Call" basis.

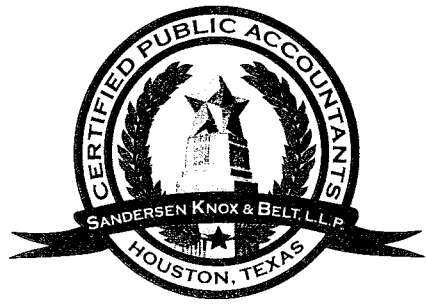
All copiers sold by East Texas Copy Systems are designed to give excellent performance with supplies sold by ETCS including, but not limited to paper, developer, toner and dispersant. If the customer uses other than ETCS supplies, and if such supplies are defective or not acceptable for use in ETCS equipment, and cause abnormally frequent service calls or service problems, then ETCS may, at its option, terminate this agreement. In that event, the customer will be offered service on a "Per Call" basis at published rates. It is not a condition of this agreement, however, that the customer use only ETCS authorized supplies.

**9. NO WARRANTY**

Other than the obligations set forth herein. ETCS disclaims all warranties, express or implied, including any implied warranties or merchantability and/or fitness for a particular purpose. ETCS shall not be responsible for direct, incidental or consequential damages including but not limited to, damages arising out of the use or performance of the equipment or the loss of use of the equipment.

**10. MISCELLANEOUS**

This agreement shall be governed by and construed according to the laws of the State of Texas and is payable and performable in Smith County, Texas. It constitutes the entire agreement between the parties and may not be modified except in a writing signed by duly authorized officers of ETCS and the customer.



#6

July 13, 2007

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

In planning and performing our audit of the basic financial statements of Polk County, Texas (the "County"), for the year ended September 30, 2006, we considered its internal control in order to determine our audit procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control. However, we noted certain matters involving internal control and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control that, in our judgment, could adversely affect the County's ability to initiate, record, process, and report financial data consistent with the assertions of management in the financial statements.

A material weakness is a reportable condition in which the design or operation of one or more of the specific internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control would not necessarily disclose all matters in the internal control that might be reportable conditions, and accordingly would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. Our findings and additional comments are as follows:

**MATERIAL WEAKNESSES**

**1. Absence of Qualified Personnel**

**Finding**

For six months during the County's fiscal year and over three months after year end, the County Auditor's office was without both a qualified County Auditor and Assistant County Auditor. Accordingly, the procedures and internal controls previously in place were no longer effectively being performed. A qualified County Auditor was appointed in January 2007, and an Assistant County Auditor hired in July 2007.

**Recommendation**

The County should fill critical positions with qualified personnel in a timely manner.

## 2. Month End Closing Procedures

### Finding

The County did not have a formal process for closing the books at the end of the year or previous month(s) end.

### Recommendation

The County should continue to re-develop a formal month end closing process that includes reviewing ending account balances to determine their accuracy. In addition to outlining procedures to be completed, the County should assign each step of the process to a specific individual, thereby clarifying the roles within the County in the closing and review processes.

## 3. District Clerk Trust Accounts

### Finding

As in the prior year, the District Clerk's office has had considerable difficulty providing information on trust accounts. Much of this data was provided on July 23, 2007, almost ten months after year end. The amount of trust accounts as reported in the District Clerk's account balance report was \$2,621,558 at year end. Included within this amount is monies held in the registry of the court bank account on behalf of approximately 64 beneficiaries. Per the District Clerk's account balance report the registry of the court account balance was \$924,343 and the bank reflected a balance of \$937,938 resulting in an unidentified difference of \$13,596.

### Recommendation

The District Clerk should reconcile trust accounts on a monthly basis. The County Auditor should oversee that these reconciliations are prepared and any discrepancies reported to Commissioners Court and the District Judges.

## REPORTABLE CONDITIONS

## 4. Payroll Reconciliation

### Finding

The County's accounting software provider, Net Data, updated system generated reports within the payroll module during the year. Subsequently the County has been unable to reconcile quarterly IRS 941 tax returns to the payroll general ledger accounts. The County Auditor is working with NetData to obtain the necessary reports to facilitate a timely comparison on a quarterly basis.

### Recommendation

The County Auditor should review and monitor the 941 reporting process each quarter to verify that the County is properly reporting to the Internal Revenue Service.

## 5. Capital Assets

### Finding

Due to inconsistencies in the coding of capital assets in the County's computer system, reports used for capital assets did not agree to each other. The County Auditor has manually corrected the capital asset reports and is working with NetData to correct this issue.

### Recommendation

The County Auditor should review capital asset reports on a monthly basis to verify that items are input correctly and that reports are generated accurately.

## 6. Accounts Payable

### Finding

During our audit we noted the County did not have a complete list of accounts payable and had considerable difficulty reconstructing a report. Once reconstructed this report and the general ledger did not agree, which appeared to be the result of systemic computer errors and lack of oversight as previously discussed in item 1. Subsequent to beginning field work, the County Auditor's office required a significant amount of time to reconcile accounts payable at year end. The delay and trouble in this area was directly related to the vacancy in the County Auditor's office as discussed in item 1.

### Recommendation

The County Auditor should review accounts payable during the month end closing process to ensure that reports are accurate.

## OTHER MATTERS

## 7. Timeliness of Reports

### Finding

The County missed several deadlines with respect to filing its annual financial report. As discussed in item 1 as well as other comments, considerable effort was expended by County personnel to get the County's records in auditable condition as long as ten months after its fiscal year end. The County should establish a goal of having its financial records in an auditable condition by December 31<sup>st</sup>.

### Recommendation

The County Auditor should continue to oversee that supporting audit documents are prepared in a timely manner.

## 8. Budget Variances

### Finding

As noted in the financial statements, expenditures exceeded appropriations at the legal level of budgetary control in the general and debt service funds contrary to state law.

### Recommendation

The County Auditor should review its budgetary controls and purchase order approval process to ensure that unbudgeted expenditures are not incurred. The County should consult with its attorney regarding possible violations of law.

## OTHER MATTERS FOR FUTURE CONSIDERATION

## 9. Fund Balance Requirements

### Finding

The County reported deficit fund balances for the County records management fund, DA collection fund, and payroll clearing fund.

### Recommendation

The County should set a fund balance requirement for each fund and implement procedures to achieve this level of fund balance.

## 10. Road and Bridge Fund

### Finding

The County carries forward excess budget monies unspent in the previous year for the four precincts in the road and bridge fund. Under the current policy, fund balance is not compared to the total carry forward to determine if monies are actually available to be spent.

### Recommendation

The County should either update its policy to consider funds available or establish separate funds for each precinct.

## 11. Other Post Employment Benefits (OPEB)

### Background

The Governmental Accounting Standards Board ("GASB") issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, which provides guidance on all aspects of other postemployment benefits reported by employers. Specifically, this Statement applies to governmental entities that provide benefits to retirees and their families. The County will be required to comply

with Statement No. 45 for fiscal year ending 2009. While the Texas legislature recently passed a law exempting Texas governments, there are significant negative consequences.

### **Recommendation**

The County should determine if any benefits provided by the County would be subject to the requirements of GASB 45. If this GASB is applicable to the County, the County would need to hire an actuary to perform calculations on behalf of the County.

## **12. Anti-Fraud Policy**

### **Finding**

Events in recent years have increased public awareness of fraud and have resulted in a number of regulatory changes which have further focused attention on this subject matter, bringing about a shift in public policy. Consequently, many governments have or are considering adopting a formal anti-fraud policy.

### **Recommendation**

The County should consider adopting a formal anti-fraud policy.

This report is intended solely for the information and use of Commissioner's Court, other elected officials and management of Polk County, Texas and is not intended to be and should not be used by anyone other than these specified parties. Though restricted in use, reports issued to a local government are a matter of public record and its distribution is accordingly not limited.



Sandersen Knox & Belt, L.L.P.



*ANNUAL FINANCIAL REPORT*

**POLK COUNTY, TEXAS**

Fiscal Year Ended  
September 30, 2006

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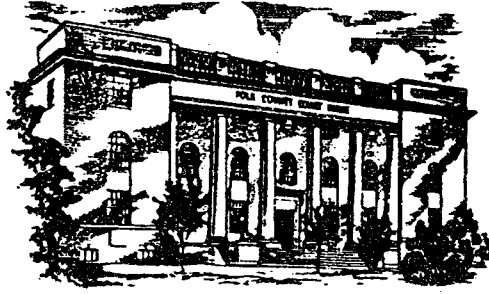
September 30, 2006

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*INTRODUCTORY SECTION*

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**Ray Stelly, CPA**  
Polk County Auditor

**POLK COUNTY**  
LIVINGSTON, TEXAS

(936) 327-6811  
Fax: (936) 327-6898

July 13, 2007

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

The Annual Financial Report (AFR) of the County of Polk, Texas (the "County") for the fiscal year ended September 30, 2006, is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the County. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner that presents fairly the financial position and results of operations of the various funds of the County. All disclosures necessary to enable the reader to gain an understanding of the County's financial activities have been included.

In 1999, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. This statement establishes new requirements for the annual financial reports of state and local governments. It was developed to provide additional information about the fiscal health of the government and to make the annual reports more comprehensive and easier to understand and use. GASB Statement No. 34 mandates that governments comparable to the County implement the new reporting model by fiscal year 2003.

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

The Annual Financial Report is presented in two sections: *Introductory and Financial*. The Introductory Section includes this transmittal letter, the County's organizational chart, and a list of principal officials. The Financial Section includes the Management's Discussion and Analysis (MD&A), the basic financial statements, budgetary comparison schedules, required supplementary information other than MD&A, as well as the independent auditors' report, financial statements, and schedules.

Polk County, Texas  
Letter of Transmittal  
September 30, 2006

The financial reporting entity (the County) includes all the funds of the primary government (i.e., Polk County as legally defined), as well as any component units. Component units are legally separate entities for which the primary government is financially accountable. Currently, the County has one component unit, IAH Public Facility Corporation.

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

## **POLK COUNTY HISTORY**

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

The 1,095 square miles of Polk County is located in the tall pine forests of Deep East Texas, about 70 miles north of Houston. It is bounded by the Trinity River on the southwest and the Neches River on the northwest. To the north and east lie more than 100 miles of scenic roads, four Texas Woodland Trails, and the State's largest Indian Reservation, home of the Alabama-Coushatta Tribe of Texas. In the late 1700's the Alabama-Coushatta Indians established camps on the Trinity and Neches Rivers. Through the interest and concern of Sam Houston, General of the Republic of Texas, the Alabama and Coushatta Indians were given a permanent home in the eastern portion of the County, and until 1971, this was the only Indian Reservation in Texas.

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

## **MAJOR INITIATIVES**

### **For the Year**

In 2004, the IAH Public Facility Corporation was formed by the Polk County Commissioners Court pursuant to the Public Facility Corporation Act Chapter 303 of the Texas Local Government Code for the purpose of financing eligible jail and criminal detention projects and other public facilities on behalf of the County.

In November 2004, the Corporation issued Project Revenue Bonds in the amount of \$24,215,000 to acquire real property, construct, furnish, and equip a multi-classification secure detention center. The 500 bed facility was completed in February 2006 and is operated and managed by Civigenics-Texas, Inc. The Project Revenue Bonds are repaid solely from revenues generated by the facility, using no County tax dollars and presenting no liability to either the County or the Public Facility Corporation.



Over 90% of revenues generated are from three federal agencies; Federal Bureau of Prisons, Immigration and Customs Enforcement (ICE), and United States Marshals Service. The remainder of the facility's revenue is provided by counties contracting for jail inmate housing. Polk County contracts with Civigenics for a "per diem" rate (or administrative fee) from the revenues generated and receives revenue from the inmate telephone system. Although the contract guarantees a minimum fee to Polk County of \$100,000 annually, for the seven months the facility was in operation during fiscal year 2006 the County received approximately \$200,000 in revenue.

This type of alternative revenue source for the County lessens the local tax burden. Additionally, the IAH Secure Adult Detention Facility utilizes local business and workforce for construction and operation, providing an even greater benefit to the economy.

In May 2006, Polk County contracted with Ray Associates, Inc. to perform a Compensation and Employee Benefits Study for Polk County Employees (the "Study"). This firm has performed previous studies and was responsible for developing the County's first comprehensive Personnel Management System, including Policies, Performance Evaluation, and Pay Classification. The stated objective of the Study was to ensure that Polk County jobs remained competitive in comparable markets, thereby attracting and retaining the most qualified employees.

Results of the Study, which was completed in September 2006, were considered and incorporated into the County's 2007 budget planning.

### **For the Future**

Polk County continues to grow at a rapid pace including commercial development and continues to be one of the fastest growing Texas counties. Providing the infrastructure for this growth will be a challenge for Commissioners Court. The Court will be drafting a master plan to accommodate the future needs of the County.

In 2006 plans were being made to issue an additional \$24,820,000 in project revenue bonds to finance a 528 bed addition to the existing IAH multi-classification secure detention center. It is projected that this addition will be completed in June 2007. The county was also anticipating the need to issue certificates of obligation to finance a needed expansion of the county jail facility.

### ***FINANCIAL INFORMATION***

#### **General Government Functions**

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

Polk County, Texas  
Letter of Transmittal  
September 30, 2006

### **The Budget Process**

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

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

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

A preliminary budget is submitted to Commissioners Court and budget workshops are held with individual departments, if requested. A proposed budget is filed with the County Clerk for public inspection and a tax rate is proposed to support that budget, based upon the Tax Assessor/Collector's publication of the 'Effective Tax Rate'.

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

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

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

### **Internal Control Structure**

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

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

Polk County, Texas  
Letter of Transmittal  
September 30, 2006

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

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

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

### **Debt Administration**

As of September 30, 2006, Polk County had outstanding bonded debt in the amount of \$6,278,186. Moody's Investor's Service rates the presently outstanding tax supported debt of the County BAA and Standard and Poor's Corporation rates it AAA.

The County issued \$1,120,000 in tax notes in fiscal year 2006.

### **Cash Management**

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

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

### **Risk Management**

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

Polk County, Texas  
Letter of Transmittal  
September 30, 2006

## OTHER INFORMATION

### Independent Audit

The County requires an annual audit of the books of accounts, financial records, and transactions of all departments of the County by an independent certified public accountant. The accounting firm of Sandersen Knox and Belt, L.L.P, CPAs was selected by Commissioners Court as the County's auditors, and their opinion letter on the general purpose financial statements is included in the Financial Section of this report.

### Acknowledgements

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

Respectfully submitted,



Ray Stelly, County Auditor

**POLK COUNTY, TEXAS**  
*LIST OF ELECTED AND APPOINTED OFFICIALS*  
 September 30, 2006

**COMMISSIONERS COURT:**

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

**JUDICIAL:**

John Holleman	District Attorney
Kathy Clifton	District Clerk

**COUNTY COURT AT LAW:**

Stephen Phillips	Judge, County Court at Law
Barbara Middleton	County Clerk

**JUSTICE COURTS:**

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

**LAW ENFORCEMENT:**

Kenneth Hammack	County Sheriff
Charles Clack	Constable, Precinct #1
William Cunningham	Constable, Precinct #2
Ray Meyers	Constable, Precinct #3
Marvin Taylor	Constable, Precinct #4

**FINANCIAL ADMINISTRATION:**

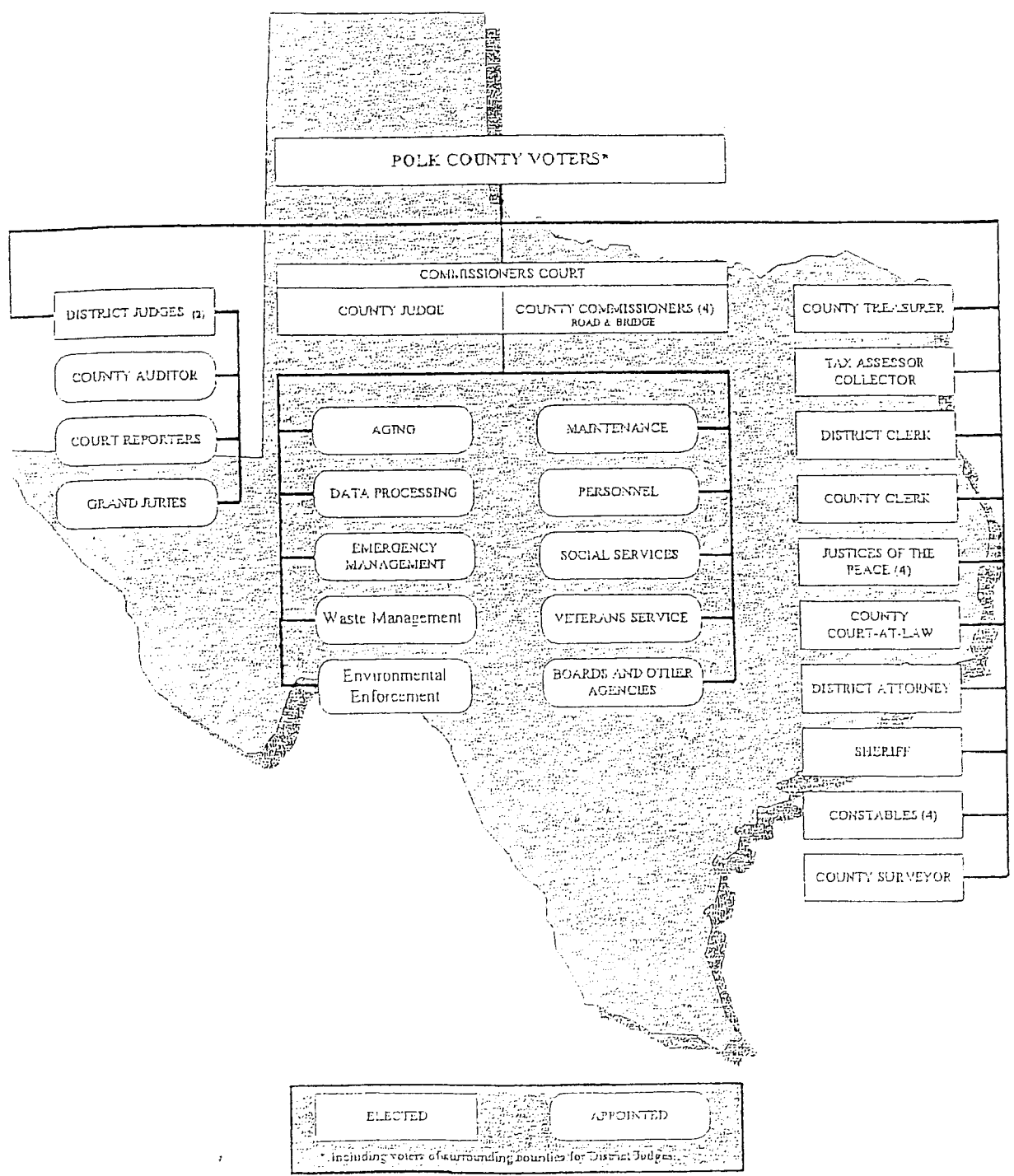
Marion A. Smith	Tax Assessor/Collector
Nola Reneau	County Treasurer
Vernon Loftin	Interim County Auditor*

\*Designated appointed official. All others are elected.

# POLK COUNTY, TEXAS

## ORGANIZATION CHART

September 30, 2006



**POLK COUNTY, TEXAS** VOL.  
*SOURCES OF INFORMATION*  
September 30, 2006

**53** PAGE **1025**

The data and information used to produce this report was gathered from the websites, publications, records, and reports issued by the following government and public offices:

United States Department of Commerce

United States Census Bureau

State of Texas, Comptroller of Public Accounts

Texas Education Agency

Texas Department of Transportation

Texas Workforce Commission

Municipal Advisory Council of Texas

Deep East Texas Council of Governments

Polk County Judge

Polk County Commissioners

Polk County Tax Assessor/Collector

Polk Central Appraisal District

Polk County Auditor

Polk County Chamber of Commerce

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*FINANCIAL SECTION*

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## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Polk County, Texas (the "County") as of and for the year ended September 30, 2006, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

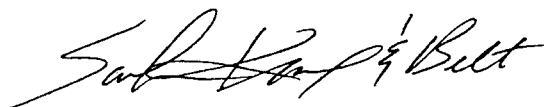
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County as of September 30, 2006, and the respective changes in financial position thereof for the year ended in conformity with generally accepted accounting principles in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 13, 2007 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, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in assessing the results of our audit.

The management's discussion and analysis on page 23, budgetary comparison information on pages 66 and 69, and pension information on page 71, are not a required part of the basic financial statement but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Polk County, Texas  
Independent Auditors' Report  
Page 2 of 2

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section and combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.



July 13, 2007

*MANAGEMENT'S DISCUSSION AND ANALYSIS*

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**POLK COUNTY, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
 September 30, 2006

The following management's discussion and analysis ("MD&A") of Polk County's financial performance provides an overview of the County's financial activities for the year ended September 30, 2006. This overview is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the County's financial activity, (c) identify changes in the County's financial position (its ability to address the next and subsequent year challenges), (d) identify any material deviations from the financial plan (the approved budget), and (e) identify individual fund issues or concerns.

Please consider the information presented here in conjunction with the transmittal letter on pages 7-12 and the County's financial statements, which follow this section.

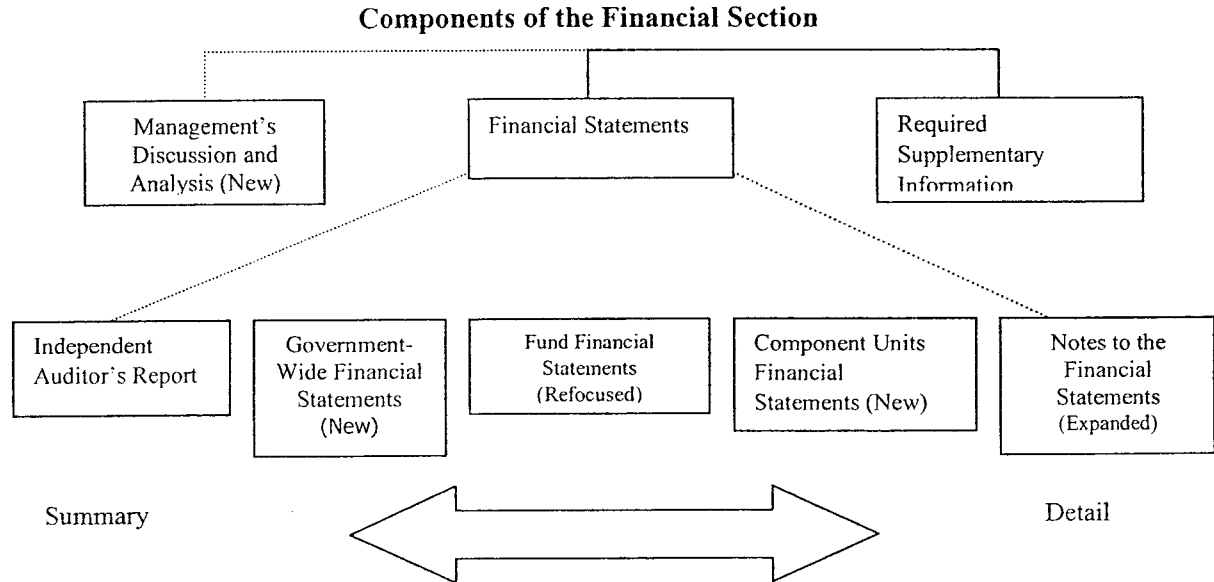
**FINANCIAL HIGHLIGHTS**

The general fund, on a current financial resource basis (fund level), reported revenues over expenditures and other financing sources and uses of \$272,187, as compared to a planned reduction of \$1,498,426, which results in a positive variance of \$1,770,613.

On a government-wide basis for governmental activities, the County had expenses net of program revenue of \$15,775,115. General revenues of \$18,590,823 were \$2,815,708 greater than expenses net of program revenue.

The County's total net assets, on the government-wide basis, totaled \$19,168,734 at September 30, 2006.

**THE STRUCTURE OF OUR ANNUAL REPORT**



The Annual Financial Report is presented as compliant with the financial reporting model in effect pursuant to GASB Statement No. 34. The new financial reporting model requires governments to present certain basic financial statements as well as a management's discussion and analysis (MD&A) and certain other required supplementary information (RSI). The basic financial statements include (1) government-wide financial statements, (2) individual fund financial statements, and (3) notes to the financial statements.

## GOVERNMENT-WIDE STATEMENTS

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

The Statement of Net Assets presents information on all the County's assets and liabilities, with the difference between the two reported as net assets. Over time, the increase or decreases in net assets provides one indicator as to whether the County's financial health is improving or deteriorating. Other non-financial factors, such as the County's property tax base and the condition of the County's infrastructure, need to be considered to assess the overall health of the County.

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

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

**Governmental Activities** - Most of the County's basic services are reported here such as general government, administration of justice, roads and bridges, health and human services, tax administration and interest and fiscal agent fees on long-term debt.

The government-wide financial statements can be found on pages 33 through 35 of this report.

## FUND FINANCIAL STATEMENTS

Traditional users of government financial statements will find the fund financial statement presentation more familiar. The focus is now on the County's most significant funds. The fund financial statements provide more information about the County's most significant funds - not the County as a whole.

The County has two types of funds:

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



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**POLK COUNTY, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
September 30, 2006

**Fiduciary Funds** – These funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the County's own programs.

**Notes to Financial Statements** – The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found on pages 45 through 64 of this report.

**Other Information** – In addition to basic financial statements, this MD&A, and accompanying notes, this report also presents certain required supplementary information (RSI). The RSI that GASB Statement No. 34 requires includes budgetary comparison schedules for the general fund and road and bridge fund as well as a schedule of funding progress for the Texas County and District Retirement System (TCDRS). RSI can be found on pages 66 through 71.

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

In accordance with GASB Statement No. 34, the County is providing comparative information. A comparative analysis of government-wide information is presented below.

**Statement of Net Assets:**

The following table reflects the condensed Statement of Net Assets:

	<b>Governmental Activities</b>	
	<b>2006</b>	<b>2005</b>
Current and other assets	\$ 9,371,500	\$ 7,398,700
Capital assets, net	19,321,062	19,314,896
<b>Total Assets</b>	<b>28,692,562</b>	<b>26,713,596</b>
Long-term liabilities	7,814,599	5,914,878
Other liabilities	1,709,229	4,445,692
<b>Total Liabilities</b>	<b>9,523,828</b>	<b>10,360,570</b>
Net assets (deficit):		
Invested in capital assets, net of related debt	13,101,783	12,302,831
Restricted	1,315,496	1,159,707
Unrestricted	4,751,455	2,890,488
<b>Total Net Assets</b>	<b>\$ 19,168,734</b>	<b>\$ 16,353,026</b>

The County's net assets increased to \$19,168,734 from \$16,353,026. The County's unrestricted net assets were \$4,751,455.

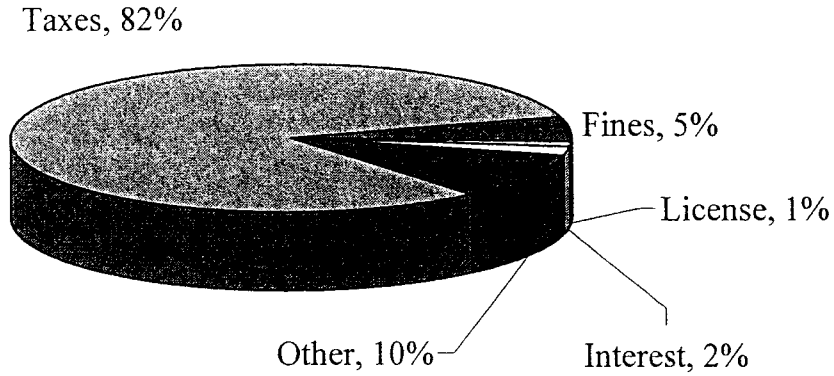
**Statement of Activities**

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

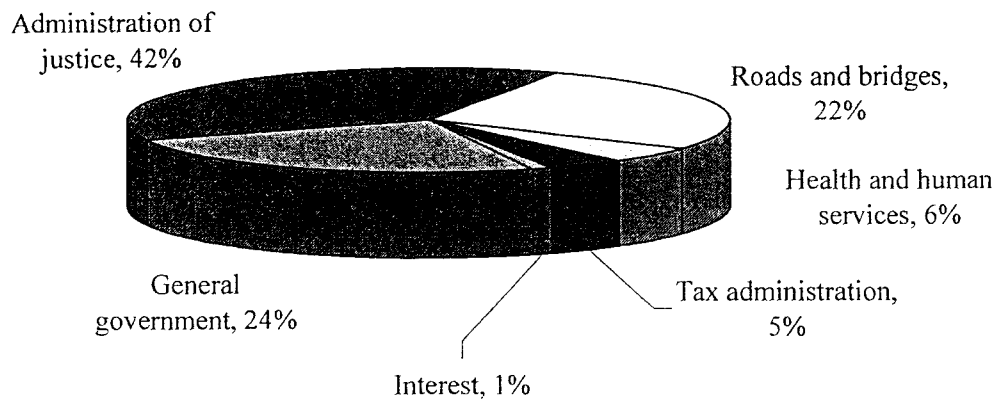
	<b>Governmental Activities</b>	
	<b>2006</b>	<b>2005</b>
<b>Revenues</b>		
Program revenues:		
Charges for services	\$ 1,595,454	\$ 1,205,916
Operating grants	1,819,107	840,948
General revenues:		
Taxes	14,864,665	12,299,881
Fines and forfeitures	927,082	882,212
License and permits	202,912	138,966
Investment income	338,495	173,301
Other revenues	1,841,763	1,836,180
<b>Total Revenues</b>	<b>21,589,478</b>	<b>17,377,404</b>
<b>Expenses</b>		
General government	4,758,365	3,604,151
Administration of justice	7,215,233	6,700,554
Roads and bridges	5,220,888	4,887,005
Health and human services	981,990	945,272
Tax administration	807,230	733,937
Interest and fiscal agent fees on long-term debt	205,970	267,913
<b>Total Expenses</b>	<b>19,189,676</b>	<b>17,138,832</b>
<b>Change in Net Assets</b>	<b>2,399,802</b>	<b>238,572</b>
Beginning net assets:	16,353,026	16,114,454
<b>Ending Net Assets</b>	<b>\$ 18,752,828</b>	<b>\$ 16,353,026</b>

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

### Governmental Revenues



### Governmental Expenses



This graph shows the governmental functional expenses of the County in order to reflect the functional nature of the County's expenses.

Expenses per capita were \$365 in comparison to \$417 for last year.

## FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

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

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

The County's governmental funds reflect a combined fund balance of \$6,211,030. Of this, \$3,829,656 is unreserved and available for day-to-day operations of the County, \$935,605 is reserved for debt service, \$379,891 is reserved for endowments/trusts, and \$1,065,878 is designated for special revenue.

There was an increase in the combined fund balance of \$2,033,629 over the prior year. Included in the increase is a increase in fund balance of \$1,377,802 in the road and bridge fund revenues over expenditures and other financing sources and uses. The County's fund balance policy for the General Fund is a 3-month reserve. With the previously noted decrease, the general fund's fund balance of \$2,975,092 is \$411,978 under policy.

There was also an increase of \$155,047 in the debt service fund balance to \$935,605. Debt service payments totaled \$2,281,533 for the year.

## GENERAL FUND BUDGETARY HIGHLIGHTS

Expenditures and other financing uses were under revenue and other financing sources by \$272,187 in the general fund for the year.

Actual general fund revenues were over final budgeted revenues by \$1,030,300 during the year. This increase is attributable to property taxes, sales taxes, and charges for services exceeding the anticipated amount in the original budget projections. General fund expenditures were over the final budget by \$-91,686.

During the 2006 year, the Commissioners Court amended the budget for the following purposes:

- To re-appropriate monies to pay for commitments in the form of encumbrances established prior to September 30, 2006 but not paid by that date;
- To appropriate monies from other governmental units received in year 2006;
- To re-appropriate monies within or between departments;
- To reflect department year end projections.

## CAPITAL ASSETS

At the end of the year, the County's governmental activities funds had invested \$106,694,841 in a variety of capital assets and infrastructure. Depreciation is included with the governmental capital assets as required by GASB Statement No. 34.

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

## **LONG-TERM DEBT**

At the end of the year, the County reported total bonds, certificates of obligation, notes, time warrants, and capital leases of \$6,278,186.

More detailed information about the County's long-term liabilities is presented in note IV. D. in the notes to the financial statements. Current ratings on debt issues are as follows:

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

## **ECONOMIC FACTORS**

The County continues to grow as seen in the increase in assessed property valuations for both residential and commercial entities. The County has continued the permanent road program to solidify the infrastructure of the County.

## **CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT**

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

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*BASIC FINANCIAL STATEMENTS*

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VOL.

# POLK COUNTY, TEXAS

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## STATEMENT OF NET ASSETS

September 30, 2006

	Primary Government		Component Unit
	Governmental Activities		
<b>ASSETS</b>			
Cash and cash equivalents	\$ 6,333,434	\$	3,361,127
Cash with fiscal agent	1,089,140		-
Receivables (net of allowance for uncollectible)	1,680,593		2,842,363
Due from other units	183,645		-
Deferred charges	84,688		1,664,435
Nondepreciable capital assets	844,352		330,346
Capital assets (net of accumulated depreciation)	18,476,710		15,938,663
<b>Total Assets</b>	28,692,562		24,136,934
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	1,680,927		2,502,585
Accrued interest payable	17,687		757,700
Due to other units	10,615		-
Long-term liabilities due within one year	2,874,814		525,000
Long-term liabilities due in more than one year	4,939,785		23,208,942
<b>Total Liabilities</b>	9,523,828		26,994,227
<b>NET ASSETS</b>			
Invested in capital assets, (net of related debt)	13,101,783		-
Restricted for:			
Debt service	935,605		-
Endowments/trusts	379,891		-
Unrestricted	4,751,455		(2,857,293)
<b>Total Net Assets</b>	\$ 19,168,734	\$	(2,857,293)

See Notes to Financial Statements.

**POLK COUNTY, TEXAS**

*STATEMENT OF ACTIVITIES*  
For the Year Ended September 30, 2006

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	
<b>Primary Government:</b>				
<b>Governmental Activities:</b>				
General government	\$ 4,758,365	\$ 1,231,611	\$ 641,384	\$ (2,885,370)
Administration of justice	7,215,233	176,852	-	(7,038,381)
Roads and bridges	5,220,888	-	1,177,723	(4,043,165)
Health and human services	981,990	186,991	-	(794,999)
Tax administration	807,230	-	-	(807,230)
Interest and fiscal agent fees on long-term debt	205,970	-	-	(205,970)
<b>Total Governmental Activities</b>	<u>19,189,676</u>	<u>1,595,454</u>	<u>1,819,107</u>	<u>(15,775,115)</u>
<b>Total Primary Government</b>	<u>\$ 19,189,676</u>	<u>\$ 1,595,454</u>	<u>\$ 1,819,107</u>	<u>(15,775,115)</u>
<b>IAH Public Facility Corporation</b>				
Operating Expenses	\$ 3,273,052	\$ -	\$ -	-
Interest and fiscal agent fees on long-term debt	1,934,028	-	-	-
<b>Total Component Unit</b>	<u>\$ 5,207,080</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>

**General Revenues:**

Property taxes	11,989,686
Sales taxes	1,736,997
Other taxes	1,137,982
Fines and forfeitures	927,082
License and permits	202,912
Investment income	338,495
Sale of capital assets	415,906
Other revenues	1,841,763
<b>Total General Revenues</b>	<u>18,590,823</u>

**Change in Net Assets** 2,815,708

Beginning net assets 16,353,026

**Ending Net Assets** \$ 19,168,734

See Notes to Financial Statements.

<u>Component Unit</u>
\$ -
-
-
-
-
-
-
-
-
-
(3,273,052)
<u>(1,934,028)</u>
<u>(5,207,080)</u>
-
-
-
-
-
260,555
-
<u>3,324,855</u>
<u>3,585,410</u>
(1,621,670)
<u>(1,235,623)</u>
<u>\$ (2,857,293)</u>

## POLK COUNTY, TEXAS

## BALANCE SHEET

## GOVERNMENTAL FUNDS

September 30, 2006

	General	Debt Service	Road and Bridge	Nonmajor Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 3,383,953	\$ 970,191	\$ 46,911	\$ 1,932,379
Cash with fiscal agent	765,708	-	323,432	-
Receivables (net of allowance for uncollectible)	1,142,667	223,946	194,645	119,335
Due from other funds	3,402	-	1,041,486	58,987
Due from other units	183,645	-	-	-
<b>Total Assets</b>	<u>\$ 5,479,375</u>	<u>\$ 1,194,137</u>	<u>\$ 1,606,474</u>	<u>\$ 2,110,701</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ 788,391	\$ -	\$ 594,673	\$ 297,863
Due to other funds	1,007,335	34,586	-	61,954
Due to other units	-	-	-	10,615
Deferred revenue	708,557	223,946	157,237	294,500
<b>Total Liabilities</b>	<u>2,504,283</u>	<u>258,532</u>	<u>751,910</u>	<u>664,932</u>
<b>Fund Balances:</b>				
Reserved for:				
Debt service	-	935,605	-	-
Endowments/trusts	-	-	-	379,891
Designated for special revenue funds	-	-	-	1,065,878
Unreserved and undesignated	2,975,092	-	854,564	-
<b>Total Fund Balances</b>	<u>2,975,092</u>	<u>935,605</u>	<u>854,564</u>	<u>1,445,769</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 5,479,375</u>	<u>\$ 1,194,137</u>	<u>\$ 1,606,474</u>	<u>\$ 2,110,701</u>

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

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

Nondepreciable capital assets

Depreciable capital assets

Accumulated depreciation

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

Deferred revenue

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

Bonds, notes, warrants payable, and capital leases

Landfill closure

Deferred charges

Other liabilities

Accrued interest payable

**Net Assets of Governmental Activities**

See Notes to Financial Statements.

**Total  
Governmental  
Funds**

---

\$ 6,333,434  
1,089,140

1,680,593  
1,103,875  
183,645

\$ 10,390,687

\$ 1,680,927  
1,103,875  
10,615  
1,384,240  
4,179,657

935,605  
379,891  
1,065,878  
3,829,656  
6,211,030

844,352  
105,850,489  
(87,373,779)

1,384,240

(6,278,186)  
(1,295,519)  
84,688  
(240,894)  
(17,687)  
\$ 19,168,734

## POLK COUNTY, TEXAS

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

For the Year Ended September 30, 2006

	General	Debt Service	Road and Bridge	Nonmajor Governmental Funds
<b>REVENUES</b>				
Property taxes	\$ 7,098,455	\$ 2,373,784	\$ 2,236,757	\$ -
Sales taxes	1,736,997	-	-	-
Other taxes	26,005	-	1,083,125	28,852
Fines and forfeitures	656,511	-	119,207	151,364
Charges for services	1,231,611	-	-	363,843
Intergovernmental revenue	641,367	-	-	1,177,740
Licenses and permits	202,912	-	-	-
Investment income	191,540	62,796	33,207	50,952
Other revenue	1,443,050	-	229,461	169,252
<b>Total Revenues</b>	<u>13,228,448</u>	<u>2,436,580</u>	<u>3,701,757</u>	<u>1,942,003</u>
<b>EXPENDITURES</b>				
<b>Current:</b>				
General government	4,179,991	-	-	670,518
Administration of justice	7,190,512	-	-	121,630
Roads and bridges	-	-	4,875,002	10,419
Health and human services	599,772	-	-	277,566
Tax administration	802,646	-	-	-
<b>Debt service:</b>				
Principal	-	2,097,237	351,139	-
Interest and fiscal charges	30,860	184,296	13,974	-
<b>Total Expenditures</b>	<u>12,803,781</u>	<u>2,281,533</u>	<u>5,240,115</u>	<u>1,080,133</u>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	424,667	155,047	(1,538,358)	861,870
<b>OTHER FINANCING SOURCES (USES)</b>				
Debt proceeds	796,568	-	917,929	-
Sale of capital assets	-	-	415,906	-
Transfers in	432,972	-	1,583,025	120,688
Transfers (out)	(1,382,020)	-	(700)	(753,965)
<b>Total Other Financing Sources (Uses)</b>	<u>(152,480)</u>	<u>-</u>	<u>2,916,160</u>	<u>(633,277)</u>
<b>Net Change in Fund Balances</b>	272,187	155,047	1,377,802	228,593
Beginning fund balances	<u>2,702,905</u>	<u>780,558</u>	<u>(523,238)</u>	<u>1,217,176</u>
<b>Ending Fund Balances</b>	<u>\$ 2,975,092</u>	<u>\$ 935,605</u>	<u>\$ 854,564</u>	<u>\$ 1,445,769</u>

See Notes to Financial Statements.

<b>Total Governmental Funds</b>	
\$	11,708,996
	1,736,997
	1,137,982
	927,082
	1,595,454
	1,819,107
	202,912
	338,495
	<u>1,841,763</u>
	<u>21,308,788</u>
	4,850,509
	7,312,142
	4,885,421
	877,338
	802,646
	2,448,376
	<u>229,130</u>
	<u>21,405,562</u>
	(96,774)
	1,714,497
	415,906
	2,136,685
	<u>(2,136,685)</u>
	<u>2,130,403</u>
	2,033,629
	<u>4,177,401</u>
\$	<u><u>6,211,030</u></u>

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**POLK COUNTY, TEXAS****RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE  
STATEMENT OF ACTIVITIES**

September 30, 2006

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

Net changes in fund balances - total government funds	\$ 2,033,629
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	
Capital outlay	1,190,797
Depreciation expense	(1,184,631)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Deferred revenue	280,690
Bonds and note proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets.	
Principal payment	2,448,376
Note proceeds	(1,120,000)
Capital lease proceeds	(594,497)
Landfill closure and post increase	(101,382)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. This adjustment reflects the net change in interest payable on the accrual basis of accounting and the net change in compensated absences.	
Accrued interest payable	22,313
Deferred charges	4,688
Other liabilities	(164,275)
<b>Change in Net Assets of Governmental Activities</b>	<b>\$ 2,815,708</b>

See Notes to Financial Statements.

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**POLK COUNTY, TEXAS**  
*STATEMENT OF FIDUCIARY NET ASSETS*  
*AGENCY FUNDS*  
September 30, 2006

	<u>Total Agency Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 3,670,537
<b>Total Assets</b>	<u>\$ 3,670,537</u>
<b>LIABILITIES</b>	
Due to other units	\$ 3,670,537
<b>Total Liabilities</b>	<u>\$ 3,670,537</u>

See Notes to Financial Statements.

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**POLK COUNTY, TEXAS**  
*NOTES TO FINANCIAL STATEMENTS*  
September 30, 2006

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

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

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

Prior to 1994 the Juvenile Probation and Adult Probation operations of the 258th and 411th Judicial District were included in the reporting entity. Additional information regarding these related organizations is presented in footnote V. F.

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

**Discretely Presented Component Unit**

**IAH Public Facility Corporation**

IAH Public Facility Corporation (the "Corporation") has been included in the reporting entity as a discretely presented component unit. The Corporation was created by the County in 2004 under the Texas Development Corporation Act of 1979 for the purpose of promoting, assisting, and enhancing economic and development activities on behalf of the County. The Board of Directors is appointed by and serves at the discretion of the Commissioners Court of the County. Commissioners Court approval is required for annual budgets and bonded debt issuance. The operations of the Corporation are presented as a governmental fund type. Separate financial statements of the Corporation may be obtained from the County Auditor's office. Additional information regarding this component unit is presented in footnote V. G.

**POLK COUNTY, TEXAS***NOTES TO FINANCIAL STATEMENTS, Continued*

September 30, 2006

**B. Financial Statement Presentation**

These financial statements include implementation of Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. Certain of the significant changes in the Statement include the following:

- A Management's Discussion and Analysis (MD&A) section providing an analysis of the County's overall financial position and results of operations.
- Financial statements prepared using full accrual accounting for all of the County's activities.
- A change in the fund financial statements to focus on the major funds.

Statement No. 34 established standards for external financial reporting for all state and local governmental entities, which includes a statement of net assets and a statement of activities. It requires the classification of net assets be divided into three components: invested in capital assets, net of related debt; restricted; and unrestricted. These classifications are defined as follows:

- **Invested in capital assets, net of related debt**—This component of net assets consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- **Restricted**—This component of net assets consists of constraints placed on net asset use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted**—This component of net assets consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

**C. Government-wide and Fund Accounting**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information about the County as a whole, excluding fiduciary activities. These statements include all activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which the County has none.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include charges paid by the recipients of goods or services offered by the programs and grants that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, such as taxes and investment earnings, are presented as general revenues.

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

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

### **Governmental Funds**

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

#### **General Fund**

The general fund is used to account for all financial transactions not properly includable in other funds. The principal sources of revenues include local property taxes, licenses and permits, fines and forfeitures, and charges for services. Expenditures include general government, administration of justice, health and human services, and tax administration.

#### **Special Revenue Funds**

The special revenue funds are used to account for proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes (not including permanent funds or major capital projects).

The following special revenue fund is considered a major fund for reporting purposes:

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

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

#### **Debt Service Fund**

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

#### **Permanent Funds**

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

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

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

### **Fiduciary Funds**

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

### **Agency Funds**

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

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

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

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

## **D. Measurement Focus and Basis of Accounting**

The government-wide statements of net assets and statements of activities are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations of these activities are either included on the balance sheet or on the statement of fiduciary net assets.

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

The County utilizes the modified accrual basis of accounting in the governmental fund types. Under the modified accrual basis of accounting, revenues are recognized in the accounting period when they are susceptible to accrual (i.e., when they are measurable and available). Measurable means the amount of transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues



available if they are collected within 60 days of the end of the current period. Revenues susceptible to accrual include charges for services and interest on temporary investments.

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

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

The statements of net assets and statements of activities are presented on the accrual basis of accounting. Under this method of accounting, revenues are recognized in the accounting period in which they are earned, and expenses in the accounting period in which they are incurred.

Generally, the effect of interfund activity has been eliminated from the government-wide financial statements.

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

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

**1. Deposits and Investments**

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

The County's investments are accounted for in accordance with GASB Statement No. 31, which establishes accounting and reporting standards for all of the County's investments. In accordance with Statement No. 31, the County reports all investments at fair value, except for "money market investments" and "2a7-like pools." Money market investments, which are short-term highly liquid debt instruments that may include U.S. Treasury and agency obligations, are reported at amortized costs. Investment positions in external investment pools that are operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940, such as TexPool, are reported using the pools' share price.

The Local Government Code of Texas authorizes the County to invest in:

- (1) obligations of the United States or its agencies and instrumentalities;
- (2) direct obligations of the State of Texas or its agencies and instrumentalities;
- (3) collateral mortgage obligations although significantly limited;

- (4) other obligations, the principal and interest on which are unconditionally guaranteed or insured or backed by the full faith and credit of the State of Texas or the United States or their respective agencies and instrumentalities;
- (5) obligations of state, agencies, counties, cities and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm of not less than A or its equivalent;
- (6) certificates of deposit issued by state and national banks or savings and loan domiciled in Texas which are:
  - (a) guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor; or
  - (b) secured by obligations of paragraphs (1) to (5) above and that have a market value of not less than the principal amount of the certificates but excluding certain mortgage backed securities;
  - (c) fully collateralized repurchase agreements, banker's acceptances, commercial paper, mutual funds, guaranteed investment contracts and investment pools all of which are required to meet certain restrictive criteria.

## 2. Receivables and Payables

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

Advances between funds are offset by a fund balance reserve account in applicable governmental funds to indicate they are not available for appropriation and are not expendable available financial resources.

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

### Property Taxes

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

The property tax calendar dates are:

Levy date and Due date – October 1

Collection dates – October 1 through January 31

Lien date – February 1

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

upon the tax rate established for each fund by order of the Commissioners Court for the tax year for which the collections are made.

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

**3. Inventories and Prepaid Items**

The costs of governmental fund-type inventories are recorded as expenditures when the related liability is incurred, i.e., the purchase method. In addition, certain payments to vendors reflect costs applicable to future accounting periods and are also recorded as expenditures when purchased.

**4. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental type activities column in the government-wide financial statements. In accordance with GASB Statement No. 34, infrastructure has been capitalized retroactively. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of 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. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

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

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

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

**5. Compensated Employee Absences**

It is the County’s policy to permit employees to accumulate earned but unused vacation, compensatory time, and sick pay benefits. Additionally, Sheriff Department employees are allowed to accumulate holidays. No liability is reported for unpaid accumulated sick leave since it does not vest. Vacation, compensatory time, and holiday pay that is expected to be liquidated with expendable available financial

resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave and compensatory time that are not expected to be liquidated with expendable available financial resources are maintained separately and represent a reconciling item between the fund and government-wide presentations.

## 6. Long-Term Obligations

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

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

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

## 7. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

## 8. Estimates

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

## II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

### A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of assets.

The governmental fund balance sheet includes reconciliation between *fund balance-total governmental funds* and *net assets-governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

**B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities.**

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities states that “the issuance of long-term debt (e.g. bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.”

**III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

The original budget is adopted by the Commissioners Court prior to the beginning of the year. The legal level of control is the department level in the general fund and road and bridge fund and fund level for all other funds. Management may not amend the budget without the approval of Commissioners Court.

Appropriations lapse at the end of the year except in the road and bridge – special revenue fund. Budgets are adopted for all funds except the grant and historical – special revenue funds, and all fiduciary funds. Budgets are adopted on a GAAP basis for all budget funds except for the capital projects fund, which adopts a project length budget. Several supplemental budget appropriations were made for the year ended.

**A. Deficit Fund Equity**

The special revenue funds below had deficit fund balances at September 30, 2006, as indicated.

County Records Management	\$ (2,439)
District Attorney Collection	(24,829)
Payroll Clearing	(1,238)

**B. Excess of Expenditures over Appropriations**

For the year ended September 30, 2006, expenditures exceeded appropriations in the general fund:

General Government	
County Judge	\$ (3,982)
Data Processing	(253,288)
General Operating	(47,096)
Administration of Justice	
County Court-at-Law	(8,895)
Justice of the Peace Pct. 3	(1,083)
Sheriff	(5,240)
Health and Human Services	
Library	(649)
Social Services	(4,233)
Environmental	(15,295)
Debt Service – Interest and Fiscal Charges	(30,860)
Transfers (out)	(99,000)

September 30, 2006

For the year ended September 30, 2006, expenditures exceeded appropriations in the debt service fund by \$5,163.

For the year ended September 30, 2006, expenditures exceeded appropriations in the road and bridge fund:

Pct. 1	\$ (74,536)*
Pct. 3	(222,700)*
Debt Service – principal	(351,139)
Debt Service – Interest and fiscal charges	(13,974)

\*These items were offset by debt proceeds received during the year.

#### IV. DETAILED NOTES ON ALL FUNDS

##### A. Deposits and Investments

As of September 30, 2006, the County had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
State Pools (TexPool)	\$ 5,867,574	0.00

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

*Credit risk.* State law and the County's investment policy limits investments to obligations of states, agencies, counties, cities and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent. Further, commercial paper must be rated not less than A-1 or P-1 or an equivalent rating by at least two nationally recognized credit rating agencies. As of September 30, 2006, the County's investments in TexPool was rated AAAM by Standard & Poor's. All other investments are guaranteed (either express or implied) by the full faith and credit of the United States government or the issuer U.S. agency.

*Custodial credit risk – deposits.* In the case of deposits, this is the risk that in the event of a bank failure, the County's deposits may not be returned to it. The County's investment policy requires funds on deposit at the depository bank to be collateralized by securities and FDIC insurance. As of September 30, 2006, market values of pledged securities and FDIC insurance exceeded bank balances.

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

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 September 30, 2006

**B. Receivables**

The following comprise receivable balances at year end:

	General	Debt Service	Road and Bridge	Nonmajor Funds	Total
Property taxes	\$ 708,557	\$ 223,946	\$ 157,237	\$ -	\$ 1,089,740
Other taxes	402,506	-	-	-	402,506
Other	31,604	-	37,408	119,335	188,347
	<u>\$ 1,142,667</u>	<u>\$ 223,946</u>	<u>\$ 194,645</u>	<u>\$ 119,335</u>	<u>\$ 1,680,593</u>

**C. Capital Assets**

A summary of changes in capital assets for the year ended September 30, 2006, follows:

	Beginning Balance	Increases	(Decreases)	Ending Balance
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 844,352	\$ -	\$ -	\$ 844,352
Total capital assets not being depreciated	<u>844,352</u>	<u>-</u>	<u>-</u>	<u>844,352</u>
Other capital assets:				
Infrastructure	90,218,937	-	-	90,218,937
Buildings	4,296,643	-	-	4,296,643
Improvements	1,403,387	-	-	1,403,387
Equipment	9,596,238	1,190,797	(855,513)	9,931,522
Total other capital assets	<u>105,515,205</u>	<u>1,190,797</u>	<u>(855,513)</u>	<u>105,850,489</u>
Less accumulated depreciation for:				
Infrastructure	(80,278,831)	(220,181)	-	(80,499,012)
Buildings	(1,108,258)	(74,503)	-	(1,182,761)
Improvements	(622,477)	(70,752)	-	(693,229)
Equipment	(5,035,095)	(819,195)	855,513	(4,998,777)
Total accumulated depreciation	<u>(87,044,661)</u>	<u>(1,184,631)</u>	<u>855,513</u>	<u>(87,373,779)</u>
Other capital assets, net	<u>18,470,544</u>	<u>6,166</u>	<u>-</u>	<u>18,476,710</u>
<b>Totals</b>	<u>\$ 19,314,896</u>	<u>\$ 6,166</u>	<u>\$ -</u>	<u>19,321,062</u>
			Less associated debt	<u>(6,219,279)</u>
			<b>Invested in Capital Assets, Net of Related Debt</b>	<u>\$ 13,101,783</u>

Depreciation was charged to governmental functions as follows:

General government	\$ 207,387
Administration of justice	263,365
Roads and bridges	603,234
Health and human services	105,571
Tax administration	5,074
<b>Total Governmental Activities Depreciation Expense</b>	<u>\$ 1,184,631</u>

**D. Long-Term Debt**

The following is a summary of changes in the County's total governmental long-term liabilities for the year ended September 30, 2006. In general, the County uses the general and debt service funds to liquidate governmental long-term liabilities.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
<b>Governmental Activities:</b>					
Bonds, notes payable, and capital leases:					
General obligation bonds	\$ 270,000	\$ -	\$ (270,000)	\$ -	\$ -
Certificates of obligation	1,010,000	-	(265,000)	745,000 *	260,000
Tax notes	4,850,000	1,120,000	(1,195,000)	4,775,000 *	1,905,000
Obligations under capital leases	351,139	594,497	(351,139)	594,497 *	594,497
Time warrants	530,926	-	(367,237)	163,689 *	115,317
Landfill closure and post closure care costs	1,194,137	101,382	-	1,295,519	-
	<u>8,206,202</u>	<u>1,815,879</u>	<u>(2,448,376)</u>	<u>7,573,705</u>	<u>2,874,814</u>
Other liabilities:					
Premium	34,459	-	(8,678)	25,781 *	-
Compensated absences	202,594	12,519	-	215,113	-
<b>Total Governmental Activities</b>	<u>\$ 8,443,255</u>	<u>\$ 1,828,398</u>	<u>\$ (2,457,054)</u>	<u>\$ 7,814,599</u>	<u>\$ 2,874,814</u>
Deferred charges	<u>\$ (80,000)</u>	<u>\$ (30,860)</u>	<u>\$ 26,172</u>	<u>\$ (84,688) *</u>	<u>\$ -</u>
Long-term liabilities due in greater than one year				<u>\$ 4,939,785</u>	
* Debt associated with capital assets				<u>\$ 6,219,279</u>	

See footnote V. C. for additional information regarding Landfill Closure and Post Closure Care Costs. The County is not obligated in any manner for special assessment debt.

Long-term liabilities applicable to the County's governmental activities are not due and payable in the current period, and accordingly, are not reported as fund liabilities in the governmental funds. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.

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



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	Percentage Interest Rate	Original Amount	Balance
<b>CAPITAL LEASES</b>			
First Continental Leasing	3.75-4.15	\$ 594,497	\$ 594,497
<b>TIME WARRANTS</b>			
Series 2002	4.50	N/A	89,690
Series 2003	4.00-4.50	N/A	73,999
			<u>163,689</u>
<b>TAX NOTES</b>			
Series 2003	N/A	3,060,000	2,325,000
Series 2004	2.5-3.5	805,000	375,000
Series 2005	N/A	1,255,000	955,000
Series 2006A	3.75	560,000	560,000
Series 2006B	3.75	560,000	560,000
			<u>4,775,000</u>
<b>CERTIFICATES OF OBLIGATION</b>			
Refunding Series 2004	2.5-3.5	1,275,000	745,000
<b>TOTAL</b>			<u>\$ 6,278,186</u>

Long-term debt obligations of the County as of September 30, 2006, are as follows:

Fiscal Year	Governmental Activities		Total
	Principal	Interest	
2007	\$ 2,874,814	\$ 179,836	\$ 3,054,650
2008	2,192,686	90,863	2,283,549
2009	725,686	42,918	768,604
2010	330,000	17,313	347,313
2011	155,000	5,813	160,813
<b>Total</b>	<u>\$ 6,278,186</u>	<u>\$ 336,743</u>	<u>\$ 6,614,929</u>

Machinery and equipment acquired under current capital lease obligations was a total of \$594,497.

**E. Interfund Transactions**

Operating transfers between the primary government funds during the 2006 year were as follows:

Transfer Out	Transfer In	Amounts
Major funds:		
General Fund	Road & Bridge Fund	\$ 1,283,020
General Fund	Other governmental funds	99,000
Road & Bridge Fund	General Fund	700
Nonmajor funds:		
Other governmental funds	General Fund	432,272
Other governmental funds	Road & Bridge Fund	300,005
Other governmental funds	Other governmental funds	21,688
		<u>\$ 2,136,685</u>

September 30, 2006

The composition of interfund balances as of September 30, 2006, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amounts</u>
Major funds:		
General Fund	Other governmental funds	\$ 3,402
Road and Bridge Fund	General Fund	1,006,900
Nonmajor funds:		
Other governmental funds	General Fund	435
Other governmental funds	Other governmental funds	58,552
	<b>Total</b>	<u><u>\$ 1,069,289</u></u>

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

#### F. Fund Equity

The County records fund balance reserves on the fund level to indicate that a portion of the fund balance is legally restricted for a specific future use or to indicate that a portion of the fund balance is not available for expenditures.

The following is a list of fund balance reserved or designated recognized by the County:

<b>Debt Service Fund</b>	
Reserved for debt service	\$ 246,801
Reserved for landfill	688,804
Total reserved	<u><u>\$ 935,605</u></u>
<b>Special Revenue Funds</b>	
Designated for special projects	<u><u>\$ 1,065,878</u></u>
<b>Permanent Fund</b>	
Reserved for endowments/trusts	<u><u>\$ 379,891</u></u>

#### V. OTHER INFORMATION

##### A. Risk Management

The County is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, and natural disasters for which the County carries commercial insurance. In addition, the County participates along with 338 other entities in the Texas Association of Counties Workers' Compensation Self-Insurance Fund. The Texas Association of Counties created this pool in 1974 to insure the County for worker compensation related claims. The County also provides its employees benefits, including medical and life insurance, which the County obtains through the Texas Association of Counties Insurance Trust Fund. This pool purchases commercial insurance at group rates for participants in the pool. The County has no additional risk or responsibility to either of the pools in which it participates, outside of payment of insurance premiums. The County has not significantly reduced insurance coverage or had settlements that exceeded coverage amounts for the past three years.

The County reports liabilities when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not

reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency, and amount of payout and other economic and social factors. The liability for claims and judgments is reported in the government-wide financial statements because it is not expected to be liquidated with expendable available financial resources. However, none are reported at September 30, 2006.

**B. Contingent Liabilities**

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

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

**C. Landfill Closure and Post Closure Care Cost**

On December 1, 2001 the County entered into an agreement with a private contractor to operate the County's landfill and solid waste collection activities. The agreement also provides for the contractor to pay for a portion of the closure and post closure care cost for capacity utilized under their management. The contractor is required to annually obtain a performance bond to provide financial assurance to the County for such costs. Upon the termination of the agreement the contractor is relieved of any financial obligation for closure and post closure care costs. Accordingly, the County is liable or contingently liable for the entire closure and post closure care costs.

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

The County revised its estimated closure and post closure care costs in an application for a permit amendment submitted to the T.C.E.Q. in 2004 to modify the existing permit for expansion of total permit capacity. The County's estimate of total cost of closure and post closure care for thirty years, under permits and regulations currently in effect, is \$8,787,094.

The \$1,295,519 reported as landfill closure and post closure care liability at September 30, 2006 is based on the use of 14.74 percent of the estimated capacity of the landfill. The estimated net decrease in capacity after the permit modification during the year was 1.44 percent related to new estimates of airspace capacity using digital terrain modeling techniques. The accrued liability increased by \$114,013. The County will recognize the remaining estimated cost of closure and post closure care of \$7,478,944 as the remaining estimated capacity is filled. Based on the current rate of materials deposited, the life of the landfill is 48.9 years.

The estimated costs are based on what it would cost to perform all closure and post closure care in 2006 and do not include provisions for inflation. Based on current projections, the present landfill site will be closed in the year 2055. Monitoring would begin on this date and would continue for the next thirty years. The County expects that future inflation costs will be paid from interest earnings on accumulated landfill earnings. However, if interest earnings are inadequate or additional post closure care requirements are determined (due to changes in technology or applicable laws or regulations, for example) these costs may need to be covered by charges to future landfill users or from future tax revenue.

The County is not currently required to make contributions to a trust fund to finance closure and post closure costs. The County has designated \$688,804 in its debt service fund for post closure costs. The County intends to fund the deficiency in amounts currently available and the total estimated costs with contractor franchise fees.

#### **D. Deferred Compensation Plan**

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all full-time County employees at their option, permits participants to defer a portion of their salary until future years. The deferred compensation is not available to participants until termination, retirement, death, or unforeseeable emergency.

#### **E. Employee Retirement System**

##### Plan Description

The County provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 559 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at: P. O. Box 2034, Austin, Texas 78768-2034.

The plan provisions are adopted by the Commissioner's Court within the options available in Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 8 or more years of service, with 30 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after 8 years of service, but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by their employer.

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

**POLK COUNTY, TEXAS**  
*NOTES TO FINANCIAL STATEMENTS, Continued*  
 September 30, 2006

Funding Policy

The County has elected the annually determined contribution rate (ACDR) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. The County contributed using the actuarially determined rate of 6.99% for the months of the accounting year in 2005 and 7.07% for the months of the accounting year in 2006.

The Commissioners Court adopted the rate of 7% as the contribution rate payable by the employee members for calendar year 2006. The Commissioners Court may change the employee contribution rate and the employer contribution rate within the options available in the TCDRS Act.

Annual Pension Costs

The County's schedule of funding information can be found in the Required Supplemental Information section of this report.

The annual required contributions were actuarially determined as a percent of the covered payroll of the participating employees, and were in compliance with the GASB Statement No. 27 parameters based on the actuarial valuations as of December 31, 2003 and December 31, 2004, the basis for determining the contribution rates for plan years 2005 and 2006.

Actuarial Cost Method	Entry Age
Amortization Method	Level Percent of Payroll
Remaining Amortization Period	30 Years - Open Period
Asset Valuation Method	Long-term Appreciation with Adjustment
Investment Rate of Return	8%
Projected Salary Increases	5.5%
Includes Inflation at	3.5%
Cost of Living Adjustments	None

	<u>2006</u>	<u>2005</u>	<u>2004</u>
Annual Req. Contrib. (ARC)	\$ 366,062	\$ 358,961	\$ 332,253
Contributions Made	366,062	358,961	332,253
NPO at the End of Period	\$ -	\$ -	\$ -

**F. Jointly Governed and Related Organizations**

The Adult Probation and Juvenile Probation divisions are operated as a combined department doing business as the 258<sup>th</sup> and 411<sup>th</sup> Community Supervision and Correction Department (C.S.C.D.). A different board governs each division, although the District Judges preside on both boards. The C.S.C.D. services the counties of Polk, San Jacinto, and Trinity. Each county is required to provide office space for the operations of the Department. Substantially all of the Department's funding is provided by the State. The participating counties provide approximately 10 percent of the Juvenile Probation Division's budget.

**POLK COUNTY, TEXAS***NOTES TO FINANCIAL STATEMENTS, Continued*

September 30, 2006

The Juvenile Probation Board consists of the Polk County Judge and the County Court-at-Law Judge from Polk County, along with three District Judges and County Judges from San Jacinto and Trinity County. The Adult Probation Department's board consists of three District Judges and the County Court-at-Law Judge from Polk County. The Department and its divisions are considered to be legally separate from Polk County. In addition, Polk County is not able to appoint a voting majority to either of the division's boards or otherwise able to impose its will. The divisions are not fiscally dependent on Polk County since the County's approvals are ministerial in nature. While the Department's divisions are closely affiliated with Polk County, they are not considered to be part of the reporting entity, i.e., component units of Polk County.

**G. Component Unit Disclosures**

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

**1. Financing Agreements and Practical Considerations**

The Corporation was formed for the initial purpose of building a detention facility (the "Facility"). The project was financed with the issuance of the Project Revenue Bonds Series 2004 (the "2004 bond issue"). The bonds are secured by the mortgage on the Facility and the Facility's revenues and are not secured by the full faith and credit of the County or tax revenues. In connection with this issuance on November 1, 2004 the Corporation and/or the County entered into a number of legal agreements for the financing of the project, many of which are designed to provide additional security to the bond holders.

The Corporation entered into the Trust Indenture with U.S. Bank National Associates (the "Trustee") to serve as the Trustee related to the 2004 bond issue. The Trust Indenture is primarily for the benefit of the owners of the bonds and calls for the creation of a number of funds and accounts, including the Construction Fund, Bond Fund, Reserve Fund, Rebate Fund, and Project Fund. In addition, the Trust Indenture specifies the amounts of pledged revenues to be placed into each of the funds established by the Trustee and the order of priority of the disposition of the pledged revenues.

The Corporation entered into the Lease Agreement (the "Lease") with the option to purchase with Polk County, Texas (the "County") whereas the Corporation purchased land and constructed and equipped the Facility which is being leased to the County. The term of the agreement is effectively concurrent with the related bonds. The County is only obligated to make rental payments to the extent that revenues from the project are available. Under the Lease the County pledges all revenues to the Trust fund established under the Trust Indenture.

The County entered into the Facility Operation and Management Agreement with Civigenics-Texas, Inc. (the "Operator") for three years, containing options for both early cancellation and renewal. The Operator's compensation is payable solely from and to the extent monies are available in the operating account, as established in the Trust account in accordance with the Trust Indenture. The Operator is paid a fixed fee per prisoner of \$34.75 from the available funds in the Trust's operating account. The Operator pays the County an administrative fee of \$2.75 per prisoner from the Operator's fee and guarantees the County a minimum aggregate administrative fee of \$100,000 annually.

**POLK COUNTY, TEXAS**  
*NOTES TO FINANCIAL STATEMENTS, Continued*  
September 30, 2006

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

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

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

## **2. Long-Term Debt**

On November 5, 2004, the Corporation issued Project Revenue Bonds, Series 2004 in the amount of \$24,215,000. Long-term debt obligations of the Corporation as of September 30, 2006, are as follows:

## NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2006

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 525,000	\$ 1,818,550	\$ 2,343,550
2008	560,000	1,784,425	2,344,425
2009	595,000	1,748,025	2,343,025
2010	635,000	1,709,350	2,344,350
2011	675,000	1,668,075	2,343,075
2012	725,000	1,620,825	2,345,825
2013	775,000	1,570,075	2,345,075
2014	830,000	1,515,825	2,345,825
2015	885,000	1,457,725	2,342,725
2016	950,000	1,395,775	2,345,775
2017	1,020,000	1,322,150	2,342,150
2018	1,100,000	1,243,100	2,343,100
2019	1,185,000	1,157,850	2,342,850
2020	1,280,000	1,066,012	2,346,012
2021	1,380,000	966,812	2,346,812
2022	1,485,000	859,863	2,344,863
2023	1,600,000	744,775	2,344,775
2024	1,725,000	620,775	2,345,775
2025	1,860,000	487,088	2,347,088
2026	4,425,000	342,938	4,767,938
<b>Total</b>	<b>\$ 24,215,000</b>	<b>\$ 25,100,013</b>	<b>\$ 49,315,013</b>

The bonds were issued to finance a project that consists of the acquisition of real property in Polk County and the construction, furnishing, and equipping of a multi-classification secure detention center. Subsequent to year end, the Corporation sold additional bonds for expansion of the detention center. Separate financial statements are available from the County Auditor's Office dated June 29, 2007.

#### H. Restatement

The County has restated beginning net assets for governmental activities to correct capital assets as a result of an inventory update within the computer system.

	<u>Governmental Activities</u>
Prior year ending net assets as reported	\$ 9,818,418
Increase capital assets	6,534,608
Restated beginning net assets	<u>\$ 16,353,026</u>

#### I. Subsequent Event

Subsequent to year end, on April 15, 2007, the County sold \$19 million in Certificates of Obligations, Series 2007 for the expansion of the County jail.



***REQUIRED SUPPLEMENTARY INFORMATION***

## POLK COUNTY, TEXAS

## GENERAL FUND

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

For the Year Ended September 30, 2006

	2006			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
<b>REVENUES</b>				
Property taxes	\$ 6,799,286	\$ 6,799,286	\$ 7,098,455	\$ 299,169
Sales taxes	1,372,500	1,372,500	1,736,997	364,497
Other taxes	-	-	26,005	26,005
Fines and forfeitures	691,000	691,000	656,511	(34,489)
Charges for services	866,725	870,780	1,231,611	360,831
Intergovernmental	453,811	777,986	641,367	(136,619)
License and permits	143,875	169,124	202,912	33,788
Investment income	95,000	95,000	191,540	96,540
Other revenue	559,695	1,422,472	1,443,050	20,578
<b>Total Revenues</b>	<b>10,981,892</b>	<b>12,198,148</b>	<b>13,228,448</b>	<b>1,030,300</b>
<b>EXPENDITURES</b>				
<b>General Government:</b>				
County Judge	157,227	163,540	167,522	(3,982) *
Commissioners Court	236,259	248,047	137,784	110,263
County Clerk	406,120	739,304	715,022	24,282
County Treasurer	104,928	105,803	97,645	8,158
County Auditor	232,969	234,277	221,912	12,365
Data Processing	382,595	387,549	640,837	(253,288) *
Personnel	93,395	100,290	97,471	2,819
Maintenance	137,704	142,590	132,196	10,394
Engineering	294,434	499,638	491,838	7,800
Fire Department Support	134,036	139,515	109,994	29,521
Emergency Management	231,338	344,774	319,761	25,013
General Operating	802,800	817,355	864,451	(47,096) *
Other Unclassified	193,829	193,829	183,558	10,271
	<b>3,407,634</b>	<b>4,116,511</b>	<b>4,179,991</b>	<b>(63,480)</b>
<b>Administration of Justice:</b>				
Jury	40,500	40,500	39,750	750
County Court-at-Law	339,336	342,348	351,243	(8,895) *
District Clerk	340,003	352,321	349,665	2,656
District Judges	717,644	717,989	603,675	114,314
Justice of the Peace Pct. 1	119,306	121,349	119,755	1,594
Justice of the Peace Pct. 2	104,252	104,658	103,561	1,097
Justice of the Peace Pct. 3	116,566	117,253	118,336	(1,083) *
Justice of the Peace Pct. 4	98,286	100,092	98,447	1,645
District Attorney	681,409	770,935	755,619	15,316
Sheriff	2,266,235	3,001,396	3,006,636	(5,240) *
Jail	1,336,616	1,506,496	1,472,315	34,181
Constables	130,703	130,703	123,675	7,028
DPS	46,868	47,898	47,835	63
	<b>6,337,724</b>	<b>7,353,938</b>	<b>7,190,512</b>	<b>163,426</b>

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

For the Year Ended September 30, 2006

	2006		Actual Amounts	Variance with Final Budget Positive (Negative)
	Budgeted Amounts			
	Original	Final		
<b>EXPENDITURES (continued)</b>				
<b>Health and Human Services:</b>				
Library	\$ 36,460	\$ 36,868	\$ 37,517	\$ (649) *
Social Services	285,049	317,933	322,166	(4,233) *
Veterans Services	71,731	73,309	64,576	8,733
County Extension	97,934	99,317	89,108	10,209
Environmental	62,658	71,110	86,405	(15,295) *
	<u>553,832</u>	<u>598,537</u>	<u>599,772</u>	<u>(1,235)</u>
<b>Tax Administration:</b>				
Appraisal District	267,548	274,671	274,670	1
Tax Assessor Collector	544,469	551,810	527,976	23,834
	<u>812,017</u>	<u>826,481</u>	<u>802,646</u>	<u>23,835</u>
<b>Debt Service:</b>				
Interest and fiscal charges	-	-	30,860	(30,860) *
<b>Total Expenditures</b>	<u>11,111,207</u>	<u>12,895,467</u>	<u>12,803,781</u>	<u>91,686</u>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<u>(129,315)</u>	<u>(697,319)</u>	<u>424,667</u>	<u>1,121,986</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Debt proceeds	-	-	796,568	796,568
Transfers in	230,410	481,913	432,972	(48,941)
Transfers (out)	-	(1,283,020)	(1,382,020)	(99,000) *
<b>Total Other Financing Sources (Uses)</b>	<u>230,410</u>	<u>(801,107)</u>	<u>(152,480)</u>	<u>648,627</u>
<b>Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)</b>	<u>\$ 101,095</u>	<u>\$ (1,498,426)</u>	272,187	<u>\$ 1,770,613</u>
Beginning Fund Balance			<u>2,702,905</u>	
<b>Ending Fund Balance</b>			<u>\$ 2,975,092</u>	

**Notes to Required Supplementary Information**

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
2. Excess of expenditures over appropriations \*

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

For the Year Ended September 30, 2006  
With Comparative Totals for the Year Ended September 30, 2005

	2006		Actual Amounts	Variance with Final Budget	2005 Actual
	Budgeted Amounts			Positive	
	Original	Final		(Negative)	
<b>REVENUES</b>					
Property taxes	\$ 2,162,841	\$ 2,162,841	\$ 2,236,757	\$ 73,916	\$ 1,648,901
Other taxes	1,175,000	1,175,000	1,083,125	(91,875)	1,127,751
Fines and forfeitures	110,000	110,000	119,207	9,207	103,364
Interest	-	-	33,207	33,207	15,386
Other	-	458,902	229,461	(229,441)	774,712
<b>Total Revenues</b>	<u>3,447,841</u>	<u>3,906,743</u>	<u>3,701,757</u>	<u>(204,986)</u>	<u>3,670,114</u>
<b>EXPENDITURES</b>					
Roads and bridges:					
Administration	518,240	526,532	423,830	102,702	425,785
Permanent	200,000	157,358	136,274	21,084	353,758
Pct. 1	656,299	936,577	1,011,113	(74,536) *	708,544
Pct. 2	667,101	758,012	691,115	66,897	789,776
Pct. 3	665,806	1,301,468	1,524,168	(222,700) *	1,750,893
Pct. 4	782,338	1,482,830	1,088,502	394,328	1,157,552
Debt service:					
Principal	-	-	351,139	(351,139) *	-
Interest	-	-	13,974	(13,974) *	-
<b>Total Expenditures</b>	<u>3,489,784</u>	<u>5,162,777</u>	<u>5,240,115</u>	<u>(77,338)</u>	<u>5,186,308</u>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	(41,943)	(1,256,034)	(1,538,358)	(282,324)	(1,516,194)
<b>OTHER FINANCING SOURCES (USES)</b>					
Debt Proceeds	-	-	917,929	917,929	521,573
Sale of capital assets	-	-	415,906	415,906	-
Transfers in	43,200	1,373,288	1,583,025	209,737	3,835
Transfers (out)	-	(700)	(700)	-	(290,328)
<b>Total Other Financing Sources (Uses)</b>	<u>43,200</u>	<u>1,372,588</u>	<u>2,916,160</u>	<u>1,543,572</u>	<u>235,080</u>
<b>Net Change in Fund Balance</b>	<u>\$ 1,257</u>	<u>\$ 116,554</u>	1,377,802	<u>\$ 1,261,248</u>	<u>\$ (1,281,114)</u>
Beginning Fund Balance			(523,238)		
<b>Ending Fund Balance</b>			<u>\$ 854,564</u>		

**Notes to Required Supplementary Information**

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
2. Excess of expenditures over appropriations offset by debt proceeds\*

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**POLK COUNTY, TEXAS**  
*SCHEDULE OF FUNDING PROGRESS*  
*TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM*

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

Fiscal Year	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Actuarial Valuation Date	12/31/2005	12/31/2004 *	12/31/2003	12/31/2002
Actuarial Value of Assets	\$ 18,696,224	\$ 17,341,515	\$ 16,034,570	\$ 14,645,943
Actuarial Accrued Liability	\$ 18,540,932	\$ 17,381,741	\$ 15,785,936	\$ 14,348,557
Percentage Funded	100.8%	99.8%	101.6%	102.1%
Unfunded Actuarial				
Accrued Liability	\$ (155,292)	\$ 40,226	\$ (248,634)	\$ (297,386)
Annual Covered Payroll	\$ 7,719,890	\$ 7,548,847	\$ 7,333,559	\$ 6,889,311
Unfunded Actuarial Accrued Liability (UAAL) % of Covered Payroll	-2.01%	0.53%	-3.39%	-4.32%
Net Pension Obligation (NPO)				
at the Beginning of Period	\$ -	\$ -	\$ -	\$ -
Annual Req. Contrib. (ARC)	\$ 366,062	\$ 358,961	\$ 332,253	\$ 396,764
Contributions Made	366,062	\$ 358,961	\$ 332,253	\$ 396,764
<b>NPO at the End of Period</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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*COMBINING STATEMENTS  
AND SCHEDULES*

## NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

**Lateral Road Fund** - Funds received from the State of Texas for the County's portion of the State's Lateral Road Fund are recorded in this fund, as well as the expenditure of such funds as restricted by the State.

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

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

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

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

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

**Grants Fund** - Various grants received by the County which are not reported in a separate fund are included in the grant fund.

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

**Webster Museum Fund** - This fund is used to account for the operation of the county museum.

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

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

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

**District Attorney Special Fund** - Fees collected in connection with processing checks issued or passed in violation of the Texas Penal Code are deposited in this fund and used for the purposes of defraying costs related to special issues within the District Attorney's office.

*NONMAJOR GOVERNMENTAL FUNDS (Continued)**Special Revenue Funds (continued)*

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

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

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

***Officials' Fee Account Fund*** - This fund is used to account for monies held in official fee bank accounts. County officials ((2) Justices of the Peace and County Clerk) have bank accounts into which they deposit their collections.

***Payroll Clearing Fund*** - This fund is used as a clearing account for County payrolls.

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

***District Clerk Bond & Fees*** - This fund is used to account for security bonds held by the District Clerk and fees collected.

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

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

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

***Permanent Funds***

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

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

## POLK COUNTY, TEXAS

## COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS (page 1 of 3)

September 30, 2006

	Special Revenue Funds			
	Lateral Road	Court- house Security	Law Library	Aging
<b>ASSETS</b>				
Cash and cash equivalents	\$ 172,942	\$ 2,412	\$ 38,000	\$ 47,519
Receivables (net of allowance for uncollectible)	-	-	-	-
Due from other funds	-	-	-	-
<b>Total Assets</b>	<u>\$ 172,942</u>	<u>\$ 2,412</u>	<u>\$ 38,000</u>	<u>\$ 47,519</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 10,419	\$ 1,993	\$ 571	\$ 16,520
Due to other funds	-	-	-	-
Due to other units	-	-	-	-
Deferred revenue	-	-	-	-
<b>Total Liabilities</b>	<u>10,419</u>	<u>1,993</u>	<u>571</u>	<u>16,520</u>
<b>Fund Balances:</b>				
Reserved for endowments/trusts	-	-	-	-
Unreserved and designated	162,523	419	37,429	30,999
<b>Total Fund Balances</b>	<u>162,523</u>	<u>419</u>	<u>37,429</u>	<u>30,999</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 172,942</u>	<u>\$ 2,412</u>	<u>\$ 38,000</u>	<u>\$ 47,519</u>

Special Revenue Funds

County Records Mgmt.	County Clerk Records Preserv.	Grants	Hotel/Motel Tax	Webster Museum	Historical Commission
\$ 4,637	\$ 80,610	\$ 98,536	\$ 5,049	\$ 1,048	\$ 360,385
-	-	-	-	-	-
350	-	-	-	-	-
<u>\$ 4,987</u>	<u>\$ 80,610</u>	<u>\$ 98,536</u>	<u>\$ 5,049</u>	<u>\$ 1,048</u>	<u>\$ 360,385</u>
\$ 7,426	\$ -	\$ 1,964	\$ 143	\$ 578	\$ -
-	-	3,374	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>7,426</u>	<u>-</u>	<u>5,338</u>	<u>143</u>	<u>578</u>	<u>-</u>
-	-	-	-	-	-
(2,439)	80,610	93,198	4,906	470	360,385
<u>(2,439)</u>	<u>80,610</u>	<u>93,198</u>	<u>4,906</u>	<u>470</u>	<u>360,385</u>
<u>\$ 4,987</u>	<u>\$ 80,610</u>	<u>\$ 98,536</u>	<u>\$ 5,049</u>	<u>\$ 1,048</u>	<u>\$ 360,385</u>

COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS (page 2 of 3)  
 September 30, 2006

	Special Revenue Funds			
	Available School	District Attorney Collection	District Clerk Records Preserv.	Forfeiture
<b>ASSETS</b>				
Cash and cash equivalents	\$ 97,921	\$ -	\$ 4,993	\$ 357,587
Receivables (net of allowance for uncollectible)	-	-	-	200
Due from other funds	2,552	56,000	-	-
<b>Total Assets</b>	<u>\$ 100,473</u>	<u>\$ 56,000</u>	<u>\$ 4,993</u>	<u>\$ 357,787</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ 80,829	\$ -	\$ 6,110
Due to other funds	-	-	5	56,000
Due to other units	-	-	-	-
Deferred revenue	-	-	-	175,601
<b>Total Liabilities</b>	<u>-</u>	<u>80,829</u>	<u>5</u>	<u>237,711</u>
<b>Fund Balances:</b>				
Reserved for endowments/trusts	-	-	-	-
Unreserved and designated	100,473	(24,829)	4,988	120,076
<b>Total Fund Balances</b>	<u>100,473</u>	<u>(24,829)</u>	<u>4,988</u>	<u>120,076</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 100,473</u>	<u>\$ 56,000</u>	<u>\$ 4,993</u>	<u>\$ 357,787</u>

Special Revenue Funds					
District Clerk TDCJ	Judiciary	Officials Fee Account	Payroll Clearing	District Attorney's Check Restitution	District Clerk Bonds and Fees
\$ 21,509	\$ 167,674	\$ 9,915	\$ 116	\$ 809	\$ -
-	-	236	-	-	-
-	85	-	-	-	-
<u>\$ 21,509</u>	<u>\$ 167,759</u>	<u>\$ 10,151</u>	<u>\$ 116</u>	<u>\$ 809</u>	<u>\$ -</u>
\$ -	\$ 167,759	\$ 64	\$ 1,331	\$ 494	\$ -
-	-	-	23	-	-
213	-	10,087	-	315	-
-	-	-	-	-	-
<u>213</u>	<u>167,759</u>	<u>10,151</u>	<u>1,354</u>	<u>809</u>	<u>-</u>
-	-	-	-	-	-
21,296	-	-	(1,238)	-	-
<u>21,296</u>	<u>-</u>	<u>-</u>	<u>(1,238)</u>	<u>-</u>	<u>-</u>
<u>\$ 21,509</u>	<u>\$ 167,759</u>	<u>\$ 10,151</u>	<u>\$ 116</u>	<u>\$ 809</u>	<u>\$ -</u>

## POLK COUNTY, TEXAS

## COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS (page 3 of 3)

September 30, 2006

	Special Revenue Funds			Permanent Fund
	Environmental Services	Jail Commissary Fund	District Attorney Special Fund	Permanent School
<b>ASSETS</b>				
Cash and cash equivalents	\$ 58,958	\$ 16,566	\$ 2,750	\$ 382,443
Receivables (net of allowance for uncollectible)	118,899	-	-	-
Due from other funds	-	-	-	-
<b>Total Assets</b>	<u>\$ 177,857</u>	<u>\$ 16,566</u>	<u>\$ 2,750</u>	<u>\$ 382,443</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 1,081	\$ -	\$ 581	\$ -
Due to other funds	-	-	-	2,552
Due to other units	-	-	-	-
Deferred revenue	118,899	-	-	-
<b>Total Liabilities</b>	<u>119,980</u>	<u>-</u>	<u>581</u>	<u>2,552</u>
<b>Fund Balances:</b>				
Reserved for endowments/trusts	-	-	-	379,891
Unreserved and designated	57,877	16,566	2,169	-
<b>Total Fund Balances</b>	<u>57,877</u>	<u>16,566</u>	<u>2,169</u>	<u>379,891</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 177,857</u>	<u>\$ 16,566</u>	<u>\$ 2,750</u>	<u>\$ 382,443</u>



Total  
Nonmajor  
Governmental  
Funds

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\$ 1,932,379

119,335

58,987

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\$ 2,110,701

---

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\$ 297,863

61,954

10,615

---

294,500

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664,932

379,891

---

1,065,878

---

1,445,769

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\$ 2,110,701

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COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS (page 1 of 3)  
For the Year Ended September 30, 2006

	Special Revenue Funds			
	Lateral Road	Court- house Security	Law Library	Aging
<b>REVENUES</b>				
Other taxes	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	-	44,372	-	-
Charge for services	-	-	15,014	-
Investment income	6,816	179	1,343	-
Intergovernmental	48,378	-	-	219,966
Other revenue	-	60	-	1,781
<b>Total Revenues</b>	<u>55,194</u>	<u>44,611</u>	<u>16,357</u>	<u>221,747</u>
<b>EXPENDITURES</b>				
<b>Current:</b>				
General government	-	-	-	-
Administration of justice	-	59,892	11,216	-
Roads and bridges	10,419	-	-	-
Health and human services	-	-	-	277,566
<b>Total Expenditures</b>	<u>10,419</u>	<u>59,892</u>	<u>11,216</u>	<u>277,566</u>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<u>44,775</u>	<u>(15,281)</u>	<u>5,141</u>	<u>(55,819)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	1,200	-	85,000
Transfers (out)	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>1,200</u>	<u>-</u>	<u>85,000</u>
<b>Net Change in Fund Balances</b>	44,775	(14,081)	5,141	29,181
Beginning Fund Balances	<u>117,748</u>	<u>14,500</u>	<u>32,288</u>	<u>1,818</u>
<b>Ending Fund Balances</b>	<u>\$ 162,523</u>	<u>\$ 419</u>	<u>\$ 37,429</u>	<u>\$ 30,999</u>

## Special Revenue Funds

County Records Mgmt.	County Clerk Records Preserv.	Grants	Hotel/Motel Tax	Webster Museum	Historical Commission
\$ -	\$ -	\$ -	\$ 28,852	\$ -	\$ -
-	-	24,120	-	-	-
15,332	142,453	-	-	-	-
-	-	-	-	301	16,211
-	-	909,379	-	17	-
-	-	-	-	-	6,598
<u>15,332</u>	<u>142,453</u>	<u>933,499</u>	<u>28,852</u>	<u>318</u>	<u>22,809</u>
35,318	52,140	400,373	31,860	13,910	7,344
-	-	4,434	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>35,318</u>	<u>52,140</u>	<u>404,807</u>	<u>31,860</u>	<u>13,910</u>	<u>7,344</u>
<u>(19,986)</u>	<u>90,313</u>	<u>528,692</u>	<u>(3,008)</u>	<u>(13,592)</u>	<u>15,465</u>
17,500	-	-	-	-	-
-	(64,810)	(509,654)	-	-	-
<u>17,500</u>	<u>(64,810)</u>	<u>(509,654)</u>	<u>-</u>	<u>-</u>	<u>-</u>
(2,486)	25,503	19,038	(3,008)	(13,592)	15,465
47	55,107	74,160	7,914	14,062	344,920
<u>\$ (2,439)</u>	<u>\$ 80,610</u>	<u>\$ 93,198</u>	<u>\$ 4,906</u>	<u>\$ 470</u>	<u>\$ 360,385</u>

VOL. **53** PAGE **1094** **POLK COUNTY, TEXAS**

*COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE*

*NONMAJOR GOVERNMENTAL FUNDS (page 2 of 3)*

For the Year Ended September 30, 2006

	Special Revenue Funds			
	Available School	District Attorney Collection	District Clerk Records Preserv.	Forfeiture
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	-	41,960	-	40,912
Charge for services	-	-	4,053	-
Investment income	5,257	-	-	3,330
Intergovernmental	-	-	-	-
Other revenue	113,743	-	-	-
<b>Total Revenues</b>	<u>119,000</u>	<u>41,960</u>	<u>4,053</u>	<u>44,242</u>
<b>EXPENDITURES</b>				
<b>Current:</b>				
General government	129,573	-	-	-
Administration of justice	-	7,844	-	12,806
Roads and bridges	-	-	-	-
Health and human services	-	-	-	-
<b>Total Expenditures</b>	<u>129,573</u>	<u>7,844</u>	<u>-</u>	<u>12,806</u>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<u>(10,573)</u>	<u>34,116</u>	<u>4,053</u>	<u>31,436</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	16,988	-	-	-
Transfers (out)	-	-	(3,500)	-
<b>Total Other Financing Sources (Uses)</b>	<u>16,988</u>	<u>-</u>	<u>(3,500)</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	6,415	34,116	553	31,436
Beginning Fund Balances	<u>94,058</u>	<u>(58,945)</u>	<u>4,435</u>	<u>88,640</u>
<b>Ending Fund Balances</b>	<u>\$ 100,473</u>	<u>\$ (24,829)</u>	<u>\$ 4,988</u>	<u>\$ 120,076</u>

Special Revenue Funds

District Clerk TDCJ	Judiciary	Officials Fee Account	Payroll Clearing	District Attorney's Check Restitution	District Clerk Bonds and Fees
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
679	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
679	-	-	-	-	-
(679)	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
(679)	-	-	-	-	-
21,975	-	-	(1,238)	-	-
\$ 21,296	\$ -	\$ -	\$ (1,238)	\$ -	\$ -

*COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE*

*NONMAJOR GOVERNMENTAL FUNDS (page 3 of 3)*

For the Year Ended September 30, 2006

	Special Revenue Funds			Permanent Fund
	Environmental Services	Jail Commissary Fund	District Attorney Special Fund	Permanent School
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	-	-
Charge for services	186,991	-	-	-
Investment income	-	-	-	17,515
Intergovernmental	-	-	-	-
Other revenue	-	23,897	22,958	215
<b>Total Revenues</b>	<u>186,991</u>	<u>23,897</u>	<u>22,958</u>	<u>17,730</u>
<b>EXPENDITURES</b>				
<b>Current:</b>				
General government	-	-	-	-
Administration of justice	-	3,970	20,789	-
Roads and bridges	-	-	-	-
Health and human services	-	-	-	-
<b>Total Expenditures</b>	<u>-</u>	<u>3,970</u>	<u>20,789</u>	<u>-</u>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<u>186,991</u>	<u>19,927</u>	<u>2,169</u>	<u>17,730</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers (out)	(155,652)	(3,361)	-	(16,988)
<b>Total Other Financing Sources (Uses)</b>	<u>(155,652)</u>	<u>(3,361)</u>	<u>-</u>	<u>(16,988)</u>
<b>Net Change in Fund Balances</b>	31,339	16,566	2,169	742
Beginning Fund Balances	<u>26,538</u>	<u>-</u>	<u>-</u>	<u>379,149</u>
<b>Ending Fund Balances</b>	<u>\$ 57,877</u>	<u>\$ 16,566</u>	<u>\$ 2,169</u>	<u>\$ 379,891</u>

**Total  
Nonmajor  
Governmental  
Funds**

\$ 28,852  
 151,364  
 363,843  
 50,952  
 1,177,740  
169,252  
1,942,003

670,518  
 121,630  
 10,419  
277,566  
1,080,133

861,870

120,688  
(753,965)

(633,277)

228,593

1,217,176

\$ 1,445,769

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

For the Year Ended September 30, 2006

With Comparative Totals for the Year Ended September 30, 2005

	2006		Variance with Final Budget Positive (Negative)	2005 Actual
	Original and Final Budgeted Amounts	Actual Amounts		
<b>REVENUES</b>				
Taxes	\$ 2,248,569	\$ 2,373,784	\$ 125,215	\$ 1,958,770
Investment income	28,500	62,797	34,297	29,817
Other	-	0	-	320
<b>Total Revenues</b>	<u>2,277,069</u>	<u>2,436,581</u>	<u>159,512</u>	<u>1,988,907</u>
<b>EXPENDITURES</b>				
Principal	2,097,238	2,097,238	-	1,715,749
Interest and fiscal charges	179,133	184,296	(5,163)	211,800
<b>Total Expenditures</b>	<u>2,276,371</u>	<u>2,281,534</u>	<u>(5,163) *</u>	<u>1,927,549</u>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<u>698</u>	<u>155,047</u>	<u>154,349</u>	<u>61,358</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	61,125
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>61,125</u>
<b>Net Change in Fund Balance</b>	<u>\$ 698</u>	<u>155,047</u>	<u>\$ 154,349</u>	<u>\$ 122,483</u>
Fund Balance, Beginning of Year		<u>780,558</u>		
<b>Fund Balance, End of Year</b>		<u>\$ 935,605</u>		

1. Excess of expenditures over appropriations \*

**POLK COUNTY, TEXAS**  
**COMBINING STATEMENT OF NET ASSETS**  
**AGENCY FUNDS**  
 September 30, 2006

	<u>County Clerk's Probate Trust</u>	<u>District Clerk's Trust</u>	<u>Tax Collector</u>	<u>Total Agency Funds</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 129,513	\$ 2,621,558	\$ 919,466	\$ 3,670,537
<b>Total Assets</b>	<u>\$ 129,513</u>	<u>\$ 2,621,558</u>	<u>\$ 919,466</u>	<u>\$ 3,670,537</u>
<b>LIABILITIES</b>				
Due to other units	\$ 129,513	\$ 2,621,558	\$ 919,466	\$ 3,670,537
<b>Total Liabilities</b>	<u>\$ 129,513</u>	<u>\$ 2,621,558</u>	<u>\$ 919,466</u>	<u>\$ 3,670,537</u>

See Notes to Financial Statements.

**POLK COUNTY, TEXAS****COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUNDS**

Year ended September 30, 2006

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
<b>County Clerk's Probate Trust</b>				
<b><u>Assets</u></b>				
Equity in pooled cash and investments	\$ 109,495	\$ 20,018	\$ -	\$ 129,513
<b><u>Liabilities</u></b>				
Other liabilities	\$ 109,495	\$ 20,018	\$ -	\$ 129,513
<b>District Clerk's Trust</b>				
<b><u>Assets</u></b>				
Equity in pooled cash and investments	\$ 1,919,935	\$ 701,623	\$ -	\$ 2,621,558
<b><u>Liabilities</u></b>				
Other liabilities	\$ 1,919,935	\$ 701,623	\$ -	\$ 2,621,558
<b>Tax Collector</b>				
<b><u>Assets</u></b>				
Equity in pooled cash and investments	\$ 549,238	\$ -	\$ 370,228	\$ 919,466
<b><u>Liabilities</u></b>				
Other liabilities	\$ 549,238	\$ -	\$ 370,228	\$ 919,466
<b>Total All Agency Funds</b>				
<b><u>Assets</u></b>				
Equity in pooled cash and investments	\$ 2,578,668	\$ 721,641	\$ 370,228	\$ 3,670,537
<b><u>Liabilities</u></b>				
Other liabilities	\$ 2,578,668	\$ 721,641	\$ 370,228	\$ 3,670,537

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**POLK COUNTY, TEXAS****ROAD AND BRIDGE FUND - ADMINISTRATION  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

For the Year Ended September 30, 2006

With Comparative Totals for the Year Ended September 30, 2005

	2006		Actual Amounts	Variance with Final Budget
	Budgeted Amounts			Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property taxes	\$ 2,162,841	\$ 2,162,841	\$ 2,236,757	\$ 73,916
Other taxes	1,175,000	1,175,000	1,083,125	(91,875)
Fines and forfeitures	110,000	110,000	119,207	9,207
Interest	-	-	33,207	33,207
Other	-	458,902	229,461	(229,441)
<b>Total Revenues</b>	<u>3,447,841</u>	<u>3,906,743</u>	<u>3,701,757</u>	<u>(204,986)</u>
<b>EXPENDITURES</b>				
Roads and bridges:				
Administration	518,240	526,532	423,830	102,702
<b>Total Expenditures</b>	<u>518,240</u>	<u>526,532</u>	<u>423,830</u>	<u>102,702</u>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	2,929,601	3,380,211	3,277,927	(102,284)
<b>OTHER FINANCING SOURCES (USES)</b>				
Debt Proceeds	-	-	323,432	323,432
Transfers in	43,200	1,373,288	1,583,025	209,737
Transfers (out)	-	(700)	(700)	-
<b>Total Other Financing Sources (Uses)</b>	<u>43,200</u>	<u>1,372,588</u>	<u>1,905,757</u>	<u>533,169</u>
<b>Net Change in Fund Balance</b>	<u>\$ 2,972,801</u>	<u>\$ 4,752,799</u>	<u>\$ 5,183,684</u>	<u>\$ 430,885</u>

ROAD AND BRIDGE FUND - PRECINCT ONE  
 SCHEDULE OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Year Ended September 30, 2006  
 With Comparative Totals for the Year Ended September 30, 2005

	2006		Actual Amounts	Variance with Final Budget Positive (Negative)
	Budgeted Amounts			
	Original	Final		
<b>EXPENDITURES</b>				
Roads and bridges:				
Permanent	\$ 50,000	\$ 17,624	\$ 17,624	\$ -
Pct. 1	656,299	936,577	1,011,113	(74,536)
Debt service:				
Principal	-	-	105,349	(105,349)
Interest	-	-	4,065	(4,065)
<b>Total Expenditures</b>	<u>706,299</u>	<u>954,201</u>	<u>1,138,151</u>	<u>(183,950)</u>
<b>Excess (Deficiency)     of Revenues over     Expenditures</b>	(706,299)	(954,201)	(1,138,151)	(183,950)
<b>OTHER FINANCING SOURCES</b>				
<b>(USES)</b>				
Debt Proceeds	-	-	167,322	167,322
Sale of capital assets	-	-	148,906	148,906
<b>Total Other Financing     Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>316,228</u>	<u>316,228</u>
<b>Net Change     in Fund Balance</b>	<u>\$ (706,299)</u>	<u>\$ (954,201)</u>	<u>\$ (821,923)</u>	<u>\$ 132,278</u>

**POLK COUNTY, TEXAS**

*ROAD AND BRIDGE FUND - PRECINCT TWO  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL*

For the Year Ended September 30, 2006

With Comparative Totals for the Year Ended September 30, 2005

	2006		Actual Amounts	Variance with Final Budget Positive (Negative)
	Budgeted Amounts			
	Original	Final		
<b>EXPENDITURES</b>				
Roads and bridges:				
Permanent	\$ 50,000	\$ 118,650	\$ 118,650	\$ -
Pct. 2	667,101	758,012	691,115	66,897
<b>Total Expenditures</b>	<u>717,101</u>	<u>876,662</u>	<u>809,765</u>	<u>66,897</u>
<b>Excess (Deficiency)     of Revenues over     Expenditures</b>	(717,101)	(876,662)	(809,765)	66,897
<b>OTHER FINANCING SOURCES (USES)</b>				
Debt Proceeds	-	-	104,365	104,365
<b>Total Other Financing     Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>104,365</u>	<u>104,365</u>
<b>Net Change     in Fund Balance</b>	<u>\$ (717,101)</u>	<u>\$ (876,662)</u>	<u>\$ (705,400)</u>	<u>\$ 171,262</u>

**POLK COUNTY, TEXAS**

*ROAD AND BRIDGE FUND - PRECINCT THREE  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL*

For the Year Ended September 30, 2006  
With Comparative Totals for the Year Ended September 30, 2005

	2006			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
<b>EXPENDITURES</b>				
Roads and bridges:				
Permanent	\$ 50,000	\$ 21,084	\$ -	\$ 21,084
Pct. 3	665,806	1,301,468	1,524,168	(222,700)
Debt service:				
Principal	-	-	163,860	(163,860)
Interest	-	-	6,783	(6,783)
<b>Total Expenditures</b>	<u>715,806</u>	<u>1,322,552</u>	<u>1,694,811</u>	<u>(372,259)</u>
<b>Excess (Deficiency)     of Revenues over     Expenditures</b>	(715,806)	(1,322,552)	(1,694,811)	(372,259)
<b>OTHER FINANCING SOURCES</b>				
(USES)				
Debt Proceeds	-	-	238,205	238,205
Sale of capital assets	-	-	191,000	191,000
<b>Total Other Financing     Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>429,205</u>	<u>429,205</u>
<b>Net Change     in Fund Balance</b>	<u>\$ (715,806)</u>	<u>\$ (1,322,552)</u>	<u>\$ (1,265,606)</u>	<u>\$ 56,946</u>



**POLK COUNTY, TEXAS**  
**ROAD AND BRIDGE FUND - PRECINCT FOUR**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

For the Year Ended September 30, 2006  
 With Comparative Totals for the Year Ended September 30, 2005

	2006		Actual Amounts	Variance with Final Budget Positive (Negative)
	Budgeted Amounts			
	Original	Final		
<b>EXPENDITURES</b>				
Roads and bridges:				
Permanent	\$ 50,000	\$ -	\$ -	\$ -
Pct. 4	782,338	1,482,830	1,088,502	394,328
Debt service:				
Principal	-	-	81,930	(81,930)
Interest	-	-	3,126	(3,126)
<b>Total Expenditures</b>	<u>832,338</u>	<u>1,482,830</u>	<u>1,173,558</u>	<u>309,272</u>
<b>Excess (Deficiency)     of Revenues over     Expenditures</b>	(832,338)	(1,482,830)	(1,173,558)	309,272
<b>OTHER FINANCING SOURCES</b>				
<b>(USES)</b>				
Debt Proceeds	-	-	84,605	84,605
Sale of capital assets	-	-	76,000	76,000
<b>Total Other Financing     Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>160,605</u>	<u>160,605</u>
<b>Net Change     in Fund Balance</b>	<u>\$ (832,338)</u>	<u>\$ (1,482,830)</u>	<u>\$ (1,012,953)</u>	<u>\$ 469,877</u>

*SINGLE AUDIT REPORTS*  
**POLK COUNTY, TEXAS**

For the Year Ended  
September 30, 2006

**POLK COUNTY, TEXAS***SINGLE AUDIT REPORTS*

For the year ended September 30, 2006

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

July 13, 2007

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

We have audited the financial statements of the governmental activities, each major fund, the discretely presented component unit, and the aggregate remaining fund information of Polk County, Texas (the "County") as of and for the year ended September 30, 2006, which collectively comprise the County's basic financial statements and have issued our report thereon dated July 13, 2007. 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.

**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 the objective of our audit, and accordingly we do not express such an opinion. The results of our tests did not disclose any instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain other matters that we reported to management of the County in a separate letter dated July 13, 2007.

County Judge and Commissioners Court  
Polk County, Texas

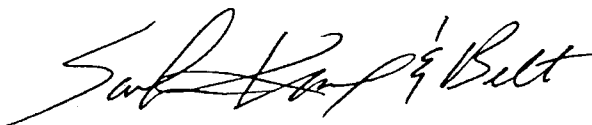
July 13, 2007  
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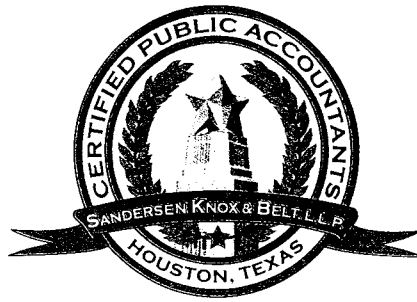
### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the County's ability to initiate, record, process, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 2006-1 through 2006-6.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be reportable conditions, and accordingly would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider items 2006-1 through 2006-3 to be material weaknesses.

This report is intended for the information and use of members of management and any appropriate legislative or regulatory body. However, this report is a matter of public record and its distribution is not limited.





**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO  
EACH MAJOR PROGRAM, INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133,  
AND SCHEDULE OF FEDERAL AWARDS**

July 13, 2007

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

**Compliance**

We have audited the compliance of the Polk County, Texas (the "County"), with the types of compliance requirements described in *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 2006. The County's major federal programs are identified in the summary of auditors' 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, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2006.

County Judge and Commissioners Court  
Polk County, Texas County of Texas

July 13, 2007  
Page 2 of 2

### **Internal Control Over Compliance**

The County's management is responsible for establishing and maintaining effective internal control over compliance with 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 requirements that could have a direct and material effect on a major federal program in order to determine our 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.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

### **Schedule of Expenditure of Federal Awards**

We have audited the financial statements of the governmental activities, each major fund, the discretely presented component unit, and the aggregate remaining fund information of Polk County, Texas as of and for the year ended September 30, 2006, and have issued our report thereon dated July 13, 2007. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and grantor agencies and is not a required part of the basic financial statements. Such information in these schedules has been subjected to the auditing procedures applied in the audit of the basic financial statements, and in our opinion is fairly presented, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended for the information of the members of management and any appropriate legislative or regulatory body. This restriction is not intended to limit the distribution of this report, which is a matter of public record.



**POLK COUNTY, TEXAS**

*SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS*

For the year ended September 30, 2006

**A. SUMMARY OF PRIOR YEAR AUDIT FINDINGS**

**None**



**POLK COUNTY, TEXAS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
For the year ended September 30, 2006

**A. SUMMARY OF AUDIT RESULTS**

1. The auditors' report expresses an unqualified opinion on the basic financial statements of Polk County, Texas.
2. Reportable conditions in internal control were disclosed by the audit of the financial statements of which some were considered to be material weaknesses.
3. No instances of noncompliance material to the financial statements were disclosed during the audit.
4. Reportable conditions in internal control over major federal award programs were not disclosed by the audit.
5. The auditors' report on compliance for the major federal award programs expresses an unqualified opinion.
6. No audit findings relative to the major federal award programs for the County are reported.
7. The program included as a major program is:
  - a. Disaster Grants – Public Assistance (Presidentially Declared Disasters) 97.036
  - b. 2004 State Homeland Security Program 97.004
8. The threshold for distinguishing Type A and B programs was \$300,000.
9. The County did not qualify as a low-risk auditee.

**B. FINDINGS-FINANCIAL STATEMENT AUDIT**

**MATERIAL WEAKNESSES**

**2006-1. Absence of Qualified Personnel**

**Finding**

For six months during the County's fiscal year and over three months after year end, the County Auditor's office was without both a qualified County Auditor and Assistant County Auditor. Accordingly, the procedures and internal controls previously in place were no longer effectively being performed. A qualified County Auditor was appointed in January 2007, and an Assistant County Auditor hired in July 2007.

**Recommendation**

The County should fill critical positions with qualified personnel in a timely manner.

**Management's Response**

We concur with the recommendation and will take steps to ensure qualified personnel are hired in a

timely manner.

**2006-2. Month End Closing Procedures**

**Finding**

The County did not have a formal process for closing the books at the end of the year or previous month(s) end.

**Recommendation**

The County should continue to re-develop a formal month end closing process that includes reviewing ending account balances to determine their accuracy. In addition to outlining procedures to be completed, the County should assign each step of the process to a specific individual, thereby clarifying the roles within the County in the closing and review processes.

**Management's Response**

We concur with the recommendation and will take steps to implement month end closing procedures.

**2006-3. District Clerk Trust Accounts**

**Finding**

As in the prior year, the District Clerk's office has had considerable difficulty providing information on trust accounts. Much of this data was provided on July 23, 2007, almost ten months after year end. The amount of trust accounts as reported in the District Clerk's account balance report was \$2,621,558 at year end. Included within this amount is monies held in the registry of the court bank account on behalf of approximately 64 beneficiaries. Per the District Clerk's account balance report the registry of the court account balance was \$924,343 and the bank reflected a balance of \$937,938 resulting in an unidentified difference of \$13,596.

**Recommendation**

The District Clerk should reconcile trust accounts on a monthly basis. The County Auditor should oversee that these reconciliations are prepared and any discrepancies reported to Commissioners Court and the District Judges.

**Management's Response**

We concur with the recommendation and will take steps to reconcile these accounts.

**REPORTABLE CONDITIONS**

**2006-4. Payroll Reconciliation**

**Finding**

The County's accounting software provider, Net Data, updated system generated reports within the payroll module during the year. Subsequently the County has been unable to reconcile quarterly IRS 941 tax returns to the payroll general ledger accounts. The County Auditor is working with NetData to obtain

**POLK COUNTY, TEXAS****SCHEDULE OF FINDINGS AND QUESTIONED COSTS, Continued**

For the year ended September 30, 2006

the necessary reports to facilitate a timely comparison on a quarterly basis.

**Recommendation**

The County Auditor should review and monitor the 941 reporting process each quarter to verify that the County is properly reporting to the Internal Revenue Service.

**Management's Response**

We concur with the recommendation and will take steps to review and monitor the 941 reporting process.

**2006-5. Capital Assets****Finding**

Due to inconsistencies in the coding of capital assets in the County's computer system, reports used for capital assets did not agree to each other. The County Auditor has manually corrected the capital asset reports and is working with NetData to correct this issue.

**Recommendation**

The County Auditor should review capital asset reports on a monthly basis to verify that items are input correctly and that reports are generated accurately.

**Management's Response**

We concur with the recommendation and will take steps to review capital asset reports.

**2006-6. Accounts Payable****Finding**

During our audit we noted the County did not have a complete list of accounts payable and had considerable difficulty reconstructing a report. Once reconstructed this report and the general ledger did not agree, which appeared to be the result of systemic computer errors and lack of oversight as previously discussed in item 1. Subsequent to beginning field work, the County Auditor's office required a significant amount of time to reconcile accounts payable at year end. The delay and trouble in this area was directly related to the vacancy in the County Auditor's office as discussed in item 1.

**Recommendation**

The County Auditor should review accounts payable during the month end closing process to ensure that reports are accurate.

**Management's Response**

We concur with the recommendation and will take steps to reconcile these accounts payables.

**OTHER MATTERS****2006-7. Timeliness of Reports****Finding**

The County missed several deadlines with respect to filing its annual financial report. As discussed in item 1 as well as other comments, considerable effort was expended by County personnel to get the County's records in auditable condition as long as ten months after its fiscal year end. The County should establish a goal of having its financial records in an auditable condition by December 31<sup>st</sup>.

**Recommendation**

The County Auditor should continue to oversee that supporting audit documents are prepared in a timely manner.

**Management's Response**

We concur with the recommendation and will take steps to prepare timely reports.

**2006-8. Budget Variances****Finding**

As noted in the financial statements, expenditures exceeded appropriations at the legal level of budgetary control in the general and debt service funds contrary to state law.

**Recommendation**

The County Auditor should review its budgetary controls and purchase order approval process to ensure that unbudgeted expenditures are not incurred. The County should consult with its attorney regarding possible violations of law.

**Management's Response**

We concur with the recommendation and will take steps to prevent expenditures in excess of appropriations in the future.

**C. FINDINGS – FEDERAL AWARDS**

None

**POLK COUNTY, TEXAS****NOTES TO SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS**

For the year ended September 30, 2006

**NOTE 1: BASIS OF ACCOUNTING**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Polk County, Texas and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.



#13

COPY

CERTIFICATE FOR ORDER

THE STATE OF TEXAS §  
  §  
COUNTY OF POLK                               §

We, the undersigned officers of the Commissioners Court of Polk County, Texas, hereby certify as follows:

1. The Commissioners Court of Polk County convened in regular meeting on the 14<sup>th</sup> day of August, 2007, at its regular meeting place in the County Courthouse in Livingston, Texas, and the roll was called of the duly constituted officers and members of the Court, to wit:

John P. Thompson	County Judge
Robert C. Willis	County Commissioner
Ronnie Vincent	County Commissioner
James J. Purvis	County Commissioner
C. T. Overstreet	County Commissioner

and all of these persons were present, except \_\_\_\_\_, thus constituting a quorum. Whereupon, among other business, the following was transacted at the meeting:

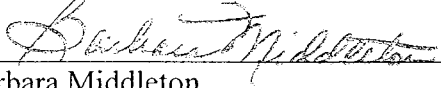
a written

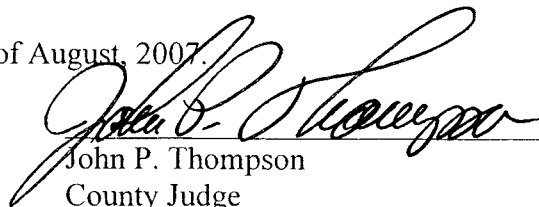
ORDER APPROVING THE ISSUANCE OF BONDS BY THE LUFKIN HEALTH FACILITIES DEVELOPMENT CORPORATION TO FINANCE THE COST OF HEALTH FACILITIES LOCATED AND TO BE LOCATED IN POLK COUNTY, TEXAS FOR MEMORIAL HEALTH SYSTEM OF EAST TEXAS AND MEMORIAL HOSPITAL OF POLK COUNTY D/B/A MEMORIAL MEDICAL CENTER – LIVINGSTON AND WITH RESPECT TO A PUBLIC HEARING

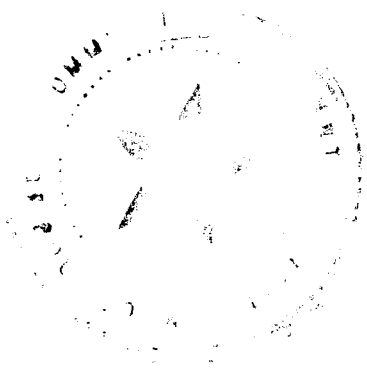
was duly introduced for the consideration of the Court and read in full. After due discussion, it was then duly moved and seconded that the Order be adopted; and, the motion carried by the following vote: All Ayes, 0 Noes, and 0 Abstentions.

2. That a true, full and correct copy of the Order adopted at the meeting described in Paragraph 1 above is attached to and follows this certificate; that the Order has been duly recorded in the Court's minutes of the meeting; that the persons named in Paragraph 1 above are the duly chosen, qualified and acting officers and members of the Court as indicated therein; that each of the officers and members of the Court was duly and sufficiently notified officially and personally, in advance, of the time, place and purpose of the meeting, and that the Order would be introduced and considered for adoption at the meeting; that the meeting was open to the public as required by law; and that public notice of the hour, date, place and subject of the meeting was given as required by the Texas Open Meetings Act (Texas Government Code Annotated, Chapter 551) as amended.

SIGNED AND SEALED this 14th day of August, 2007.

  
Barbara Middleton  
County Clerk

  
John P. Thompson  
County Judge





ORDER APPROVING THE ISSUANCE OF BONDS BY THE LUFKIN HEALTH FACILITIES DEVELOPMENT CORPORATION TO FINANCE THE COST OF HEALTH FACILITIES LOCATED AND TO BE LOCATED IN POLK COUNTY, TEXAS FOR MEMORIAL HEALTH SYSTEM OF EAST TEXAS AND MEMORIAL HOSPITAL OF POLK COUNTY D/B/A MEMORIAL MEDICAL CENTER – LIVINGSTON, AND WITH RESPECT TO A PUBLIC HEARING

WHEREAS, Memorial Health System of East Texas (the “System”) proposes finance and reimburse itself from a loan of proceeds of the Bonds (defined herein) for certain costs including the acquisition, construction, renovation, and equipping of a patient tower and other hospital facilities at Memorial Hospital of Polk County d/b/a Memorial Medical Center – Livingston, located at 1717 Highway 59 Bypass, Livingston, Polk County, Texas (the “Facilities”); and

WHEREAS, the Health Facilities Development Act, codified as Chapter 221, Texas Health and Safety Code, as amended (the “Act”), provides for the creation by sponsoring entities of health facilities development corporations with powers to provide, expand and improve health facilities and to make loans to provide temporary or permanent financing or refinancing of the costs of health facilities; and

WHEREAS, the Act defines a “sponsoring entity” as any city, county, or hospital district in Texas; and

WHEREAS, the City of Lufkin, Texas, is a sponsoring entity pursuant to the Act and has established the Lufkin Health Facilities Development Corporation (the “Corporation”) pursuant to the Act; and

WHEREAS, the Corporation, at its August 7, 2007 meeting, adopted a resolution authorizing the issuance of its limited obligation Health System Revenue Bonds (Memorial Health System of East Texas) Series 2007 (the “Bonds”), in an amount not to exceed \$45,000,000, and the loan of proceeds of the Bonds to the System to provide all or a portion of the amounts necessary to finance and reimburse the System for certain costs of the Facilities and certain other health facilities located outside of Polk County, to fund a debt service reserve fund, and to pay certain expenses incurred in connection with the issuance of the Bonds; and

WHEREAS, Section 147(f) of the Internal Revenue Code of 1986, as amended (the “Code”), requires that the Bonds be approved by the “applicable elected representative” (the “AER”) after a public hearing following reasonable public notice; and

WHEREAS, with respect to the Bonds issued by the Corporation affecting the Facilities, the Commissioners Court of Polk County, Texas (the “Commissioners Court”) is an AER; and

WHEREAS, notice of a public hearing with respect to the Bonds which was held by the City Council of the City of Lufkin by the duly appointed hearing officer (the “Hearing Officer”) of the Corporation on August 7, 2007, was published not less than 14 days before such meeting time in a newspaper of general circulation available to residents within the boundaries of Polk County, Texas; and

WHEREAS, such public hearing was held on the date and at the time and place set out in such public notice, and conducted in a manner that provided reasonable opportunity for persons with differing views on the issuance of the Bonds to be heard; and

WHEREAS, pursuant to Section 221.030(a)(1)(B) of the Act, the Corporation may acquire, by purchase, devise, gift, lease or a combination of these methods, construct or improve, or cause a user to acquire, construct or improve one or more health facilities located in this state and located outside the limits of the City of Lufkin with the consent of every other sponsoring entity within which such health facilities (including the Facilities) are located; and

WHEREAS, the County is a sponsoring entity under the Act within which the Facilities are and will be located and has been requested to give its consent pursuant to the Act; and

WHEREAS, the actions of the Corporation with respect to the Facilities and the Bonds (including issuing the Bonds to finance the Facilities) will create no liability for Polk County, the Commissioners Court or its residents and is in the best interest of Polk County and its residents.

NOW, THEREFORE, BE IT ORDERED, ADJUDGED AND DECREED BY THE COMMISSIONERS COURT OF POLK COUNTY, TEXAS, THAT:

1. A public hearing with respect to the Bonds and the Facilities was held on August 7, 2007 by the Hearing Officer, and the minutes of such meeting are attached hereto as **Exhibit A** and are hereby approved; notice of such public hearing, a copy of which is attached as an exhibit to **Exhibit A** hereto and is hereby approved, was published not less than 14 days before this date in one or more newspapers of general circulation available to the residents within the boundaries of Polk County, Texas; such notice included the date, time and place of the public hearing, the location, general nature and the initial owner, operator or manager of the Project (as defined in such notice), including the Facilities, and the maximum aggregate principal amount of the Bonds, and all comments from interested persons were taken at such public hearing. The appointment of the Hearing Officer on behalf of Polk County is hereby approved and ratified.

2. For the sole purpose of satisfying the requirements of Section 147(f) of the Internal Revenue Code of 1986, as amended, and for no other purpose, the Bonds and the health facilities to be financed with the proceeds of the Bonds, all as described in the published notice of public hearing attached as an exhibit to **Exhibit A** hereto, are approved; provided, however, that this approval shall not be construed as (i) a representation or warranty by Polk County, Texas, the County Judge of Polk County, the State of Texas or any other agency, instrumentality or political subdivision of the State that the Bonds will be paid and that any obligations assumed by any of the parties or any instruments delivered in connection with the Bonds will, in effect, be performed; (ii) a pledge of faith and credit of or by the State of Texas or any agency, instrumentality or political subdivision of the State; or (iii) a representation or warranty concerning the validity of the corporate existence of the Lufkin Health Facilities Development Corporation or the validity of the Bonds.

3. For purposes of Section 221.030 of the Act, consent is hereby given for the issuance by the Corporation of the Bonds to provide all or a portion of the amounts necessary to make a loan to the System to finance the cost of the Facilities.

4. For purposes of Section 221.030 of the Act, consent is hereby given for the issuance by the Corporation, from time to time, of its Bonds to provide all or a portion of the amounts necessary to make a loan or loans to the System to refund or refinance the cost of health facilities for the Facilities which have been approved by the County.

5. The County Judge and other officers and employees of Polk County are hereby authorized to execute and deliver such instruments, certificates, or documents necessary or advisable to carry out the intent and purpose of this Order.

6. This Order shall take effect immediately upon its passage and shall continue in force and effect from the date hereof.

PASSED AND APPROVED this 14<sup>th</sup> day of August, 2007.

**EXHIBIT A**  
**to Order of Polk County, Texas**

MINUTES OF PUBLIC HEARING

Re: Lufkin Health Facilities Development Corporation Health System Revenue Bonds  
(Memorial Health System of East Texas) Series 2007 (the "Bonds")

The duly appointed Hearing Officer of the Lufkin Health Facilities Development Corporation (the "Hearing Officer") called to order a Public Hearing in the City of Lufkin, Texas on August 7, 2007.

The Hearing Officer declared that the Public Hearing, required under Section 147(f) of the Internal Revenue Code of 1986, was open for purposes of discussing the Bonds and the project to be financed with the proceeds of the Bonds (the "Project") by Memorial Health System of East Texas.

The Hearing Officer declared that the Public Hearing was a "combined hearing" within the meaning of Treasury Regulations, Section 5f.103 2(d)(2), the location of the Public Hearing was within 100 miles of the seat of government of each participating governmental unit beyond whose geographic jurisdiction the Public Hearing was conducted, and the Hearing Officer held such hearing with the consent of such governmental units.

The Hearing Officer declared that the required notice of the Public Hearing for the Bonds and the Project was published at least 14 days prior to the date hereof in the *Lufkin Daily News*, being a newspaper of general circulation in Angelina County and Polk County, Texas, as evidenced by the Affidavit of Publication attached hereto as **Exhibit A**.

The Hearing Officer proceeded to hold the Public Hearing. No member of the public attended the Public Hearing, and thus, no comments were made or discussion had about the Project or the Bonds.

After sufficient time was given for members of the public to appear and make their comments with respect to the Bonds and the Project, the Hearing Officer declared the Public Hearing closed.

---

Hearing Officer for Lufkin Health  
Facilities Development Corporation.

EXHIBIT A  
Affidavit of Publication



Form ROW-RM-129

Replaces Form ROW-RM-129 and ROW-RM-130

(Rev. 6/2006)

GSD-EPC

Page 1 of 2

## AGREEMENT TO CONTRIBUTE FUNDS - LOCAL GOVERNMENT

County: Polk  
District: Lufkin

Federal Project No: N/A  
Highway: F.M. 942

ROW CSJ No: 1193-02-021

This Agreement by and between the State of Texas, acting by and through the Texas Department of Transportation, hereinafter called the **State**, and Polk County, Texas, acting by and through its duly authorized officials pursuant to an Ordinance or Order dated the \_\_\_\_\_, 2007, hereinafter called the **Local Government**, shall be effective on the date of approval and execution by and on behalf of the **State**.

**WHEREAS**, the **State** and the **Local Government** hereby agree to enter into a contractual agreement to acquire right of way and adjust utilities for a highway project on F.M. Highway No. 942 with the following project limits: At Long King Creek Relief and Mud Creek

**WHEREAS**, the **Local Government** requests that the **State** assume responsibility for acquisition of all necessary right of way and adjustment of utilities for said highway project; and

**WHEREAS**, the **Local Government** desires to voluntarily contribute to the **State** funding participation as defined in 43 TAC, §15.55 for the cost of acquiring said right of way and relocating or adjusting utilities for the proper improvement of the State Highway System;

**NOW, THEREFORE**, in consideration of the foregoing premises and the mutual benefits to be derived therefrom, the **Local Government** shall contribute to the **State** an amount equal to ten percent (10%) of the cost of the right of way to be acquired by the **State** and shall transmit to the **State** with the return of this agreement, duly executed by the **Local Government**, a warrant or check in the amount of Three Thousand and No/100 Dollars (\$4,000.00), which represents ten percent (10%) of Forty Thousand and No/100 Dollars (\$40,000.00), the estimated total cost of the right of way. If however, it is found that this amount is insufficient to pay the **Local Government's** obligation, then the **Local Government** will within thirty (30) days after receipt of a written request from the **State** for additional funds, transmit to the **State** such supplemental amount as is requested. The cost of providing such right of way acquired by the **State** shall mean the total value of compensation paid, either through negotiations or eminent domain proceedings, to the owners for their property interests, plus costs related to the relocation, removal or adjustment of eligible utilities.

Whenever funds are paid by the **Local Government** to the **State** under this agreement, the **Local Government** shall remit a warrant or check made payable to the "Texas Department of Transportation Trust Fund." The warrant or check shall be deposited by the **State** in an escrow account to be managed by the **State**. Funds in the escrow account may only be applied to this highway project. Upon completion of the highway project and in the event the total amount as paid by the **Local Government** is more than ten percent (10%) of the actual cost of the right of way, any excess amount will be returned to the **Local Government** by the **State**, or upon written request of the **Local Government**, the excess amount may be applied to other **State** highway projects in which the **Local Government** is participating.

In the event any existing, future, or proposed **Local Government** ordinance, commissioner's court order, rule, policy, or other directive, including, but not limited to, outdoor advertising or storm water drainage facility requirements, is more restrictive than **State** or federal regulations, or any other locally proposed change, including, but not limited to, plats or re-plats, results in any increased costs to the **State**, then the **Local Government** will pay one hundred percent (100%) of all such increased costs, even if the applicable county qualifies as an economically disadvantaged county. The amount of the increased costs associated with the existing, future, or proposed **Local Government** ordinance, commissioner's court order, rule, policy, or other directive will be determined by the **State** at its sole discretion.

The **Local Government** shall maintain all books, papers, accounting records and other documentation relating to costs incurred under this agreement and shall make such materials available to the **State** and, if federally funded, the Federal Highway Administration (FHWA) or their duly authorized representatives for review and inspection at its office during the contract period and for four (4) years from the date of completion of work defined under this agreement or until any impending litigation, or claims are resolved. Additionally, the **State** and FHWA and their duly authorized representatives shall have access to all the governmental records that are directly applicable to this agreement for the purpose of making audits, examinations, excerpts, and transcriptions. The **State** auditor may conduct an audit or investigation of any entity receiving funds from the **State** directly under this agreement or indirectly through a subcontract under this agreement. Acceptance of funds directly under this agreement or indirectly through a subcontract under this agreement acts as acceptance of the authority of the **State** auditor, under the direction of the legislative audit committee, to conduct an audit or investigation in connection with those funds. An entity that is the subject of an audit or investigation must provide the state auditor with access to any information the state auditor considers relevant to the investigation or audit.

**THE LOCAL GOVERNMENT**

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**EXECUTION RECOMMENDED:**

\_\_\_\_\_  
District Engineer, Lufkin District

**THE STATE OF TEXAS**

Executed and approved for the Texas Transportation Commission for the purpose and effect of activating and/or carrying out the orders, established policies or work programs heretofore approved and authorized by the Texas Transportation Commission.

By: \_\_\_\_\_  
John P. Campbell, P.E.  
Right of Way Division Director

Date: \_\_\_\_\_



Form ROW-RM-129

Replaces Form ROW-RM-129 and ROW-RM-130

(Rev. 6/2006)

GSD-EPC

Page 1 of 2

**AGREEMENT TO CONTRIBUTE FUNDS - LOCAL GOVERNMENT**County: Polk  
District: LufkinFederal Project No: N/A  
Highway: F.M. 942

ROW CSJ No: 1193-02-022

This Agreement by and between the State of Texas, acting by and through the Texas Department of Transportation, hereinafter called the **State**, and Polk County, Texas, acting by and through its duly authorized officials pursuant to an Ordinance or Order dated the \_\_\_\_\_, 2007, hereinafter called the **Local Government**, *shall be effective on the date of approval and execution by and on behalf of the State.*

**WHEREAS**, the **State** and the **Local Government** hereby agree to enter into a contractual agreement to acquire right of way and adjust utilities for a highway project on F.M. Highway No. 942 with the following project limits: At Barnett Creek

**WHEREAS**, the **Local Government** requests that the **State** assume responsibility for acquisition of all necessary right of way and adjustment of utilities for said highway project; and

**WHEREAS**, the **Local Government** desires to voluntarily contribute to the **State** funding participation as defined in 43 TAC, §15.55 for the cost of acquiring said right of way and relocating or adjusting utilities for the proper improvement of the State Highway System;

**NOW, THEREFORE**, in consideration of the foregoing premises and the mutual benefits to be derived therefrom, the **Local Government** shall contribute to the **State** an amount equal to ten percent (10%) of the cost of the right of way to be acquired by the **State** and shall transmit to the **State** with the return of this agreement, duly executed by the **Local Government**, a warrant or check in the amount of Three Thousand and No/100 Dollars (\$3,000.00), which represents ten percent (10%) of Thirty Thousand and No/100 Dollars (\$30,000.00), the estimated total cost of the right of way. If however, it is found that this amount is insufficient to pay the **Local Government's** obligation, then the **Local Government** will within thirty (30) days after receipt of a written request from the **State** for additional funds, transmit to the **State** such supplemental amount as is requested. The cost of providing such right of way acquired by the **State** shall mean the total value of compensation paid, either through negotiations or eminent domain proceedings, to the owners for their property interests, plus costs related to the relocation, removal or adjustment of eligible utilities.

Whenever funds are paid by the **Local Government** to the **State** under this agreement, the **Local Government** shall remit a warrant or check made payable to the "Texas Department of Transportation Trust Fund." The warrant or check shall be deposited by the **State** in an escrow account to be managed by the **State**. Funds in the escrow account may only be applied to this highway project. Upon completion of the highway project and in the event the total amount as paid by the **Local Government** is more than ten percent (10%) of the actual cost of the right of way, any excess amount will be returned to the **Local Government** by the **State**, or upon written request of the **Local Government**, the excess amount may be applied to other **State** highway projects in which the **Local Government** is participating.



In the event any existing, future, or proposed **Local Government** ordinance, commissioner's court order, rule, policy, or other directive, including, but not limited to, outdoor advertising or storm water drainage facility requirements, is more restrictive than **State** or federal regulations, or any other locally proposed change, including, but not limited to, plats or re-plats, results in any increased costs to the **State**, then the **Local Government** will pay one hundred percent (100%) of all such increased costs, even if the applicable county qualifies as an economically disadvantaged county. The amount of the increased costs associated with the existing, future, or proposed **Local Government** ordinance, commissioner's court order, rule, policy, or other directive will be determined by the **State** at its sole discretion.

The **Local Government** shall maintain all books, papers, accounting records and other documentation relating to costs incurred under this agreement and shall make such materials available to the **State** and, if federally funded, the Federal Highway Administration (FHWA) or their duly authorized representatives for review and inspection at its office during the contract period and for four (4) years from the date of completion of work defined under this agreement or until any impending litigation, or claims are resolved. Additionally, the **State** and FHWA and their duly authorized representatives shall have access to all the governmental records that are directly applicable to this agreement for the purpose of making audits, examinations, excerpts, and transcriptions. The **State** auditor may conduct an audit or investigation of any entity receiving funds from the **State** directly under this agreement or indirectly through a subcontract under this agreement. Acceptance of funds directly under this agreement or indirectly through a subcontract under this agreement acts as acceptance of the authority of the **State** auditor, under the direction of the legislative audit committee, to conduct an audit or investigation in connection with those funds. An entity that is the subject of an audit or investigation must provide the state auditor with access to any information the state auditor considers relevant to the investigation or audit.

**THE LOCAL GOVERNMENT**

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**EXECUTION RECOMMENDED:**

\_\_\_\_\_  
District Engineer, Lufkin District

**THE STATE OF TEXAS**

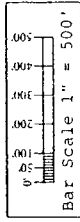
Executed and approved for the Texas Transportation Commission for the purpose and effect of activating and/or carrying out the orders, established policies or work programs heretofore approved and authorized by the Texas Transportation Commission.

By: \_\_\_\_\_  
John P. Campbell, P.E.  
Right of Way Division Director

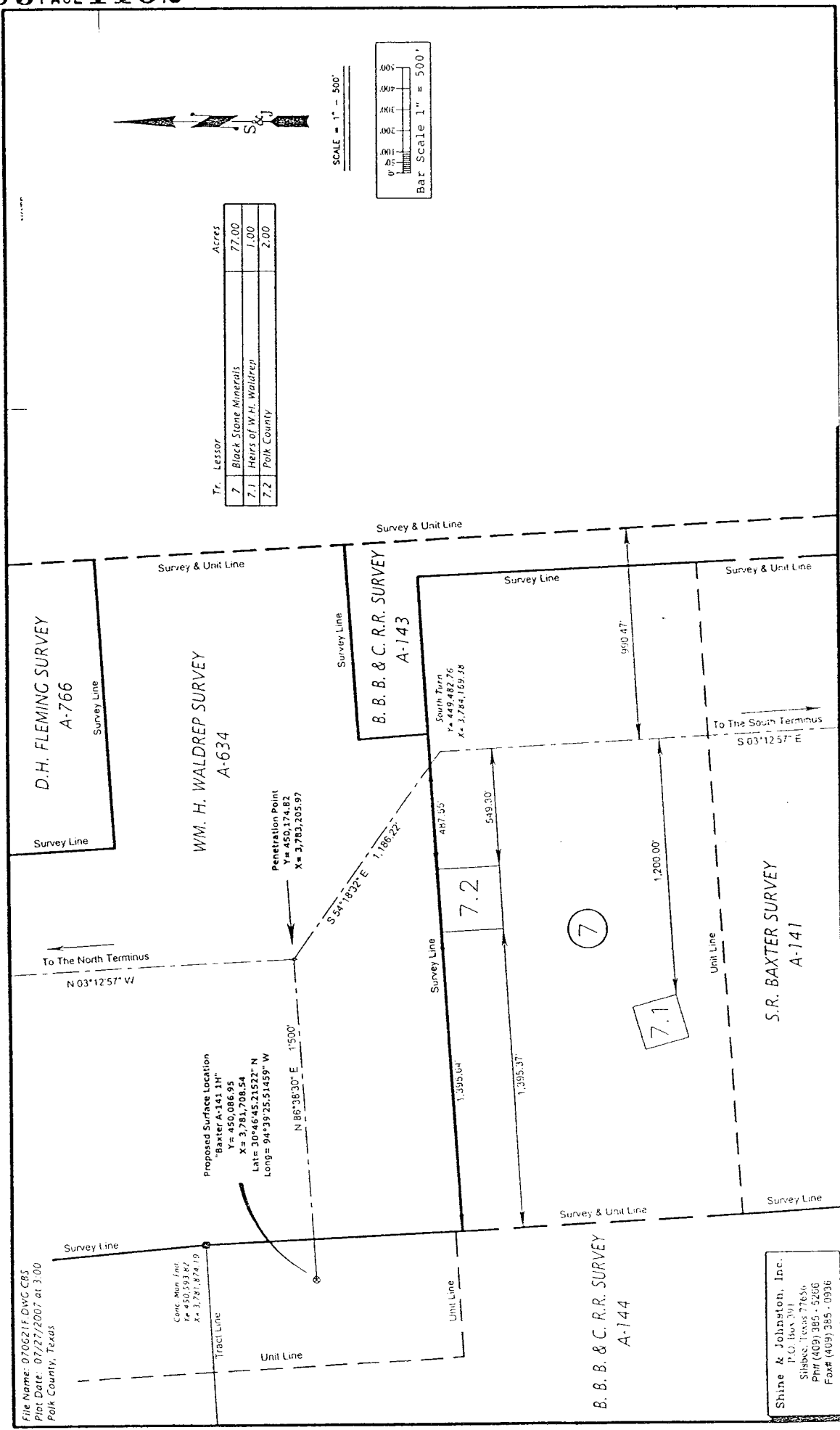
Date: \_\_\_\_\_



SCALE = 1" = 500'



Tr.	Lessors	Acres
7	Black Stone Minerals	77.00
7.1	Heirs of W.H. Waldrep	1.00
7.2	Polk County	2.00



File Name: 070621F.DWG CBS  
 Plot Date: 07/27/2007 at 3:00  
 Polk County, Texas

Shine & Johnston, Inc.  
 P.O. Box 391  
 Shiloh, Texas 77656  
 Phone (409) 385-5206  
 Fax# (409) 385-0936

#8

Kind copy of my said Present and Administration to Warrant  
and process issued all singular the said foregoing into the said  
John H. Williams his heirs and assigns against every person  
whomsoever lawfully claiming or to claim the same at any point  
thereof, by through or under cover

Witness my hand at Livingston this 28th day of  
December 1877

Witness *Geo. W. Moore* for *Barrington Seal*  
*Geo. W. Moore*

The State of Texas  
County of Bell | Before me *T. H. Moore* Clerk of the County Court  
of Bell County: personally appeared *Erasmus*  
*Barrington* to me well known party to the above instrument  
of writing bearing date the 28th day of December A. D. 1877  
and acknowledged to me that he had signed sealed & delivered to  
the same for the purpose and considerations therein stated

and testimony whereof I consent at my hand  
and sign my name and affix the Seal of said Office  
in Livingston this 28th day of December A. D. 1877.  
*T. H. Moore* C. C. Bell Co. Texas  
*Seal*

The State of Texas  
County of Bell | *T. H. Moore* Clerk of the County Court of said  
County, do hereby certify that the above Instru-  
ment of writing dated the 28th day of December 1877 with its  
certificate of authentication was filed in my Office for Record  
the 28th day of December A. D. 1877, at 5 1/4 o'clock P. M. and was  
fully and correctly recorded the 13th day of January A. D. 1878  
at 7 1/2 o'clock A. M. in the Records of said County in Book D  
on Page No. 20728.

Witness my hand and official Seal of County Court  
at Office in Livingston, the day and year last above written  
*T. H. Moore* Clerk of the County Court Bell County Texas.  
*Geo. W. Moore* Deputy  
*Seal*

The State of Texas  
County of Bell | I have seen now by these Present that we *Mary G. P.*  
*Rickardson*, *H. H. Waldrop* and *P. J. Waldrop* of the  
State and County above written have this day, and do by these Presents  
grant give donate and bequeath to the above County Judge  
of Bell County and his heirs and assigns in office to have and to  
have in trust for the benefit of and to the property of *Wash. Lister*

#8

School Community in Pelt County Texas. All the right title and interest in the following described parcel or parcels of land

Beginning on the E line of the N. H. Waldrop. Heading it and N. line of James Bartles Headright. A. I meet your line as in line with the being of said off tree on said line and then on line for above the ground branch ing out into three government parts.

Thomas C. 106. no. Thomas S. 106 no. Thomas H. 106 no. Thomas M. 106 no. to the place of beginning

We will warrant and defend and hold our heirs and legal representatives all the right and title to the above described land against all persons claiming or to claim the same in any part thereof. In testimony whereof I hereto sign my names using Seals for seals. this 20th day of December, A. D. 1877.

In presence of  
Walter  
J. S. L. Waldrop

Mary C. P. Richardson  
N. H. Waldrop  
P. J. Waldrop

(S)  
(S)  
(S)

The State of Texas

Pelt County

Before me, J. H. Meers, Clerk of the County Court in and for said County of Pelt, personally came J. S. L. Waldrop a subscribing witness to the foregoing Deed who being duly sworn stated on oath that he saw M. C. P. Richardson, N. H. Waldrop and P. J. Waldrop and each of them each make the same and acknowledge that they did so for the consideration and purposes therein stated and that he signed the same as a witness at the request of the said Mary C. P. Richardson, N. H. Waldrop and saw them sign the same. Witness my hand and official Seal at Lansing this 31st day of December, A. D. 1877.

(Seal)

J. H. Meers, Clerk of County Court, Pelt Co., Texas.

Filed for Record. December 21st 1877, at 10 o'clock P. M.  
J. H. Meers, Clerk.

The State of Texas

County of Pelt

I, J. H. Meers, Clerk of the County Court in and for said County do hereby certify that the foregoing instrument of writing was duly and correctly recorded in my office on the 17th day of January 1878 at 9 o'clock P. M. in Record Book D Page 208 & 209.

In Witness whereof I hereto sign my name and affix the Seal of said Court at office in Lansing this 17th day of January 1878.

(Seal)

J. H. Meers, Clerk of County Court, Pelt County, Texas.  
By T. S. Freeman, Deputy.

#14



Change is in the Air

COPY

August 6, 2007

Judge John Thompson  
Polk County Judge  
101 West Church St.  
Livingston TX 77351

Judge Thompson:

I want to thank you and the Polk County Commissioners Court for the opportunity to provide consulting services to Polk County in regards to the Polk County Video Conferencing Project. This letter summarizes Airplexus' and Polk County's responsibilities regarding the above mentioned project, and will serve as the agreement between Airplexus, Inc. and Polk County.

Airplexus, Inc. agrees to perform the following services for Polk County regarding the Polk County Video Conferencing Project:

1. Provide design and configuration assistance to the Polk, Trinity, and San Jacinto county's IT staff or designates (hereinafter "The Hosting Counties") to facilitate the integration of The Hosting Counties computer network(s) with the Video Conferencing Network (hereinafter "The Network").
2. Provide configurations, as required, for any and all switches, routers, video controllers, monitors and other equipment attached and relating to The Network that IS NOT under the direct control of The Hosting Counties or any other third parties.
3. Provide configurations, as required, for any and all switches, routers, video controllers, monitors and other equipment attached and relating to The Network that IS under the direct control of The Hosting Counties or any other third parties pending a written scope of work and written authorization from the interested party.
4. Protect the integrity and performance of The Network by insuring only compatible hardware and/or software will be used when connecting directly to or integrating with The Network by The Hosting Counties or any other third party.
5. Insure best industry practices will be used by The Hosting Counties or other third parties when configuring and/or adding equipment which will connect directly to The Network, or will make use of any of The Network's resources.
6. Act as a technical liaison between the Texas Department of Information Resources and The Hosting Counties to allow The Hosting Counties to utilize The Network's internet connection in a manner that is beneficial to The Hosting Counties without

123 South Main  
Caldwell TX 77836

(979) 567-7942  
Fax: (979) 567-7995

www.airplexus.com

hindering the operation or degrading the performance of The Network.

7. Provide information and technical expertise to The Hosting Counties or other third parties regarding the operation of The Network, in whole or part, to aid in the troubleshooting of problems directly related to the operation of The Network.
8. Provide information and technical expertise to the Hosting Counties or other third parties regarding The Network's internet connection to aid in the troubleshooting of problems directly related to The Hosting Counties use of The Network's internet connection.
9. Create and maintain written documentation directly relating to The Network, including, physical network layout, model numbers and quantities of the equipment connected to The Network, current configurations running on the equipment connected to The Network, IP addressing schemes and naming conventions, login information and passwords for any and all equipment connected to The Network, any and all changes made to The Network's physical layout, operational functionality, equipment configurations, plus any other information regarding The Network deemed necessary and important by Airplexus, Inc. or The Hosting Counties.

In consideration for Airplexus, Inc.'s performance of these services, Polk County agrees to pay Airplexus, Inc. at the rate of eighty-five dollars (\$85.00) per hour, plus reasonable expenses incurred in the performance of the services.

Travel Time, if necessary, will be billed in one-quarter hour increments at a rate of forty-two dollars and fifty cents (\$42.50) per hour for the time of travel between Airplexus, Inc.'s office in Caldwell Texas and the first site, if multiple sites are involved, where work is to be performed plus the travel time between the last site, if multiple sites are involved, and Airplexus, Inc.'s office in Caldwell Texas.

Airplexus, Inc. will submit an invoice for services, and an itemized list of expenses incurred to Polk County on the last day of the month, every month that services were performed, and/or expenses were incurred. The amount specified in the invoice will be due thirty (30) days from the date on each invoice.

This agreement supersedes any and all other agreements between Airplexus, Inc. and Polk County regarding the Video Conferencing Network, and will remain in force for as long as both parties wish for this agreement to be in effect.

This agreement can be cancelled at any time, for any reason, by either Airplexus, Inc. or Polk County, by written submission thirty (30) days prior to the effective date of cancellation. On the effective date of cancellation, Airplexus, Inc. will submit a final invoice to Polk County for all unbilled time and expenses, and the amount specified in that invoice will be due thirty (30) days from the date on the invoice.

If this letter accurately summarizes term to which Polk County is agreeable, please sign below on this and the attached copy. Retain one copy for your records and return one to me.

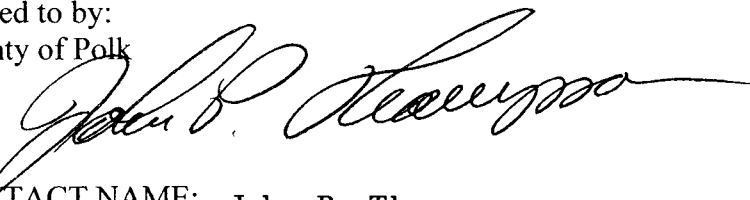
I look forward to working with you and Polk County on this and many other projects.

Sincerely,



Robert Van Dresar  
CTO  
Airplexus, Inc.

Agreed to by:  
County of Polk

BY: 

CONTACT NAME: John P. Thompson

CONTACT TITLE: County Judge

DATE: 8/14/07

VOL.  
#10

THE STATE OF TEXAS

§

COPY

COUNTY OF POLK

§

KNOW ALL MEN BY THESE PRESENTS

**AGREEMENT FOR GRANT ADMINISTRATION SERVICES**

THIS AGREEMENT, ENTERED INTO BY AND BETWEEN THE COUNTY OF POLK, TEXAS hereinafter called the "Client", and DAVID J. WAXMAN, INC., Post Office Drawer 900, Jasper, Texas 75951, referred to herein as the "Consultant", for the following Project:

A **DISASTER CDBG PROJECT FUND CONTRACT** funded by the U. S. Department of Housing and Urban Development, for the purpose of assisting in the recovery of the most impacted and distressed areas related to October 2006 Floods; awarded to said Client by the **Office of Rural Community Affairs**.

The Client and the Consultant agree as follows:

**SECTION ONE: SCOPE AND EFFECT:**

1.1 The Consultant shall provide professional services for the Project in accordance with the terms and conditions of this Agreement.

1.2 This Agreement becomes of full force and effect on the \_\_\_\_\_ day of \_\_\_\_\_, 2007 and shall continue through the program period of the Grant.

**SECTION TWO: PROFESSIONAL SERVICES FEE:**

2.1 For services necessary to provide for environmental assessment, technical assistance and training as described in Section 4, Compensation shall be computed on a lump sum basis of **\$40,050.00** as per Attachment B.

2.2 Payment hereunder are expressly conditioned on receipt of and will be made exclusively from funds from the U.S. Department of Housing and Urban Development or the local match fund as provided in the TCDP Grant Agreement.



**SECTION THREE: MATERIAL CHANGE IN SCOPE OF PROJECT:**

3.1 The Client and the Consultant agree in accordance with the terms and conditions of this Agreement that the scope of the Project may not be materially changed by actions of the Client, ORCA without the prior agreement, in writing, being first obtained from the Consultant, as to the compensation to be paid to the Consultant.

**SECTION FOUR: PROFESSIONAL SERVICES - ADMINISTRATION:**

The Management Firm shall provide the following scope of services:

**A. Project Management**

1. Develop a recordkeeping system consistent with program guidelines, including the establishment of a filing system
2. Maintenance of filing system
3. Provide general advice and technical assistance to Locality personnel on implementation of project and regulatory matters
4. Assist in the procurement of professional consulting engineering services through the request for proposal process, if applicable, and as required by the TCDP regulations
5. Furnish Locality with necessary forms and procedures required for implementation of project
6. Assist the Locality in meeting all special condition requirements that may be stipulated in the contract between the Locality and ORCA
7. Prepare and submit to Office documentation necessary for amending the TCDP contract
8. Conduct re-assessment of environmental clearance for any program amendments
9. Prepare and submit quarterly reports (progress and minority hiring)
10. Prepare Recipient Disclosure Report form for Locality signature and submittal
11. Establish procedures to document expenditures associated with local administration of the project
12. Provide guidance and assistance to Locality regarding acquisition of property:

- Submit required reports concerning acquisition activities to Office

- Establish a separate acquisition file for each parcel of real property acquired
  - Determine necessary method(s) for acquiring real property
  - Prepare correspondence to the property owners for the Locality's signature to acquire the property or to secure an easement
  - Assist the Locality in negotiation with property owner(s)
13. TCDP Property Management register for any property/equipment purchased or leased
  14. Serve as liaison for the Locality during any monitoring visit by staff representatives from either ORCA or HUD

**B. Financial Management**

1. Assist the Locality in proving its ability to manage the grant funds to the state's audit division.
2. Assist the Locality in establishing and maintaining a bank account (Direct Deposit account) and/or separate local bank account, journals and ledgers.
3. Assist the Locality in submitting the required Accounting System Certification letter, Direct Deposit Authorization Form (if applicable), and/or Depository/Authorized Signatory form to Office.
4. Prepare all fund drawdowns on behalf of the Locality in order to ensure orderly, timely payments to all contracting parties within the allotted time period.
5. Review invoices received for payment and file back-up documentation
6. Provide general advice and technical assistance to Locality personnel on implementation of project and regulatory matters
7. Assist the Locality in establishing procedures to handle the use of any TCDP program income.

**C. Environmental Review**

1. Prepare environmental assessment.
2. Coordinate environmental clearance procedures with other federal or state agencies and interested parties responsible for implementing applicable laws.
3. Document consideration of any public comments.
4. Prepare any required re-assessment of environmental assessment.
5. Ensure compliance with EO 11988 for projects in the flood plains.
6. Prepare Request for Release of Funds and certifications to be sent to the Office.

**D. Acquisition - N/A**

1. Prepare required acquisition reports(s).
2. Obtain documentation of ownership for Locality-owned property and/or ROWs.
3. Maintain a separate file for each parcel of real property acquired.
4. Determine necessary method(s) for acquiring real property.
5. Prepare correspondence with property owners.
6. Assist Locality in negotiations with property owner(s).
7. Prepare required acquisition reports and submit to the Office.

**E. Construction Management**

1. Establish procedures to document expenditures associated with local construction of the project (if force account is applicable).
  - Assist Locality in determining whether and/or what TCDP contract activities will be carried out in whole or in part via force account labor.
  - Assist Locality in determining whether or not it will be necessary to hire temporary employees to specifically carry out TCDP contract activities.
  - Assist Locality in maintaining adequate documentation of personnel, equipment and materials expended/used and their costs.
2. Assist Locality in documenting compliance with all federal and state requirements related to equal employment opportunity.
3. Assist Locality in documenting compliance with all federal and state requirements related to minimum wage and overtime pay requirements.
4. Provide assistance to or act as local labor standards officer. Notify the Office in writing of name, address, and phone number of appointed labor standards compliance officer.
5. Request wage rates from the Office.
6. Provide sample TCDP contract documents to engineer.
7. Make ten-day call to the Office.
8. Verify construction contractor eligibility with the Office.
9. Review construction contract.
10. Conduct pre-construction conference and prepare minutes.
11. Submit any reports of additional classification and rates to the Office.
12. Issue Notice of Start of Construction to the Office.
13. Review weekly payrolls, including compliance follow-ups. Conduct employee interviews.

14. Process change orders approved by Locality and the project engineer and submit to the Office prior to execution with the construction contractor.
15. Obtain Certificate of Construction Completion/Final Wage Compliance Report and submit to the office.
16. Provide general advice and technical assistance to Locality personnel on implementation of project and regulatory matters.

F. Fair Housing / Equal Opportunity

1. Assist the Locality in developing, implementing and documenting new activities to affirmatively further fair housing activities during the contract period.
2. Maintain documentation of all project beneficiaries by ethnicity and gender.
3. Prepare Section 3 and Affirmative Action Plan.
4. Prepare all Section 504 requirements.
5. Provide all applicable equal opportunity provisions and certifications for inclusion in bid packet.

G. Relocation – N/A

1. Prepare and submit local relocation guidelines to Office for approval.
2. Assist Locality in identifying individuals to be relocated and prepare appropriate notices.
3. Interview relocatees and identify assistance needs.
4. Maintain a relocation record for each individual/family.
5. Provide education/assistance to relocatees.
6. Inventory local available housing resources and maintain a referral list.
7. Issue appropriate notices to relocatees.
8. Ensure that all payments are made in a timely manner.

H. Rehabilitation of Private Property – N/A

1. Prepare and submit local rehabilitation guidelines to the Office for approval.
2. Assist Locality in establishing escrow account and obtaining Office approval.
3. Develop outreach and necessary application processing/verification forms.
4. Screen applicants.
5. Prepare work write-ups and cost estimates.
6. Issue Notice to Proceed to construction contractor(s).

7. Conduct interim/final inspections, process final contract documents, and maintain a record of beneficiaries.
8. Maintain client files following Office requirements.

#### I. Audit / Close-out Procedures

1. Prepare the final Project Completion Report, including Minority Business Report, Recipient Disclosure/Update Report, documentation of fair housing activities and Certificate of Completion.
2. Assist Locality in resolving any monitoring and audit findings.
3. Assist Locality in resolving any third party claims.
4. Provide auditor with TCDP audit guidelines.

#### **SECTION FIVE: RESPONSIBILITIES OF THE OWNER:**

- 5.1 The Client shall cooperate in implementing the Citizens' Participation Plan.
- 5.2 The Chief Executive Officer shall execute all required certifications.
- 5.3 The Client shall furnish such legal, accounting and auditing services as may be necessary for the Process.
- 5.4 The Client shall act timely on all resolutions so as not to delay project completion.
- 5.5 The Client shall be responsible for local zoning regulations.

#### **SECTION SIX: PAYMENTS TO THE CONSULTANT:**

6.1 Payment to the Consultant for services in 4.1, 4.2 and 4.3 shall be based upon receipt of Federal funds from the Community Development Block Grant Program and Administered by ORCA and shall be made as follows:

- (a) Payments - Upon receipt of authorization of the Grant from ORCA, the Consultant shall bill the Client on percentage completion of project milestones per agreed percentage of the maximum amount of **\$40,050.00**.  
(See Attachment B).
- (b) No deductions shall be made from the Consultant's compensation on account of penalty, liquidated damages, or other sums withheld from payments to the contractors.

- (c) If the Project is suspended for more than three months or abandoned in whole or in part, the Consultant shall be paid his compensation for services performed prior to receipt of written notice from the Client of such suspension or abandonment, together with Reimbursable Expenses then due and all termination expenses as defined in Section Eight resulting from such suspension or abandonment. If the Project is resumed after being suspended for more than three months, the Consultant's compensations shall be subject to renegotiation.

#### **SECTION SEVEN - CONSULTANT'S ACCOUNTING RECORDS:**

- 7.1 Records of Reimbursable Expenses shall be kept on a generally recognized accounting basis and shall be available at mutually convenient times.

#### **SECTION EIGHT - TERMINATION OF AGREEMENT:**

- 8.1 This Agreement may be terminated by either party upon ten (10) days written notice should the other party fail substantially to perform in accordance with its terms through no fault of the party initiating the termination. The Consultant shall be paid all compensation for services performed and reimbursement expenses through the date of termination.
- 8.2 In the event of termination through no fault of the Consultant, the Consultant shall be paid his compensation for services performed to termination date, Reimbursable Expenses then due and termination expenses.
- 8.3 Termination Expenses are defined as those expenses directly attributable to termination.

#### **SECTION NINE: OWNERSHIP OF DOCUMENTS:**

- 9.1 Drawings and Specifications and Studies as instruments of service are and shall remain the property of the Client whether the project for which they are made is executed or not.

#### **SECTION TEN: SUCCESSORS AND ASSIGNS:**

- 10.1 The Client and the Consultant each bind themselves, their partners, successors, assigns and legal representatives to all the terms, conditions and covenants of this Agreement. Neither the Client nor the Consultant shall assign, sublet or transfer his interest in this Agreement without the written consent of the other, except assignment by Consultant to a corporation wholly owned by principals shall be permitted.

**SECTION ELEVEN: ARBITRATION:**

- 11.1 All claims, disputes and other matters in question between the parties to this Agreement, arising out of, or relating to this Agreement or the breach thereof, shall be decided by arbitration in accordance with the Construction Industry Arbitration Rules of the Texas Arbitration Association then obtaining unless the parties mutually agree otherwise. No arbitration, arising out of, or relating to this Agreement, shall include by consolidation, joinder or in any other manner, any additional party not a party to this Agreement and signed by all the parties hereto. Any consent to arbitration involving an additional party or parties shall not constitute consent to arbitration of any dispute not described herein or with any party not named or described herein. This Agreement to arbitrate and any agreement to arbitrate with an additional party or parties duly consented to by the parties hereto shall be specifically enforceable under the prevailing arbitration law.
- 11.2 Notice of the demand for arbitration shall be filed in writing with the other party to this Agreement and with the Texas Arbitration Association. The demand shall be made within a reasonable time after the claim; dispute or other matter in question has arisen. In no event shall the demand for arbitration be made after the date when institution of legal or equitable proceedings based on such claim, dispute or other matter in question would be barred by the applicable statute of limitations.
- 11.3 The award rendered by the arbitrators shall be final, and judgment may be entered upon it in accordance with applicable law in any court having jurisdiction thereof.

**SECTION TWELVE: EXTENT OF AGREEMENT:**

- 12.1 This Agreement represents the entire and integrated Agreement between the Client and the Consultant either written or oral. This Agreement may be amended only by written instrument signed by both Client and Consultant.

**SECTION THIRTEEN: GOVERNING LAW:**

- 13.1 Unless otherwise specified, this Agreement shall be governed by the laws of Texas.

**SECTION FOURTEEN: EQUAL EMPLOYMENT OPPORTUNITY:**

- 14.1 During the performance of this Agreement:
- (a) The Consultant will not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin. The Consultant will take affirmative action to ensure that applicants are employed, and that employees are treated during employment without

regard to their race, color, religion, sex or national origin. Such action shall include, but not be limited to, the following: employment; upgrading; demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Consultant agrees to post in conspicuous places, available to employees and applications for employment, notices to be provided by the Agency setting forth the provisions of this nondiscrimination clause.

- (b) The Consultant will, in all solicitations or advertisement for employees placed by or on behalf of the Consultant, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex or national origin.

**SECTION FIFTEEN: SPECIAL PROVISIONS ATTACHMENT A:**

- 15.1 Attachments A & B appended to this Contract is hereby made a part of said contract.
- 15.2 In cases of a conflict between this Contract and Attachment A, Attachment A shall always govern.

SIGNED AND ENTERED INTO THIS THE \_\_\_\_\_ DAY OF \_\_\_\_\_, 2007.

CLIENT:

CONSULTANT:

COUNTY OF POLK, TEXAS

DAVID J. WAXMAN, INC.

\_\_\_\_\_  
JOHN P THOMPSON,  
COUNTY JUDGE

\_\_\_\_\_  
DAVID J. WAXMAN  
PRESIDENT

ATTEST:

ATTEST:

\_\_\_\_\_

\_\_\_\_\_  
*Lesley Waxman*



## Attachment A

## TERMS AND CONDITIONS

## PROFESSIONAL MANAGEMENT, ENGINEERING AND/OR ARCHITECTURAL SERVICES

1. Termination of Contract for Cause. If, through any cause, the Firm shall fail to fulfill in a timely and proper manner his/her obligations under this Contract, or if the Firm shall violate any of the covenants, agreements, or stipulations of this Contract, the City/County shall thereupon have the right to terminate this Contract by giving written notice to the Firm of such termination and specifying the effective date thereof, at least five days before the effective date of such termination. In such event, all finished or unfinished documents, data, studies, surveys, drawings, maps, models, photographs and reports prepared by the Firm under this Contract shall, at the option of the City/County, become its property and the Firm shall be entitled to receive just and equitable compensation for any work satisfactorily completed hereunder.

Notwithstanding the above, the Firm shall not be relieved of liability to the City/County for damages sustained by the City/County by virtue of any breach of the Contract by the Firm, and the City/County may withhold any payments to the Firm for the purpose of set-off until such time as the exact amount of damages due the City/County from the Firm is determined.

2. Termination for Convenience of the City/County. The City/County may terminate this Contract at any time by giving at least ten (10) days notice in writing to the Firm. If the Contract is terminated by the City/County as provided herein, the Firm will be paid for the time provided and expenses incurred up to the termination date. If this Contract is terminated due to the fault of the Firm, Paragraph 1 hereof relative to termination shall apply.
3. Changes. The City/County may, from time to time, request changes in the scope of the services of the Firm to be performed hereunder. Such changes, including any increase or decrease in the amount of the Firm's compensation, which are mutually agreed upon by and between the City/County and the Firm, shall be incorporated in written amendments to this Contract.
4. Personnel.
  - a. The Firm represents that he/she has, or will secure at his own expense, all personnel required in performing the services under this Contract. Such personnel shall not be employees of or have any contractual relationship with the City/County.
  - b. All of the services required hereunder will be performed by the Firm or under his/her supervision and all personnel engaged in the work shall be fully qualified and shall be authorized or permitted under State and Local law to perform such services.
  - c. None of the work or services covered by this Contract shall be subcontracted without the prior written approval of the City/County. Any work or services subcontracted hereunder shall be specified by written contract or agreement and shall be subject to each provision of this Contract.
5. Assignability. The Firm shall not assign any interest on this Contract, and shall not transfer any interest in the same (whether by assignment or novation), without the prior written consent of the City/County thereto: Provided, however, that claims for money by the Firm from the City/County under this Contract may be assigned to a bank, trust company, or other financial institution without such approval. Written notice of any such assignment or transfer shall be furnished promptly to the City/County.
6. Reports and Information. The Firm, at such times and in such forms as the City/County may require, shall furnish the City/County such periodic reports as it may request pertaining to the work or services undertaken pursuant to this Contract, the costs and obligations incurred or to be incurred in connection therewith, and any other matters covered by this Contract.
7. Records and Audits. The Firm shall insure that the City/County maintains fiscal records and supporting documentation for all expenditures of funds made under this contract in a manner that conforms to OMB Circular A-87, Section 570.490 of the Regulations, and this Contract. Such records must include data on the racial, ethnic, and gender characteristics of persons who are applicants for, participants in, or beneficiaries of the funds provided under

this Contract. City/County shall retain such records, and any supporting documentation, for the greater of three years from closeout of the Contract or the period required by other applicable laws and regulations.

8. Findings Confidential. All of the reports, information, data, etc., prepared or assembled by the Firm under this contract are confidential and the Firm agrees that they shall not be made available to any individual or organization without the prior written approval of the City/County.
9. Copyright. No report, maps, or other documents produced in whole or in part under this Contract shall be the subject of an application for copyright by or on behalf of the Firm.
10. Compliance with Local Laws. The Firm shall comply with all applicable laws, ordinances and codes of the State and local governments, and the Firm shall save the City/County harmless with respect to any damages arising from any tort done in performing any of the work embraced by this Contract.
11. Equal Employment Opportunity. During the performance of this Contract, the Firm agrees as follows:
  - a. The Firm will not discriminate against any employee or applicant for employment because of race, creed, sex, color, handicap or national origin. The Firm will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, creed, sex, color, handicap or national origin. Such action shall include, but not be limited to, the following: Employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Firm agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the City/County setting forth the provisions of this non-discrimination clause.
  - b. The Firm will, in all solicitation or advertisements for employees placed by or on behalf of the Firm, state that all qualified applicants will receive consideration for employment without regard to race, creed, color, sex, handicap or national origin.
  - c. The Firm will cause the foregoing provisions to be inserted in all subcontracts for any work covered by this Contract so that such provisions will be binding upon each subcontractor, provided that the foregoing provisions shall not apply to contracts or subcontracts for standard commercial supplies or raw materials.
  - d. The Firm will include the provisions a. through c. in every subcontract or purchase order unless exempted.
12. Civil Rights Act of 1964. Under Title VI of the Civil Rights Act of 1964, no person shall, on the grounds of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance.
13. Section 109 of the Housing and Community Development Act of 1974.
  - a. No person in the United States shall on the ground of race, color, national origin, or sex be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity funded in whole or in part with funds made available under this title.
14. "Section 3" Compliance in the Provision of Training, Employment and Business Opportunities.
  - a. The work to be performed under this contract is on a project assisted under a program providing direct Federal financial assistance from the Office of Housing and Urban Development and is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u. Section 3 requires that to the greatest extent feasible opportunities for training and employment be given lower income residents of the project area and contracts for work in connection with the project be awarded to business concerns that are located in, or owned in substantial part by persons residing in the area of the project.

- b. The parties to this contract will comply with the provisions of said Section 3 and the regulations issued pursuant thereto by the Secretary of Housing and Urban Development set forth in 24 C.F.R. 235, and all applicable rules and orders of the Office issued thereunder prior to the execution of this Contract. The parties to this Contract certify and agree that they are under no contractual or other disability that would prevent them from complying with these requirements.
- c. The contractor will send to each labor organization or representative of workers with which he/she has a collective bargaining agreement or other contract or understanding, if any, a notice advising the said labor organization or workers' representative of his/her commitments under this Section 3 clause and shall post copies of the notice in conspicuous places available to employees and applicants for employment or training.
- d. The contractor will include this Section 3 clause in every subcontract for work in connection with the project and will, at the direction of the applicant for or recipient of Federal financial assistance, take appropriate action pursuant to the subcontract upon a finding that the subcontractor is in violation of regulations issued by the Secretary of Housing and Urban Development, 24 C.F.R. Part 135. The contractor will not subcontract with any subcontractor where it has notice or knowledge that the latter has been found in violation of regulations under 24 C.F.R. Part 135 and will not let any subcontract unless the subcontractor has first provided it with a preliminary statement of ability to comply with the requirements of these regulations.
- e. Compliance with the provisions of Section 3, the regulations set forth in 24 C.F.R. Part 135, and all applicable rules and orders of the Office issued hereunder prior to the execution of the contract, shall be a condition of the federal financial assistance provided to the project, binding upon the applicant or recipient for such assistance, its successors and assigns. Failure to fulfill these requirements shall subject the applicant or recipient, its contractors and subcontractors, its successors and assigns to those sanctions specified by the grant or loan agreement or contract through which federal assistance is provided, and to such sanctions as are specified by 24 C.F.R. Part 135.

15. Section 503 Handicapped (if \$2,500 or Over) Affirmative Action for Handicapped Workers.

- a. The contractor will not discriminate against any employee or applicant for employment because of physical or mental handicap in regard to any position for which the employee or applicant for employment is qualified. The contractor agrees to take affirmative action to employ, advance in employment and otherwise treat qualified handicapped individuals without discrimination based upon their physical or mental handicap in all employment practices such as the following: Employment, upgrading, demotion or transfer, recruitment, advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship.
- b. The contractor agrees to comply with the rules, regulations, and relevant orders of the Secretary of Labor issued pursuant to the Act.
- c. In the event of the contractor's non-compliance with the requirements of this clause, actions for non-compliance may be taken in accordance with the rules, regulations, and relevant orders of the Secretary of Labor issued pursuant to the Act.
- d. The contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices in a form to be prescribed by the Director, provided by or through the contracting officer. Such notices shall state the contractor's obligation under the law to take affirmative action to employ and advance in employment qualified handicapped employees and applicants for employment, and the rights of applicants and employees.
- e. The contractor will notify each labor union or representative of workers with which it has a collective bargaining agreement or other contract understanding, that the contractor is bound by the terms of Section 503 of Rehabilitation Act of 1973, and is committed to take affirmative action to employ and advance in employment physically and mentally handicapped individuals.
- f. The contractor will include the provisions of this clause in every subcontract or purchase order of \$2,500 or more unless exempted by rules, regulations, or orders of the Secretary issued pursuant to Section 503 of the Act, so that such provisions will be binding upon each subcontractor with respect to any subcontract or purchase order as the Director of the Office of Federal Contract Compliance Programs may direct to enforce such provisions, including action for non-compliance.

16. Interest of Members of a City/County. No member of the governing body of the City/County and no other officer, employee, or agent of the City/County who exercises any functions or responsibilities in connection with the planning and carrying out of the program, shall have any personal financial interest, direct or indirect, in this Contract, and the Firm shall take appropriate steps to assure compliance.
17. Interest of Other Local Public Officials. No member of the governing body of the Locality and no other public official of such Locality, who exercises any functions or responsibilities in connection with the planning and carrying out of the program, shall have any personal financial interest, direct or indirect, in this Contract, and the Firm shall take appropriate steps to assure compliance.
18. Interest of Firm and Employees. The Firm covenants that he/she presently has no interest and shall not acquire interest, direct or indirect, in the study area or any parcels therein or any other interest which would conflict in any manner or degree with the performance of his/her services hereunder. The Firm further covenants that in the performance of this Contract, no person having any such interest shall be employed.

**ATTACHMENT B**  
**COUNTY OF POLK**  
**DISASTER RECOVERY FUND PROJECT**

The COUNTY OF POLK shall reimburse DAVID J. WAXMAN, INC. for Management Services provided for completion of the following Project items per the following percentages of the maximum contract amount of **\$40,050.00**. Payments shall be based on the percentage of work item completed.

<u>WORK ITEM</u>	<u>PERCENT OF CONTRACT</u>
1) Establishment of Recordkeeping System	15%
2) Environmental Assessment and Clearance	25%
3) Bid/Contract Award Process/Start of Construction Notice	25%
4) Labor Standards Compliance Activities/ Construction Activities	25%
5) Project Close-Out Requirements/Letter of Closeout	10%
<b>TOTAL LUMP SUM AMOUNT</b>	<b>\$40,050.00</b>

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**Job Description: FIELD TRAINING OFFICER****CLASS NO. 1041****EEOC CATEGORY: Protective Service Workers****PAY GROUP: 21****FLSA: Non-exempt****SUMMARY OF POSITION:**

Protects the county's residents and property and enforces laws and ordinances by supervising new Deputies in their assigned duties/shift. Duties include directing the new staff and training incoming Deputies on policies and procedures, insuring safety awareness, traffic codes and performing trainee performance evaluations. Duties also include directing the shift activities of the patrol division and performing patrol and emergency response functions.

**ORGANIZATIONAL RELATIONSHIPS:**

1. Reports to: Chief Deputy.
2. Directs: Deputy Sheriff (Patrol).
3. Other: Has frequent contact with other Sheriff Department employees, other departments within the county, attorneys and judges, social workers, adult and juvenile probation officers, other law enforcement agencies, related agencies and organizations, and the general public.

**EXAMPLES OF WORK:****Essential Duties\***

Primary function is to supervise deputy training program; including high-liability training, such as firearms training, develop training curriculum, and submit related reports.

Maintain training records, and familiarize incoming Deputies with Polk County area.

Directly supervises incoming Deputy Sheriffs, and as needed supervises Deputy Sheriffs on a shift and, depending upon shift assignment, may also supervise other Sheriff's Department personnel during all or part of a shift;

Conducts performance evaluations of supervised employees and makes recommendations for salary increases, as well as for hiring, disciplining, and terminating employees;

Ensures the accuracy, completeness, and legality of all law enforcement operations and paperwork during a shift, returning any work that needs to be redone to deputies and counseling the deputies about the errors and the changes needed;

\* for the purpose of compliance with the Americans With Disabilities Act (ADA)  
*This job description does not take into account potential reasonable accommodations.*

08/07

Trains new recruits assigned to his or her shift, including orientation to county geography, policies, and ordinances, Sheriff's Department regulations and procedures, forms, logs, and other recordkeeping instruments and requirements;

Assigns tasks to and reviews performance of subordinate deputies, including arrest and accident reports;

Chases and apprehends suspects;

Performs patrol functions (investigating accidents or criminal complaints, enforcing ordinances, writing tickets, and making arrests) as needed throughout the county;

Responds to the public's calls for assistance;

Assists Deputy Sheriffs at the scene of a crime, disturbance, or accident when necessary;

Assists Fire Department and other police/criminal justice agencies;

Prepares complaints and reports;

Assists with special activities, public and community relations, etc.;

Requires a State of Texas Class B (commercial) driver's license;

Inspects Deputy's vehicle(s) and equipment and notes any problems that need correction, ensuring that corrections are made;

#### Other Important Duties\*

May feed and check on welfare of prisoners;

May conduct background and reference checks on applicants for Deputy Sheriff positions;

May assist with and transport mental health patients; and

Performs such other duties as may be assigned.

#### **REQUIRED KNOWLEDGE, SKILLS, AND ABILITIES:**

**Knowledge of:** federal, state, and local laws; care of vehicles, firearms, and specialized equipment; and county geography.

**Skill to:** use vehicles, firearms, and specialized equipment.

**Ability to:** train, supervise, motivate, and evaluate staff; understand and follow departmental policies, rules, and regulations and communicate them to and interpret them for subordinates; establish and maintain effective working relationships with other law enforcement agencies, other county employees, judicial officials, and the general public; communicate effectively, both orally and in writing (above-average communication skills are required); analyze situations and adopt a quick,

\* for the purpose of compliance with the Americans With Disabilities Act (ADA)  
This job description does not take into account potential reasonable accommodations.

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**CLASS NO. 1036 (Continued)**

effective, and reasonable course of action; and maintain Texas driver's license applicable to job responsibilities and good driving record. Familiarization with Polk County area preferred, but not required to be able to assist new Deputies with the different locations within the County.

**ACCEPTABLE EXPERIENCE AND TRAINING:**

High school graduation, or its equivalent, plus a minimum of two years of law enforcement experience (some college work in criminal justice, intermediate certification, and/or prior supervisory experience preferred);

or any equivalent combination of experience and training which provides the required knowledge, skills, and abilities and satisfies state statutes.

**CERTIFICATES AND LICENSES REQUIRED:**

Appropriate Texas driver's license.

Basic certification by the Texas Commission on Law Enforcement Officer Standards and Education preferred.



**Job Description: ASSISTANT MAINTENANCE TECHNICIAN****CLASS NO. 806****EEOC CATEGORY: Service-Maintenance****PAY GROUP: 12****FLSA: Non-exempt****SUMMARY OF POSITION:**

Performs construction, reconstruction, installation, repair and preventative maintenance of County buildings, facilities and equipment. Maintains buildings, facilities and equipment in efficient and workable condition relative to heat, light, power, air conditioning, plumbing and other broad environmental factors. Required to provide hand tools necessary to perform basic job duties. Works in coordination with the Maintenance Technician regarding some tasks.

**ORGANIZATIONAL RELATIONSHIPS:**

1. Reports to: Maintenance Engineer.
2. Directs: This is a non-supervisory position.
3. Other: Has contact with other county employees, vendors, and occasionally with the general public.

**EXAMPLES OF WORK:****Essential Duties\***

Performs installation, repairs, replacement and/or maintenance of county facilities and equipment; including assisting on HVAC systems, assisting with electrical wiring, generators, light fixtures, drinking fountains, ice machines, stoves, ovens, refrigerators, etc.;

Assists Maintenance Technician with installation of HVAC units and/or components located in or on county buildings;

Assist in performing a variety of electrical and plumbing installations, repairs and maintenance;

Performs a variety of carpentry duties, including construction of walls, doorways and ceilings and installation of sheetrock, ceiling tile and floor coverings;

Performs texturing, painting, finishing and refinishing;

Performs tasks assigned in conjunction with preventive maintenance programs established by the Department;

Loads, transports and unloads necessary tools, materials and equipment for assigned projects; Perform other duties as assigned.

\*for the purpose of compliance with the Americans With Disabilities Act (ADA)  
*This job description does not take into account potential reasonable accommodations*

VOL. **53** PAGE **1156****CLASS NO. 806 (Continued)****REQUIRED KNOWLEDGE, SKILLS, AND ABILITIES:**

*Knowledge of:* skills, techniques and equipment used in general maintenance and construction activities; including, but not limited to, minor electrical repair and installation, plumbing repair and installation, assisting with HVAC repair and preventive maintenance and structural repair of buildings.

*Ability to:* read and understand construction and utility diagrams; understand and follow written and oral instructions and request clarification when needed; safely operate and maintain tools and equipment associated with job duties; establish and maintain effective working relationships with personnel from all county departments, vendors, and the general public; maintain Texas Drivers License and good driving record.

**ACCEPTABLE EXPERIENCE AND TRAINING:**

High school graduation, or its equivalent;

One (1) year related experience;

or any equivalent combination of experience and training which provides the required knowledge, skills, and abilities.

**CERTIFICATES AND LICENSES REQUIRED:**

Valid Texas Drivers License.

***\*\*Recommended changes are bold and italic for your reference.\*\****

## **FAMILY AND MEDICAL LEAVE.**

**Eligible Employees.** To be eligible for family leave, an employee must have been employed by the county for at least 12 months and have worked in a regular position at least 1,250 hours during the 12 months immediately prior to the start of the leave. This policy applies equally to male and female employees. However, if both spouses are employed by the county, and the reason for the leave is to care for a newly arrived child or a sick parent, 12 weeks is the aggregate family leave limit for both. The County requires employees to use family and medical leave concurrently with accrued paid leave. Temporary employees are not eligible for family leave.

**Eligible Circumstances.** *An eligible employee is entitled to 12 unpaid workweeks of leave during a "rolling" 12-month period measured backward from the date an employee uses any FMLA leave.* An eligible employee is entitled to this leave for any one or more, of the following reasons: (1) birth or placement for adoption or foster care of a child (only within 12 months of the birth or placement); or (2) a serious health condition of a spouse, child or parent; or (3) because of a serious health condition that makes the employee unable to perform one or more of the essential functions of his or her job.

**Limitations/Restrictions.** Leave may be taken on an intermittent or reduced basis for the birth or adoption of a child only if the arrangement is agreed to by the county. However, leave for serious health conditions either of an eligible family member of the employee or the employee may be taken intermittently or on a reduced schedule if medically necessary, provided the other conditions of these policies are met.

**Temporary Transfer.** If the employee's request for intermittent leave is foreseeable based on planned medical treatment, the county may require the employee to transfer temporarily to an alternative position, with equivalent pay and benefits, that better accommodates recurring period of leave.

**Maximum Duration.** The total cumulative maximum period of time which an employee may be absent from work on family leave during any 12-month period is 12 weeks, regardless of whether all or a portion of the leave period is paid or unpaid. If an employee has accrued sick, vacation, or personal leave on the books at the time the family leave commences, the employee must exhaust those leave balance before being eligible for unpaid family leave. Once the employee's leave balances have been exhausted, the county will then provide enough unpaid family leave to total 12 weeks. During the unpaid portion of an employee's family leave period, the employee accrues no additional vacation leave, sick leave, or any other type of leave. *Any Workers Compensation injury or illness will run concurrently with FMLA if the circumstances warrant and if the employee is eligible for Family Medical Leave.*

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**Notice.** In the case of leave for birth or placement of a child, an employee must provide at least 30 days' advance notice before the date on which the leave would begin. If the employee is unable to provide 30 days' notice, he or she must provide as much notice as practicable. In the case of leave for a serious medical condition, if the leave is foreseeable based on planned medical treatment, the employee must make a reasonable effort to schedule the treatment so as not to disrupt unduly the county's operations. The same advance notice requirements apply.

**Certification of Condition.** An employee requesting a paid or unpaid leave of absence for extended illness or temporary disability must submit to the appropriate elected official or department head a medical doctor's statement as to the date upon which the employee is no longer able to perform his or her duties or a statement that the employee is needed to care for a spouse, parent, or child, with the expected length of the recuperation period or an estimate of the time required to care for the family member, and appropriate medical facts regarding the condition. In addition, the employee must also provide the appropriate elected official or department head with a written statement from the employee concerning his or her intentions about returning to work at the county. An employee on family leave must contact the appropriate elected official or department head at least once each workweek to report on his or her condition unless a different schedule is established in writing by the elected official or department head. The county may also require status reports or to contact the office on the schedule required by the department head or elected official is grounds for disciplinary action.

**Return to Work/Assurances.** After completion of an approved family leave period, an employee will be returned either to the same position he or she held before the leave began or to a position equivalent to the previously held position in pay, benefits, and other terms and conditions of employment. Regardless of whether the family leave period is paid, unpaid, or a combination of paid, and unpaid, the employee's health insurance coverage will be continued in the same manner and at the same level as it would have been had the employee continued in employment for the duration of the family leave period. However, should the employee decide, at any time after family leave begins, that he or she will not return to work at the county, the employee must reimburse the county for health coverage premiums paid by the county on behalf of the employee during the family leave period unless the reason for not returning to work is the continuation, recurrence, or onset of a serious health condition, or something else beyond the employee's control. This is subject to certification.

**Retention of Benefits.** An employee on family leave does not lose any previously accrued benefits, but does not earn leave credit or other benefits during the unpaid portion of the leave. After returning to work from family leave, an employee receives an adjusted employment date and adjusted anniversary date which reflect the period of time the employee was on unpaid family leave. The adjusted date will be used for the purpose of calculating leave accrual and any other benefits based on longevity.

**Summary of Act.** The county has posted a summary of the Family and Medical Leave Act on its central bulletin board for employees' information.

(Legal reference: Family and Medical Leave Act of 1993 (P.L. 103-3.))

**Request for Extension of Family and Medical Leave.** If an employee requests additional unpaid leave beyond the 12-week maximum allowable under the family and medical leave provisions of these policies, any extension granted will be under the terms set out in the section of these policies headed **Other Leaves of Absence Without Pay.** Employees should read the referenced section carefully and understand the differences between these two types of leaves before requesting an extension.

**Documentation.** All documentation regarding family leave will be filed in the employee's medical file, which is maintained separate from the personnel files and is accessible to a limited number of person only on a "need-to-know" basis. (Legal reference: U.S. Americans with Disabilities Act of 1990.)

COPY

Polk Central Appraisal District

114 Matthews  
Livingston, Texas 77351  
936-327-2174 Fax 936-327-2545



Carolyn Allen, RPA, CTA  
Chief Appraiser

July 18, 2007

John Thompson, Judge  
Polk County Courthouse  
Livingston, TX 77351

Dear Judge Thompson,

The Board of Directors of the Polk Central Appraisal District adopted the 2008 Appraisal District Budget at the regular board meeting on July 17, 2007.

Enclosed you will find a copy of the 2008 approved budget and the allocation estimate for all entities.

Should you have any questions, please call me at 936-327-2174.

Respectfully Submitted,

A handwritten signature in cursive script that reads "Carolyn Allen".

Carolyn Allen  
Chief Appraiser

Encl: 2

**RECEIVED**

JUL 23 2007

**POLK COUNTY JUDGE**

## POLK CENTRAL APPRAISAL DISTRICT ADOPTED 2008 BUDGET

		Number of Positions
Salary/Travel Administrative Positions	\$115,992.00	2
Salary/Travel Supervisors Positions	\$64,269.00	2
Salary/Customer Service Rep/Data/Deed Analyst	\$142,809.00	6
Salary/Travel Appraisers	\$257,400.00	8

<b>SALARIES</b>	<b>\$580,470.00</b>	
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5151 MEDICAL INSURANCE	\$108,000.00	18
5153 WORKMAN COMPENSATION	\$8,700.00	18
5155 RETIREMENT CAD PART	\$81,266.00	18
5156 HEALTH TAX CAD PART	\$7,402.00	17
5157 STATE UNEMPLOYMENT INSURANCE	\$2,835.00	18
5158 CONTRACT/LONGEVITY	\$3,720.00	
5201 OFFICE SUPPLIES	\$22,000.00	
5203 MAPPING SUPPLIES/AIERAL PHOTOS	\$13,000.00	
5204 CAPITAL OUTLAY/FURNITURE/FIXTURES	\$5,000.00	
5205 POSTAGE	\$23,000.00	
5207 OFFICE EQUIPMENT	\$12,000.00	
5230 DUES	\$4,000.00	
5245 EDUCATION/SEMINARS	\$7,900.00	
5250 TRAVEL EXPENSE SCHOOLS, CONF.	\$8,900.00	
5260 FORMS & STATIONARY	\$6,500.00	
5262 COMPUTER SUPPLIES	\$7,000.00	
5263 AS400 COMPUTER SOFTWARE LICENSES	\$11,500.00	
5265 INSURANCE COVERAGE/EQUIPMENT	\$8,300.00	
5270 TELEPHONE	\$9,000.00	
5275 EQUIPMENT & MAINTENANCE EXPENSE	\$18,000.00	
5280 JANITORIAL SERVICE	\$4,100.00	
5285 CITY BILLS	\$9,200.00	
5306 AUDIT SERVICES	\$4,200.00	
5310 LEGAL SERVICES	\$30,000.00	
5115 PUBLICATION LEGAL NOTICES	\$2,500.00	
5317 CAPITOL APPRAISAL	\$44,000.00	
5335 OFFICE REPAIRS	\$3,000.00	
5360 APPRIASAL REVIEW BOARD	\$7,500.00	
5365 CONTINGENCY	\$11,000.00	
5370 COMPUTER SERVICES	\$5,000.00	
5375 INTERNET ACCESS	\$2,500.00	
6000 BUILDING & IMPROVEMENTS > \$500	\$7,500.00	
	<b>\$1,078,993.00</b>	

## POLK CENTRAL APPRAISAL DISTRICT ADOPTED 2008 BUDGET

<u>TAXING ENTITIES</u>	<u>2006 LEVY</u>	<u>PER CENT ALLOCATED</u>	<u>BUDGET SHARE</u>	<u>EQUAL QTR PAYMENTS</u>	<u>2007 PER CENT ALLOCATED</u>
POLK COUNTY	\$12,068,544	30.8148%	\$310,947	\$77,737	27.8594%
CITY OF CORRIGAN	\$151,430	0.3866%	\$3,902	\$975	0.3997%
CORRIGAN/CAMDEN ISD	\$3,018,838	7.7081%	\$77,781	\$19,445	8.5969%
BIG SANDY ISD	\$3,892,495	9.9388%	\$100,290	\$25,073	11.5554%
MEMORIAL POINT UTILITY DISTRICT	\$213,562	0.5453%	\$5,502	\$1,376	0.5152%
GOODRICH ISD	\$1,125,235	2.8731%	\$28,992	\$7,248	2.7800%
LEGGETT ISD	\$1,474,512	3.7649%	\$37,991	\$9,498	3.2214%
LIVINGSTON ISD	\$12,611,002	32.1999%	\$324,924	\$81,231	32.6715%
CITY OF GOODRICH	\$62,517	0.1596%	\$1,611	\$403	0.1804%
ONALASKA ISD	\$3,925,812	10.0238%	\$101,149	\$25,287	10.6605%
POLK COUNTY FRESHWATER DISTRICT	\$620,793	1.5851%	\$15,995	\$3,999	1.5597%
<b>TOTAL 2006 TAX LEVY</b>	<b>\$39,164,740</b>	<b>1</b>	<b>\$1,009,083</b>	<b>\$252,271</b>	
<b>2008 ADOPTED BUDGET</b>	<b>\$1,078,993</b>				
<b>2006 BUDGET RETURN</b>	<b>\$68,781</b>				
<b>2006 INS ENCUMBERED RE-IMBURSEMENT</b>	<b><u>\$1,129</u></b>				
<b>2008 Adopted Budget &amp; Estimation of Allocation Based on 2006 Levy</b>	<b>\$1,009,083</b>				



#20

COPY

**INTERLOCAL COOPERATION AGREEMENT**

This Agreement is made by and entered into between Polk County, Texas (hereinafter "Contractor") and Trinity County, Texas (hereinafter "County") on the date indicated below.

WHEREAS, County is seeking to provide for the housing and care of certain inmates incarcerated or to be incarcerated in its jail, and

WHEREAS, Contractor currently has the jail capacity and the ability to provide housing and care for such inmates, and

WHEREAS, both parties are political subdivisions of the State of Texas authorized to enter into an Interlocal Cooperation Agreement for such detention services pursuant to Chapter 791 of the Government Code (Vernon's 1992) (formerly Article 4413(32c), Tex. Rev. Civ. Stat.), and

WHEREAS, the County and the Contractor desire to enter into an agreement pursuant to which the Contractor will provide housing and care for certain inmates incarcerated or to be incarcerated in the County's jail.

NOW, THEREFORE, in consideration of the promises, covenants and agreements contained herein, the parties hereto mutually agree as follows:

**ARTICLE I**

**DETENTION SERVICES**

1.01 **HOUSING AND CARE OF INMATES:** Contractor agrees to accept, and provide for the secure custody, care and safekeeping of inmates of the County in accordance with state and local law, including the minimum standards promulgated by the Texas Commission on Jail Standards. The Contractor shall provide housing, care, meals, and routine medical services for such inmates on the same basis as it provides for its own inmates confined in its own jail subject to the terms and conditions of this Agreement.

1.02 **MEDICAL SERVICES:** The per day rate under this agreement covers only routine medical services such as on-site sick call (when provided by on-site staff) and non-prescription, over-the-counter/non-legend and routine drugs and medical supplies. The per day rate does not cover medical/health care services provided outside of the Contractor's facility or by other than facility staff, prescription drugs and treatments, or surgical, optical and dental care, and does not include the costs associated with any hospitalization of an inmate. The County shall pay the Contractor an amount equal to the amount the Contractor is required to expend for medical services other than those routine medical services provided for by the per day rate. When it becomes necessary for an inmate to be hospitalized, the Contractor shall contact the County, through its Sheriff or designated representative, as soon as possible to inform the County of the fact that the inmate has been, or is to be, hospitalized and of the nature of the illness or injury that has required the hospitalization.

The Contractor shall submit invoices for such medical services along with its regular monthly billings for detention services, and such invoices shall be paid on the same terms as the regular monthly billing.

It is understood and agreed that if the hospitalization of an inmate is to be for a duration of more than 24 hours, or the cost of any medical care or hospitalization is to exceed \$2,000.00, the Contractor has the right to arrange for the hospital or health care provider to bill the County directly for the costs of the hospitalization and/or medical care, rather than the Contractor paying the costs and billing the same to the County. If the hospital or health care provider refuses to bill the County directly, the County shall reimburse the Contractor for such costs within forty-five (45) business days of receipt of an invoice from

the Contractor therefor, which invoice may be delivered personally, by facsimile, by mail or by other reliable courier.

1.03 **MEDICAL INFORMATION:** The County shall provide the Contractor with medical information for all inmates sought to be transferred to the Contractor's facility under this agreement, including information regarding any special medication, diet or exercise regiment applicable to each inmate.

1.04 **TRANSPORTATION AND OFF-SITE SECURITY:** The Contractor is solely responsible for the transportation of its inmates to and from the Contractor's facility. Contractor agrees to provide non-ambulance transportation for inmates to and from local (within 50 miles) off-site medical facilities as part of the services covered by the per day rate. Transport to medical service providers not located locally is the sole responsibility of the County. Ambulance transportation (including emergency flight, etc.) is not covered by the per day rate and will be billed along with the regular monthly billing submitted to the County by the Contractor.

Contractor will provide stationary guard services as requested or required by the circumstances or by law for inmates admitted or committed to an off-site medical facility. The County shall compensate the Contractor for the actual cost of said guard services to the Contractor, which shall be billed by the Contractor along with the regular monthly billing for detention services.

The County shall be responsible for the transportation of its inmates to and from court proceedings and hearings.

The Contractor is responsible for the transport of its inmates from the Contractor's facility to the Texas Department of Criminal Justice, Institutional Division.

1.05 **SPECIAL PROGRAMS:** The per day rate set out in this agreement only covers basic custodial care and supervision and does not include any special educational, vocational or other programs. The parties may agree by a written amendment to this agreement, or by separate agreement, for the provision of special programs for the consideration and under the terms mutually agreed to by the parties.

1.06 **LOCATION AND OPERATION OF FACILITY:** The Contractor shall provide the detention services described herein at the Polk County IAH Secure Adult Detention Center in Livingston, Texas, which is operated by CiviGenics Texas, Inc.

## ARTICLE II

### FINANCIAL PROVISIONS

2.01 **PER DIEM RATE:** The per diem rate for detention services under this agreement is forty-nine dollars (\$49.00) per man day. This rate covers one inmate per day. Any portion of any day shall count as a man-day under this agreement, except that the County may not be billed for two days when an inmate is admitted one evening and removed the following morning. In that situation, the Contract will bill for the day of arrival, but not for the day of departure.

2.02 **BILLING PROCEDURE:** Contractor shall submit an itemized invoice for the services provided each month to the County, in arrears, invoices will be submitted to the officer of the County designated to receive the same on behalf of the County. The County shall make payment to the Contractor within thirty (30) days after receipt of the invoice. Payment shall be in the name of Polk County, Texas and shall be remitted to:

~~Polk County Auditor  
516 W. Church--  
Livingston, Texas 77351~~

**Polk County Judge  
101 W. Church St., Ste. 300**

Amounts which are not timely paid in accordance with the above procedure shall bear interest at the lesser of the annual percentage rate of 10%, or the maximum legal rate applicable thereto, which shall be a contractual obligation of the County under this agreement. County further agrees that the Contractor shall be entitled to recover its reasonable and necessary attorney's fees and costs incurred in collection of amounts due under this agreement.

### ARTICLE III

#### TERM OF AGREEMENT

3.01 **PRIMARY TERM:** The primary term of this agreement is for a period of one (1) year from the date of execution of this agreement by both parties.

3.02 **RENEWALS:** This agreement maybe renewed annually by mutual agreement of the parties. In the event that the parties seek to renew this agreement at the end of the primary term or any renewal period, the per diem rate for detention services shall be at the rate negotiated by the parties for such renewal period. The terms, conditions and rates with regard to any renewal period shall be as mutually agreed between the parties, and as approved by the commissioners courts of the respective parties.

3.03 **TERMINATION:** This agreement shall terminate at the end of the primary term or of any renewal term unless renewed pursuant to Section 3.02. In addition, this agreement may be terminated upon sixty (60) days written notice by either party delivered to the officer specified herein by the other party to receive notices. This agreement will likewise terminate upon the happening of an event that renders performance hereunder by the Contractor impracticable or impossible, such as severe damage to or destruction of the facility or actions by governmental or judicial entities which create a legal barrier to the acceptance of any of the County's inmates.

### ARTICLE IV

#### ACCEPTANCE OF INMATES

4.01 **COMPLIANCE WITH LAW:** Nothing herein shall create any obligation upon the Contractor to house the County's inmates where the housing of said inmates will, in the opinion of the Contractor's Sheriff, raise the population of the facility above permissible numbers of inmates allowed by law, or will, in the Sheriff's opinion, create a condition of overcrowding or create conditions which endanger the life and/or welfare of personnel and inmates at the facility, or result in possible violation of the constitutional rights of the inmates housed at the facility. At any time that the Contractor's Sheriff determines that a condition exists at the Contractor's facility necessitating the removal of the County's prisoners, or any specified number thereof, the County shall, upon notice by the Contractor's Sheriff to the Sheriff of the County, immediately (within eight (8) hours) remove said prisoner from the facility.

4.02 **ELIGIBILITY FOR INCARCERATION AT FACILITY:** The only inmates of the County eligible for incarceration are those inmates eligible for incarceration in the facility in accordance with the state standards under both the Jail Commission approved custody assessment system in place at the County's jail and pursuant to the custody assessment system in place at the Contractor's facility.

All inmates proposed by the County to be transferred to the Contractor's facility under this agreement must meet the eligibility requirements set forth above. The Contractor reserves the right to review the inmates' classification/eligibility, and the right to refuse to accept any inmate that it does not believe to be properly classified as a non-high risk inmate. Furthermore, if an inmate's classification changes while incarcerated at the Contractor's facility, the Contractor reserves the right to demand that the County remove that inmate and replace said inmate with a non-high risk inmate of the County.

4.03 **RESERVATION WITH REGARD TO ACCEPTANCE OR CONTINUED INCARCERATION OF INDIVIDUAL INMATES:** Contractor reserves the right for its Sheriff or his designated representative to review the background of all inmates sought to be transferred to the

Contractor's facility, and the County shall cooperate with and provide information requested regarding any inmate by the Contractor's Sheriff. The Contractor reserves the right to refuse acceptance of any prisoner of the County. Likewise, if any inmate's behavior, medical or psychological condition, or other circumstances of reasonable concern to the Contractor's Sheriff makes the inmate unacceptable for continued incarceration in Contractor's facility in the opinion of the Contractor's Sheriff, the county will be requested to remove said inmate from the facility, and shall do so immediately (within eight (8) hours) upon the request of the Contractor's Sheriff. Inmates may also be required to be removed from the facility when their classification changes for any purpose, including long-term medical segregation.

4.04 **INMATE SENTENCES:** Contractor shall not be in charge or responsible for the computation or processing of inmates time of confinement, including, but not limited to, computation of good time awards/credits and discharge dates. All such computations and recordkeeping shall continue to be the responsibility of the County. It shall be the responsibility of the County to notify the Contractor of any discharge date for an inmate at least ten (10) days before such date. The Contractor will release inmates of the County only when such release is specifically requested in writing by the Sheriff of the County. However, it is agreed that the preferred and usual course of dealing between the parties shall be for the County to pick up and return inmates to the County facility shortly before their discharge date, and for the County to discharge the inmate from its own facility. The County accepts all responsibility for the calculations and determinations set forth above and for giving Contractor notice of same, and to the extent allowed by law, shall indemnify and hold the Contractor harmless for all liability or expenses of any kind arising therefrom. The County is responsible for all paperwork, arrangements and transportation for inmates to be transferred to the Texas Department of Criminal Justice, Institutional Division.

## ARTICLE V

### MISCELLANEOUS

5.01 **BINDING NATURE OF AGREEMENT:** This agreement is contractual and is binding upon the parties hereto and their successors, assigns, and representatives.

5.02 **NOTICE:** All notices, demands, or other writings may be delivered by either party hereto to the other by United States Mail or other reliable courier at the following address:

To Contractor:	<del>Polk County Auditor</del> <del>516 W. Church</del> Livingston, TX 77351	<b>Polk County Judge</b> <b>101 W. Church St., Ste. 300</b>
To County:	Trinity County Attn: Mark Evans, County Judge P.O. Box 457 Groveton, TX 75845	

The address to which any notice, demand, or other writing may be delivered to any party as above provided may be changed by written notice given by such party as above provided.

5.03 **AMENDMENTS:** This agreement shall not be modified or amended except by a written instrument executed by the duly authorized representatives of both parties and approved by commissioners courts of the respective parties hereto.

5.04 **PRIOR AGREEMENTS:** This agreement contains all of the agreements and undertakings, either oral or written, of the parties with respect to any matter mentioned herein. No prior agreement or understanding pertaining to any such matter shall be effective.

5.05 **CHOICE OF LAW AND VENUE:** The law which shall govern this agreement is the law of the State of Texas. All consideration to be paid and matters to be performed under this agreement

are payable and performable in Livingston, Polk County, Texas, and venue of any dispute or matter arising under this agreement shall lie in a district court of Polk County, Texas.

5.06 **APPROVALS:** This agreement must be approved by the Commissioners Court of the County and the Commissioners Court of the Contractor in accordance with the Interlocal Cooperation Act.

5.07 **FUNDING SOURCE:** The County must pay all amounts due under this agreement from current revenues available to it in accordance with the Interlocal Cooperation Act. The signature of the County's Auditor below certifies that there are sufficient funds from current revenues available to the County to meet its obligations under this agreement.

**Signature and Execution:**

TRINITY COUNTY, TEXAS

By: Mark F.  
Trinity County Judge (As Authorized and Approved by the Trinity County Commissioners Court by Order Dated 7/27/07)

POLK COUNTY, TEXAS

By: [Signature]  
Polk County Judge (As Authorized and Approved by the Polk County Commissioners Court by Order Dated 8/14/07)

Date Signed: July 27, 2007  
[Signature]  
Trinity County Auditor

Date Signed: 8/14/07  
[Signature]  
Polk County Auditor

[Signature]  
Trinity County Sheriff

[Signature]  
Polk County Sheriff

Date Approved: 7/30/07

Date Approved: 8/14/07

**ATTEST:**

[Signature]  
Trinity County Clerk

**ATTEST:**

[Signature] /sw  
Polk County Clerk

A copy of this signed contract should be hand delivered or mailed to:

**CiviGenics Texas, Inc. Director of Marketing  
1105 Wooded Acres Suite 545  
Waco, TX 76710**

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