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# **POLK COUNTY, IOWA**

**Comprehensive Annual Financial Report**

**For the Fiscal Year Ended June 30, 2011**

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**PREPARED BY:**

**POLK COUNTY AUDITOR'S OFFICE – JAMIE FITZGERALD**

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Deb Anderson

# POLK COUNTY, IOWA

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COUNTY OF POLK  
OFFICE OF POLK COUNTY AUDITOR  
DES MOINES, IOWA 50309

JAMIE FITZGERALD  
COUNTY AUDITOR  
COMMISSIONER OF ELECTIONS

ADMINISTRATION BUILDING  
111 COURT AVE.  
286-3080

December 15, 2011

County Board of Supervisors  
County of Polk  
Des Moines, Iowa 50309

State law requires that all local governments publish a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (generally accepted accounting principles or GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report of Polk County (the "County") for the fiscal year ended June 30, 2011.

This report consists of management's representations concerning the finances of the County. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the County has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the County's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the County's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The County's financial statements have been audited by Clifton Gunderson LLP, a firm of licensed certified public accountants. The purpose of the independent audit was to provide reasonable assurance that the financial statements of the County for the fiscal year ended June 30, 2011, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor issued an unqualified opinion on the County's financial statements for the fiscal year ended June 30, 2011, indicating that they were fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the County was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are in the compliance section of this report.

GAAP requires 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.

## **Profile of Polk County**

Polk County, located in central Iowa, was formed in 1846. The County, containing Des Moines, West Des Moines, Urbandale, Ankeny and 14 smaller cities, is the largest population center in Iowa. Des Moines is the state capital and has a diverse and vigorous economy. Principal industries include financial services, health care, government, and varied manufacturing. The area has enjoyed a stable economy and moderate growth during the past decade.

The County currently occupies a land area of 592 square miles and serves a population of 430,640. Polk County is empowered to levy a property tax on real properties located within its boundaries.

Polk County operates under a Board of Supervisors form of government. The Board of Supervisors has both legislative and administrative powers and is the policy-making body for Polk County government. With its authority to adopt legislation and policies for department operations, the Board sets priorities, allocates resources and maintains budgetary control. The Board also appoints individuals or serves on a number of Boards and Commissions that affect all aspects of Polk County. There are five members on the Board of Supervisors, each elected by citizens in one of the five districts. Board members serve overlapping four-year terms, with elections held every two years. The Board elects one of its members annually to chair its activities. The Board is available to its constituency on a full-time basis and can respond to issues of importance to citizens.

Other elected officials operate independently and equally with the Board. These officials are the Auditor, Treasurer, Recorder, Sheriff and County Attorney.

The County provides a broad scope of services to its citizens, operating through various organizational entities ranging from elected departments to administrative departments to appointed commissions. The County provides a full range of services, including public safety, mental health, social services, construction and maintenance of highways, streets, and other infrastructure, and recreational/entertainment event centers.

In addition, the County is financially accountable for a legally separate mental health planning agency, Polk County Health Services, Inc. ("PCHS"), which is reported separately within Polk County's financial statements as a discretely presented component unit. Additional information on this legally separate entity can be found in Note 1, A in the notes to the financial statements.

The annual budget serves as the foundation for the County's financial planning and control. The budget division is responsible for developing a budget proposal to the Board of Supervisors. The proposed budget is presented to the Board in January and February of each year. The Board is required to hold a public hearing on the proposed budget and, by March 15<sup>th</sup>, certify the budget for the fiscal year beginning July 1st. If an amendment to the budget is needed after certification, the Board approves and publishes an amendment, with a final amendment approved no later than May 31<sup>st</sup> of the respective fiscal year. The State of Iowa requires passage of an annual budget of total County operating expenditures by major program service areas. Activities of the general fund, special revenue funds, capital projects funds and debt service funds are included in the annual appropriated budget. The legal level of budgetary control is at the total program service area level.

## **Factors Affecting Financial Condition**

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the County operates.

## Local Economy

The current general economic condition of the County is growing. The population continues to grow at a moderate pace, up approximately 12.6% since 2002, to 430,640 in 2011. Unemployment is approximately 6%, same as the state level but lower than the 10% national level. Other economic indicators are also steady. The County remains the primary center of economic activity in central Iowa and the State although adjoining counties, specifically Dallas County to the west, is experiencing significant new development.

A series of major projects, totaling over \$2.8 billion in public and private investment, have been completed in Des Moines in the past few years. Most of these developments are located in the downtown area and represent a tremendous stage in the revitalization of Des Moines.

The Capital Vision Plan, composed of the Iowa Events Center/Iowa Hall of Pride, Science Center of Iowa, Des Moines downtown library, Higher Education Center, and World Food Prize all total \$364 million and are a central component of this development. All projects, excluding the World Food Prize headquarters which began construction in 2009, have been completed. In its initial years of operation, the Arena component of the Iowa Events Center has experienced great success and continues to provide quality entertainment while keeping Polk County's subsidy for the four facilities to a minimum. The Arena is now home to NBA development league Basketball and an Arena 2 Football franchise.

In March 2008, the County and the City of Des Moines adopted a comprehensive Downtown Plan. The Plan, a joint effort between the County, the City of Des Moines, and the Downtown Community Alliance, sets forth a shared vision for supporting past revitalization efforts and continuing employment, residential, and community development. One tenet strongly endorsed through the Plan is expansion of transportation options. This includes operation of a free bus shuttle to various downtown locations and consideration of a downtown tram system. The shuttle is currently in its fourth year of operation with increasing ridership, and a study of tram operation has been completed. Other plan recommendations focus on development, including business, housing, education and cultural opportunities.

One such cultural opportunity is the recently completed Pappajohn Sculpture Garden, a \$40 million project that displays 26 major sculptures by internationally acclaimed modern and contemporary artists. The donation is believed to be the largest single public gift in Des Moines' history and the largest public gift of art in Iowa history. The sculptures, donated by local philanthropists, John and Mary Pappajohn, have been placed in the Western Gateway Park in downtown Des Moines. The Western Gateway Park, opened in 2006, has been redesigned to showcase and secure the artwork while maintaining green space to allow visitors to view the sculptures. Moreover, the Pappajohns have expressed a desire to continue expanding upon the Park and contribute additional sculptures to the project.

Construction continues on the Principal Riverwalk Project, a 1.2 mile recreational trail that will link the east and west sides of the Des Moines River. This \$61 million project provides a variety of amenities associated with the riverfront, including an ice rink and a pedestrian bridge made from conversion of an old railway bridge. Also completed are an Asian garden and an \$11 million signature arched suspension bridge, which spans the north end of the river. Components still under construction include a promenade and multi-use trail as well as a plaza in a major downtown area. The project is currently 75% funded and scheduled for completion in 2012.

The East Village, located on the east side of downtown Des Moines, is a progressive, pedestrian friendly neighborhood including stylish restaurants, boutiques, galleries and specialty shops. As one of the original commerce areas of Des Moines, the East Village encompasses some of Iowa's most historically significant buildings, including the State Capitol. With its restored historic properties, beautiful streetscape and urban living environment, the East Village is a hub of activity with annual festivals, street markets, a diverse dining scene, and one-of-a-kind retail shopping serving creative professionals who want to live downtown. Housing opportunities continue to expand with the completion of e300. This mixed-use building features 75 market rate apartments and Des Moines' hottest new restaurant, Zombie Burger. The apartments are already 100% occupied.

In the area of economic development, the County has joined Des Moines in retaining the presence of Wellmark Blue Cross Blue Shield (“Wellmark”). Wellmark reaffirmed its commitment to remain in the County with a 500,000 square foot corporate headquarters and 2,000 stall parking garage in the Western Gateway. The building, opened in 2010 and certified platinum by Leadership in Energy and Environmental Design (“LEED”), consolidates employees who were previously dispersed throughout smaller downtown locations.

Polk County also collaborated with Des Moines to incent retention and expansion of Eurofins Scientific, Inc., a life sciences, food product testing, and agriscience firm. Eurofins has several locations throughout the United States, and recently invested \$10.6 million to retain its US corporate headquarters in Des Moines and to relocate and renovate laboratory space within Polk County. The certificate of occupancy for the renovated laboratory space was awarded in October 2010.

In October 2010, Kemin Industries Inc., a manufacturer of nutritional ingredients, announced a \$30 million expansion at its headquarters in Des Moines. The five-year expansion includes six new manufacturing buildings, three new research facilities and a new corporate headquarters at its campus on the southeast side. The project began in late 2010 and will be completed in 2014. Approximately 100 new jobs will be created in research and development, finance, marketing and manufacturing. This will significantly increase Kemin’s Des Moines presence from its current workforce of 320.

Additionally, Polk County joined with the City of Des Moines to provide economic incentives to Bridgestone Americas Tire Operations, a leading manufacturer and distributor of agricultural, irrigation and light construction tires worldwide. Bridgestone is undertaking a \$56.6 million expansion of its Des Moines headquarters and anticipates creating at least 72 full-time positions by 2014.

Recently completed economic development in Des Moines includes Aviva Investors, a global asset management firm which retained its 190 employees in Polk County and added 100 jobs at an average wage of \$90,000. Also, Hyatt Place Hotel invested \$15.5 million to open a 95 room hotel in Des Moines, the first Hyatt Place presence in Iowa.

In the downtown housing market, development efforts continue mainly in the area of rental, and affordable housing units. In 2011, the City of Des Moines approved incentive packages for two downtown historic rehabilitation projects. The Fleming and Des Moines buildings will add approximately 200 market rate apartments downtown. The conversions will also remove over 200,000 square feet of vacant office space from the downtown market.

The AP lofts, a 75 unit historic rehab project, opened in July 2010 with strong leasing interest. The Rumley building, a former tractor factory which had been used for file storage, opened with 66 housing units in October 2010. Also, the 110 unit Metro Lofts project opened in 2010. All units are 100% occupied.

In south Des Moines, new commercial parks are being developed near the airport. In the past five years, 20 projects worth more than \$160 million have begun. When fully developed, it is hoped private investment of \$700 million will be generated. One recent undertaking is Hewlett-Packard’s new 300,000 square foot logistics center. The \$15 million project will retain 440 existing jobs and create 150 new positions.

The City of Ankeny is thriving and contributing to growth to the north and east. Crosswinds Business Park is a 475 acre site located south of Corporate Woods Drive interchange. The Ankeny Regional Airport lies directly north of the Crosswinds Business Park with its 5,500-foot primary runway accommodating corporate aircraft and freight delivery traffic. Prairie Trail is a 1,100 acre master-planned development, (previously the Iowa State University Dairy Research Farm), adjacent to the John Deere Des Moines Works facility to the west and Des Moines Area Community College to the south. Prairie Trail includes a variety of mixed use neighborhoods, a 500,000 square foot town center, public space and vintage business park. Prairie Trail has completed the construction of a new 75,000 square foot police station and a 57,000 square foot FFA Enrichment Center. Also nearing completion in Prairie Trail is the new Ankeny High School and construction is in process on the new middle school.



Other suburban growth is also continuing rapidly, with West Des Moines, Clive and Urbandale becoming the focus of upscale retail development. A regional mall in the Dallas County portion of West Des Moines, Jordan Creek and large retail operations such as West Glen Town Center with supportive restaurants and other commercial activity were developed within recent years and are making the western Polk County suburbs among the fastest growing areas in the state. The Northpark development, in Urbandale, is being undertaken on 75 acres on the north side of the metro. The centerpiece of the development is the Rain & Hail Insurance home office, and also includes upscale regional retail and business park facilities and a new Hilton Garden Inn. Altoona and Pleasant Hill to the east also have provided steady growth in retail and housing development. A new Bass Pro Shop opened last year in Altoona adjacent to Interstate 80, part of Prairie Crossing, a 200 acre planned regional retail development.

## **Major Initiatives**

In 2006, the County adopted the Polk 2030 Comprehensive Plan. This comprehensive plan is the culmination of a collaborative countywide effort which included extensive public input and community involvement. Polk 2030 is designed to foster balanced growth in the Metro area by encouraging planned and responsible growth in eastern and northern Polk County, develop a growth strategy consistent with suburban communities, provide a long term capital investment strategy, provide guidance for land use decisions, promote economic development, and improve neighborhoods, housing and the overall quality of life for our citizens. The plan provides the framework to implement the plan objectives for planned growth and developments.

Major infrastructure improvements are underway on various County roadways. One significant project of the City of Des Moines is the SE Connector, a multi-lane roadway connecting the Martin Luther King Jr. Parkway to the U.S. 65 bypass (the Purple Heart Highway). Underway is the second phase of the MLK Parkway that includes a bridge spanning the Des Moines River to open up more than 100 additional acres for development adjacent to the downtown area. The Southeast Connector will result in an efficient, direct access corridor to address mobility needs, increasing access to existing neighborhoods, business, and industry, as well as facilitating future developments, such as the Agrimergent Technology Park.

Another part of the effort to promote balanced growth, the County is undertaking major engineering studies that will enhance the potential development of the central and northern parts of the County. Federal funding of \$1.53 million has been secured to complete the NE Polk County Beltway Corridor Study and the North South Metro Parkway Corridor Study. Both projects are identified in the Des Moines Area Metropolitan Planning Organization's Long Range Transportation Plan as well as the Polk 2030 Plan. Federal matching funds have been provided by the cities of Altoona, Ankeny, Bondurant, Elkhart, Des Moines, and Polk City. The NE Polk County Beltway study has identified a preferred alignment which will be incorporated into the Polk 2030 plan so it can be considered as development occurs.

Another major study is the Fourmile Creek Watershed Study. This study is a joint effort between Polk County and the cities of Ankeny, Des Moines, and Pleasant Hill that will most importantly develop flood reduction alternatives that can be implemented to reduce the costly impacts of frequent flooding of homes and business in this watershed. It will also include an update of the FEMA floodplain maps to more accurately reflect the current condition and will analyze the impact of past and future land use in the basin. Reducing the impacts of these frequent catastrophic flood events will improve the County's tax base and make all four communities more attractive for growth.

Polk County is also working with Iowa Homeland Security and Emergency Management and FEMA to obtain Hazard Mitigation assistance funds for the Hamilton Drain Watershed Flood Control Improvements project. This watershed is located just north of the Des Moines city limits and includes highly developed residential and commercial properties. Over the last several years, this area also experienced extreme flooding, therefore, with the assistance of \$11.4 million in state and federal Hazard Mitigation funding, Polk County plans to complete \$13.4 million in infrastructure improvements to reduce the impacts of this frequent catastrophic flooding and improve the County's tax base.

With the assistance of \$9.67 million in federal funding assistance, the County is working on three road construction projects that are intended to enhance development and increase traffic capacity. The first project, completed in 2010, was a joint effort between Polk County and the cities of Des Moines, Altoona, and Pleasant Hill and improved the safety of the highly traveled NE 56th Street roadway. The project also provided improved access and additional traffic capacity to accommodate rapid growth in these communities. The second project, completed in 2011, was a joint effort with the City of Polk City to reconstruct and widen NW Madrid Drive/West Broadway from 3<sup>rd</sup> Street to the entrance to Big Creek State Park. The project not only increased traffic capacity but also included construction of pedestrian and bicycle facilities. The third project, the NW 66 Avenue/Kempton Bridge Reconstruction project, is still in the planning & design phase with construction of Phase 1 scheduled for 2013. This project is a joint effort with the City of Johnston to increase the capacity of NW 66 Avenue by reconstructing the rural two lane roadway design to an urban 4-lane roadway with a multi-use trail. The project would also include replacing the 52 year-old two-lane bridge over the Des Moines River. This is the only major roadway crossing of the Des Moines River between I-80 and the Mile Long Bridge over Saylorville Lake, so this corridor and bridge are critical to the economic development of the northern metro area.

Additionally, the County is working with the cities of Ankeny and Polk City to construct over \$33 million in Sanitary Sewer expansion projects. Two projects, the Norwoodville Trunk Sewer Project and Phase 1 of the Saylor Creek Sanitary Sewer Project, were completed in 2008 at a cost of \$4 million. Phases 1-3 of the Rock Creek Sanitary Sewer project were completed in 2011 at a cost of \$12 million. The final phases of the Rock Creek project are under construction and scheduled to be completed in 2012. These projects will not only support the balanced growth initiative by providing sanitary sewer service to the Saylor Creek and Rock Creek basins, but also reduce the environmental impacts of conventional and discharging on-site sewage disposal systems. These sanitary sewer trunk lines will also eliminate the need for construction of new and expensive sewage treatment plants and lift stations for both cities.

In regard to County office facilities, Polk County purchased a 146,000 square foot former retail facility which it converted to office space for approximately 350 state and county employees. The new facility, known as River Place, opened September 2008, has enabled the County to phase out of approximately 70,000 square feet of rental space. A second phase of the project, known as River Place West, renovation of an additional 14,000 square feet, is currently underway. This renovation will provide additional offices for County and affiliated services. Relocation of existing services to Phase II will allow the County to discontinue leasing 5,000 square feet of rental space.

The County remodeled a building (26,000 sq ft) in its existing inventory. Polk County is the recipient of a \$1.8 million dollar I-Jobs grant to assist in the construction of an Emergency Operations Center. In addition to the I-Jobs grant there were five other sources of funding for the project. This Center, which opened in September 2010, serves as the hub for not only natural disasters but also terrorism, health and other threats for member cities of the Regional Emergency Management Commission in Polk County. The total anticipated project cost was \$4.2 million and came in under budget. The intent of this remodel was to enlarge operating space for three County offices; Public Health, Air Quality and Emergency Management. This remodel will also allow the County to comply with Code of Iowa, Chapter 29C (Local emergency management commissions) in the event of an emergency declaration or need for disaster assistance. Another aspect of this remodel expands the County's capability to capture data regarding air quality in the Greater Metropolitan area – providing a beneficial service for the health and well being of our citizens.

In July 2005, the Wells Fargo Arena opened for business. Wells Fargo Arena and HyVee Hall provide space for sporting and entertainment attractions as well as exhibitions. In addition, Veterans Memorial Auditorium and the Convention Complex provide overflow space for Arena events and small-scale break-out rooms for conventions. The Board of Supervisors is moving forward with plans to renovate Veterans Memorial Auditorium to provide enhanced meeting and ballroom space. Construction of the project began in October, 2010 with completion expected on January 3, 2012. Once the expansion is complete, Polk County will pursue other options for the Convention Complex facility which may include space for the courts or marketing the building to be placed back on the tax rolls.

In March 2005, Polk County voters approved a referendum for construction of a new \$68 million, 1,500-bed jail. The design of the new jail will enhance staffing efficiency and allow Polk County to discontinue out-of-county housing of Polk County prisoners. The new jail, which opened in November 2008, is operating as designed keeping the average daily population below 1,000.

The Board of Supervisors continues to review possible options to address the issues of the courts. The Polk County Courthouse built in 1906 was originally designed for four courtrooms. Currently, there are 28 courtrooms in the building with Polk County providing an additional 9,000 square feet in leased space at Riverpoint West as well as 14,705 square feet of additional leased space for Clerk of Court Records. A referendum asking the voters to consider a \$130 million new court annex failed in April of 2008. The Board of Supervisors engaged the National Center for State Courts to look for alternative ways that Polk County could provide space for the courts as well as review areas that would lower costs while still delivering service. This study was completed in January, 2010. The Court Utilization Study reviewed planning assumptions and court operational issues to develop three recommendation scenarios. The scenario's first phase of the recommendation included the purchase of the property located at 222 – 5<sup>th</sup> Avenue, renovation of the old jail facility located at 110 – 6<sup>th</sup> Avenue and the historic courthouse as well as relocate the juvenile court functions. In May 2010, the Board engaged OPN Architects, Inc., to provide architectural services for the Old Main Jail Adaptive Reuse Project and 5<sup>th</sup> Judicial District Master Plan. This is the first step in implementing the Court Utilization Study recommendation received from the National Center for State Courts.

In regard to County Information Technology, Polk County is continuing implementation of technological advancements including a centralized core Case Management platform designed to streamline access to case information and improve the experience for citizens. There have been a significant number of initiatives for GIS and web-based mapping, electronic transmission of information, fleet management, updated property tax administration and growing use of the internet in public communications and business transactions. New collections applications have been developed to assist Elected Offices with enforcing collections statutes and increasing revenue. The County is also continuing an enterprise-wide document management initiative that greatly promotes staffing efficiencies while assisting with disaster recovery and business continuity planning. Internally developed solutions are also in place to manage schedules and tightly integrate with our Payroll functions to streamline efforts and increase accuracy.

The County has also increased the transparency of their project management operations with implementation of MS Project Server allowing all County entities to track and manage their projects electronically. This implementation has gone hand in hand with an updated SharePoint initiative that promotes enhanced visibility and collaboration.

Operationally, the County is continuing to develop strategies for improving service quality and efficiency. The Board of Supervisors initiated a strategic planning process a few years ago that has focused on achieving balanced growth, addressing mental health service delivery costs, offering affordable housing, and protecting the County's investment in the Iowa Events Center. Currently, most County offices and departments are participating in strategic planning and have developed strategic plans and quarterly performance measures. Annual budget documents now emphasize the tie between performance measures and appropriations.

## **Budget Management**

The financial condition of Polk County government remains strong. Healthy reserves, moderate growth in the tax base, and continued revenue from Prairie Meadows have allowed the County to continue to reinforce its fiscal condition and maintain core services. Additionally, American Recovery and Reinvestment Act funding has spurred key housing programs that will improve the condition of our housing stock and provide employment to dozens of residents.

It is anticipated that during the upcoming year, fund balances will be at a level consistent with the County's adopted financial policies. These strong reserves enhance the County's ability to manage upcoming challenges and enable the County to maintain its AAA bond rating. Nonetheless, the County remains cognizant of the need

to continue limiting expenditures to serve citizens in the most cost-effective manner possible. The Board of Supervisors continues to implement innovative approaches to expenditure limitation, including strategic planning and partnerships with other local governments and service agencies.

### **Long-term Financial Planning**

The Board has developed and implemented a long term fiscal policy and continued its strategic planning process. Consistent with fiscal policy, the County developed a five-year budget forecast that enables management to identify fiscal threats while sufficient time exists to make adjustments in revenue and expenditures. Additionally, Polk County initiated a five-year capital improvement plan (CIP) that will assist the Board with long term planning.

The Board continues to improve efficiency by enhancing intergovernmental communications through its membership in the Metropolitan Advisory Council. The council consists of mayors, council people and County supervisors within the metropolitan area who meet to discuss such issues as shared services, planning and infrastructure. Shared successes have included regional use of the uniform building code, and nuisance and vicious animal ordinances. The Board of Supervisors and the Des Moines City Council continue to dialogue about cost efficiencies and service improvements between the two governments.

### **Awards and Acknowledgements**

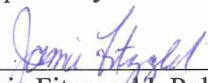
The Government Finance Officers Association of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to Polk County for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2010. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

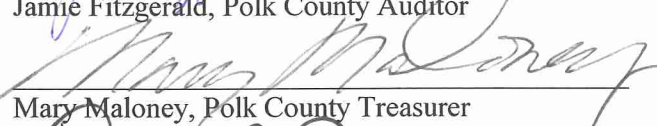
In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. A Comprehensive Annual Financial Report must satisfy both generally accepted accounting principles and applicable legal requirements.

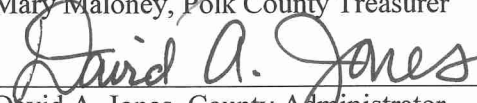
A Certificate of Achievement is valid for a period of one year only. Polk County has received a Certificate of Achievement for the last seventeen consecutive years. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA for their review.

The preparation of this report could not have been accomplished without the dedicated efforts of the employees of the offices of the County Auditor and County Treasurer. We also would like to thank the members of the Board of Supervisors for their interest and support in timely and comprehensive financial reporting.

Respectfully submitted,

  
\_\_\_\_\_  
Jamie Fitzgerald, Polk County Auditor

  
\_\_\_\_\_  
Mary Maloney, Polk County Treasurer

  
\_\_\_\_\_  
David A. Jones, County Administrator

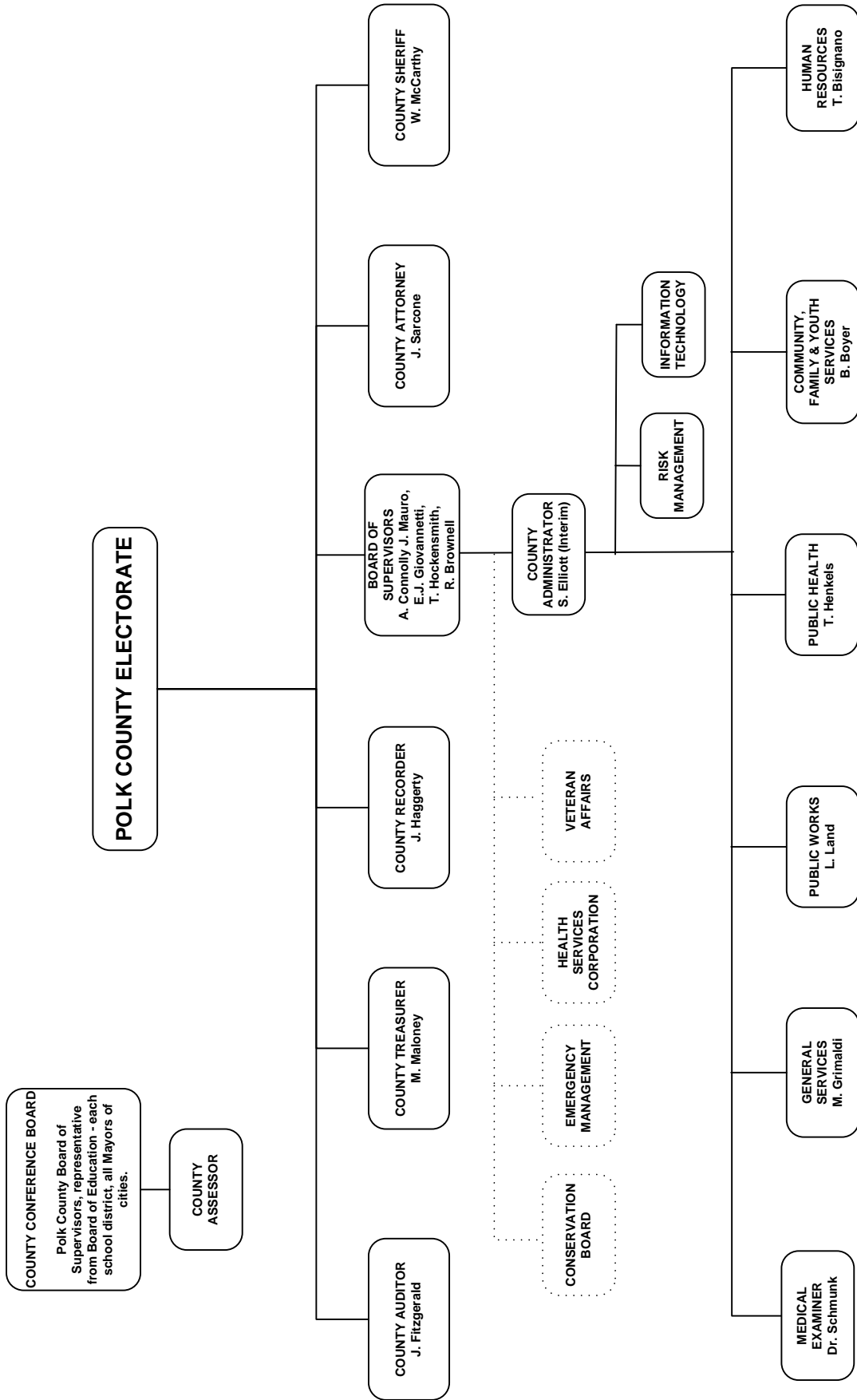
## **POLK COUNTY, IOWA**

### **OFFICIALS**

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<b>Name</b>	<b>Title</b>	<b>Term Expires</b>
Jamie Fitzgerald	County Auditor	2012
Mary Maloney	County Treasurer	2014
Julie Haggerty	County Recorder	2014
Bill McCarthy	County Sheriff	2012
John Sarcone	County Attorney	2014
Jim Maloney	County Assessor	2016
Angela Connolly	Board of Supervisors	2014
John Mauro	Board of Supervisors	2014
E.J. Giovannetti	Board of Supervisors	2012
Tom Hockensmith	Board of Supervisors	2014
Robert Brownell	Board of Supervisors	2012

# POLK COUNTY ORGANIZATION



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Polk County  
Iowa

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2010

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



A stylized, handwritten signature in black ink.

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emery".

Executive Director

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## Independent Auditor's Report

To the Board of Supervisors  
Polk County, Iowa  
Des Moines, Iowa

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Polk County, Iowa as of and for the year ended June 30, 2011 which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Polk County, Iowa's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and 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 business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Polk County, Iowa as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2011 on our consideration of Polk County, Iowa's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 18 to 25, and budgetary comparison information on pages 74 to 75, and the schedule of OPEB funding progress on page 73 are not a required part of the basic financial statements 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Polk County, Iowa's basic financial statements. The combining and individual fund financial statements and other schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The introductory section and statistical tables listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Clifton Henderson LLP*

West Des Moines, Iowa  
December 12, 2011

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## POLK COUNTY, IOWA

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2011

This section of Polk County's (the "County") annual financial report presents our discussion and analysis of the County's financial performance during the fiscal year that ended June 30, 2011. Please read this section in conjunction with the transmittal letter at the front of this report and with the County's financial statements, which follow this section.

#### FINANCIAL HIGHLIGHTS

- The County's total net assets increased by \$67.8 million (23%) to \$361.1 million primarily due to \$75.7 million Prairie Meadows leasehold improvements offset by increased expenses in public safety/legal services, physical health/social services and roads/transportation over increased property tax revenue.
- Net assets of the County's governmental activities decreased \$7.1 million (7%) primarily due to \$15.5 million issuance of general obligation bonds used for capital projects and housing programs. Net Assets of business-type activities increased \$74.9 million (40%) primarily due to \$75.7 million Prairie Meadows Racetrack/Casino leasehold improvements.
- In the County's governmental activities, total revenues increased \$1.2 million (0.5%) primarily due to increased property tax revenue. Governmental activities total expenditures increased \$7.1 million (3%) primarily due to increased public safety/legal services, physical health/social services and roads/transportation costs.
- In the County's business-type activities, total revenues increased \$71.9 million (166%) and total expenses decreased \$.4 million (1%). The increase in revenues is primarily due to a \$75.7 million Prairie Meadows Racetrack/Casino leasehold improvement contributed capital and a \$2.5 million decrease in Iowa Event Center revenue. Expenses were relatively constant.
- The County's actual expenditures were \$9.8 million below budget amounts. This is attributed to slower than anticipated completion of capital projects, lower than anticipated community and economic development grants, and decreased spending on utilities.

#### OVERVIEW OF THE FINANCIAL STATEMENTS

The County's basic financial statements are comprised of three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This discussion and analysis is intended to serve as an introduction to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-Wide Financial Statements** – The government-wide financial statements are designed to provide readers with a broad overview of County finances, in a manner similar to private-sector business.

The government-wide financial statements of the County are divided into three categories:

- **Governmental Activities** – Most of the County's basic services are included here, such as public safety, legal services, physical health, social services, mental health, county environment, roads/transportation, and administration services. Property taxes and state and federal grants finance the majority of these activities.
- **Business-Type Activities** – The County charges fees to customers to help it cover the costs of certain services. The County's racetrack/casino and events center are included here.
- **Component Unit** – The County includes Polk County Health Services, Inc ("PCHS") in its report. Although legally separate, this "component unit" is included as the County is financially accountable for it.

The **Statement of Net Assets** presents information on all of the County's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of Polk County is improving or deteriorating.

The **Statement of Activities** presents information showing how the County's net assets changed during the fiscal year. All changes in net assets are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (such as uncollected taxes and earned but unused vacation leave).

## **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Funds are accounting devices that the County uses to keep track of specific sources of funding and spending for particular purposes. The County uses fund accounting to ensure and demonstrate compliance with legal requirements for financial transactions and reporting.

The County has three kinds of funds:

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

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

The County maintains two individual major governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and the MH/MR/DD Services Fund, both of which are considered to be major funds. Data from the other 18 governmental funds is combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The County adopts an annual appropriated budget which includes its general, special revenue, debt service, and capital projects funds. A budgetary comparison schedule has been provided for these funds to demonstrate compliance with this budget. For additional information see notes to required supplementary information.

- **Proprietary funds** – The County maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for its air pollution, convention/entertainment/arena, sanitary treatment, race track/casino, golf course, and sewer/drainage district operations. Internal service funds are accounting devices used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for health insurance and risk management. The County's internal services primarily benefit governmental activities.

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for Prairie Meadows Racetrack/Casino and Iowa Events Center which are considered to be major funds of the County. Data from the other five enterprise funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major enterprise funds is provided in the form of combining statements elsewhere in this report. All internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

- **Fiduciary funds** – The County is the agent, or *fiduciary*, for resources held for the benefit of parties outside the government. All of the County’s fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in assets and liabilities. These activities are excluded from the County’s government-wide financial statements because the County cannot use these assets to finance its operations. The County reports individual fund data for the agency funds within other supplementary information.

**Notes to the Financial Statements** – The notes provide additional information that is essential to full understanding of the data provided in the government-wide and fund financial statements.

**Other information** – In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* which includes the budgetary comparison schedule for the governmental funds. The combining statements referred to earlier in connection with nonmajor governmental, proprietary, internal service, and fiduciary funds are presented immediately following the required supplementary information.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

**Net Assets.** The County’s *combined* net assets increased \$67.8 million (23%) primarily attributed to \$75.7 million Prairie Meadows leasehold improvements offset by increased expenses in physical health/social services, public safety/legal services, and roads/transportation over increased property taxes.

### Net Assets

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 233,636,311	\$ 221,316,045	\$ 58,035,155	\$ 31,441,420	\$ 291,671,466	\$ 252,757,465
Capital assets	154,719,556	154,984,877	375,600,812	282,251,474	530,320,368	437,236,351
<b>Total assets</b>	<u>388,355,867</u>	<u>376,300,922</u>	<u>433,635,967</u>	<u>313,692,894</u>	<u>821,991,834</u>	<u>689,993,816</u>
Long-term liabilities	126,839,576	116,361,229	158,755,059	118,189,946	285,594,635	234,551,175
Other liabilities	163,412,831	154,773,263	11,908,831	7,430,419	175,321,662	162,203,682
<b>Total liabilities</b>	<u>290,252,407</u>	<u>271,134,492</u>	<u>170,663,890</u>	<u>125,620,365</u>	<u>460,916,297</u>	<u>396,754,857</u>
Net assets						
Invested in capital assets, net of related debt	70,770,518	73,411,073	240,462,094	170,445,639	311,232,612	243,856,712
Restricted	5,726,045	4,843,618	19,513,035	521,536	25,239,080	5,365,154
Unrestricted (deficit)	21,606,897	26,911,739	2,996,948	17,105,354	24,603,845	44,017,093
<b>Total net assets</b>	<u>\$ 98,103,460</u>	<u>\$ 105,166,430</u>	<u>\$ 262,972,077</u>	<u>\$ 188,072,529</u>	<u>\$ 361,075,537</u>	<u>\$ 293,238,959</u>

Net assets of the County’s governmental activities decreased \$7.1 million (7%) to \$98.1 million at June 30, 2011. Approximately 72% of these assets are invested in capital assets (buildings, roads, bridges, etc).

The net assets of business-type activities increased \$74.9 million (40%) to \$263 million at June 30, 2011, which primarily relates to receiving \$75.7 million leasehold improvements at Prairie Meadows Racetrack/Casino. Approximately 91% of these assets are invested in capital assets (buildings, land, infrastructure, etc).

### Changes In Net Assets

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 32,543,528	\$ 32,678,892	\$ 37,211,322	\$ 41,035,626	\$ 69,754,850	\$ 73,714,518
Operating grants and contributions	55,560,468	57,647,553	827,478	782,285	56,387,946	58,429,838
Capital grants and contributions	392,162	263,289	76,576,666	938,748	76,968,828	1,202,037
General revenues:						
Property taxes	124,436,158	119,034,717	-	-	124,436,158	119,034,717
Other County taxes	5,278,538	5,473,202	-	-	5,278,538	5,473,202
Interest on property taxes	1,819,683	1,603,084	-	-	1,819,683	1,603,084
State replacements	2,522,012	2,716,286	-	-	2,522,012	2,716,286
Use of money and property	286,009	2,089,257	95,835	109,262	381,844	2,198,519
Miscellaneous	1,562,930	1,672,209	320,846	312,178	1,883,776	1,984,387
<b>Total revenues</b>	<b>224,401,488</b>	<b>223,178,489</b>	<b>115,032,147</b>	<b>43,178,099</b>	<b>339,433,635</b>	<b>266,356,588</b>
<b>Expenses:</b>						
Public safety and legal services	68,350,314	65,461,987	-	-	68,350,314	65,461,987
Physical health and social services	41,244,404	39,210,142	-	-	41,244,404	39,210,142
Mental health	50,553,729	53,427,113	-	-	50,553,729	53,427,113
County environment and education	14,837,634	15,457,101	-	-	14,837,634	15,457,101
Roads and transportation	22,090,050	17,634,649	-	-	22,090,050	17,634,649
Government services to residents	7,118,535	7,032,880	-	-	7,118,535	7,032,880
Administration	30,581,581	29,386,862	-	-	30,581,581	29,386,862
Interest on long-term debt	4,206,456	4,250,122	-	-	4,206,456	4,250,122
Air Pollution	-	-	1,079,530	990,754	1,079,530	990,754
Sanitary Treatment Works	-	-	1,056,837	1,431,082	1,056,837	1,431,082
Prairie Meadows Racetrack/Casino	-	-	9,083,738	7,586,351	9,083,738	7,586,351
Jester Park Golf Course	-	-	42,543	65,896	42,543	65,896
Hamilton Urban Drainage District	-	-	411,290	330,924	411,290	330,924
Urban Sewer	-	-	205,105	212,936	205,105	212,936
Iowa Events Center	-	-	20,735,311	22,425,073	20,735,311	22,425,073
<b>Total expenses</b>	<b>238,982,703</b>	<b>231,860,856</b>	<b>32,614,354</b>	<b>33,043,016</b>	<b>271,597,057</b>	<b>264,903,872</b>
Excess (deficiency) before transfers	(14,581,215)	(8,682,367)	82,417,793	10,135,083	67,836,578	1,452,716
Loss on sale of capital assets	-	(3,970,233)	-	-	-	(3,970,233)
Capital transfers	-	250,000	-	(250,000)	-	-
Transfers	7,518,245	9,123,335	(7,518,245)	(9,123,335)	-	-
<b>Increase (decrease) in net assets</b>	<b>(7,062,970)</b>	<b>(3,279,265)</b>	<b>74,899,548</b>	<b>761,748</b>	<b>67,836,578</b>	<b>(2,517,517)</b>
Net assets - beginning	105,166,430	108,445,695	188,072,529	187,310,781	293,238,959	295,756,476
<b>Net assets - ending</b>	<b>\$ 98,103,460</b>	<b>\$ 105,166,430</b>	<b>\$ 262,972,077</b>	<b>\$ 188,072,529</b>	<b>\$ 361,075,537</b>	<b>\$ 293,238,959</b>

### Statement of Activities - Changes in Net Assets

The governmental-type change in net assets decreased \$7.1 million primarily due to increased long-term debt outstanding as a result of new bonds being issued for several capital projects and housing programs. The business-type change in net assets increased \$74.9 million primarily due to \$75.7 million leasehold improvements at Prairie Meadows Racetrack/Casino.

Government-type revenues increased 0.5% primarily from increased property tax collections. The County decreased its levy rate from \$11.38/\$1,000 of taxable valuation to \$11.37/\$1,000 of taxable valuation, however, a 3% increase in taxable valuations generated a \$5.4 million increase in tax receipts. This increase was offset by decreased use of money and property revenue due to decreased interest income and prior year reimbursement to retire debt early.

The fact that 55% of total governmental revenues are derived from property taxes illustrates the County's continued dependence on property taxes to finance its general functions. State and federal funding represents 25% and charges for services represents 14% of the total governmental revenues, respectively.

Governmental activities expenses increased 3%, including a 25% increase in roads and transportation to remediate flood damage and harsh winter conditions. Public safety and legal services as well as physical health and social services increased 4% due to salary and benefit increases, position growth, and lead abatement expansion.

The County's expenses cover a range of services, with the largest expenditures relating to public safety and legal services (29%), mental health (21%), and physical health and social services (17%).

**Governmental Activities** Revenues for the County's governmental activities increased \$1.2 million (0.5%), while expenses increased \$7.1 million (3%). Key elements of these changes include the following:

- \$5.4 million (5%) increase in property tax revenues arising from an increase in taxable valuations.
- \$2 million (3%) decrease in operating grants and contributions primarily due to decreased state funding for mental health services.
- \$4.5 million (25%) expenditure increase in roads and transportation primarily for flood remediation, new equipment purchases, and road repairs due to a harsh winter.
- \$2.9 million (4%) expenditure increase in public safety and legal services primarily due to costs associated with annual base wage and benefit increases.
- \$2.0 million (5%) expenditure increase in physical health and social services primarily due to costs associated with annual base wage and benefit increases as well as position growth and lead abatement expansion.
- \$2.9 million (5%) expenditure decrease in mental health services primarily due to decreased client services associated with reduced state funding.

**Business-type Activities** Revenues for the County's business-type activities increased \$71.9 million (166%) and expenses decreased \$.4 million (1%). Key elements of these changes include the following:

- Capital contributions increased due to \$75.7 million leasehold improvements at Prairie Meadows Racetrack/Casino. The improvements reverted to the County upon expiration of the 2003-2010 lease and have been capitalized as "leasehold improvements" in Note 7.
- Expenses stayed relatively constant.

## **FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS**

**Governmental Funds** As the County completed the current fiscal year, its governmental funds reported a *combined fund* balance of \$51 million at June 30, 2011, which is \$4.1 million more than the prior year. Included in this year's total change in fund balance is an increase of \$.4 million in the County's General Fund. The primary reasons for the General Fund's increase mirror those highlighted in the analysis of governmental activities.

In addition, \$7.0 million (65%) expenditure increase in capital projects relate to construction of the \$3.3 million River Place West renovation, \$2.1 million River Place Flood Wall and \$.7 million 4 Mile Creek Greenway trail. Additionally, the Mental Health fund balance decreased by \$.6 million primarily due to decreased state funding.



**Proprietary Funds** Prairie Meadows Racetrack/Casino net assets increased \$72.8 million primarily due to \$75.7 million contributed capital from Prairie Meadows Racetrack/Casino leasehold improvements. These improvements reverted to the County upon expiration of the 2003-2010 lease and have been capitalized as “leasehold improvements” in Note 7. Iowa Event Center net assets increased \$2.3 million primarily due to \$1 million in decreased operating expenses due to less events, \$.6 million decreased interest expense due to refunding general obligation bonds and \$.8 million decreased transfers out to Prairie Meadows.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

The County’s capital assets for its governmental and business-type activities as of June 30, 2011, amount to \$530.3 million (net of accumulated depreciation). These capital assets include land, buildings, improvements other than buildings, leasehold improvements, infrastructure, equipment, vehicles, intangibles and construction in progress. Polk County’s capital assets increased \$93.1 million (21%).

Major capital asset events for the year ended June 30, 2011 are as follows:

- Leasehold Improvements made to Prairie Meadows during lease term ending December 2010 - \$75.7 million
- Iowa Events Center Veterans Memorial Auditorium Renovations - \$21.8 million
- Construction of Rock Creek trunk sewer - \$8.4 million
- Construction of River Place West - \$3.3 million
- Construction of River Place flood wall - \$2.1 million
- Implementation of new real estate system - \$1 million

Capital assets for the governmental and business-type activities at June 30, 2011 are as follows:

### Capital Assets

	Governmental Activities		Business-Type Activities		Totals	
	2011	2010	2011	2010	2011	2010
Land	\$ 11,589,075	\$ 11,421,932	\$ 14,852,969	\$ 14,852,969	\$ 26,442,044	\$ 26,274,901
Intangibles - permanent easements	-	-	500,611	366,536	500,611	366,536
Buildings	140,695,531	137,331,184	281,344,373	290,342,438	422,039,904	427,673,622
Improvements other than buildings	2,042,487	1,220,901	8,737,316	8,737,316	10,779,803	9,958,217
Leasehold improvements	-	-	113,145,115	37,487,588	113,145,115	37,487,588
Infrastructure	95,287,294	90,346,787	21,186,283	11,989,657	116,473,577	102,336,444
Equipment	12,933,744	14,087,633	792,686	712,603	13,726,430	14,800,236
Vehicles	8,328,527	8,265,767	224,774	257,501	8,553,301	8,523,268
Intangible in progress	1,833,867	790,667	-	-	1,833,867	790,667
Construction in progress	4,254,825	6,058,720	42,518,047	12,163,464	46,772,872	18,222,184
Total	<u>276,965,350</u>	<u>269,523,591</u>	<u>483,302,174</u>	<u>376,910,072</u>	<u>760,267,524</u>	<u>646,433,663</u>
Less: accumulated depreciation	<u>(122,245,794)</u>	<u>(114,538,714)</u>	<u>(107,701,362)</u>	<u>(94,658,598)</u>	<u>(229,947,156)</u>	<u>(209,197,312)</u>
Total	<u>\$ 154,719,556</u>	<u>\$ 154,984,877</u>	<u>\$ 375,600,812</u>	<u>\$ 282,251,474</u>	<u>\$ 530,320,368</u>	<u>\$ 437,236,351</u>

Additional information on Polk County’s capital assets can be found in Note 7 in the notes to the financial statements.

The County's FY 11/12 capital budget includes spending an estimated \$1.3 million on the Polk County River Place flood wall project and \$1.5 million for capital improvement projects. Capital outlays for proprietary funds will include an additional \$16.5 million for the Iowa Events Center Veterans Memorial Auditorium Renovation construction project.

**Long-Term Debt**

At June 30, 2011, the County had \$265 million in bonds and notes outstanding, an increase of \$48.8 million compared to FY 10/11. The increase in debt arose primarily from new debt issued to renovate and expand the Iowa Events Center Veterans Memorial Auditorium and to continue an additional phase of a sanitary sewer project.

Four large outstanding obligations pertain to the Iowa Events Center Enterprise funds. These consist of construction of a new arena and exhibit hall along with renovation of the existing Veterans Memorial Auditorium. During FY 10/11, principal repayments of \$9.6 million were made on the Iowa Events Center debt, one series of debt was restructured, and \$42.5 million of new bonds were issued, increasing the outstanding obligation to \$131.9 million.

During FY 11/12, Polk County plans to issue \$17 million in additional general obligation debt in June 2012. The majority of this debt relates to the final phase of the sanitary sewer project (\$10.0 million). Three million relates to capital improvements, the proceeds of which bonds will be spent over a two-year time period. And \$4.0 million relates to housing programs, the proceeds of which bonds will also be expended over a two-year time period.

Polk County is well below the statutory debt capacity limitation. The debt capacity is controlled by the constitutional debt limit which is an amount equal to 5% of the actual value of taxable property within the County limits. The County's unused legal debt capacity was \$1.0 billion as of June 30, 2011.

**Outstanding Debt**

	Governmental Activities		Business-type Activities		Total		Percentage Change 2010-2011
	2011	2010	2011	2010	2011	2010	
G.O. bonds	\$ 105,954,533	\$ 97,682,876	\$ 140,495,304	\$ 107,578,031	\$ 246,449,837	\$ 205,260,907	20%
Notes payable	429,000	469,000	18,115,588	10,470,099	18,544,588	10,939,099	70%
<b>Total</b>	<u>\$ 106,383,533</u>	<u>\$ 98,151,876</u>	<u>\$ 158,610,892</u>	<u>\$ 118,048,130</u>	<u>\$ 264,994,425</u>	<u>\$ 216,200,006</u>	23%

Additional information on Polk County's outstanding debt can be found in Note 8 in the notes to the financial statements.

**BUDGETARY HIGHLIGHTS**

Over the course of the year, the Board of Supervisors amended the County budget twice to reflect a variety of actions taken since certifying the original budget. Adjustments included such items as re-appropriating special project funds, grant awards, position changes, and amendments based on revised expenditure and revenue estimates. Additionally, because unexpended appropriations do not carry forward from year to year, the County was required to amend the budget to fulfill commitments from the previous year.

Even with these adjustments, actual expenditures were \$9.8 million below final budget amounts. Significant variances included:

- Capital project expenditures were \$3.9 million less than budgeted due to capital projects being carried over to the succeeding fiscal year. This includes: renovation of a county facility for office space, information technology upgrades, and conservation trails.
- General operational expenditures were \$2.4 million less than budgeted due to lower than anticipated expenditures for utilities, social services staff and programs, weatherization, and health grants.
- Community and economic development grant expenditures were \$2.4 million less than budgeted. The variance is primarily due to a large grant reserve being set aside for this purpose, but fewer than anticipated grants actually being awarded.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The financial condition of Polk County government remains strong. Healthy reserves and continued revenue from Prairie Meadows have allowed Polk County to maintain services despite a downturn in interest earnings.

For FY 11/12, certified taxable valuations increased 3%, resulting in a budgeted increase of \$4.1 million in net current property tax revenue.

Polk County's budget for FY 11/12 indicates statutory fund balances for operations will remain constant. Within the general fund, balances will decline by \$2.9 million. County policy sets ending fund balances at a goal of 20%-25% of expenditures. General fund balances were estimated to exceed the upper limit of this range, and the budget was established to bring the general fund balances in compliance with policy. Additionally, the County strengthened its "rainy day" fund by increasing the balance from \$5 million to \$8 million.

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

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Polk County Auditor's Office, 111 Court Avenue, Suite 315, Des Moines, IA 50309, telephone (515) 286-3419 or e-mail at [JoEllen.Bigelow@polkcountyiowa.gov](mailto:JoEllen.Bigelow@polkcountyiowa.gov).

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**POLK COUNTY, IOWA**

**Statement of Net Assets  
June 30, 2011**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	PCHS
<b>ASSETS</b>				
Cash and pooled investments	\$ 81,926,296	\$ 48,747,217	\$ 130,673,513	\$ 4,472,913
Receivables (net)	12,629,131	8,007,809	20,636,940	64,150
Internal balances	725,773	(725,773)	-	-
Inventories	1,541,651	75,670	1,617,321	-
Prepaid items	273,472	171,585	445,057	62,166
Restricted assets - cash and pooled investments	-	518,126	518,126	-
Lease/debt origination costs	978,949	1,240,521	2,219,470	-
Succeeding year property taxes receivable	135,561,039	-	135,561,039	-
Capital assets not being depreciated	17,677,767	57,871,627	75,549,394	1,223,141
Capital assets being depreciated, net	137,041,789	317,729,185	454,770,974	3,059,102
<b>TOTAL ASSETS</b>	<b>388,355,867</b>	<b>433,635,967</b>	<b>821,991,834</b>	<b>8,881,472</b>
<b>LIABILITIES</b>				
Accounts payable and other current liabilities	27,298,634	10,972,681	38,271,315	438,893
Interest payable	333,335	503,263	836,598	-
Unearned revenues	219,823	29,390	249,213	190,236
Advance deposits and ticket sales	-	403,497	403,497	-
Succeeding year property taxes deferred revenue	135,561,039	-	135,561,039	-
Due within one year:				
General obligation bonds payable	8,362,436	9,493,533	17,855,969	-
Notes payable	41,000	752,884	793,884	-
Capital leases payable	707,168	-	707,168	-
Compensated absences payable	1,627,096	77,902	1,704,998	-
Termination benefits payable	61,664	-	61,664	-
Estimated liability for claims and judgments	2,029,217	-	2,029,217	-
Due in more than one year:				
General obligation bonds payable	97,592,097	131,001,771	228,593,868	-
Notes payable	388,000	17,362,704	17,750,704	-
Capital leases payable	1,340,199	-	1,340,199	-
Compensated absences payable	10,632,278	66,265	10,698,543	-
Estimated liability for claims and judgments	576,483	-	576,483	-
Termination benefits payable	22,938	-	22,938	-
Post employment liability	3,459,000	-	3,459,000	-
<b>TOTAL LIABILITIES</b>	<b>290,252,407</b>	<b>170,663,890</b>	<b>460,916,297</b>	<b>629,129</b>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	70,770,518	240,462,094	311,232,612	4,282,243
Restricted for:				
Capital improvements	650,958	518,126	1,169,084	-
Debt service	1,650,202	-	1,650,202	-
Enabling legislation	3,424,885	-	3,424,885	-
PCHS/Foundation	-	-	-	2,203,185
Unrestricted	21,606,897	21,991,857	43,598,754	1,766,915
<b>TOTAL NET ASSETS</b>	<b>\$ 98,103,460</b>	<b>\$ 262,972,077</b>	<b>\$ 361,075,537</b>	<b>\$ 8,252,343</b>

See Notes to Basic Financial Statements

POLK COUNTY, IOWA

Statement of Activities  
For the Year Ended June 30, 2011

Function/Program	PROGRAM REVENUES						NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS			Component Unit
	Expenses	Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	PCHS		
					Governmental Activities	Business-type Activities				
<b>Primary government:</b>										
Governmental activities:										
Public safety and legal services	\$ 68,350,314	\$ 13,788,614	\$ 1,692,740	\$ -	\$ (52,868,960)	\$ -	\$ (52,868,960)	\$ -	-	
Physical health and social services	41,244,404	1,185,162	15,500,051	392,162	(24,167,029)	-	(24,167,029)	-	-	
Mental health	50,553,729	7,756,232	27,744,843	-	(15,052,654)	-	(15,052,654)	-	-	
County environment and education	14,837,634	1,411,631	319,192	-	(13,106,811)	-	(13,106,811)	-	-	
Roads and transportation	22,090,050	473,411	6,534,977	-	(15,081,662)	-	(15,081,662)	-	-	
Government services to residents	7,118,535	6,259,696	37,226	-	(821,613)	-	(821,613)	-	-	
Administration	30,581,581	1,658,836	3,731,439	-	(25,191,306)	-	(25,191,306)	-	-	
Interest on long-term debt	4,206,456	9,946	-	-	(4,196,510)	-	(4,196,510)	-	-	
Total governmental activities	238,982,703	32,543,528	55,560,468	392,162	(150,486,545)	-	(150,486,545)	-	-	
<b>Business-type activities:</b>										
Air Pollution	1,079,530	254,186	793,486	-	-	(31,858)	(31,858)	-	-	
Sanitary Treatment Works	1,056,837	558,604	-	-	-	(498,233)	(498,233)	-	-	
Prairie Meadows Racetrack/Casino	9,083,738	27,084,294	-	75,657,527	-	93,658,083	93,658,083	-	-	
Jester Park Golf Course	42,543	191,808	-	-	-	149,265	149,265	-	-	
Hamilton Urban Drainage District	411,290	140,369	33,992	-	-	(236,929)	(236,929)	-	-	
Iowa Events Center	20,735,311	8,982,061	-	919,139	-	(10,834,111)	(10,834,111)	-	-	
Urban Sewer	205,105	-	-	-	-	(205,105)	(205,105)	-	-	
Total business-type activities	32,614,354	37,211,322	827,478	76,576,666	-	82,001,112	82,001,112	-	-	
Total primary government	\$ 271,597,057	\$ 69,754,850	\$ 56,387,946	\$ 76,968,828	(150,486,545)	82,001,112	(68,485,433)	-	-	
<b>Component unit:</b>										
PCHS	\$ 3,075,760	\$ 1,092,345	\$ 2,034,088	-	-	-	-	50,673	-	
<b>General revenues:</b>										
Property taxes					124,436,158	-	124,436,158	-	-	
Other county taxes					5,278,538	-	5,278,538	-	-	
Interest on property taxes					1,819,683	-	1,819,683	-	-	
State replacements credits against levied property taxes					2,522,012	-	2,522,012	-	-	
Use of money and property					286,009	95,835	381,844	34,998	-	
Miscellaneous					1,562,930	320,846	1,883,776	26,406	-	
Transfers					7,518,245	(7,518,245)	-	-	-	
Total general revenues and transfers					143,423,575	(7,101,564)	136,322,011	61,404	-	
Change in net assets					(7,062,970)	74,899,548	67,836,578	112,077	-	
Net assets - beginning					105,166,430	188,072,529	293,238,959	8,140,266	-	
Net assets - ending					\$ 98,103,460	\$ 262,972,077	\$ 361,075,537	\$ 8,252,343	-	

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**POLK COUNTY, IOWA**

**Balance Sheet  
Governmental Funds  
June 30, 2011**

	<b>General</b>	<b>MH/MR/DD Services</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>				
Cash and pooled investments	\$ 41,693,705	\$ 14,320,099	\$ 14,810,069	\$ 70,823,873
Receivables (net):				
Taxes	343,054	48,363	57,805	449,222
Succeeding year property taxes	101,311,004	14,282,822	19,967,213	135,561,039
Special assessments	43,669	-	4,330	47,999
Accounts	189,613	35,834	34,406	259,853
Notes	2,783,062	-	-	2,783,062
Accrued interest	13,415	-	-	13,415
Due from other funds	1,720,190	76,397	107,352	1,903,939
Due from other governments	5,426,916	1,268,633	1,716,741	8,412,290
Advances to other funds	21,000	-	-	21,000
Inventories	764,473	-	777,178	1,541,651
Prepaid items	273,472	-	-	273,472
<b>TOTAL ASSETS</b>	<b>\$ 154,583,573</b>	<b>\$ 30,032,148</b>	<b>\$ 37,475,094</b>	<b>\$ 222,090,815</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 2,306,933	\$ 14,529,140	\$ 4,153,601	\$ 20,989,674
Contract/retainage payable	-	-	157,362	157,362
Wages payable	3,303,767	11,352	202,853	3,517,972
Payroll taxes payable	457,783	1,553	27,386	486,722
Compensated absences payable	1,554,215	-	-	1,554,215
Termination benefit payable	84,602	-	-	84,602
Estimated liability for claims and judgments	380,000	-	-	380,000
Due to other funds	396	-	738,753	739,149
Due to other governments	1,810,871	-	-	1,810,871
Trust payable	113,019	-	-	113,019
Deferred revenues	3,925,720	441,869	1,359,526	5,727,115
Succeeding year property taxes deferred revenue	101,311,004	14,282,822	19,967,213	135,561,039
<b>TOTAL LIABILITIES</b>	<b>115,248,310</b>	<b>29,266,736</b>	<b>26,606,694</b>	<b>171,121,740</b>
Fund balances:				
Nonspendable	835,122	-	777,178	1,612,300
Restricted	-	765,412	4,960,633	5,726,045
Committed	3,989,810	-	9,099,102	13,088,912
Unassigned	34,510,331	-	(3,968,513)	30,541,818
<b>TOTAL FUND BALANCES</b>	<b>39,335,263</b>	<b>765,412</b>	<b>10,868,400</b>	<b>50,969,075</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 154,583,573</b>	<b>\$ 30,032,148</b>	<b>\$ 37,475,094</b>	<b>\$ 222,090,815</b>

See Notes to Basic Financial Statements

**POLK COUNTY, IOWA**

**Reconciliation of Fund Balances on the Balance Sheet for Governmental Funds  
to Net Assets of Governmental Activities on the Statement of Net Assets  
June 30, 2011**

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Fund balances - total governmental funds		\$ 50,969,075
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Capital assets	276,965,350	
Accumulated depreciation	<u>(122,245,794)</u>	154,719,556
Interest payable on long-term obligations that does not require current financial resources and therefore is not reported in the funds.		
		(333,335)
Internal service funds are used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.		
		6,298,982
Deferred revenues that are not available to pay for current period expenditures in the funds		
Property taxes	447,929	
Special assessments	45,269	
Accounts receivable	47,129	
Due from other governments	4,241,192	
Due from other funds (Prairie Meadows property taxes)	<u>725,773</u>	5,507,292
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
General obligation bonds payable		(105,954,533)
Notes payable		(429,000)
Bond issuance costs		978,949
Capital leases payable		(2,047,367)
Compensated absences payable		(10,705,159)
Estimated liability for claims and judgments		<u>(901,000)</u>
Net assets of governmental activities		<u>\$ 98,103,460</u>

**POLK COUNTY, IOWA**

**Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2011**

	<b>General</b>	<b>MH/MR/DD Services</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>REVENUES:</b>				
Property taxes	\$ 92,357,128	\$ 13,489,199	\$ 18,567,038	\$ 124,413,365
Other County taxes	3,936,309	447,627	894,602	5,278,538
Interest and penalties on delinquent taxes	1,819,683	-	-	1,819,683
Intergovernmental	29,598,783	35,774,925	10,930,580	76,304,288
Licenses and permits	711,186	-	46,038	757,224
Charges for services	10,872,347	-	584,584	11,456,931
Use of money and property	2,227,813	3,519	16,487	2,247,819
Miscellaneous	1,509,502	256,626	262,490	2,028,618
<b>TOTAL REVENUES</b>	<b>143,032,751</b>	<b>49,971,896</b>	<b>31,301,819</b>	<b>224,306,466</b>
<b>EXPENDITURES:</b>				
Current:				
Public safety and legal services	62,421,588	-	936,489	63,358,077
Physical health and social services	39,832,954	-	-	39,832,954
Mental health	-	50,553,729	-	50,553,729
County environment and education	10,889,667	-	1,185,059	12,074,726
Roads and transportation	710,937	-	11,854,735	12,565,672
Government services to residents	6,691,842	-	20,195	6,712,037
Administration	30,366,775	-	3,333	30,370,108
Debt service:				
Principal	-	-	7,510,000	7,510,000
Interest and fiscal charges	-	-	4,397,923	4,397,923
Capital projects:				
Roadway construction	-	-	4,960,179	4,960,179
Conservation land acquisition and development	137,690	-	3,214,645	3,352,335
Other capital projects	-	-	9,470,498	9,470,498
<b>TOTAL EXPENDITURES</b>	<b>151,051,453</b>	<b>50,553,729</b>	<b>43,553,056</b>	<b>245,158,238</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(8,018,702)</b>	<b>(581,833)</b>	<b>(12,251,237)</b>	<b>(20,851,772)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	10,522,789	-	9,952,783	20,475,572
Transfers out	(6,953,687)	-	(5,983,640)	(12,937,327)
Capital contributions	-	-	392,162	392,162
Issuance of capital leases	-	-	669,366	669,366
Issuance of bonds	4,800,000	-	10,685,000	15,485,000
Premium/(discount) on bonds issued	-	-	298,790	298,790
Insurance recovery from 2008 flood	112,066	-	-	112,066
Proceeds from sale of capital assets	9,156	-	271,876	281,032
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>8,490,324</b>	<b>-</b>	<b>16,286,337</b>	<b>24,776,661</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>471,622</b>	<b>(581,833)</b>	<b>4,035,100</b>	<b>3,924,889</b>
<b>FUND BALANCE, BEGINNING, AS RESTATED</b>	<b>38,918,485</b>	<b>1,347,245</b>	<b>6,640,299</b>	<b>46,906,029</b>
Change in inventory reserve	(54,844)	-	193,001	138,157
<b>FUND BALANCE, ENDING</b>	<b>\$ 39,335,263</b>	<b>\$ 765,412</b>	<b>\$ 10,868,400</b>	<b>\$ 50,969,075</b>

**POLK COUNTY, IOWA**

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances  
of Governmental Funds to the Statement of Activities  
For the Year Ended June 30, 2011**

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Net change in fund balances - total governmental funds	\$ 3,924,889
Amounts reported for governmental activities in the statement of net assets are different because:	
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation/amortization expense. The following is the detail of the amount by which capital outlays exceed depreciation/amortization in the current year:	
Capital outlays, net of contributed capital	10,231,060
Depreciation/amortization expense	(10,496,381)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.	
Change in deferred revenue	(710,400)
Expenses in the statement of activities that do not require the use of current financial resources are not reported as expenditures in governmental funds.	
Change in estimated liabilities for claims and judgments	(463,000)
Change in compensated absences	(950,602)
Amortization of bond premium/(discount)	42,133
Amortization of bond issuance costs	(78,210)
Debt proceeds provide current financial resources to governmental funds. Issuing debt increases long-term liabilities in the government-wide statement of net assets. Repayments are an expenditure in the governmental funds. Repayment reduces long-term liabilities in the government-wide statement of net assets. Also, governmental funds report the effect of issuances costs, premiums, and discounts when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	
Change in capital leases	271,921
Payments on long-term bonds	7,470,000
Payments on long-term notes	40,000
Proceeds on long-term bonds	(15,485,000)
Premium/(discount) on the issuance of bonds	(298,790)
Bond issuance costs	209,040
Interest expense on long-term debt is reported in the government-wide statement of activities. Interest payable does not require the use of current financial resources. This related interest expense is not reported as an expenditure in the governmental funds.	
Change in interest payable on general obligation bonds	(17,573)
Internal service funds are used by management to charge the costs of insurance. The net profit(loss) is reported with governmental activities.	
	(890,214)
Inventory in the governmental funds has been recorded as an expenditure when paid, however, the statement of activities will not report these items as expenditures until the period when the corresponding net asset is exhausted.	
	<u>138,157</u>
Change in net assets of governmental activities	<u>\$ (7,062,970)</u>

**POLK COUNTY, IOWA**

**Statement of Net Assets  
Proprietary Funds  
June 30, 2011**

	Business-type Activities - Enterprise Funds				Governmental Activities- Internal Service Funds
	Prairie Meadows Racetrack/ Casino	Iowa Events Center	Nonmajor Enterprise Funds	Total	
<b>ASSETS</b>					
Current assets:					
Cash and pooled investments	\$ 14,951,953	\$ 26,762,915	\$ 7,032,349	\$ 48,747,217	\$ 11,102,423
Receivables (net):					
Accounts	-	1,973,545	150,588	2,124,133	203,273
Notes	-	-	161,502	161,502	-
Due from other governments	-	-	860,144	860,144	-
Inventories	-	75,670	-	75,670	-
Prepaid items	-	171,585	-	171,585	-
Total current assets	<u>14,951,953</u>	<u>28,983,715</u>	<u>8,204,583</u>	<u>52,140,251</u>	<u>11,305,696</u>
Noncurrent assets:					
Receivables (net):					
Special assessments	-	-	130,564	130,564	-
Notes	-	-	4,731,466	4,731,466	-
Restricted assets - cash and pooled investments	-	518,126	-	518,126	-
Lease/debt origination costs	-	1,175,062	65,459	1,240,521	-
Capital assets not being depreciated	3,129,000	33,929,006	20,813,621	57,871,627	-
Capital assets being depreciated, net	<u>119,007,304</u>	<u>184,419,321</u>	<u>14,302,560</u>	<u>317,729,185</u>	<u>-</u>
Total noncurrent assets	<u>122,136,304</u>	<u>220,041,515</u>	<u>40,043,670</u>	<u>382,221,489</u>	<u>11,508,969</u>
<b>TOTAL ASSETS</b>	<u>137,088,257</u>	<u>249,025,230</u>	<u>48,248,253</u>	<u>434,361,740</u>	<u>22,814,665</u>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	-	4,459,527	1,385,524	5,845,051	223,014
Contract/retainage payable	-	815,954	373,952	1,189,906	-
Wages payable	-	127,408	28,401	155,809	-
Payroll taxes payable	-	9,905	3,833	13,738	-
Interest payable	-	461,880	41,383	503,263	-
Estimated liability for claims and judgments	-	-	-	-	1,324,700
Due to other funds	725,773	-	-	725,773	-
Due to other governments	3,768,177	-	-	3,768,177	-
Advance deposits and ticket sales	-	403,497	-	403,497	-
Unearned revenues	-	29,390	-	29,390	-
General obligation bonds payable	-	9,149,049	344,484	9,493,533	-
Notes payable	-	-	752,884	752,884	-
Compensated absences payable	-	67,332	10,570	77,902	-
Total current liabilities	<u>4,493,950</u>	<u>15,523,942</u>	<u>2,941,031</u>	<u>22,958,923</u>	<u>1,547,714</u>
Noncurrent liabilities:					
General obligation bonds payable	-	126,463,990	4,537,781	131,001,771	-
Notes payable	-	-	17,362,704	17,362,704	-
Compensated absences payable	-	-	66,265	66,265	-
Post employment liability	-	-	-	-	3,459,000
Total noncurrent liabilities	<u>-</u>	<u>126,463,990</u>	<u>21,966,750</u>	<u>148,430,740</u>	<u>3,459,000</u>
<b>TOTAL LIABILITIES</b>	<u>4,493,950</u>	<u>141,987,932</u>	<u>24,907,781</u>	<u>171,389,663</u>	<u>5,006,714</u>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	122,136,304	101,730,197	16,595,593	240,462,094	-
Restricted for capital improvements	-	518,126	-	518,126	-
Unrestricted	<u>10,458,003</u>	<u>4,788,975</u>	<u>6,744,879</u>	<u>21,991,857</u>	<u>6,298,982</u>
<b>TOTAL NET ASSETS</b>	<u>\$ 132,594,307</u>	<u>\$ 107,037,298</u>	<u>\$ 23,340,472</u>	<u>\$ 262,972,077</u>	<u>\$ 6,298,982</u>

**POLK COUNTY, IOWA**

**Statement of Revenues, Expenses, and Changes in Fund Net Assets  
Proprietary Funds  
For the Year Ended June 30, 2011**

	Business-type Activities - Enterprise Funds				Governmental Activities- Internal Service Funds
	Prairie Meadows Racetrack/ Casino	Iowa Events Center	Nonmajor Enterprise Funds	Total	
<b>OPERATING REVENUES:</b>					
Charges for goods and services:					
Charges for services	\$ 19,849,653	\$ 2,123,072	\$ 953,159	\$ 22,925,884	\$ 15,896,163
Intergovernmental revenues	-	-	827,478	827,478	-
Project income	7,234,641	983,333	-	8,217,974	-
Parking income	-	287,563	-	287,563	-
Concession sales	-	3,292,550	-	3,292,550	-
Commissions income	-	1,894,023	191,808	2,085,831	-
PFMS user fee on ticket sales	-	401,520	-	401,520	-
Miscellaneous	-	285,484	35,362	320,846	9,988
Total operating revenues	27,084,294	9,267,545	2,007,807	38,359,646	15,906,151
<b>OPERATING EXPENSES:</b>					
Cost of goods and services:					
Personal services	-	2,823,545	906,965	3,730,510	-
Supplies	-	159,516	48,770	208,286	-
Professional services	-	190,334	124,082	314,416	2,500
Other services/charges	4,493,950	1,968,820	840,702	7,303,472	131,744
Insurance	-	139,221	-	139,221	16,662,283
Direct event expense	-	735,562	-	735,562	-
Cost of goods sold - concession	-	2,398,458	-	2,398,458	-
Management expense	-	202,917	-	202,917	-
Miscellaneous	-	-	17,215	17,215	-
Amortization of discount (premium)	-	(286,557)	7,457	(279,100)	-
Depreciation	4,589,788	7,876,698	628,636	13,095,122	-
Total operating expenses	9,083,738	16,208,514	2,573,827	27,866,079	16,796,527
<b>OPERATING INCOME (LOSS)</b>	18,000,556	(6,940,969)	(566,020)	10,493,567	(890,376)
<b>NONOPERATING REVENUES (EXPENSES):</b>					
Interest revenue	64,808	9,960	21,067	95,835	20,162
Interest expense	-	(4,526,797)	(221,478)	(4,748,275)	-
Total nonoperating revenues (expenses)	64,808	(4,516,837)	(200,411)	(4,652,440)	20,162
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS</b>	18,065,364	(11,457,806)	(766,431)	5,841,127	(870,214)
<b>CAPITAL CONTRIBUTIONS AND TRANSFERS:</b>					
Capital contributions from others	75,657,527	919,139	-	76,576,666	-
Transfers in	1,463,105	14,294,229	996,461	16,753,795	2,850,297
Transfers out	(22,403,935)	(1,463,105)	(405,000)	(24,272,040)	(2,870,297)
Total capital contributions and transfers	54,716,697	13,750,263	591,461	69,058,421	(20,000)
<b>CHANGE IN NET ASSETS</b>	72,782,061	2,292,457	(174,970)	74,899,548	(890,214)
<b>NET ASSETS - BEGINNING</b>	59,812,246	104,744,841	23,515,442	188,072,529	7,189,196
<b>NET ASSETS - ENDING</b>	\$ 132,594,307	\$ 107,037,298	\$ 23,340,472	\$ 262,972,077	\$ 6,298,982

**POLK COUNTY, IOWA**

**Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2011**

	<b>Business-type Activities-Enterprise Funds</b>		
	<b>Prairie Meadows Racetrack/Casino</b>	<b>Iowa Events Center</b>	<b>Nonmajor Enterprise Funds</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash received from customers	\$ -	\$ 8,986,143	\$ 3,021,303
Cash received from intergovernmental revenue	-	-	831,318
Cash received from racetrack/casino	27,084,294	-	-
Cash paid to suppliers for goods and services	(4,509,714)	(6,010,329)	(1,812,574)
Cash paid to employees	-	(2,838,886)	(890,290)
Net cash flows from operating activities	<u>22,574,580</u>	<u>136,928</u>	<u>1,149,757</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Transfers in	1,463,105	14,294,229	996,461
Transfers out	(22,403,935)	(1,463,105)	(405,000)
Net cash flows from noncapital financing activities	<u>(20,940,830)</u>	<u>12,831,124</u>	<u>591,461</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Proceeds from general obligation debt	-	43,047,486	7,817,488
Issuance costs paid on long-term debt	-	(998,902)	-
Proceeds from debt issued for advance refunding	-	51,076,012	-
Payments to escrow agent for advance refunding debt	-	(50,825,889)	-
Principal paid on long-term debt	-	(9,560,000)	(571,999)
Interest paid on long-term debt	-	(4,368,408)	(222,153)
Capital contributions from others	-	919,139	-
Repayments on capital note receivable	-	-	187,656
Purchase of capital assets	-	(17,328,456)	(7,358,056)
Net cash flows from capital and related financing activities	<u>-</u>	<u>11,960,982</u>	<u>(147,064)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest received	64,808	9,960	21,067
Net cash flows from investing activities	<u>64,808</u>	<u>9,960</u>	<u>21,067</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>1,698,558</u>	<u>24,938,994</u>	<u>1,615,221</u>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>13,253,395</u>	<u>2,342,047</u>	<u>5,417,128</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 14,951,953</u>	<u>\$ 27,281,041</u>	<u>\$ 7,032,349</u>



<b>Total</b>	<b>Governmental Activities- Internal Service Funds</b>
\$ 12,007,446	\$ 15,816,458
831,318	-
27,084,294	-
(12,332,617)	(15,929,513)
(3,729,176)	-
<u>23,861,265</u>	<u>(113,055)</u>
16,753,795	2,850,297
(24,272,040)	(2,870,297)
<u>(7,518,245)</u>	<u>(20,000)</u>
50,864,974	-
(998,902)	-
51,076,012	-
(50,825,889)	-
(10,131,999)	-
(4,590,561)	-
919,139	-
187,656	-
(24,686,512)	-
<u>11,813,918</u>	<u>-</u>
95,835	20,162
<u>95,835</u>	<u>20,162</u>
28,252,773	(112,893)
<u>21,012,570</u>	<u>11,215,316</u>
<u>\$ 49,265,343</u>	<u>\$ 11,102,423</u>

(continued)

**POLK COUNTY, IOWA**

**Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2011**

	<b>Business-type Activities-Enterprise Funds</b>		
	<b>Prairie Meadows Racetrack/Casino</b>	<b>Iowa Events Center</b>	<b>Other Enterprise Funds</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Operating income (loss)	\$ 18,000,556	\$ (6,940,969)	\$ (566,020)
Components of operating income (loss) not included in operating activities:			
Depreciation	4,589,788	7,876,698	628,636
Amortization	-	(286,557)	7,457
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:			
(Increase) decrease in special assessments receivable	-	-	130,275
(Increase) decrease in accounts receivable	-	345,804	2,295,365
(Increase) decrease in due from other governments	-	-	(580,826)
(Increase) decrease in inventories	-	33,358	-
(Increase) decrease in prepaid items	-	36,409	-
Increase (decrease) in accounts payable	-	(285,268)	(781,805)
Increase (decrease) in wages payable	-	(10,660)	9,277
Increase (decrease) in payroll taxes payable	-	(769)	1,135
Increase (decrease) in due to other funds	(4,801)	-	-
Increase (decrease) in due to other governments	(10,963)	-	-
Increase (decrease) in advance deposits and ticket sales	-	(22,385)	-
Increase (decrease) in deferred revenue	-	(604,821)	-
Increase (decrease) in compensated absences payable	-	(3,912)	6,263
Increase (decrease) in estimated liability for claims and judgments	-	-	-
Increase (decrease) in post employment liability	-	-	-
Net cash flows from operating activities	<u>\$ 22,574,580</u>	<u>\$ 136,928</u>	<u>\$ 1,149,757</u>
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Disposal of fully depreciated capital assets	\$ -	\$ -	\$ (52,358)
Acquisition of capital assets through accounts payable	-	3,762,943	1,147,572
Acquisition of capital assets through contract/retainage payable	-	815,954	373,952
Capital contributions - capital assets	75,657,527	-	-

See Notes to Basic Financial Statements

<b>Total</b>	<b>Governmental Activities- Internal Service Funds</b>
\$ 10,493,567	\$ (890,376)
13,095,122	-
(279,100)	-
130,275	-
2,641,169	(89,693)
(580,826)	-
33,358	-
36,409	-
(1,067,073)	93,014
(1,383)	-
366	-
(4,801)	-
(10,963)	-
(22,385)	-
(604,821)	-
2,351	-
-	(284,000)
-	1,058,000
<u>\$ 23,861,265</u>	<u>\$ (113,055)</u>

\$ (52,358)	\$ -
4,910,515	-
1,189,906	-
75,657,527	-

(concluded)

# POLK COUNTY, IOWA

## Statement of Assets and Liabilities Fiduciary Funds June 30, 2011

	<b>Total Agency Funds</b>
<b>ASSETS</b>	
Cash and pooled investments	\$ 28,741,761
Receivables (net):	
Taxes	2,411,721
Special assessments	11,819,380
Accounts	502,433
Due from other governments	856,446
	<hr/>
<b>TOTAL ASSETS</b>	<b>\$ 44,331,741</b>
	<hr/> <hr/>
<b>LIABILITIES</b>	
Accounts payable	\$ 95,388
Wages payable	144,874
Payroll taxes payable	155,911
Due to other funds	439,017
Due to other governments	42,267,412
Advances from other funds	21,000
Trusts payable	483,914
Compensated absences payable	604,225
Post employment liability	120,000
	<hr/>
<b>TOTAL LIABILITIES</b>	<b>\$ 44,331,741</b>
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See Notes to Basic Financial Statements

# POLK COUNTY, IOWA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Polk County (the "County") was formed in 1846 and operates under a Board of Supervisors form of government. The County provides a broad scope of services to its citizens, operating through various organizational entities ranging from elected departments to administrative departments to appointed commissions.

The governing body is composed of a five-member Board of Supervisors elected on a partisan basis and has both legislative and administrative powers. The basic functions of the Board are to investigate matters relating to the County's administrative departments, oversee the budget process for the entire County and respond to individual constituent inquiries and/or complaints.

Other elected officials operate independently and equally with the Board. These officials are the Auditor, Treasurer, Recorder, Sheriff and County Attorney.

#### A) Financial Reporting Entity

As required by accounting principles generally accepted in the United States of America ("GAAP"), the financial statements present the government and its component unit, a legally separate entity for which the County is financially accountable. The discretely presented component unit is reported in a separate column in the County's government-wide financial statements to emphasize they are legally separate from the County.

**Discretely Presented Component Unit** - The combined financial data of Polk County Health Services, Inc. and Polk County Health Services Foundation, collectively referred to as "PCHS," as of and for the year ended June 30, 2011, is included in the County's financial statements. PCHS has been designated by the Polk County Board of Supervisors to serve as the Code of Iowa mandated regional planning council and single point of entry for services to persons with mental illness, mental retardation or developmental disabilities. PCHS administers the allocation of approximately \$51 million each year for mental health services for the County. Although PCHS is a separate legal entity and appoints its own Board of Directors, it is fiscally dependent on the County. The County provides a significant portion of PCHS's financial support and annually approves its overall budget.

Complete financial statements of PCHS can be obtained from their administrative offices at 2309 Euclid Avenue, Des Moines, IA 50310.

**Jointly Governed Organizations** – The County also participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoints representatives to the following boards and commissions: Polk County Assessor's Conference Boards, Polk County Emergency Management Commission and Polk County E911 Service Board. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in the Agency Funds of the County.

## **B) Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

### **Government-wide Financial Statements**

The County's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

The statement of net assets and the statement of activities display information about the County as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service funds is eliminated to avoid "doubling up" revenues and expenses. The statements distinguish between those activities of the County that are governmental activities and those that are considered business-type activities. Governmental activities are those that are normally supported by taxes and intergovernmental revenues. Business-type activities rely to a significant extent on fees and charges for support.

The statement of net assets presents the financial condition of the governmental and business-type activities for the County at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the County's governmental activities and for the business-type activities of the County. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient for the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the County, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the County.

Net assets are reported in three categories:

*Invested in capital assets, net of related debt* consists of capital assets, net of accumulated depreciation (including the amortization of intangible assets) and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

*Restricted net assets* result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net assets* consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the County's proprietary functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Taxes and other items not properly included among program revenues are reported instead as general revenues.

**Basis of Accounting:** The government-wide financial statements are reported using the “economic resources measurement focus” and the accrual basis of accounting, as are the proprietary funds. Fiduciary fund financial statements are also reported using the accrual basis of accounting; however, they do not have a measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

In the governmental fund financial statements, differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

## **Fund Financial Statements**

During the year, the County segregates transactions related to certain County functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. Fund financial statements are designed to present financial information of the County at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major governmental fund and each major enterprise fund are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column.

## **Fund Accounting**

The County uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary.

### **Governmental Funds**

Governmental funds are those through which most general governmental functions of the County are financed. Governmental fund reporting focuses on the sources, use and balances of current financial resources.

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

Property taxes, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the County.

The following are the County’s major governmental funds:

**General Fund** - The General Fund is the general operating fund of the County. It is used to account for all financial resources except those required to be accounted for in another fund. Sub funds of the General Fund include the General Supplemental, Risk Management, Community Betterment and Economic Development.

**MH/MR/DD Services Special Revenue Fund** – Accounts for mental health services as mandated by the Code of Iowa.

### **Proprietary Funds**

Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position and cash flows. Proprietary funds are classified as either enterprise or internal service funds.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The County has elected not to follow subsequent private-sector guidance.

**Enterprise Funds** - Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises: (a) where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

**Internal Service Funds** - Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the governmental unit, or to other governmental units, on a cost-reimbursement basis. The County has two internal service funds that account for employee insurance and risk management activities.

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

The County reports the following major proprietary funds:

**Prairie Meadows Racetrack/Casino** – Accounts for activity of Prairie Meadows Racetrack and Casino.

**Iowa Events Center** – Accounts for activity of the Convention Complex, Veterans Memorial Auditorium, Hy-Vee Hall and Wells Fargo Arena.

### **Fiduciary Funds**

Fiduciary fund reporting focuses on net assets and changes in net assets. Agency funds account for drainage districts, emergency management services, county assessor, police task force, etc. Agency funds are custodial in nature and do not involve measurement of results of operations. Agency funds are excluded from the government-wide financial statements.

#### **C) Assets, Liabilities, and Nets Assets or Equity**

**Cash and Pooled Investments:** For the purposes of the statement of cash flows, the proprietary funds consider all highly-liquid investments with a maturity of three months or less when purchased to be cash equivalents. Restricted cash is also included in cash and cash equivalents for purposes of the statement of cash flows.



The County maintains a cash and investment pool that is available for use by all funds. Monies that are not required for immediate obligations are invested under the management of the County Treasurer. Income earned from the investment of pooled cash is recorded in the General Fund, except for interest income allocated to proprietary funds and where specifically required by law to be recorded in other funds.

**Property Taxes:** The County proposed property tax levy was approved during the Board of Supervisors' session held in March of 2010 on the assessed valuation of property located in the County as of January 1, 2009, which was the assessment date. Assessed values are established annually for the various types of property by the County and are reduced by certain percentages based on the type of property to determine the taxable value. Taxes levied on property then became liens as of July 1, 2010. Taxes were receivable in two installments on September 30, 2010, and March 31, 2011. The County bills and collects property taxes for all taxing units in the County. Tax monies remitted to the County and subsequently disbursed to other taxing units are accounted for in the Fiduciary Funds.

The succeeding year property tax receivable represents taxes certified by the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred and will not be recognized as revenue until the year for which it is levied.

**Allowances for Uncollectibles:** An allowance for uncollectible accounts, which offsets the total gross receivables, is calculated based upon historical collection data, specific account analysis and management's judgment.

**Due From/To Other Funds:** During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "Due from other funds" and "Due to other funds" on the balance sheet. Cash overdrafts, interfund loans and the current portion of long-term interfund loans are also included in these line items.

**Advances To/From Other Funds:** The noncurrent portion of long-term interfund loans are reported as advances on the balance sheet. In governmental fund types, advances are equally offset by a non-spendable fund balance or a committed fund balance in the case of Economic Development (a sub-fund within the General Fund).

**Due From Other Governments:** Due from other governments represents grants, reimbursements and various shared revenues due from the State of Iowa and other governments.

**Inventories:** All inventories are stated at cost (first-in, first-out method). For governmental funds, the cost is recorded as an expenditure at the time individual inventory items are purchased. Reported inventories are equally offset by a non-spendable fund balance, or deferred revenues in the case of the Supplemental Foods Program commodities, which indicates that they are not available to liquidate current obligations.

**Capital Assets:** Capital assets, which include land, buildings, improvements other than buildings, leasehold improvements, equipment, vehicles, intangibles, and infrastructure assets (roads, bridges, sewers, etc.), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. All capital assets are recorded at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at estimated fair value at the date of donation. The costs of normal maintenance and repairs that do not add to the fair value of the asset or materially extend assets lives are not capitalized. Interest costs incurred during the construction phase of capital assets of business-type activities are included as part of the capitalized value of the assets constructed.

The County's capitalization thresholds are as follows:

	Governmental Capital Assets	Business-type Capital Assets
Land	\$ 20,000	\$ 20,000
Buildings	150,000	100,000
Improvements other than buildings	30,000	15,000
Infrastructure	250,000	125,000
Equipment	15,000	10,000
Vehicles	15,000	15,000
Intangibles	300,000	300,000

Assets are depreciated (including the amortization of intangible assets) over the following estimated useful lives using the straight-line method:

Buildings	20-30 years
Improvements other than buildings	10-30 years
Leasehold improvements	25 years
Infrastructure other than roads	40-50 years
Infrastructure - roads/trails:	
Developer projects/trails	20 years
Full depth	16 years
Equipment	7 years
Equipment: Conservation/Secondary Roads	10 years
Vehicles	7 years
Intangibles - computer software	15 years

**Due to Other Governments:** Due to other governments represents taxes and other revenues collected by the County that will be remitted to other governments.

**Advance Deposits:** Advance deposits represent rent deposits paid by customers for future events.

**Trusts Payable:** Trusts payable represents amounts due to others which are held by various County officials in fiduciary capacities until the underlying legal matters are resolved.

**Deferred/Unearned Revenues:** Deferred revenue arises when assets are recognized before the revenue recognition criteria have been satisfied. Unearned revenues occur when resources are received before they have been earned, as when grant monies are received prior to the incurrence of qualifying expenditures and undistributed food commodities.

On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenues. Deferred revenues consist of property taxes receivable and other receivables not collected within sixty days after year end, unearned grant advances and undistributed food commodities.

Deferred revenues for the Iowa Events Center enterprise fund consist of deferred advertising, ticket sales and fees, and miscellaneous other event revenues and liabilities.

**Bond Discounts(Premiums)/Issuance Costs/Loss on Advance Refunding:** In the government-wide financial statements, and proprietary fund types in the fund financial statements, bond discounts (premiums) as well as issuance costs and loss on advance refunding, are deferred and amortized by a method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount and loss on advance refunding.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, as an expenditure (revenue) during the current period. The face amount and related premium of the debt issued are reported as other financing sources. Discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

**Compensated Absences:** County employees accumulate vacation and sick leave days for subsequent use, which are not forfeited on retirement, death or termination of employment. Accumulation of vacation hours is limited to 240 hours. Employees may accumulate sick leave to a maximum of 2,000 hours. Payment of sick leave for any other reason than a bona-fide retirement is maximized at \$2,000 and subject to a years of service schedule that includes payout percentages ranging from 20% - 40%. Upon termination, for other than election of a bona-fide retirement by the employee, an employee must have at least four years of service in order to be paid for sick leave.

Payment of sick leave upon IPERS retirement is maximized at \$4,000 with the remainder of any accrual available to be converted to a bank for the purposes of purchasing health and dental insurance after retirement. The sick leave balance is converted according to the following schedule:

0 up to and including 749 hours:	0% of value
750 up to and including 1,000 hours:	75% of value
Over 1,000 hours up to 2,000 hours:	100% of value

The compensated absences liability has been computed based on rates of pay in effect at June 30, 2011. A liability is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements.

**Net Assets:** Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation (including the amortization of intangible assets), reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets. Net assets are reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, laws, or regulations of other governments.

The County first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

**Fund Balance:** In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable – Amounts which cannot be spent because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or are imposed by law through constitutional provisions or enabling legislation.

Committed – Amounts which can be used only for specific purposes pursuant to constraints formally imposed by the Board of Supervisors through resolution approved prior to year end. Committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same action it employed to commit those amounts.

Unassigned – All amounts not included in other classifications.

When committed, assigned, and unassigned amounts are available for use, it is the County's policy to use committed resources first, then assigned resources, then unassigned resources as they are needed.

**Budgetary Policy:** The County presents a budgetary comparison schedule on the cash basis as Required Supplementary Information based on the program structure of 10 program service areas as required by State statute for its legally adopted budget.

**Use of Estimates:** The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

## 2. FUND BALANCE DEFICITS

Individual fund balance deficits for the year ended June 30, 2011 are as follows:

Special Revenue:		
Secondary Roads	\$	(2,333,664)
Capital Projects:		
Conservation Land Acquisition & Development		(837,492)
Courthouse Annex		(20,179)

The deficits of the above funds are expected to be eliminated through future transfers from other funds, grant revenues or bond proceeds.

## 3. CASH AND POOLED INVESTMENTS

The County is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit and other evidences of deposit at federally insured depository institutions approved by the Board of Supervisors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The County maintains a cash and investment pool that is available for use by all funds. These monies are considered to be cash on hand, cash held by elected officials, demand deposits, cash equivalents (maturities of three months or less from the date of acquisition), and short-term investments (maturities of one year or less from the date of acquisition). Short-term investments are valued at cost which approximates fair value. At June 30, 2011, the County's short-term investments consist of commercial paper which has a maturity date of September 21, 2011.

As of June 30, 2011, the cash and pooled investments of the County consist of:

Cash and cash items in vault	\$	100,323
Cash on hand not yet deposited		27,121
Bank account deposits		53,052,145
Mutual funds		90,443,073
Mutual funds - restricted		518,126
Commercial paper		<u>15,792,612</u>
Total cash and pooled investments	\$	<u><u>159,933,400</u></u>

The County elected to maintain a non-interest bearing certificate of deposit with Bank of America and Banker's Trust in the average total of \$13,098,313 in order to avoid banking service charges. This is considered a compensating balance.

**Interest rate risk** - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Operating funds may only be invested with maturities of 397 days or less. Non-operating funds may be invested with maturities longer than 397 days but the maturities shall be consistent with the needs and use of the County. The County’s investment policy focuses on the preservation of principal, liquidity, and obtaining a reasonable rate of return.

**Credit risk** - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law limits investments in commercial paper or other short-term corporate debt to issues rated within the two highest prime classifications by at least one of the standard rating services. However, the County’s investment policy further restricts investments in these investment types to the top rating. As of June 30, 2011, the County’s investments in commercial paper were rated A-1 and A-1+ by Standard & Poor’s and P-1 by Moody’s Investors Service. The County’s investments in the open-end mutual funds are rated AAAm by Standard & Poor’s.

**Concentration of credit risk** - Concentration of credit risk is the risk of loss attributed to the magnitude of a government’s investment in a single issuer. The County’s policy, as set by state law, limits them from investing in corporate debt of more than 10% of the investment portfolio and more than 5% of the investment portfolio with a single issuer. In addition, investments in unit investment trusts are limited to those rated within the two highest prime classifications by at least one of the standard rating services.

When applying the state law, certificates of deposits, bank account deposits, and cash are included as part of the investment portfolio. The County did not exceed the 10% and 5% limitations as set by the State of Iowa at June 30, 2011.

**Custodial credit risk** - For deposits, this is the risk that in the event of bank failure, the County’s deposits may not be returned to it. For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Chapter 12C of the Code of Iowa requires all County funds be deposited into an approved depository and be either insured or collateralized. The County’s bank account deposits at June 30, 2011, were entirely covered by Federal depository insurance, or by a collateral pool in accordance with Chapter 12C of the Code of Iowa. As of June 30, 2011, the County had no deposits or investments exposed to custodial credit risk.

The County’s discretely presented component unit did not own any investments as of June 30, 2011, other than certificate of deposits. In addition, the component unit had no deposits or investments exposed to custodial credit risk.

**4. RESTRICTED ASSETS**

The County has the following restricted cash as of June 30, 2011:

	PFMS User Fee	Concession Upkeep	Total
Iowa Events Center	\$ 144,670	\$ 373,456	\$ 518,126

In accordance with the Master Lease Agreement, approximately 50% of surcharges on tickets sold for Wells Fargo Arena (WFA) shall be held by the County. PFMS User Fee (Renewal and Replacement) funds are maintained in a segregated bank account to fund future capital repairs at the Iowa Events Center.

In addition, 3% of the gross Concession Revenues earned by Ovations Food Service at WFA shall be held by the County. Concessions Upkeep funds are maintained in a segregated bank account to fund future replacement, repair, updating, upgrading and installing of equipment and improvements related to food and beverage operations at the WFA.

**5. DUE FROM/TO OTHER FUNDS**

Amounts due from/to other funds at June 30, 2011, are as follows:

Due from	Due To			Total
	General Fund	MH/MR/DD Services	Nonmajor Governmental	
General Fund	\$ -	\$ -	\$ 396	\$ 396
Nonmajor Governmental	738,753	-	-	738,753
Prairie Meadows Racetrack/Casino	542,420	76,397	106,956	725,773
Fiduciary	<u>439,017</u>	<u>-</u>	<u>-</u>	<u>439,017</u>
Total	\$ <u>1,720,190</u>	\$ <u>76,397</u>	\$ <u>107,352</u>	\$ <u>1,903,939</u>

These balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. In general, interfund balances will be repaid within one year from year-end.

Amounts due from/due to other funds primarily relates to:

Cash overdrafts owed to the General Fund from other funds	\$ 738,753
Property taxes owed to various funds from Prairie Meadows Racetrack/Casino Enterprise Fund	725,773
Short-term loan to drainage districts from the General Fund	438,350

**6. ADVANCES TO/FROM OTHER FUNDS**

Advances to/from other funds result from established long-term interfund loans, as evidenced by existing agreements. Such agreements bear interest at rates ranging from 3.50% to 5.10%. The long-term portion of individual fund loan balances at June 30, 2011, is as follows:

Drainage District fund interfund loans payable to the following funds:	
General Fund	\$ <u>21,000</u>

The schedule of annual principal maturities for interfund loans is as follows:

	Drainage Districts
During the year ending June 30:	
2012	\$ <u>21,000</u>

## 7. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2011, is as follows:

	Balance 7/1/2010	Additions	Disposals	Balance 6/30/2011
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 11,421,932	\$ 167,143	\$ -	\$ 11,589,075
Intangibles-computer software in progress	790,667	1,043,200	-	1,833,867
Construction in progress	6,058,720	7,322,545	(9,126,440)	4,254,825
Total capital assets, not being depreciated	<u>18,271,319</u>	<u>8,532,888</u>	<u>(9,126,440)</u>	<u>17,677,767</u>
Capital assets, being depreciated:				
Buildings	137,331,184	3,364,347	-	140,695,531
Improvements other than buildings	1,220,901	821,586	-	2,042,487
Infrastructure	90,346,787	4,940,507	-	95,287,294
Equipment	14,087,633	844,145	(1,998,034)	12,933,744
Vehicles	8,265,767	854,027	(791,267)	8,328,527
Total capital assets being depreciated	<u>251,252,272</u>	<u>10,824,612</u>	<u>(2,789,301)</u>	<u>259,287,583</u>
Less accumulated depreciation for:				
Buildings	(42,971,801)	(4,171,159)	-	(47,142,960)
Improvements other than buildings	(628,317)	(88,204)	-	(716,521)
Infrastructure	(56,365,688)	(4,010,163)	-	(60,375,851)
Equipment	(9,886,805)	(1,198,726)	1,998,034	(9,087,497)
Vehicles	(4,686,103)	(1,028,129)	791,267	(4,922,965)
Total accumulated depreciation	<u>(114,538,714)</u>	<u>(10,496,381)</u>	<u>2,789,301</u>	<u>(122,245,794)</u>
Total capital assets being depreciated, net	<u>136,713,558</u>	<u>328,231</u>	<u>-</u>	<u>137,041,789</u>
Governmental activities capital assets, net	<u>\$ 154,984,877</u>	<u>\$ 8,861,119</u>	<u>\$ (9,126,440)</u>	<u>\$ 154,719,556</u>
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 14,852,969	\$ -	\$ -	\$ 14,852,969
Intangibles-permanent easements	366,536	134,075	-	500,611
Construction in progress	12,163,464	30,354,583	-	42,518,047
Total capital assets, not being depreciated	<u>27,382,969</u>	<u>30,488,658</u>	<u>-</u>	<u>57,871,627</u>
Capital assets, being depreciated:				
Buildings	281,145,812	198,561	-	281,344,373
Improvements other than buildings	8,737,316	-	-	8,737,316
Leasehold improvements	37,487,588	75,657,527	-	113,145,115
Infrastructure	21,186,283	-	-	21,186,283
Equipment	712,603	80,083	-	792,686
Vehicles	257,501	19,631	(52,358)	224,774
Total capital assets being depreciated	<u>349,527,103</u>	<u>75,955,802</u>	<u>(52,358)</u>	<u>425,430,547</u>
Less accumulated depreciation for:				
Buildings	(67,214,743)	(9,458,256)	-	(76,672,999)
Improvements other than buildings	(8,327,406)	(27,621)	-	(8,355,027)
Leasehold improvements	(11,246,280)	(3,012,655)	-	(14,258,935)
Infrastructure	(7,084,623)	(529,661)	-	(7,614,284)
Equipment	(629,739)	(37,077)	-	(666,816)
Vehicles	(155,807)	(29,852)	52,358	(133,301)
Total accumulated depreciation	<u>(94,658,598)</u>	<u>(13,095,122)</u>	<u>52,358</u>	<u>(107,701,362)</u>
Total capital assets being depreciated, net	<u>254,868,505</u>	<u>62,860,680</u>	<u>-</u>	<u>317,729,185</u>
Business-type activities capital assets, net	<u>\$ 282,251,474</u>	<u>\$ 93,349,338</u>	<u>\$ -</u>	<u>\$ 375,600,812</u>

Depreciation expense (including the amortization of intangible assets) was charged to functions/programs of the primary government as follows:

<b>Government activities:</b>	
Public safety and legal services	\$ 3,490,844
Physical health and social services	1,033,351
County environment and education	402,947
Roads and transportation	4,945,352
Government services to residents	316,543
Administration	<u>307,344</u>
Total depreciation expense - governmental activities	<u>\$ 10,496,381</u>
<b>Business-type activities:</b>	
Air Pollution	\$ 58,862
Sanitary Treatment Works	299,745
Prairie Meadows Racetrack/Casino	4,589,788
Jester Park Golf Course	40,113
Hamilton Urban Drainage District	229,916
Iowa Events Center	<u>7,876,698</u>
Total depreciation expense - business-type activities	<u>\$ 13,095,122</u>

### **Governmental Activities**

The intangible in progress represents a new real estate system which continues to be developed and is expected to take another year to implement. New infrastructure for governmental activities primarily consists of completion of construction of the Polk County River Place flood wall and the Northeast 56<sup>th</sup> Street Reconstruction project. The building addition in governmental activities represents completion of construction of the 1907 Emergency Operation Center while construction in progress primarily consist of ongoing construction of the Polk County River Place West project.

### **Business-type Activities**

Construction in progress for business-type activities primarily consists of the Iowa Events Center renovation and a large sanitary sewer project. Leasehold improvements represent improvements to Prairie Meadows Racetrack and Casino during the lease term of 2003 to 2010 (see note 17).



## 8. LONG-TERM LIABILITIES

The following is a summary of long-term liability activity for the year ended June 30, 2011:

	Balance			Balance	
	July 1, 2010	Additions	Deletions	June 30, 2011	Due Within One Year
<b>Governmental activities:</b>					
General obligation bonds payable	\$ 97,480,000	\$ 15,485,000	\$ (7,470,000)	\$ 105,495,000	\$ 8,310,000
Add: unamortized premium (discount)	202,876	298,790	(42,133)	459,533	52,436
General obligation notes payable	469,000	-	(40,000)	429,000	41,000
Capital leases payable	2,319,288	669,366	(941,287)	2,047,367	707,168
Accrued compensated absences	11,206,247	8,827,797	(7,774,670)	12,259,374	1,627,096
Termination benefits payable	196,118	-	(111,516)	84,602	61,664
Post employment liability	2,401,000	1,058,000	-	3,459,000	-
Estimated liability for claims and judgements	2,086,700	15,854,303	(15,335,303)	2,605,700	2,029,217
<b>Total</b>	<b>\$ 116,361,229</b>	<b>\$ 42,193,256</b>	<b>\$ (31,714,909)</b>	<b>\$ 126,839,576</b>	<b>\$ 12,828,581</b>
<b>Business-type activities:</b>					
General obligation bonds payable	\$ 105,055,000	\$ 89,335,000	\$ (57,635,000)	\$ 136,755,000	\$ 9,130,000
Add: unamortized premium (discount)	2,757,214	4,788,498	(2,804,512)	4,741,200	477,005
Less: loss on advance refunding	(234,183)	(840,177)	73,464	(1,000,896)	(113,472)
General obligation notes payable	10,470,099	7,817,489	(172,000)	18,115,588	752,884
Accrued compensated absences	141,816	89,550	(87,199)	144,167	77,902
<b>Total</b>	<b>\$ 118,189,946</b>	<b>\$ 101,190,360</b>	<b>\$ (60,625,247)</b>	<b>\$ 158,755,059</b>	<b>\$ 10,324,319</b>

For the governmental activities, claims and judgments and compensated absences are generally liquidated by the general fund.

### General Obligation Bonds Payable

	Original Amount	Date Issued	Interest Rates	Due Date	Amount Outstanding
<b>Governmental activities</b>					
General Purpose	\$ 7,200,000	6/1/2001	3.8-4.625%	6/1/2012	\$ 865,000
General Purpose	6,200,000	12/15/2002	3-4%	6/1/2013	1,185,000
General Purpose	1,025,000	12/15/2003	2.15-3.55%	6/1/2014	525,000
General Purpose	3,770,000	7/15/2004	3-3.9%	6/1/2015	1,670,000
General Purpose	8,865,000	6/1/2006	4-4.25%	6/1/2016	5,450,000
General Purpose	6,110,000	6/1/2006	4-4.5%	6/1/2026	5,040,000
General Purpose	68,000,000	12/1/2006	4-4.125%	6/1/2026	59,850,000
General Purpose	12,915,000	12/1/2006	4-4.125%	6/1/2026	10,965,000
General Purpose	2,665,000	12/1/2007	4%	6/1/2017	1,780,000
General Purpose	3,905,000	12/1/2008	4%	6/1/2018	3,070,000
General Purpose	15,485,000	12/30/2010	2-4%	6/1/2025	15,095,000
<b>Total</b>					<b>\$ 105,495,000</b>

	Original Amount	Date Issued	Interest Rates	Due Date	Amount Outstanding
<b>Business-type activities</b>					
Sanitary Treatment	\$ 1,230,000	12/15/2003	2.15-3.55%	6/1/2014	\$ 405,000
Iowa Events Center	40,900,000	12/15/2002	4-5.2%	6/1/2017	24,355,000
Iowa Events Center	27,490,000	12/1/2007	4%	6/1/2017	21,320,000
Iowa Events Center	46,885,000	12/30/2010	2-5%	6/1/2021	43,740,000
Iowa Events Center	42,450,000	12/30/2010	2-4%	6/1/2023	42,450,000
Urban Sewer	5,330,000	6/1/2006	4-4.5%	6/1/2026	4,400,000
Urban Sewer	105,000	12/1/2006	4-4.125%	6/1/2026	85,000
Total					<u>\$ 136,755,000</u>

## Notes Payable

	Original Amount	Date Issued	Interest Rates	Due Date	Amount Outstanding
<b>Governmental activities</b>					
General Purpose	\$ 800,000	8/9/2000	3%	12/1/2019	<u>\$ 429,000</u>
<b>Business-type activities</b>					
Sanitary Treatment	\$ 5,000,000	7/30/2008	3%	6/1/2028	\$ 3,947,000
Sanitary Treatment	13,000,000	6/16/2010	3%	6/1/2030	12,530,577
Sanitary Treatment	268,000	6/30/2010	0%	6/30/2013	47,132
Sanitary Treatment	997,000	6/30/2010	0%	6/30/2013	997,000
Sanitary Treatment	5,000,000	6/1/2011	3%	6/1/2031	<u>593,879</u>
Total					<u>\$ 18,115,588</u>

The annual requirements to pay principal and interest on all outstanding debt are as follows:

	Bonds Payable		Notes Payable		Total Principal and Interest
	Principal	Interest	Principal	Interest	
<b>Governmental activities</b>					
During the year ending June 30:					
2012	\$ 8,310,000	\$ 4,182,543	\$ 41,000	12,255	\$ 12,545,798
2013	7,725,000	3,866,819	43,000	10,995	11,645,814
2014	7,385,000	3,576,709	44,000	9,690	11,015,399
2015	7,475,000	3,299,591	46,000	8,340	10,828,931
2016	7,305,000	3,017,599	47,000	6,945	10,376,544
2017-2021	31,475,000	11,190,616	208,000	12,780	42,886,396
2022-2026	<u>35,820,000</u>	<u>4,458,806</u>	-	-	<u>40,278,806</u>
Total	105,495,000	33,592,683	429,000	61,005	139,577,688
Add: unamortized premium	<u>459,533</u>	-	-	-	<u>459,533</u>
Total	<u>\$ 105,954,533</u>	<u>\$ 33,592,683</u>	<u>\$ 429,000</u>	<u>\$ 61,005</u>	<u>\$ 140,037,221</u>

	Bonds Payable		Notes Payable		Total Principal and Interest
	Principal	Interest	Principal	Interest	
<b>Business-type activities</b>					
During the year ending June 30:					
2012	\$ 9,130,000	\$ 6,020,270	\$ 752,884	\$ 510,752	\$ 16,413,906
2013	9,495,000	5,657,718	1,837,885	489,557	17,480,160
2014	9,885,000	5,266,790	808,915	465,745	16,426,450
2015	10,155,000	4,853,920	824,213	441,477	16,274,610
2016	10,585,000	4,424,140	840,652	416,750	16,266,542
2017-2021	60,700,000	14,360,895	4,450,860	1,695,748	81,207,503
2022-2026	26,805,000	1,710,244	4,903,977	1,001,463	34,420,684
2027-2031	-	-	3,696,202	264,249	3,960,451
Total	<u>136,755,000</u>	<u>42,293,977</u>	<u>18,115,588</u>	<u>5,285,741</u>	<u>202,450,306</u>
Add: unamortized premium	4,741,200	-	-	-	4,741,200
Less: loss on advance refunding	<u>(1,000,896)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,000,896)</u>
Total	<u>\$ 140,495,304</u>	<u>\$ 42,293,977</u>	<u>\$ 18,115,588</u>	<u>\$ 5,285,741</u>	<u>\$ 206,190,610</u>

There were no due and unredeemed bonds or notes at June 30, 2011. In addition, there was no special assessment debt outstanding at June 30, 2011. Management does not believe an arbitrage liability exists at June 30, 2011.

#### Refunding of General Obligation Bonds – Iowa Events Center

On December 30, 2010, the County issued \$46,885,000 (refunded interest rate of 2-5%) of general obligation bonds for the purpose of refunding the County's outstanding general obligation bonds dated December 15, 2002, in the amount of \$47,675,000 (redeemed interest rate of 5%). The refunding bonds were issued to reduce future debt service payments.

As a result of this combined refunding, the County increased its debt service requirements by \$3,581,105 over the life of the debt with a present value loss of \$90,335.

#### Termination Benefits Payable

The County offered two separate voluntary Early Retirement Incentive Programs to its full-time employees during the year ended June 30, 2007. One program involved employees that were covered by Civil Service and the other program involved employees not covered by Civil Service. Under the Civil Service program, eligible employees must be age 52 or older and have at least 22 years of full-time employment with the Polk County Sheriff's Office by November 30, 2006. Employees eligible under the non-civil service program must be age 55 or older and have at least 10 years of full-time employment with Polk County by December 31, 2006.

One of the incentives included in both programs provides employees a credit of \$1,000 for each full year of County employment up to a maximum of \$30,000 to be banked to pay for health insurance. Payments for retiree health insurance began in November 2006.

At June 30, 2011, the County has obligations to 15 participants with a total liability of \$84,602. Actual early retirement expenditures for the year ended June 30, 2011, totaled \$111,516.

## **9. CONDUIT DEBT OBLIGATIONS**

As of June 30, 2011, there were various conduit debt obligations outstanding. The aggregate principal amount payable for such debt is \$3,305,000. Although these debt obligations bear the name of the County, the County has no obligation for such debt beyond the resources provided by the loan with Broadlawns Medical Center (Broadlawns) and Polk County Aviation Authority on whose behalf they are issued. Accordingly, these obligations are not recorded as liabilities in the accompanying financial statements.

### **Broadlawns Medical Center**

During the year ended June 30, 2001, the County issued \$4,200,000 in the form of twelve-year general obligation capital loan notes on behalf of Broadlawns to provide funds for various capital improvements. On July 1, 2010, the outstanding 2000 general obligation capital loan note of \$1,060,000 were called and paid off. The early redemption of this debt saved Broadlawns approximately \$73,000 in future interest.

### **Polk County Aviation Authority**

During the year ending June 30, 2005, the County issued \$4,710,000 in general obligation capital loan notes on behalf of the Polk County Aviation Authority for refunding the Aviation Authority's outstanding revenue bonds, constructing new tee hangers and purchasing land for future runway improvements. The Aviation Authority will repay the loan with interest in amounts equal to and on the same payment schedule as the payments the County will make on the general obligation capital loan notes.

### **Other**

The County actively encourages industrial and commercial enterprises to locate and remain in the County by, among other things, the issuance of industrial development revenue bonds pursuant to the Code of Iowa Chapter 419, Municipal Support of Projects. These bonds do not constitute an indebtedness of, or a charge against, the general credit or taxing powers of the County. All issues are prepared under the direction of Polk County. The issues which have been sold as of June 30, 2011 amounted to \$132,835,000.

## **10. DEVELOPER (REBATE) AGREEMENTS**

The County has entered into various development agreements for urban renewal projects. The payments are payable solely from the incremental property tax received by the County which are attributable to property located within the Urban Renewal Area and are only made to the extent the County determines tax increment revenues are annually available.

Currently, it is estimated that outstanding commitments totaling about \$19.3 million exist, of which \$1.1 million is estimated to be paid in the next fiscal year. No liability is recognized due to the fact that the agreements are conditional and the payments are to be funded by property taxes collected on the project each fiscal year.

These agreements are not a general obligation of the County. However, the amount payable in the succeeding year is subject to the constitutional debt limitation of the County.

## **11. LEASE COMMITMENTS**

### **Capital Leases**

The County has entered into agreements to purchase equipment through capital lease agreements. The historical cost of equipment relating to capital leases is \$3,112,503. The following is a schedule by years of future minimum lease payments under capital leases together with the present value of the total minimum lease payments as of June 30, 2011:

During the year ending June 30:	
2012	\$ 812,167
2013	502,876
2014	502,876
2015	<u>476,241</u>
Total minimum lease payments	2,294,160
Less: amount representing interest	<u>(246,793)</u>
Present value of total minimum lease payments	\$ <u><u>2,047,367</u></u>

## Operating Leases

The County leases building facilities for certain County department offices and equipment on a long-term basis. Rental expense for the year ended June 30, 2011 is \$989,581. Following is a schedule of minimum future rentals for non-cancelable operating leases in effect at June 30, 2011:

During the year ending June 30:	
2012	\$ 435,946
2013	110,858
2014	6,000
2015	<u>6,000</u>
Total	\$ <u><u>558,804</u></u>

The above schedule represents operating leases in effect at June 30, 2011. As part of the normal course of business, the County continues to negotiate and/or renegotiate various operating leases.

## 12. TRANSFER RECONCILIATION

The following is a schedule of the transfers of Polk County:

	Transfer to						
	General Fund	Prairie Meadows Casino	Iowa Events Center	Nonmajor Governmental	Nonmajor Enterprise	Internal Service	Total
<b>Transfer from</b>							
General Fund	\$ 422,800	\$ -	\$ -	\$ 3,680,590	\$ -	\$ 2,850,297	\$ 6,953,687
Prairie Meadows Racetrack/Casino	5,814,793	-	14,294,229	1,298,452	996,461	-	22,403,935
Iowa Events Center	-	1,463,105	-	-	-	-	1,463,105
Nonmajor Governmental	1,414,899	-	-	4,568,741	-	-	5,983,640
Nonmajor Enterprise	-	-	-	405,000	-	-	405,000
Internal Service	<u>2,870,297</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,870,297</u>
Total	\$ <u><u>10,522,789</u></u>	\$ <u><u>1,463,105</u></u>	\$ <u><u>14,294,229</u></u>	\$ <u><u>9,952,783</u></u>	\$ <u><u>996,461</u></u>	\$ <u><u>2,850,297</u></u>	\$ <u><u>40,079,664</u></u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

In the year ending June 30, 2011, the County made the following significant transfers:

Prairie Meadows Racetrack/Casino Enterprise fund made transfers to various governmental/enterprise funds. These transfers provided economic development or provided funding to assist in the repayment of the respective fund's debt.	\$ 22,403,935
General Supplemental fund made transfers to Risk Management Internal Service funds for funding of current year activities.	2,850,297
General fund and Rural Services fund made transfers to Secondary Roads fund in accordance with state statutes.	7,319,628

### **13. DEFERRED COMPENSATION PLAN**

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457, as amended. The plan, available to all County employees, permits them to defer a portion of their salary until future years. The deferred compensation assets are held in trust for the exclusive benefit of participants (or their beneficiaries in the event of the participant's death) upon termination, retirement, death, or an unforeseeable emergency. The County provides neither administrative service to the plan nor investment advice for the plan.

### **14. PENSION AND RETIREMENT BENEFITS**

The County contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Plan members are required to contribute 4.50% of their annual covered salary and the County is required to contribute 6.95% of annual covered salary. Certain employees in special risk occupations and the County contribute an actuarially determined contribution rate. Contribution requirements are established by State statute. The County's contribution to IPERS for the years ended June 30, 2011, 2010, and 2009 were \$6,058,362, \$5,475,966, and \$4,850,540, respectively, equal to the required contributions for each year.

### **15. RISK MANAGEMENT**

The Polk County Risk Management Program includes the following functions: insurance procurement, loss control, employee safety training, OSHA compliance, building security and claims management. Additional responsibilities include hazardous waste management and underground fuel storage tank monitoring.

#### **Self-Insurance Fund**

The County's Risk Management Program blends self-insurance coverages with selected conventional insurance coverages. The County self-insures its general liability, property, fleet, law enforcement professionals, public officials' errors and omissions, contractor's pollution, fidelity, and workers' compensation exposures with a self insured retention limit. This limit varies with each coverage. Conventionally insured exposure exists for medical professional (malpractice) coverage, with a policy limit of \$1,000,000 per claim and \$3,000,000 aggregate, general liability coverage for the Iowa Events Center of \$1,000,000 per claim and \$2,000,000 aggregate and non-owned aviation insurance with a \$10,000,000 policy limit.

The County has established a sub-fund within the General Fund to account for the County's exposures to loss from property/casualty, workers' compensation, unemployment compensation, and long-term disability self-insurance programs. The following table displays the self-insurance exposure, policy limits, self-insured retention (SIR) levels, and losses in excess of SIR levels:

Exposure	Policy Limits	Self-Insured Retention
Excess liability	\$ 10,000,000	\$ 2,000,000
General liability - Iowa Events Center	1,000,000/2,000,000	-
Property, fleet, law enforcement, public officials	575,320,579	100,000
Fidelity bond	5,000,000	50,000
Workers' compensation	Statutory/1,000,000	500,000
Non-owned aviation	10,000,000	-

In addition, various Enterprise Funds purchase commercial insurance for property, inland marine, boiler and machinery, fleet, liquor, crime (fidelity), special events, flood, contractor's pollution, excess pollution and professional and general liability.

There have been no significant reductions in insurance coverage during the year ended June 30, 2011. There has been one claim in excess of the insurance coverage in the last three fiscal years. This workers compensation claim exceeded the \$500,000 SIR. However, all claims that exceeded our SIR have been covered by reinsurance.

Liabilities are reported when it is probable that a loss will occur and the amount of the loss can be reasonably estimated. Claim liabilities are calculated considering recent claims' settlement trends, including frequency and amount of payouts and other economic and social factors. All insurance losses are paid from the General Supplemental Self-Insurance Fund (a sub-fund within the General Fund).

**Governmental Activities (prior to Internal Service Allocation)**

This amount was determined based on actual claim payments subsequent to year-end rather than on discounted estimates. Changes in the estimated claims liability for governmental activities (prior to the internal service fund allocation) for the years ended June 30, 2011 and 2010 are as follows:

	Year Ended	
	6/30/2011	6/30/2010
Beginning balance	\$ 478,000	\$ 1,215,500
Current year claims and changes in estimates	2,160,897	829,023
Claim payments	<u>(1,357,897)</u>	<u>(1,566,523)</u>
Ending Balance	<u>\$ 1,281,000</u>	<u>\$ 478,000</u>

**Employee Insurance Fund**

The County is self-insured for medical and dental insurance provided to employees. Benefits are accounted for through the Employee Insurance Internal Service Fund. Interfund charges within the County are recorded as revenue in the Employee Insurance Fund and as expenditure/expense to the benefiting department.

The payment of health and dental insurance claims are processed by a third-party administrator. Excess insurance is purchased to cover individual claims that exceed \$200,000 per plan year with a lifetime maximum of \$2,000,000. Aggregate stop loss insurance coverage equals 125% of a projected amount. Settled claims have exceeded individual limits of excess insurance during the past three fiscal years but not the aggregate limit.

Changes in the estimated liability for probable losses recorded in the Employee Insurance Fund for the years ended June 30, 2011 and 2010 are as follows:

	Year Ended	
	6/30/2011	6/30/2010
Beginning balance	\$ 1,608,700	\$ 1,191,980
Current year claims and changes in estimates	13,693,406	12,615,907
Claim payments	<u>(13,977,406)</u>	<u>(12,199,187)</u>
Ending Balance	<u>\$ 1,324,700</u>	<u>\$ 1,608,700</u>

## 16. COMMITMENTS AND CONTINGENCIES

### Commitments

The County has made the following commitments of current and future resources, as follows. It is anticipated that necessary future resources will be provided by transfers from the Prairie Meadows Racetrack/Casino Enterprise Fund, general obligation bond proceeds and other sources:

#### General Fund:

Polk County Housing Trust Fund	\$ 3,000,000
Neighborhood Finance Corp.	1,600,000
Community Betterment - Des Moines Area Community College	300,000
Community Betterment - Link Associates Foundation	300,000
Total	<u>\$ 5,200,000</u>

#### Secondary Road Fund:

LRS Road Construction Contract	\$ 4,148,000
Local Resurfacing Construction Contract	1,151,000
Total	<u>\$ 5,299,000</u>

#### Capital Improvements Projects Fund:

Emergency Operations Center	\$ 823,564
River Place West	1,353,227
Land Management & Permitting System	821,535
Total	<u>\$ 2,998,326</u>

### Contingencies

There are currently numerous lawsuits against the County seeking damages for various reasons. With the exception of the estimated liability for claims and judgments as discussed in Note 15, the outcome and eventual liability of the County, if any, from these lawsuits and from any unasserted claims is not known at this time. County officials believe the outcome of these matters will not have a material effect on the County's financial statements.

The County participates in a number of federally assisted grant programs. The programs are subject to financial and compliance audits. The amount of expenditures, if any, which may be disallowed by the granting agencies, is not determinable at this time; however, County officials do not believe that such amounts would be significant.



## **17. RACETRACK/CASINO**

The County owns a pari-mutuel horse racing and casino facility. Prairie Meadows Racetrack and Casino, Inc. ("Prairie Meadows") has leased the facility from Polk County since 1989. Legislative changes and County voter approval resulted in slot machines being added in 1995 and table games being added in 2005. The gambling games measure was re-submitted to and approved by Polk County voters in November 2010, based on then current Iowa law requiring voter approval every eight years. During the 2011 legislative session, Iowa law was amended to remove future referendum requirements for Prairie Meadows.

The 2003-2010 lease provides for monthly rental payments of \$1.3 million throughout the lease term and net receipt distributions of \$4.4 million per year for the first five years. During the final three years of the lease, Prairie Meadows distributes net receipts to the County only to the extent horse purses exceed \$15 million per year. The variable net receipt distribution was \$4.3 million in January 2011.

Additional receipts from Polk County's lease with Prairie Meadows include Prairie Meadows paying Polk County one-third of the improvement in net receipts due to change in the tax rate. Pursuant to a 2002 Supreme Court case, the state of Iowa reduced the pari-mutuel gaming taxation rate from 36% to 24%. Polk County's share of the tax gain was \$7.2 million in January 2011.

Prairie Meadows made \$75.7 million worth of improvements to the racetrack/casino facility during the lease term of January 2003 through December 2010. The improvements reverted to the County upon expiration of the lease and have been capitalized as "leasehold improvements" in Note 7.

On June 14, 2011, the County entered into a new lease with Prairie Meadows that commenced mid-June 2011 and runs through December 2018. This lease replaces the 2003-2010 lease.

The new lease provides for monthly rental payments of \$1.3 million throughout the lease term (2011-2018) and additional payments of \$10.4 million per year for the first three years. During the final five years of the lease, additional payments will equal 5% of Prairie Meadows' adjusted gross receipts. In the event adjusted gross receipts exceed \$225 million, an additional 1% of adjusted gross receipts will be paid on the increment above \$225 million. Additionally, Prairie Meadows will reimburse Polk County for any annual property tax liability in excess of \$4.5 million.

## **18. IOWA EVENTS CENTER**

The County owns the Iowa Events Center (IEC). The IEC consists of three managed facilities, Veterans Memorial Auditorium, Hy-Vee Hall, and the Polk County Convention Complex, and one leased facility, Wells Fargo Arena (WFA).

### **Managed Facilities**

The County has a Management Agreement with Global Spectrum, L.P. (Global), to manage and operate the Managed Facilities. This agreement is a ten-year contract beginning October 1, 2004. Under this agreement the County pays Global a fixed management fee. For the fiscal year ending June 30, 2011 the amount of the fixed management fee was \$202,917.

In addition to the fixed management fee, Global is entitled to earn a productivity fee for each full, completed operating year of the term. The County paid Global \$19,203 for the productivity fee for the fiscal year ending June 30, 2011.

The County has a Concessions Management Agreement with Ovations Food Services, L.P. (Ovations) for the management of the food and beverage service operations at the Managed Facilities. The original contract dated October 1, 2004 was renewed for an additional three years beginning October 1, 2009. On October 1, 2011 the contract was amended to extend the term to September 30, 2016. Under these agreements the County pays Ovations a fixed management fee. For the fiscal year ending June 30, 2011 the amount of the fixed management fee was \$141,000.

In addition to the fixed management fee, Ovation is entitled to earn an incentive fee for each operating year of the term. Ovation did not earn the incentive fee for the fiscal year ending June 30, 2011.

### Construction Commitment

All major construction contracts have been awarded. As of June 30, 2011, the following are significant construction contracts still outstanding:

Vendor	Contract Amount As of 6/30/11	Project Costs Incurred To Date As of 6/30/11	Remaining Commitment
The Weitz Company (VMA Renovation)	\$ 32,418,349	\$ (18,686,533)	\$ 13,731,816
The Weitz Company (Phase II Exhibit Hall)	2,244,406	(255,634)	1,988,772
OPN Architects (VMA Renovation)	2,135,636	(1,936,167)	199,469
OPN Architects (Phase II Exhibit Hall)	142,000	(122,120)	19,880
Hussey Seating Company (VMA Bleachers)	<u>598,750</u>	<u>-</u>	<u>598,750</u>
Total	<u>\$ 37,539,141</u>	<u>\$ (21,000,454)</u>	<u>\$ 16,538,687</u>

### Leased Facility

The County has a Master Lease agreement with Global to manage and operate WFA. The agreement is a ten-year contract beginning July 1, 2005, with the option to extend for two five-year periods thereafter.

Under this agreement the County receives 80% of the first one million dollars of net operating income for such fiscal year in excess of the operator's share, plus 70% of all net operating income in excess of the operator's share plus one million dollars for such year. The operator's share is \$500,000 per fiscal year. The County earned \$1,208,334 and Global earned \$875,000 of WFA's net operating income for the fiscal year ending June 30, 2011.

Global is responsible for the payment of all WFA operating expenses regardless of the amount or timing of WFA revenues. In the event that the operating fund does not contain sufficient funds to pay any such WFA operating expenses as they become due and payable, Global shall fund the amount of such insufficiency. In no event shall the County have any responsibility or liability with respect to any operating losses or the failure of Global to realize any net operating income from its leasing of WFA.

A Public Facility Maintenance Surcharge (PFMS) user fee is assessed on certain ticket sales. The amount of this fee varies from \$1.00 to \$2.00 depending upon the nature of the event. Fifty percent of these revenues generated are paid to the County for deposit into a restricted funds PFMS/Renewal and Replacement Account (see Note 4), and the remaining 50% is retained by Global as operating revenues. The County received \$351,397 for the fiscal year ending June 30, 2011.

Global has an agreement in place with Ovation to provide food and beverage concessions and catering services to WFA. The agreement is a ten-year contract beginning July 1, 2005. The term of this agreement may be extended by Ovation, at its sole option, for an additional one year period.

Under the Master Lease Agreement, the County receives 3% of the gross concessions revenues earned by Ovation for the fiscal year. The County deposits these funds into a restricted fund Concessions Account (see Note 4). The County received \$97,863 for the fiscal year ending June 30, 2011.

## County Non-Operating

The County is responsible for the non-operating costs associated with the IEC. These costs include external professional services, internal audit functions, insurance costs, repair and maintenance costs not included in Global's operating expenses, interest expense, and depreciation expense.

For the fiscal year ending June 30, 2011, the County received the following naming rights revenue:

Hy-Vee Hall	\$	375,000
Wells Fargo Arena		550,000
Principal River's Edge restaurant		58,333

## 19. RELATED PARTY TRANSACTIONS

The Iowa Events Center is managed by Global Spectrum, L.P. which is a subsidiary of Philadelphia-based Comcast-Spectacor. The Comcast-Spectacor Group includes Ovations Food Services and New Era Tickets. The following is a summary of transactions and balances with affiliates as of and for the year ended June 30, 2011:

Concessions and catering revenue from Ovations	\$	3,193,790
Ticket revenue and fees received from New Era		5,658
Ticket fees paid to New Era		5,868
Management fee paid to Ovations		141,000

## 20. JOINT VENTURE

The County is a participating community in the Des Moines Metropolitan Wastewater Reclamation Authority (WRA) joint venture. This joint venture provides primary and secondary treatment of the sewer flows of the participating communities.

The WRA Agreement does not provide for the determination of an equity interest for the participating communities. Withdrawing from the joint venture is a forfeit of all reversionary interest and no compensation would be paid. Since there is no specific and measurable equity interest in the WRA no investment in the joint venture is reported by the County. The County does retain a reversionary interest percentage in the net assets of the WRA that would only be redeemed in the event the WRA is dissolved.

Although debt of the WRA is to be paid solely and only from WRA revenues, the participating communities in the joint venture cannot withdraw from the joint venture while any of the bonds issued during the time the entity was a participating community are still outstanding. Polk County retains an ongoing financial responsibility to the WRA since it is obligated in some manner for the debts of the joint venture through the annual allocation of wastewater reclamation flows. The allocation to all participating communities is based on operations, maintenance, debt service and reserve requirements. Allocations are based on wastewater reclamation facility flows and adjusted prospectively for differences in budgeted flows and actual flows. As of June 30, 2011, the County has a future commitment for approximately \$2,668,862 for future principal payment requirements payable through the allocation of wastewater reclamation flows.

The WRA issues separate financial statements that may be obtained at 3000 Vandalia Road, Des Moines, Iowa 50317-1346.

## 21. OTHER POST EMPLOYMENT BENEFITS (OPEB)

### Plan Description

The County sponsors a single-employer defined post-employment benefit plan that provides a continuation option to retirees to purchase health benefits under the County's group health plan. Retirees have the option to purchase health coverage for themselves and their eligible dependents. Eligible retirees receive health care coverage through a self funded medical plan, administered through Wellmark. Full-time Sheriff and Sheriff Deputies may retire with the election to continue health coverage at age 50 with 22 or more years of service or if disabled or at age 55 if they have less than 22 years of service. All other full-time employees may retire with the election to continue health coverage after age 55 with 15 or more years of service or if disabled. Retirees under age 65 pay the same premium for the medical benefit as active employees, which results in an implicit subsidy and an OPEB liability. The plan does not issue a stand-alone financial report.

### Funding Policy

The current funding policy of the County is to pay health claims as they occur. This arrangement does not qualify as OPEB plan assets under GASB for current GASB reporting. During the year ending June 30, 2010, the County designated \$2.1 million in the Employee Insurance Internal Service Fund to offset future OPEB costs. The County establishes and amends contribution requirements annually.

The required contribution is based on projected pay-as-you-go financing. For fiscal year 2011, the County contributed \$406,000. Retirees receiving benefits contributed \$993,000 through their required contribution of \$444 per month for single health coverage and \$1,111 per month for family health coverage.

### Annual OPEB cost and net OPEB obligation

The County's annual OPEB cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance to the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The following table shows the components of the County's annual OPEB cost for the year, the amount actuarially contributed to the plan, and changes in the County's annual OPEB obligation:

	County	County Assessor	Total
Annual required contribution	\$ 1,415,000	\$ 59,000	\$ 1,474,000
Interest on net OPEB obligation	108,000	4,000	112,000
Adjustment to annual required contribution	<u>(91,000)</u>	<u>(4,000)</u>	<u>(95,000)</u>
Annual OPEB cost (expense)	1,432,000	59,000	1,491,000
Contributions made	<u>(374,000)</u>	<u>(32,000)</u>	<u>(406,000)</u>
Increase in net OPEB obligation	1,058,000	27,000	1,085,000
Net OPEB obligation - July 1, 2010	<u>2,401,000</u>	<u>93,000</u>	<u>2,494,000</u>
Net OPEB obligation - June 30, 2011	<u>\$ 3,459,000</u>	<u>\$ 120,000</u>	<u>\$ 3,579,000</u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation is presented in the following table:

Fiscal Year Ended	<u>Annual OPEB Cost</u>		<u>% of Annual OPEB Cost Contributed</u>		<u>Net OPEB Obligation</u>	
	County	County Assessor	County	County Assessor	County	County Assessor
6/30/2008	\$ 965,000	\$ 64,000	30%	42%	\$ 679,000	\$ 37,000
6/30/2009	996,698	63,302	34%	52%	1,340,000	67,000
6/30/2010	1,348,000	50,000	21%	48%	2,401,000	93,000
6/30/2011	1,432,000	59,000	20%	41%	3,459,000	120,000

### Funded Status and Funding Progress

The funded status of the plan as of July 1, 2009, the most recent actuarial valuation date is as follows:

	County	County Assessor	Total
Actuarial accrued liability (AAL)	\$ 11,762,000	\$ 585,000	\$ 12,347,000
Actuarial value of plan assets	-	-	-
Unfunded actuarial accrued liability (UAAL)	<u>\$ 11,762,000</u>	<u>\$ 585,000</u>	<u>\$ 12,347,000</u>
Covered payroll (active employees)	\$ 72,579,000	\$ 1,950,000	\$ 74,529,000
UAAL as a percentage of covered payroll	16.2%	30.0%	

Actuarial valuations reflect a long-term perspective that involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

### Actuarial Methods and Assumptions

Projection of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with long-term perspective of the calculations.

The actuarial calculations were performed in accordance with the projected unit credit actuarial cost method as of the July 1, 2009, valuation date. The 4.5% discount rate used was based on the expected rate of return for investments used to finance the payment of benefits. For Polk County, the investment return assumption is based on the expected return of short-term liquid investments. Other actuarial assumptions include salary increases of 3.5 percent per annum, health care cost trend rates of 11 percent select and 5 percent ultimate with select trends reducing 0.5 percent each year until reaching the ultimate trend, per capita health claim costs at age 60 for \$7,029 and at age 70 for \$4,945, annual retirement and annual termination probabilities using the IPERS Actuarial Valuation Report as of June 30, 2007, mortality rates using the RP 2000 Group Annuity Mortality Table applied on a gender-specific basis, and retiree participation rates of 75% for future pre-65 retirees for the period 2010 to 2014 and 97% for future post-64 retirees. The assumed number of eligible spouses is based on the current census information. The UAAL is amortized over the maximum acceptable period of 30 years as a level percentage of projected payrolls on an open basis.

## 22. ELECTED OFFICIALS

The elected officials funds (which are sub-funds of the General Fund) account for the activity of various cash accounts maintained by elected officials and other County departments which have not been remitted to the County Treasurer (who acts as trustee for all pooled cash and investments of the County) or to other individuals and private entities or governments. The elected official's balances at June 30, 2011, are as follows:

	Attorney	Auditor	Board of Supervisors Other	Conservation Board	Recorder	Sheriff	Total Elected Officials
<b>ASSETS:</b>							
Cash and pooled investments	\$ 3,781	\$ 22,736	\$ 900	\$ 42,480	\$ 339,377	\$ 1,679,377	\$ 2,088,651
Due from other governments	-	-	-	-	3,153	-	3,153
<b>TOTAL ASSETS</b>	<b>\$ 3,781</b>	<b>\$ 22,736</b>	<b>\$ 900</b>	<b>\$ 42,480</b>	<b>\$ 342,530</b>	<b>\$ 1,679,377</b>	<b>\$ 2,091,804</b>
<b>LIABILITIES:</b>							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,708	\$ 22,708
Due to other funds	3,781	10,130	900	42,480	2,489	85,426	145,206
Due to other governments	-	12,606	-	-	340,041	1,458,224	1,810,871
Trusts payable	-	-	-	-	-	113,019	113,019
<b>TOTAL LIABILITIES</b>	<b>\$ 3,781</b>	<b>\$ 22,736</b>	<b>\$ 900</b>	<b>\$ 42,480</b>	<b>\$ 342,530</b>	<b>\$ 1,679,377</b>	<b>\$ 2,091,804</b>

## 23. ACCOUNTING CHANGE/RESTATEMENT

GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions", was implemented during the year ended June 30, 2011. The effect of fund type reclassifications is as follows:

	6/30/2010 Balances as previously reported	Changes in fund type classification per implementation of GASB#54	7/1/2010 Balances as restated
<b>General Fund</b>	\$ 37,189,720	\$ 1,728,765	\$ 38,918,485
<b>Special Revenue:</b>			
Conservation Land Acquisition Trust	110,469	(110,469)	-
Equipment Reserve	(1,255,620)	1,255,620	-
Community Betterment	(55,233)	55,233	-
Economic Development	4,283,998	(4,283,998)	-
Housing Development	(2,500,000)	2,500,000	-
<b>Capital Projects:</b>			
Conservation Land Acquisition & Development	-	110,469	110,469
Capital Improvements	(1,337,016)	(1,255,620)	(2,592,636)

## 24. FUND BALANCES

	Major			Total
	General Fund	Special Revenue Mental Health	Other Funds	
<b>Nonspendable:</b>				
Inventory	\$ 544,650	\$ -	\$ 777,178	\$ 1,321,828
Prepays	273,472	-	-	273,472
Advances	17,000	-	-	17,000
<b>Restricted for:</b>				
Mental health	-	765,412	-	765,412
Rural services	-	-	1,747,521	1,747,521
Sheriff seized property	-	-	76,929	76,929
Attorney seized property	-	-	414,607	414,607
Recorder records management	-	-	280,743	280,743
Township fire protection	-	-	6,548	6,548
REAP	-	-	133,125	133,125
Capital projects	-	-	650,958	650,958
Debt service	-	-	1,650,202	1,650,202
<b>Committed to:</b>				
Economic development	3,989,810	-	-	3,989,810
Attorney collection incentive	-	-	251,475	251,475
Treasurer's banking reserve	-	-	10,542	10,542
Contingency reserve	-	-	8,837,085	8,837,085
<b>Unassigned:</b>	<u>34,510,331</u>	<u>-</u>	<u>(3,968,513)</u>	<u>30,541,818</u>
Total Fund Balances	<u>\$ 39,335,263</u>	<u>\$ 765,412</u>	<u>\$ 10,868,400</u>	<u>\$ 50,969,075</u>

## 25. SUBSEQUENT EVENTS

Management evaluated subsequent events through December 12, 2011, the date the financial statements were available to be issued. Events or transactions occurring after June 30, 2011, but prior to December 12, 2011, that provided additional evidence about conditions that existed at June 30, 2011, have been recognized in the financial statements for the year ended June 30, 2011. Events or transactions that provided evidence about conditions that did not exist at June 30, 2011, but arose before the financial statements were available to be issued, have not been recognized in the financial statements for the year ended June 30, 2011.

In November 2011, the County offered separate Early Retirement Incentive Program and Voluntary Severance Program.

### Early Retirement Incentive Program

This program was offered to regular full-time employee with at least 10 years of service and who are age 55 or older by June 30, 2012. It also covers full-time employees covered by Civil Service who are age 50 or older and have at least 22 continuous years with the Sheriff's Office by June 30, 2012.

One of the incentives is payment of \$ 5,000 plus \$1,000 for each year of continuous County service. Employees have the option of a lump payment of 95% of the calculated value or annual installments over a three year period. In addition, the County will continue to pay the employer portion of the insurance premium for the first twelve months following the employee's retirement date.

### **Voluntary Severance Program**

This program was offered to regular scheduled full-time or part-time employees working 24 or more hours per week. One of the incentives is a payment of \$ 5,000 plus \$1,000 for each year of continuous County service. In addition, the County will continue to pay the employer portion of the insurance premium until June 30, 2012.

### **Wells Fargo IEC Naming Rights Prepayment**

Pursuant to the Title Sponsorship Agreement between Wells Fargo Arena and Polk County, Wells Fargo may, upon its sole discretion, accelerate its obligation to Polk County. The discount factor to be used to calculate the present value of this lump sum payment shall be the average yield of the monthly average 20-year Treasury Bonds for the 20-year period immediately preceding the lump sum payment date. On November 15<sup>th</sup>, 2011, Wells Fargo exercised this option and prepaid \$2,765,000 of its future obligation at a discounted amount of \$1,949,505.

## **26. NEW ACCOUNTING PRONOUNCEMENTS**

As of June 30, 2011, the County adopted the following Governmental Accounting Standards Board (GASB) statements, which did not have a material effect on the financial statements:

- GASB Statement No. 54 ("GASB 54"), *"Fund Balance Reporting and Governmental Fund Type Definitions"*, issued March 2009, was implemented for the County beginning with its fiscal year ending June 30, 2011. This Statement is intended to improve the usefulness of information provided to financial report users about fund balances by providing clearer, more structured fund balance classifications, and by clarifying the definitions of existing governmental fund types. Fund balance information is among the most widely and frequently used information in state and local government financial reports. The GASB developed this standard to address the diversity of practice and the resulting lack of consistency that had evolved in fund balance reporting. To reduce confusion, the new standard establishes a hierarchy of fund balance classification based primarily on the extent to which a government is bound to observe spending constraints. Fund balance components in the accompanying financial statements have been presented in conformity with these new requirements.
- GASB Statement No. 58 ("GASB 58"), *"Accounting and Financial Reporting for Chapter 9 Bankruptcies"*, issued December 2009, was implemented for the County beginning with its fiscal year ending June 30, 2011. This Statement provides accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy code.
- GASB Statement No. 59 ("GASB 59"), *"Financial Instruments Omnibus"*, issued June 2010, was implemented for the County beginning with its fiscal year ending June 30, 2011. The standard provides financial reporting guidance of certain financial instruments and external investment pools for which significant issues have been identified in practice.



As of June 30, 2011, the Government Accounting Standards Board (GASB) had issued the following statements not yet implemented by the County. The statements which might impact the County are as follows:

- GASB Statement No. 57 ("GASB 57"), *"OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans"*, issued December 2009, will be effective for the County beginning with its fiscal year ending June 30, 2012. This Statement addresses issues related to the use of the alternative measurement method and the frequency and timing of measurement by employers that participate in agent multiple-employer other postemployment benefit (OPEB) plans.
- GASB Statement No. 60 ("GASB 60"), *"Accounting and Financial Reporting for Service Concession Arrangements"*, issued November 2010, will be effective for the County beginning with its fiscal year ending June 30, 2013. This Statement provides accounting and reporting guidance by establishing recognition, measurement, and disclosure requirements for service concession arrangements for both transferors and governmental operators, requiring governments to account for and report service concession arrangements in the same manner.
- GASB Statement No. 61 ("GASB 61"), *"The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34"*, issued November 2010, will be effective for the County beginning with its fiscal year ending June 30, 2014. This Statement modifies certain requirements for inclusion as component units in the financial reporting entity. The statement also clarifies the reporting of equity interests in legally separate organizations.
- GASB Statement No. 62 ("GASB 62"), *"Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1998 FASB and AICPA Pronouncements"*, issued December 2010, will be effective for the County beginning with its fiscal year ending June 30, 2013. This Statement will improve financial reporting by contributing to efforts to codify all sources of generally accepted accounting principles for state and local governments so that they derive from a single source. It will result in a more consistent application of applicable guidance in financial statements of state and local governments.
- GASB Statement No. 63 ("GASB 63"), *"Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position"*, issued June 2011, will be effective for the County beginning with its fiscal year ending June 30, 2012. This Statement provides accounting and reporting guidance for deferred outflows and inflows and net position where none previously existed.
- GASB Statement No. 64 ("GASB 64"), *"Derivative Instruments: Application of Hedge Accounting Termination Provisions – An Amendment of GASB Statement No. 53"*, issued June 2011, will be effective for the County beginning with its fiscal year ending June 30, 2012. This Statement's objective is to clarify whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider.

The County's management has not yet determined the effect these Statements will have on the County's financial statements.

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**POLK COUNTY, IOWA**

**Required Supplementary Information  
Schedule of Funding Progress  
For the Year Ended June 30, 2011**

Entity	Fiscal Year Ended	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded UAAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
Polk County	2008	7/1/2007	\$ -	\$ 10,808,000	\$ 10,808,000	0.0%	\$ 58,578,858	18.5%
County Assessor	2008	7/1/2007	-	1,066,000	1,066,000	0.0%	1,778,320	59.9%
Polk County	2009	7/1/2007	-	10,808,000	10,808,000	0.0%	65,348,868	16.5%
County Assessor	2009	7/1/2007	-	1,066,000	1,066,000	0.0%	1,920,187	55.5%
Polk County	2010	7/1/2009	-	11,762,000	11,762,000	0.0%	70,021,008	16.8%
County Assessor	2010	7/1/2009	-	585,000	585,000	0.0%	1,871,138	31.3%
Polk County	2011	7/1/2009	-	11,762,000	11,762,000	0.0%	72,579,000	16.2%
County Assessor	2011	7/1/2009	-	585,000	585,000	0.0%	1,950,000	30.0%

See Note 21 in the accompanying Notes to the Financial Statements for the plan description, funding policy, annual OPEB cost and Net OPEB Obligation, funding status and funding progress.

# POLK COUNTY, IOWA

## Required Supplementary Information Budgetary Comparison Schedule All Governmental Funds For the Year Ended June 30, 2011

	Original Budget	Amended Budget	Actual	Variance
<b>REVENUES:</b>				
Property taxes	\$ 123,931,006	\$ 123,746,791	\$ 124,428,328	\$ 681,537
Other County taxes	5,312,332	5,272,332	5,277,693	5,361
Interest and penalty on delinquent taxes	1,697,000	1,595,000	1,819,683	224,683
Intergovernmental	75,411,944	78,828,800	77,588,735	(1,240,065)
Licenses and permits	450,840	829,875	756,264	(73,611)
Charges for services	10,939,984	11,044,397	11,549,643	505,246
Use of money and property	3,976,021	3,505,126	3,778,368	273,242
Miscellaneous	2,145,372	2,254,420	1,963,546	(290,874)
General long-term debt proceeds	4,000,000	15,783,790	15,783,790	-
Proceeds from disposal of capital assets	103,000	652,066	646,769	(5,297)
Total receipts	<u>227,967,499</u>	<u>243,512,597</u>	<u>243,592,819</u>	<u>80,222</u>
<b>EXPENDITURES:</b>				
Current:				
Public safety and legal services	62,702,741	63,172,670	62,638,510	534,160
Physical health and social services	39,063,603	40,301,811	38,841,283	1,460,528
Mental health	52,862,998	48,292,071	47,973,413	318,658
County environment and education	16,504,331	14,322,545	12,614,557	1,707,988
Roads and transportation	10,018,401	12,817,467	12,460,028	357,439
Government services to residents	6,780,561	6,831,779	6,663,025	168,754
Administration	30,399,931	29,881,374	28,708,451	1,172,923
Debt service	13,714,534	13,434,682	13,392,518	42,164
Capital projects	11,881,033	20,838,941	16,808,366	4,030,575
Total disbursements	<u>243,928,133</u>	<u>249,893,340</u>	<u>240,100,151</u>	<u>9,793,189</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in (out)	14,255,468	13,184,282	7,538,245	(5,646,037)
Capital contributions	-	311,585	392,162	80,577
	<u>14,255,468</u>	<u>13,495,867</u>	<u>7,930,407</u>	<u>(5,565,460)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES - BUDGETARY BASIS</b>				
	<u>\$ (1,705,166)</u>	<u>\$ 7,115,124</u>	11,423,075	<u>\$ 4,307,951</u>
<b>RECONCILIATION TO GAAP BASIS:</b>				
Basis differences:				
Increase (decrease) in accrual basis assets			(5,982,487)	
(Increase) decrease in accrual basis liabilities			<u>(1,515,699)</u>	
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses - GAAP basis			3,924,889	
Fund balance at beginning of year - GAAP basis			46,906,029	
Changes in inventory reserves			<u>138,157</u>	
Fund balance at end of year - GAAP basis			<u>\$ 50,969,075</u>	

See Notes to Required Supplementary Information.

## POLK COUNTY, IOWA

### NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION BUDGETARY REPORTING FOR THE YEAR ENDED JUNE 30, 2011

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The County prepares its budgets on a cash basis. The basic financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting.

State law mandates that annual budgets for the fiscal year beginning July 1 must be certified to the County Auditor no later than March 15, preceding the beginning of the fiscal year. Amendments to the budget are considered when program activities change. The budgeted amounts presented in the financial statements reflect the original and amended budget.

In accordance with the Code of Iowa and provisions of the Iowa Administrative Code, annual budgets are adopted collectively for the General, Special Revenue, Capital Projects, and Debt Service Funds on the cash basis (budgetary basis) by the Board of Supervisors, following required public notice and hearing. The Board of Supervisors then appropriates by resolution the amounts by program service area deemed necessary for each of the different County offices and departments. Appropriations as adopted or amended lapse at the end of the fiscal year. Thus, no encumbrances exist at year end.

A budget amendment must be prepared and adopted in the same manner as the original budget. The County budget was amended as prescribed and the original and final amended amounts are shown in the budgetary schedules. Supplemental appropriations are provided when unanticipated revenues become available or when unanticipated program expenditures are needed. During the year ended June 30, 2011 there were two supplemental appropriations resulting in an increase in total disbursements of \$5,965,207.

County management may amend detail line-item budgets as long as the total budget for each program service area does not exceed the budgeted level of authorized expenditures.

The legal level of control (the level of which expenditures may not legally exceed appropriations) is program service area for budgeted governmental funds in total, rather than by individual fund type. Formal and legal budgetary control is based on 10 major classes of expenditures known as program service areas. These 10 program service areas are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, government services to residents, administration, non-program services, debt service and capital projects. Legal budgetary control is also based upon the appropriation to each office or department, in accordance with State of Iowa statute.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County Extension Office, by the County Agricultural Extension Council; for Emergency Management, by the County Emergency Management Commission; and for the County Assessor, by the County Assessor Conference Board.

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## NONMAJOR GOVERNMENTAL FUNDS

### Special Revenue Funds

The Special Revenue Funds account for financial resources that are restricted as to use by the Federal or State governments and special purpose funds established by the County Board of Supervisors.

**Rural Services** - Accounts for taxes levied to benefit the rural residents of the County. This account is restricted in accordance with the Iowa Code Section 424 and 428.

**Sheriff Seized Property (State)** - Accounts for state proceeds of property seized through law enforcement activities. This account is restricted in accordance with the Iowa Code Section 809A.

**Sheriff Seized Property (Federal)** - Accounts for federal proceeds of property seized through law enforcement activities. This account is restricted in accordance with Federal Department of Justice guidelines.

**Attorney Seized Property** - Accounts for property seized through law enforcement activities. This account is restricted in accordance with the Iowa Code Section 809A.

**County Attorney Collection Incentive** – Accounts for state incentives for participating in the collection of fines in accordance with the Iowa Code Section 602.8107. This account is committed per Board resolution.

**Secondary Roads** - Accounts for the road use tax allocation from the State of Iowa, required transfers from the General and Rural Services funds, and other revenues to be used for secondary road construction and maintenance. This account is restricted in accordance with the Iowa Code Section 331.429.

**County Recorder Records Management** - Accounts for recording fees which are earmarked for records management. This account is restricted in accordance with the Iowa Code Section 331.604.

**Township Fire Protection** – Accounts for the requirement of the County to levy taxes for township fire protection and then disburse money to municipalities or townships for various township fire protection contracts. This account is restricted in accordance with the Iowa Code Section 331.424C.

**Treasurer Banking Reserve** – Accounts for revenue relating to the ATM machine in the Administration Building. This account is committed per Board resolution.

**REAP** - Accounts for monies received under the State Resource Enhancement and Protection Act. This account is restricted in accordance with the Iowa Code Section 455A.

**Contingency Reserve** - Accounts for transfers from Prairie Meadows Racetrack/Casino Enterprise Fund and other revenues earmarked for future contingencies. This account is committed per Board resolution.

(continued)

## Capital Projects Funds

The Capital Projects Funds account for resources designated to construct or acquire general capital assets, major improvements, vehicles and equipment. Revenues are derived primarily from the sale of general obligation bonds and notes, intergovernmental revenues, transfers from other funds and earnings on investments.

**Conservation Land Acquisition & Development** - Accounts for the assets held for County conservation land acquisition and capital improvements projects. This account is restricted in accordance with the Iowa Code Section 11A.6.

**Courthouse Annex** - Accounts for capital projects relating to the proposed courthouse annex.

**Capital Improvements Projects** – Accounts for various capital improvements projects, building repairs, vehicles and equipment expenditures. This account is restricted in accordance with bond covenants.

**Jail Facility** – Accounts for the construction of the new jail facility that was substantially completed in FY08/09. This account is restricted in accordance with bond covenants.

## Debt Service Funds

The Debt Service Funds account for the payment of interest and principal on general obligation bonds and notes. Debt service revenues are principally derived from property taxes, special assessments and other operating revenues. These accounts are restricted in accordance with bond covenants.

**NW 84<sup>th</sup> Water Main Debt Service** – Accounts for debt service relating to a Drinking Water State Revolving Fund loan for NW 84<sup>th</sup> Avenue Water Main project.

**Hamilton Drain Debt Service** - Accounts for debt service for the Hamilton Drain bond issue supported by property taxes and special assessments.

**Debt Service** - Accounts for debt service for general obligation bond issues supported by County-wide tax levies.

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**POLK COUNTY, IOWA**

**Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2011**

	<b>Rural Services</b>	<b>Sheriff Seized Property (State)</b>	<b>Sheriff Seized Property (Federal)</b>	<b>Attorney Seized Property</b>	<b>County Attorney Collection Incentive</b>
<b>ASSETS</b>					
Cash and pooled investments	\$ 1,683,976	\$ 42,707	\$ 34,222	\$ 417,912	\$ 234,274
Receivables (net):					
Taxes	18,859	-	-	-	-
Succeeding year property taxes	7,168,190	-	-	-	-
Special assessments	-	-	-	-	-
Accounts	34,406	-	-	-	-
Notes	-	-	-	-	-
Due from other funds	38,198	-	-	-	-
Due from other governments	89,822	-	-	2,749	17,201
Advances to other funds	-	-	-	-	-
Inventories	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 9,033,451</b>	<b>\$ 42,707</b>	<b>\$ 34,222</b>	<b>\$ 420,661</b>	<b>\$ 251,475</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 22,772	\$ -	\$ -	\$ 3,037	\$ -
Contract/retainage payable	-	-	-	-	-
Wages payable	10,949	-	-	2,655	-
Payroll taxes payable	27,024	-	-	362	-
Due to other funds	-	-	-	-	-
Deferred revenues	56,995	-	-	-	-
Succeeding year property taxes deferred revenues	7,168,190	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>7,285,930</b>	<b>-</b>	<b>-</b>	<b>6,054</b>	<b>-</b>
<b>FUND BALANCES</b>					
Nonspendable	-	-	-	-	-
Restricted	1,747,521	42,707	34,222	414,607	-
Committed	-	-	-	-	251,475
Unassigned	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>1,747,521</b>	<b>42,707</b>	<b>34,222</b>	<b>414,607</b>	<b>251,475</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 9,033,451</b>	<b>\$ 42,707</b>	<b>\$ 34,222</b>	<b>\$ 420,661</b>	<b>\$ 251,475</b>

**Special Revenue**

<b>Secondary Roads</b>	<b>County Recorder Records Management</b>	<b>Township Fire Protection</b>	<b>Treasurer Banking Reserve</b>	<b>REAP</b>	<b>Contingency Reserve</b>	<b>Total Special Revenue</b>
\$ -	\$ 280,347	\$ 6,547	\$ 10,542	\$ 133,125	\$ 8,837,085	\$ 11,680,737
-	-	787	-	-	-	19,646
-	-	731,208	-	-	-	7,899,398
-	-	-	-	-	-	-
-	-	-	-	-	-	34,406
-	-	-	-	-	-	-
-	396	4,045	-	-	-	42,639
599,419	-	-	-	-	-	709,191
-	-	-	-	-	-	-
777,178	-	-	-	-	-	777,178
<b>\$ 1,376,597</b>	<b>\$ 280,743</b>	<b>\$ 742,587</b>	<b>\$ 10,542</b>	<b>\$ 133,125</b>	<b>\$ 8,837,085</b>	<b>\$ 21,163,195</b>
\$ 3,289,043	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,314,852
-	-	-	-	-	-	-
189,249	-	-	-	-	-	202,853
-	-	-	-	-	-	27,386
-	-	-	-	-	-	-
231,969	-	4,831	-	-	-	293,795
-	-	731,208	-	-	-	7,899,398
3,710,261	-	736,039	-	-	-	11,738,284
777,178	-	-	-	-	-	777,178
-	280,743	6,548	-	133,125	-	2,659,473
-	-	-	10,542	-	8,837,085	9,099,102
(3,110,842)	-	-	-	-	-	(3,110,842)
(2,333,664)	280,743	6,548	10,542	133,125	8,837,085	9,424,911
<b>\$ 1,376,597</b>	<b>\$ 280,743</b>	<b>\$ 742,587</b>	<b>\$ 10,542</b>	<b>\$ 133,125</b>	<b>\$ 8,837,085</b>	<b>\$ 21,163,195</b>

(continued)

**POLK COUNTY, IOWA**

**Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2011**

	Capital Projects			
	Conservation Land Acquisition & Development	Courthouse Annex	Capital Improvements Projects	Total Capital Projects
<b>ASSETS</b>				
Cash and pooled investments	\$ -	\$ -	\$ 1,479,239	\$ 1,479,239
Receivables (net):				
Taxes	-	-	-	-
Succeeding year property taxes	-	-	-	-
Special assessments	-	-	-	-
Accounts	-	-	-	-
Notes	-	-	-	-
Due from other funds	-	-	-	-
Due from other governments	958,638	-	48,912	1,007,550
Advances to other funds	-	-	-	-
Inventories	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 958,638</b>	<b>\$ -</b>	<b>\$ 1,528,151</b>	<b>\$ 2,486,789</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 98,739	\$ 20,179	\$ 719,831	\$ 838,749
Contract/retainage payable	-	-	157,362	157,362
Wages payable	-	-	-	-
Payroll taxes payable	-	-	-	-
Due to other funds	738,753	-	-	738,753
Deferred revenues	958,638	-	-	958,638
Succeeding year property taxes deferred revenues	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>1,796,130</b>	<b>20,179</b>	<b>877,193</b>	<b>2,693,502</b>
<b>FUND BALANCES</b>				
Nonspendable	-	-	-	-
Restricted	-	-	650,958	650,958
Committed	-	-	-	-
Unassigned	(837,492)	(20,179)	-	(857,671)
<b>TOTAL FUND BALANCES</b>	<b>(837,492)</b>	<b>(20,179)</b>	<b>650,958</b>	<b>(206,713)</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 958,638</b>	<b>\$ -</b>	<b>\$ 1,528,151</b>	<b>\$ 2,486,789</b>

<b>Debt Service</b>					<b>Total Nonmajor Governmental Funds</b>
<b>NW 84th Water Main Debt Service</b>	<b>Hamilton Drain Debt Service</b>	<b>Debt Service</b>	<b>Total Debt Service</b>	<b>Debt Service</b>	
\$ 38,969	\$ -	\$ 1,611,124	\$ 1,650,093	\$ 14,810,069	
-	-	38,159	38,159	57,805	
-	-	12,067,815	12,067,815	19,967,213	
-	4,330	-	4,330	4,330	
-	-	-	-	34,406	
-	-	-	-	-	
-	-	64,713	64,713	107,352	
-	-	-	-	1,716,741	
-	-	-	-	-	
-	-	-	-	777,178	
<b>\$ 38,969</b>	<b>\$ 4,330</b>	<b>\$ 13,781,811</b>	<b>\$ 13,825,110</b>	<b>\$ 37,475,094</b>	
\$ -	\$ -	\$ -	\$ -	\$ 4,153,601	
-	-	-	-	157,362	
-	-	-	-	202,853	
-	-	-	-	27,386	
-	-	-	-	738,753	
-	4,330	102,763	107,093	1,359,526	
-	-	12,067,815	12,067,815	19,967,213	
-	4,330	12,170,578	12,174,908	26,606,694	
-	-	-	-	777,178	
38,969	-	1,611,233	1,650,202	4,960,633	
-	-	-	-	9,099,102	
-	-	-	-	(3,968,513)	
<b>38,969</b>	<b>-</b>	<b>1,611,233</b>	<b>1,650,202</b>	<b>10,868,400</b>	
<b>\$ 38,969</b>	<b>\$ 4,330</b>	<b>\$ 13,781,811</b>	<b>\$ 13,825,110</b>	<b>\$ 37,475,094</b>	

(concluded)

**POLK COUNTY, IOWA**

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2011**

	<b>Rural Services</b>	<b>Sheriff Seized Property (State)</b>	<b>Sheriff Seized Property (Federal)</b>	<b>Attorney Seized Property</b>	<b>County Attorney Collection Incentive</b>
<b>REVENUES:</b>					
Property taxes	\$ 6,572,647	\$ -	\$ -	\$ -	\$ -
Other County taxes	206,819	-	-	-	-
Intergovernmental	218,306	-	-	-	174,126
Licenses and permits	-	-	-	-	-
Charges for services	245,689	-	-	-	-
Use of money and property	-	248	178	1,267	-
Miscellaneous	39,322	2	25,595	88,876	-
<b>TOTAL REVENUES</b>	<b>7,282,783</b>	<b>250</b>	<b>25,773</b>	<b>90,143</b>	<b>174,126</b>
<b>EXPENDITURES:</b>					
Current:					
Public safety and legal services	22,014	54,207	89,571	117,995	-
County environment and education	1,185,059	-	-	-	-
Roads and transportation	1,416,093	-	-	-	-
Government services to residents	-	-	-	-	-
Administration	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Capital projects:					
Roadway construction	-	-	-	-	-
Conservation land acquisition and development	-	-	-	-	-
Other capital projects	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>2,623,166</b>	<b>54,207</b>	<b>89,571</b>	<b>117,995</b>	<b>-</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>4,659,617</b>	<b>(53,957)</b>	<b>(63,798)</b>	<b>(27,852)</b>	<b>174,126</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	-	-	-	-	-
Transfers out	(4,568,489)	-	-	-	-
Capital contributions	-	-	-	-	-
Issuance of capital leases	-	-	-	-	-
Issuance of bonds	-	-	-	-	-
Premium/(discount) on bonds issued	-	-	-	-	-
Proceeds from sale of capital assets	-	8,741	506	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(4,568,489)</b>	<b>8,741</b>	<b>506</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>91,128</b>	<b>(45,216)</b>	<b>(63,292)</b>	<b>(27,852)</b>	<b>174,126</b>
<b>FUND BALANCE, BEGINNING, AS RESTATED</b>	<b>1,656,393</b>	<b>87,923</b>	<b>97,514</b>	<b>442,459</b>	<b>77,349</b>
Change in inventory reserve	-	-	-	-	-
<b>FUND BALANCE, ENDING</b>	<b>\$ 1,747,521</b>	<b>\$ 42,707</b>	<b>\$ 34,222</b>	<b>\$ 414,607</b>	<b>\$ 251,475</b>

Special Revenue							
Secondary Roads	County Recorder Records Management	Township Fire Protection	Treasurer Banking Reserve	REAP	Contingency Reserve	Total Special Revenues	
\$ -	\$ -	\$ 617,449	\$ -	\$ -	\$ -	\$ 7,190,096	
-	-	21,642	-	-	322,062	550,523	
6,711,297	-	15,764	-	140,323	-	7,259,816	
46,038	-	-	-	-	-	46,038	
251,053	85,387	-	2,455	-	-	584,584	
-	736	-	-	456	-	2,885	
24,633	-	-	-	-	-	178,428	
7,033,021	86,123	654,855	2,455	140,779	322,062	15,812,370	
-	-	652,702	-	-	-	936,489	
-	-	-	-	-	-	1,185,059	
10,438,642	-	-	-	-	-	11,854,735	
-	20,195	-	-	-	-	20,195	
-	-	-	3,333	-	-	3,333	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
4,960,179	-	-	-	-	-	4,960,179	
-	-	-	-	143,232	-	143,232	
-	-	-	-	-	-	-	
15,398,821	20,195	652,702	3,333	143,232	-	19,103,222	
(8,365,800)	65,928	2,153	(878)	(2,453)	322,062	(3,290,852)	
7,319,628	-	-	-	-	1,716,434	9,036,062	
-	-	-	-	-	(1,316,434)	(5,884,923)	
-	-	-	-	-	-	-	
669,366	-	-	-	-	-	669,366	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
210,686	-	-	-	-	-	219,933	
8,199,680	-	-	-	-	400,000	4,040,438	
(166,120)	65,928	2,153	(878)	(2,453)	722,062	749,586	
(2,360,545)	214,815	4,395	11,420	135,578	8,115,023	8,482,324	
193,001	-	-	-	-	-	193,001	
\$ (2,333,664)	\$ 280,743	\$ 6,548	\$ 10,542	\$ 133,125	\$ 8,837,085	\$ 9,424,911	

(continued)

**POLK COUNTY, IOWA**

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2011**

	Capital Projects				Total Capital Projects
	Conservation Land Acquisition & Development	Courthouse Annex	Capital Improvements Projects	Jail Facility	
<b>REVENUES:</b>					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Other County taxes	-	-	-	-	-
Intergovernmental	1,718,352	-	1,727,889	-	3,446,241
Licenses and permits	-	-	-	-	-
Charges for services	-	-	-	-	-
Use of money and property	-	-	-	214	214
Miscellaneous	100	-	-	-	100
<b>TOTAL REVENUES</b>	<b>1,718,452</b>	<b>-</b>	<b>1,727,889</b>	<b>214</b>	<b>3,446,555</b>
<b>EXPENDITURES:</b>					
Current:					
Public safety and legal services	-	-	-	-	-
County environment and education	-	-	-	-	-
Roads and transportation	-	-	-	-	-
Government services to residents	-	-	-	-	-
Administration	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Capital projects:					
Roadway construction	-	-	-	-	-
Conservation land acquisition and development	3,071,413	-	-	-	3,071,413
Other capital projects	-	268,362	9,202,136	-	9,470,498
<b>TOTAL EXPENDITURES</b>	<b>3,071,413</b>	<b>268,362</b>	<b>9,202,136</b>	<b>-</b>	<b>12,541,911</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(1,352,961)</b>	<b>(268,362)</b>	<b>(7,474,247)</b>	<b>214</b>	<b>(9,095,356)</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	405,000	277,519	305,366	(71,416)	916,469
Transfers out	-	-	(98,465)	(252)	(98,717)
Capital contributions	-	-	392,162	-	392,162
Issuance of capital leases	-	-	-	-	-
Issuance of bonds	-	-	10,066,835	-	10,066,835
Premium/(discount) on bonds issued	-	-	-	-	-
Proceeds from sale of capital assets	-	-	51,943	-	51,943
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>405,000</b>	<b>277,519</b>	<b>10,717,841</b>	<b>(71,668)</b>	<b>11,328,692</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(947,961)</b>	<b>9,157</b>	<b>3,243,594</b>	<b>(71,454)</b>	<b>2,233,336</b>
<b>FUND BALANCE, BEGINNING, AS RESTATED</b>	<b>110,469</b>	<b>(29,336)</b>	<b>(2,592,636)</b>	<b>71,454</b>	<b>(2,440,049)</b>
Change in inventory reserve	-	-	-	-	-
<b>FUND BALANCE, ENDING</b>	<b>\$ (837,492)</b>	<b>\$ (20,179)</b>	<b>\$ 650,958</b>	<b>\$ -</b>	<b>\$ (206,713)</b>



<b>Debt Service</b>			
<b>NW 84th Water Main Debt Service</b>	<b>Debt Service</b>	<b>Total Debt Service</b>	<b>Total Nonmajor Governmental Funds</b>
\$ -	\$ 11,376,942	\$ 11,376,942	\$ 18,567,038
-	344,079	344,079	894,602
9,946	214,577	224,523	10,930,580
-	-	-	46,038
-	-	-	584,584
7	13,381	13,388	16,487
83,962	-	83,962	262,490
93,915	11,948,979	12,042,894	31,301,819
-	-	-	936,489
-	-	-	1,185,059
-	-	-	11,854,735
-	-	-	20,195
-	-	-	3,333
40,000	7,470,000	7,510,000	7,510,000
14,947	4,382,976	4,397,923	4,397,923
-	-	-	4,960,179
-	-	-	3,214,645
-	-	-	9,470,498
54,947	11,852,976	11,907,923	43,553,056
38,968	96,003	134,971	(12,251,237)
-	252	252	9,952,783
-	-	-	(5,983,640)
-	-	-	392,162
-	-	-	669,366
-	618,165	618,165	10,685,000
-	298,790	298,790	298,790
-	-	-	271,876
-	917,207	917,207	16,286,337
38,968	1,013,210	1,052,178	4,035,100
1	598,023	598,024	6,640,299
-	-	-	193,001
\$ 38,969	\$ 1,611,233	\$ 1,650,202	\$ 10,868,400

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## NONMAJOR ENTERPRISE FUNDS

The Enterprise Funds account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the government's council is that the cost of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or where the governing body has decided that periodic determination of net income is appropriate for accountability purposes.

**Air Pollution** - Accounts for activity of the Air Pollution Program in accordance with requirements imposed by the 1990 Federal Clean Air Act. The Air Pollution Program is primarily financed through federal/state grant revenues and user charges (air pollution control permits).

**Sanitary Treatment Works** – Accounts for activity of the Sanitary Treatment Works System.

**Jester Park Golf Course** - Accounts for activity of the golf course operated by a private golf management company.

**Hamilton Urban Drainage District** - Accounts for storm water utility user fees and related operations and maintenance expenses of the Hamilton Drain Urban Drainage District.

**Urban Sewer** – Accounts for activity of the County's urban sewer economic development initiatives in conjunction with various municipalities.

**POLK COUNTY, IOWA**

**Combining Statement of Net Assets  
Nonmajor Enterprise Funds  
June 30, 2011**

	<b>Air Pollution</b>	<b>Sanitary Treatment Works</b>	<b>Jester Park Golf Course</b>	<b>Hamilton Urban Drainage District</b>	<b>Urban Sewer</b>	<b>Total Nonmajor Enterprise Funds</b>
<b>ASSETS</b>						
Current assets:						
Cash and pooled investments	\$ 288,496	\$ 2,686,745	\$ 484,906	\$ 1,332,894	\$ 2,239,308	\$ 7,032,349
Receivables (net):						
Accounts	-	105,967	44,621	-	-	150,588
Notes	-	-	-	-	161,502	161,502
Due from other governments	199,210	617,455	-	43,479	-	860,144
Total current assets	487,706	3,410,167	529,527	1,376,373	2,400,810	8,204,583
Noncurrent assets:						
Special assessments	-	125,890	-	4,674	-	130,564
Notes	-	-	-	-	4,731,466	4,731,466
Lease/debt origination costs	-	6,504	-	-	58,955	65,459
Capital assets not being depreciated	-	19,740,475	76,593	996,553	-	20,813,621
Capital assets being depreciated, net	301,793	8,668,670	428,768	4,903,329	-	14,302,560
Total noncurrent assets	301,793	28,541,539	505,361	5,904,556	4,790,421	40,043,670
<b>TOTAL ASSETS</b>	789,499	31,951,706	1,034,888	7,280,929	7,191,231	48,248,253
<b>LIABILITIES</b>						
Current liabilities:						
Accounts payable	53,660	1,270,904	-	60,960	-	1,385,524
Contract/retainage payable	-	373,952	-	-	-	373,952
Wages payable	28,401	-	-	-	-	28,401
Payroll taxes payable	3,833	-	-	-	-	3,833
Interest payable	-	26,040	-	-	15,343	41,383
General obligation bonds payable	-	130,000	-	-	214,484	344,484
Notes payable	-	752,884	-	-	-	752,884
Compensated absences payable	10,570	-	-	-	-	10,570
Total current liabilities	96,464	2,553,780	-	60,960	229,827	2,941,031
Noncurrent liabilities:						
General obligation bonds payable	-	275,000	-	-	4,262,781	4,537,781
Notes payable	-	17,362,704	-	-	-	17,362,704
Compensated absences payable	66,265	-	-	-	-	66,265
Total noncurrent liabilities	66,265	17,637,704	-	-	4,262,781	21,966,750
<b>TOTAL LIABILITIES</b>	162,729	20,191,484	-	60,960	4,492,608	24,907,781
<b>NET ASSETS</b>						
Invested in capital assets, net of related debt	301,793	9,888,557	505,361	5,899,882	-	16,595,593
Unrestricted	324,977	1,871,665	529,527	1,320,087	2,698,623	6,744,879
<b>TOTAL NET ASSETS</b>	\$ 626,770	\$ 11,760,222	\$ 1,034,888	\$ 7,219,969	\$ 2,698,623	\$ 23,340,472

**POLK COUNTY, IOWA**

**Combining Statement of Revenues, Expenses, and Changes in Net Assets  
Nonmajor Enterprise Funds  
For the Year Ended June 30, 2011**

	<b>Air Pollution</b>	<b>Sanitary Treatment Works</b>	<b>Jester Park Golf Course</b>	<b>Hamilton Urban Drainage District</b>	<b>Urban Sewer</b>	<b>Total Nonmajor Enterprise Funds</b>
<b>OPERATING REVENUES:</b>						
Charges for goods and services:						
Charges for services	\$ 254,186	\$ 558,604	\$ -	\$ 140,369	\$ -	\$ 953,159
Intergovernmental revenues	793,486	-	-	33,992	-	827,478
Commissions income	-	-	191,808	-	-	191,808
Miscellaneous	12,363	13,698	-	9,301	-	35,362
Total operating revenues	<u>1,060,035</u>	<u>572,302</u>	<u>191,808</u>	<u>183,662</u>	<u>-</u>	<u>2,007,807</u>
<b>OPERATING EXPENSES:</b>						
Cost of goods and services:						
Personal services	876,619	20,048	-	10,298	-	906,965
Supplies	48,041	-	729	-	-	48,770
Professional services	-	4,263	-	119,819	-	124,082
Other services/charges	96,008	696,398	1,701	46,595	-	840,702
Miscellaneous	-	12,553	-	4,662	-	17,215
Amortization of discount (premium)	-	3,011	-	-	4,446	7,457
Depreciation	58,862	299,745	40,113	229,916	-	628,636
Total operating expenses	<u>1,079,530</u>	<u>1,036,018</u>	<u>42,543</u>	<u>411,290</u>	<u>4,446</u>	<u>2,573,827</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(19,495)</u>	<u>(463,716)</u>	<u>149,265</u>	<u>(227,628)</u>	<u>(4,446)</u>	<u>(566,020)</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>						
Interest revenue	860	6,652	2,318	3,968	7,269	21,067
Interest expense	-	(20,819)	-	-	(200,659)	(221,478)
Total nonoperating revenues (expenses)	<u>860</u>	<u>(14,167)</u>	<u>2,318</u>	<u>3,968</u>	<u>(193,390)</u>	<u>(200,411)</u>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<u>(18,635)</u>	<u>(477,883)</u>	<u>151,583</u>	<u>(223,660)</u>	<u>(197,836)</u>	<u>(766,431)</u>
<b>TRANSFERS:</b>						
Transfers in	-	996,461	-	-	-	996,461
Transfers out	-	-	(405,000)	-	-	(405,000)
Total transfers	<u>-</u>	<u>996,461</u>	<u>(405,000)</u>	<u>-</u>	<u>-</u>	<u>591,461</u>
<b>CHANGE IN NET ASSETS</b>	<u>(18,635)</u>	<u>518,578</u>	<u>(253,417)</u>	<u>(223,660)</u>	<u>(197,836)</u>	<u>(174,970)</u>
<b>TOTAL NET ASSETS - BEGINNING</b>	<u>645,405</u>	<u>11,241,644</u>	<u>1,288,305</u>	<u>7,443,629</u>	<u>2,896,459</u>	<u>23,515,442</u>
<b>TOTAL NET ASSETS - ENDING</b>	<u>\$ 626,770</u>	<u>\$ 11,760,222</u>	<u>\$ 1,034,888</u>	<u>\$ 7,219,969</u>	<u>\$ 2,698,623</u>	<u>\$ 23,340,472</u>

**POLK COUNTY, IOWA**

**Combining Statement of Cash Flows  
Nonmajor Enterprise Funds  
For the Year Ended June 30, 2011**

	<b>Air Pollution</b>	<b>Sanitary Treatment Works</b>	<b>Jester Park Golf Course</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash received from customers	\$ 266,549	\$ 2,461,769	\$ 191,468
Cash received from intergovernmental revenues	797,326	-	-
Cash paid to suppliers for goods and services	(143,952)	(1,556,076)	(2,430)
Cash paid to employees	(859,944)	(20,048)	-
Net cash flows from operating activities	<u>59,979</u>	<u>885,645</u>	<u>189,038</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Transfers in	-	996,461	-
Transfers out	-	-	(405,000)
Net cash flows from noncapital financing activities	<u>-</u>	<u>996,461</u>	<u>(405,000)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Proceeds from general obligation debt	-	7,817,488	-
Principal paid on long-term debt	-	(366,999)	-
Interest paid on long-term debt	-	(20,843)	-
Repayments on capital note receivable	-	-	-
Purchase of capital assets	(136,467)	(7,221,589)	-
Net cash flows from capital and related financing activities	<u>(136,467)</u>	<u>208,057</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest received	860	6,652	2,318
Net cash flows from investing activities	<u>860</u>	<u>6,652</u>	<u>2,318</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(75,628)</b>	<b>2,096,815</b>	<b>(213,644)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>364,124</b>	<b>589,930</b>	<b>698,550</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 288,496</b>	<b>\$ 2,686,745</b>	<b>\$ 484,906</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Operating income (loss)	\$ (19,495)	\$ (463,716)	\$ 149,265
Components of operating income (loss) not included in operating activities			
Depreciation	58,862	299,745	40,113
Amortization	-	3,011	-
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:			
(Increase) decrease in special assessments receivable	-	134,949	-
(Increase) decrease in accounts receivable	-	2,295,705	(340)
(Increase) decrease in due from other governments	3,840	(541,187)	-
Increase (decrease) in accounts payable	97	(842,862)	-
Increase (decrease) in wages payable	9,277	-	-
Increase (decrease) in payroll taxes payable	1,135	-	-
Increase (decrease) in compensated absences payable	6,263	-	-
Net cash flows from operating activities	<u>\$ 59,979</u>	<u>\$ 885,645</u>	<u>\$ 189,038</u>
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Disposal of fully depreciated capital assets	\$ (52,358)	-	\$ -
Acquisition of capital assets through accounts payable	53,563	1,094,009	-
Acquisition of capital assets through contract/retainage payable	-	373,952	-

Hamilton Urban Drainage District	Urban Sewer	Total Nonmajor Enterprise Funds
\$ 101,517	\$ -	\$ 3,021,303
33,992	-	831,318
(110,116)	-	(1,812,574)
(10,298)	-	(890,290)
15,095	-	1,149,757

-	-	996,461
-	-	(405,000)
-	-	591,461

-	-	7,817,488
-	(205,000)	(571,999)
-	(201,310)	(222,153)
-	187,656	187,656
-	-	(7,358,056)
-	(218,654)	(147,064)

3,968	7,269	21,067
3,968	7,269	21,067

19,063	(211,385)	1,615,221
1,313,831	2,450,693	5,417,128
\$ 1,332,894	\$ 2,239,308	\$ 7,032,349

\$ (227,628)	\$ (4,446)	\$ (566,020)
229,916	-	628,636
-	4,446	7,457
(4,674)	-	130,275
-	-	2,295,365
(43,479)	-	(580,826)
60,960	-	(781,805)
-	-	9,277
-	-	1,135
-	-	6,263
\$ 15,095	\$ -	\$ 1,149,757

\$ -	\$ -	\$ (52,358)
-	-	1,147,572
-	-	373,952

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## **INTERNAL SERVICE FUNDS**

The Internal Service Funds are used to account for the financing of goods and services provided by one department to other departments of the County and to other governmental units on a cost reimbursement basis.

**Employee Insurance** – This fund is used to account for all self-insured health insurance claim payments and stop-loss premiums.

**Risk Management** – This fund is used to account for all insurance premiums and claim payments other than health benefits. The County's self-insured workers' compensation insurance is accounted for in this fund.

**POLK COUNTY, IOWA**

**Combining Statement of Net Assets  
Internal Service Funds  
June 30, 2011**

	<b>Employee Insurance</b>	<b>Risk Management</b>	<b>Total</b>
<b>ASSETS:</b>			
Current assets:			
Cash and pooled investments	\$ 7,302,423	\$ 3,800,000	\$ 11,102,423
Accounts receivables	203,273	-	203,273
<b>TOTAL ASSETS</b>	<b>7,505,696</b>	<b>3,800,000</b>	<b>11,305,696</b>
<b>LIABILITIES:</b>			
Current liabilities:			
Accounts payable	223,014	-	223,014
Estimated liability for claims and judgments	1,324,700	-	1,324,700
Total current liabilities	1,547,714	-	1,547,714
Noncurrent liabilities:			
Post employment liability	3,459,000	-	3,459,000
Total noncurrent liabilities	3,459,000	-	3,459,000
<b>TOTAL LIABILITIES</b>	<b>5,006,714</b>	<b>-</b>	<b>5,006,714</b>
<b>NET ASSETS</b>			
Unrestricted (Note 21)	2,498,982	3,800,000	6,298,982
<b>TOTAL NET ASSETS</b>	<b>\$ 2,498,982</b>	<b>\$ 3,800,000</b>	<b>\$ 6,298,982</b>

**POLK COUNTY, IOWA**

**Combining Statement of Revenues, Expenses, and  
Changes in Net Assets  
Internal Service Funds  
For the Year Ended June 30, 2011**

	<b>Employee Insurance</b>	<b>Risk Management</b>	<b>Total</b>
<b>REVENUES:</b>			
Charges for services	\$ 15,896,163	\$ -	\$ 15,896,163
Miscellaneous	9,988	-	9,988
Total revenues	<u>15,906,151</u>	<u>-</u>	<u>15,906,151</u>
<b>EXPENSES:</b>			
Supplies	-	-	-
Professional services	2,500	-	2,500
Other services/charges	131,744	-	131,744
Insurance	16,662,283	-	16,662,283
Total expenses	<u>16,796,527</u>	<u>-</u>	<u>16,796,527</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(890,376)</u>	<u>-</u>	<u>(890,376)</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>			
Interest revenue	20,162	-	20,162
Total nonoperating revenues (expenses)	<u>20,162</u>	<u>-</u>	<u>20,162</u>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<u>(870,214)</u>	<u>-</u>	<u>(870,214)</u>
<b>TRANSFERS:</b>			
Transfers in	-	2,850,297	2,850,297
Transfers out	(20,000)	(2,850,297)	(2,870,297)
Total transfers	<u>(20,000)</u>	<u>-</u>	<u>(20,000)</u>
<b>CHANGE IN NET ASSETS</b>	<u>(890,214)</u>	<u>-</u>	<u>(890,214)</u>
<b>NET ASSETS, BEGINNING</b>	<u>3,389,196</u>	<u>3,800,000</u>	<u>7,189,196</u>
<b>NET ASSETS, ENDING</b>	<u>\$ 2,498,982</u>	<u>\$ 3,800,000</u>	<u>\$ 6,298,982</u>

**POLK COUNTY, IOWA**

**Combining Statement of Cash Flows  
Internal Service Funds  
For the Year Ended June 30, 2011**

	<b>Employee Insurance</b>	<b>Risk Management</b>	<b>Total</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash received from customers	\$ 15,816,458	\$ -	\$ 15,816,458
Cash paid to suppliers for goods and services	(15,929,513)	-	(15,929,513)
Net cash flows from operating activities	<u>(113,055)</u>	-	<u>(113,055)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Transfers in	-	2,850,297	2,850,297
Transfers out	(20,000)	(2,850,297)	(2,870,297)
Net cash flows from noncapital financing activities	<u>(20,000)</u>	-	<u>(20,000)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest received	20,162	-	20,162
Net cash flows from investing activities	<u>20,162</u>	-	<u>20,162</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(112,893)</b>	<b>-</b>	<b>(112,893)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>7,415,316</b>	<b>3,800,000</b>	<b>11,215,316</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b><u>\$ 7,302,423</u></b>	<b><u>\$ 3,800,000</u></b>	<b><u>\$ 11,102,423</u></b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Operating income (loss)	\$ (890,376)	\$ -	\$ (890,376)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:			
(Increase) decrease in accounts receivable	(89,693)	-	(89,693)
Increase (decrease) in accounts payable	93,014	-	93,014
Increase (decrease) in estimated liability for claims and judgments	(284,000)	-	(284,000)
Increase (decrease) in post employment liability	1,058,000	-	1,058,000
Net cash flows from operating activities	<u>\$ (113,055)</u>	<u>\$ -</u>	<u>\$ (113,055)</u>

## **AGENCY FUNDS**

Agency Funds are clearing accounts that account for funds collected by the County on the behalf of individuals and other governmental entities.

- Trust & Agency Treasurer
- Trust & Agency Trust Funds Held
- County Assessor Expense
- County Assessor Special Appraisal
- Recorder's E-Commerce Clearing
- E911 Service
- GIMS Implementation
- Emergency Management
- Employee Activities
- Seized Funds Unforfeited
- Mine Task Force

**POLK COUNTY, IOWA**

**Combining Statement of Assets and Liabilities  
Agency Funds  
June 30, 2011**

	<b>Trust &amp; Agency Treasurer</b>	<b>Trust &amp; Agency Trust Funds Held</b>	<b>County Assessor Expense</b>	<b>County Assessor Special Appraisal</b>	<b>Recorder's E-Commerce Clearing</b>
<b>ASSETS:</b>					
Cash and pooled investments	\$ 19,535,288	\$ 830,142	\$ 2,532,443	\$ 451,993	\$ 64
Receivables (net):					
Taxes	2,396,214	-	13,394	2,113	-
Special assessments	11,689,471	129,909	-	-	-
Accounts	-	-	2,100	-	-
Due from other governments	-	726,823	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 33,620,973</b>	<b>\$ 1,686,874</b>	<b>\$ 2,547,937</b>	<b>\$ 454,106</b>	<b>\$ 64</b>
<b>LIABILITIES:</b>					
Accounts payable	\$ -	\$ -	\$ 17,050	\$ 39,258	\$ -
Wages payable	-	-	135,627	-	-
Payroll taxes payable	136,140	-	18,530	-	-
Due to other funds	667	438,350	-	-	-
Due to other governments	33,484,166	749,531	1,676,859	414,848	64
Advances from other funds	-	21,000	-	-	-
Trusts payable	-	477,993	-	-	-
Compensated absences payable	-	-	579,871	-	-
Post employment liability	-	-	120,000	-	-
<b>TOTAL LIABILITIES</b>	<b>\$ 33,620,973</b>	<b>\$ 1,686,874</b>	<b>\$ 2,547,937</b>	<b>\$ 454,106</b>	<b>\$ 64</b>

<b>E911 Service</b>	<b>GIMS Implementation</b>	<b>Emergency Management</b>	<b>Employee Activities</b>	<b>Seized Funds Unforfeited</b>	<b>Mine Task Force</b>	<b>Total Agency Funds</b>
\$ 3,891,979	\$ 686,199	\$ 38,634	\$ 5,921	\$ 158,236	\$ 610,862	\$ 28,741,761
-	-	-	-	-	-	2,411,721
-	-	-	-	-	-	11,819,380
497,931	-	2,402	-	-	-	502,433
81,231	-	48,392	-	-	-	856,446
<b>\$ 4,471,141</b>	<b>\$ 686,199</b>	<b>\$ 89,428</b>	<b>\$ 5,921</b>	<b>\$ 158,236</b>	<b>\$ 610,862</b>	<b>\$ 44,331,741</b>
\$ -	\$ -	\$ 39,080	\$ -	\$ -	\$ -	\$ 95,388
-	-	9,247	-	-	-	144,874
-	-	1,241	-	-	-	155,911
-	-	-	-	-	-	439,017
4,471,141	686,199	15,506	-	158,236	610,862	42,267,412
-	-	-	-	-	-	21,000
-	-	-	5,921	-	-	483,914
-	-	24,354	-	-	-	604,225
-	-	-	-	-	-	120,000
<b>\$ 4,471,141</b>	<b>\$ 686,199</b>	<b>\$ 89,428</b>	<b>\$ 5,921</b>	<b>\$ 158,236</b>	<b>\$ 610,862</b>	<b>\$ 44,331,741</b>

**POLK COUNTY, IOWA**

**Combining Statement of Changes in Assets and Liabilities  
Agency Funds  
For the Year Ended June 30, 2011**

	<b>Balance July 1, 2010</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance June 30, 2011</b>
<b>TRUST &amp; AGENCY TREASURER:</b>				
<b>ASSETS:</b>				
Cash and pooled investments	\$ 18,018,199	\$ 1,517,089	\$ -	\$ 19,535,288
Taxes receivable	2,295,442	100,772	-	2,396,214
Special assessments receivable	11,412,543	276,928	-	11,689,471
<b>TOTAL ASSETS</b>	<b>\$ 31,726,184</b>	<b>\$ 1,894,789</b>	<b>\$ -</b>	<b>\$ 33,620,973</b>
<b>LIABILITIES:</b>				
Accounts payable	\$ 892	\$ -	\$ 892	\$ -
Payroll taxes payable	137,645	-	1,505	136,140
Due to other funds	1,301	-	634	667
Due to other governments	31,586,346	1,897,820	-	33,484,166
<b>TOTAL LIABILITIES</b>	<b>\$ 31,726,184</b>	<b>\$ 1,897,820</b>	<b>\$ 3,031</b>	<b>\$ 33,620,973</b>

	<b>Balance July 1, 2010</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance June 30, 2011</b>
<b>TRUST &amp; AGENCY TRUST FUNDS HELD:</b>				
<b>ASSETS:</b>				
Cash and pooled investments	\$ 703,781	\$ 126,361	\$ -	\$ 830,142
Taxes receivable	646	-	646	-
Special assessments receivable	5,280	124,629	-	129,909
Due from other governments	7,758	719,065	-	726,823
<b>TOTAL ASSETS</b>	<b>\$ 717,465</b>	<b>\$ 970,055</b>	<b>\$ 646</b>	<b>\$ 1,686,874</b>
<b>LIABILITIES:</b>				
Due to other funds	\$ -	\$ 438,350	\$ -	\$ 438,350
Due to other governments	357,633	391,898	-	749,531
Advances from other funds	23,400	-	2,400	21,000
Trusts payable	336,432	141,561	-	477,993
<b>TOTAL LIABILITIES</b>	<b>\$ 717,465</b>	<b>\$ 971,809</b>	<b>\$ 2,400</b>	<b>\$ 1,686,874</b>



**POLK COUNTY, IOWA**

**Combining Statement of Changes in Assets and Liabilities  
Agency Funds  
For the Year Ended June 30, 2011**

	<b>Balance July 1, 2010</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance June 30, 2011</b>
<b>COUNTY ASSESSOR EXPENSE:</b>				
<b>ASSETS:</b>				
Cash and pooled investments	\$ 2,403,041	\$ 129,402	\$ -	\$ 2,532,443
Taxes receivable	15,396	-	2,002	13,394
Accounts receivable	1,470	630	-	2,100
<b>TOTAL ASSETS</b>	<b>\$ 2,419,907</b>	<b>\$ 130,032</b>	<b>\$ 2,002</b>	<b>\$ 2,547,937</b>
<b>LIABILITIES:</b>				
Accounts payable	\$ -	\$ 17,050	\$ -	\$ 17,050
Wages payable	91,567	44,060	-	135,627
Payroll taxes payable	12,954	5,576	-	18,530
Due to other governments	1,655,189	21,670	-	1,676,859
Compensated absences payable	567,197	12,674	-	579,871
Post employment liability	93,000	27,000	-	120,000
<b>TOTAL LIABILITIES</b>	<b>\$ 2,419,907</b>	<b>\$ 128,030</b>	<b>\$ -</b>	<b>\$ 2,547,937</b>

	<b>Balance July 1, 2010</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance June 30, 2011</b>
<b>COUNTY ASSESSOR SPECIAL APPRAISAL:</b>				
<b>ASSETS:</b>				
Cash and pooled investments	\$ 428,655	\$ 23,338	\$ -	\$ 451,993
Taxes receivable	1,765	348	-	2,113
<b>TOTAL ASSETS</b>	<b>\$ 430,420</b>	<b>\$ 23,686</b>	<b>\$ -</b>	<b>\$ 454,106</b>
<b>LIABILITIES:</b>				
Accounts payable	\$ 32,110	\$ 7,148	\$ -	\$ 39,258
Due to other governments	398,310	16,538	-	414,848
<b>TOTAL LIABILITIES</b>	<b>\$ 430,420</b>	<b>\$ 23,686</b>	<b>\$ -</b>	<b>\$ 454,106</b>

**POLK COUNTY, IOWA**

**Combining Statement of Changes in Assets and Liabilities  
Agency Funds  
For the Year Ended June 30, 2011**

	<b>Balance July 1, 2010</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance June 30, 2011</b>
<b>RECORDER'S E-COMMERCE CLEARING:</b>				
<b>ASSETS:</b>				
Cash and pooled investments	\$ -	\$ 64	\$ -	\$ 64
<b>TOTAL ASSETS</b>	<b>\$ -</b>	<b>\$ 64</b>	<b>\$ -</b>	<b>\$ 64</b>
<b>LIABILITIES:</b>				
Due to other governments	\$ -	\$ 64	\$ -	\$ 64
<b>TOTAL LIABILITIES</b>	<b>\$ -</b>	<b>\$ 64</b>	<b>\$ -</b>	<b>\$ 64</b>

	<b>Balance July 1, 2010</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance June 30, 2011</b>
<b>E911 SERVICE:</b>				
<b>ASSETS:</b>				
Cash and pooled investments	\$ 3,990,445	\$ -	\$ 98,466	\$ 3,891,979
Accounts receivable	544,842	-	46,911	497,931
Due from other governments	80,481	750	-	81,231
<b>TOTAL ASSETS</b>	<b>\$ 4,615,768</b>	<b>\$ 750</b>	<b>\$ 145,377</b>	<b>\$ 4,471,141</b>
<b>LIABILITIES:</b>				
Due to other governments	\$ 4,615,768	\$ -	\$ 144,627	\$ 4,471,141
<b>TOTAL LIABILITIES</b>	<b>\$ 4,615,768</b>	<b>\$ -</b>	<b>\$ 144,627</b>	<b>\$ 4,471,141</b>

**POLK COUNTY, IOWA**

**Combining Statement of Changes in Assets and Liabilities  
Agency Funds  
For the Year Ended June 30, 2011**

	<b>Balance July 1, 2010</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance June 30, 2011</b>
<b>GIMS IMPLEMENTATION:</b>				
<b>ASSETS:</b>				
Cash and pooled investments	\$ 686,185	\$ 14	\$ -	\$ 686,199
<b>TOTAL ASSETS</b>	<b>\$ 686,185</b>	<b>\$ 14</b>	<b>\$ -</b>	<b>\$ 686,199</b>
<b>LIABILITIES:</b>				
Due to other governments	\$ 686,185	\$ 14	\$ -	\$ 686,199
<b>TOTAL LIABILITIES</b>	<b>\$ 686,185</b>	<b>\$ 14</b>	<b>\$ -</b>	<b>\$ 686,199</b>

	<b>Balance July 1, 2010</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance June 30, 2011</b>
<b>EMERGENCY MANAGEMENT:</b>				
<b>ASSETS:</b>				
Cash and pooled investments	\$ -	\$ 38,634	\$ -	\$ 38,634
Accounts receivable	4,360	-	1,958	2,402
Due from other governments	128,234	-	79,842	48,392
<b>TOTAL ASSETS</b>	<b>\$ 132,594</b>	<b>\$ 38,634</b>	<b>\$ 81,800</b>	<b>\$ 89,428</b>
<b>LIABILITIES:</b>				
Accounts payable	\$ 19,508	\$ 19,572	\$ -	\$ 39,080
Wages payable	5,986	3,261	-	9,247
Payroll taxes payable	835	406	-	1,241
Due to other funds	73,289	-	73,289	-
Due to other governments	10,503	5,003	-	15,506
Compensated absences payable	22,473	1,881	-	24,354
<b>TOTAL LIABILITIES</b>	<b>\$ 132,594</b>	<b>\$ 30,123</b>	<b>\$ 73,289</b>	<b>\$ 89,428</b>

**POLK COUNTY, IOWA**

**Combining Statement of Changes in Assets and Liabilities  
Agency Funds  
For the Year Ended June 30, 2011**

	<b>Balance July 1, 2010</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance June 30, 2011</b>
<b>EMPLOYEE ACTIVITIES:</b>				
<b>ASSETS:</b>				
Cash and pooled investments	\$ 5,921	\$ -	\$ -	\$ 5,921
<b>TOTAL ASSETS</b>	<b>\$ 5,921</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,921</b>
<b>LIABILITIES:</b>				
Trusts payable	\$ 5,921	\$ -	\$ -	\$ 5,921
<b>TOTAL LIABILITIES</b>	<b>\$ 5,921</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,921</b>

	<b>Balance July 1, 2010</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance June 30, 2011</b>
<b>SEIZED FUNDS UNFORFEITED:</b>				
<b>ASSETS:</b>				
Cash and pooled investments	\$ 228,873	\$ -	\$ 70,637	\$ 158,236
<b>TOTAL ASSETS</b>	<b>\$ 228,873</b>	<b>\$ -</b>	<b>\$ 70,637</b>	<b>\$ 158,236</b>
<b>LIABILITIES:</b>				
Due to other governments	\$ 228,873	\$ -	\$ 70,637	\$ 158,236
<b>TOTAL LIABILITIES</b>	<b>\$ 228,873</b>	<b>\$ -</b>	<b>\$ 70,637</b>	<b>\$ 158,236</b>

	<b>Balance July 1, 2010</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance June 30, 2011</b>
<b>MINE TASK FORCE:</b>				
<b>ASSETS:</b>				
Cash and pooled investments	\$ 589,572	\$ 21,290	\$ -	\$ 610,862
<b>TOTAL ASSETS</b>	<b>\$ 589,572</b>	<b>\$ 21,290</b>	<b>\$ -</b>	<b>\$ 610,862</b>
<b>LIABILITIES:</b>				
Due to other governments	\$ 589,572	\$ 21,290	\$ -	\$ 610,862
<b>TOTAL LIABILITIES</b>	<b>\$ 589,572</b>	<b>\$ 21,290</b>	<b>\$ -</b>	<b>\$ 610,862</b>

## STATISTICAL SECTION

The statistical section of the County's comprehensive annual financial report presents detailed information as a context for understanding what the information presented in the financial statements, note disclosures and required supplementary information say about the County's overall financial health.

**Financial Trends** – These schedules contain trend information to show how the County's financial performance and well being have changed over time.

**Revenue Capacity** – These schedules contain information to assess the County's most significant local revenue sources, the property tax.

**Debt Capacity** – These schedules present information to assess the affordability of the County's current level of outstanding debt and the County's ability to issue additional debt in the future.

**Demographic and Economic Information** – These schedules offer demographic and economic indicators to show the environment within which the County's financial activities take place.

**Operating Information** – These schedules contain service and infrastructure data to show how the information in the County's financial report relates to the services the County provides and the activities it performs.

**Sources:** Unless otherwise noted, the information in these schedules is derived from the comprehensive annual report for the relevant year. The County implemented GASB 34 in fiscal year 2002; schedules presenting government-wide information include information beginning in that year.

## POLK COUNTY, IOWA

### Net Assets by Component Last Ten Fiscal Years *(accrual basis of accounting)*

	Fiscal Year			
	2002	2003	2004	2005
Governmental activities:				
Invested in capital assets, net of related debt	\$ 71,943,687	\$ 81,063,142	\$ 85,216,029	\$ 83,433,110
Restricted	23,212,962	24,563,223	26,088,234	17,401,988
Unrestricted	32,169,757	15,803,414	19,388,897	20,846,704
<b>Total governmental activities net assets</b>	<b>\$ 127,326,406</b>	<b>\$ 121,429,779</b>	<b>\$ 130,693,160</b>	<b>\$ 121,681,802</b>
Business-type activities:				
Invested in capital assets, net of related debt	\$ 45,210,083	\$ (11,198,177)	\$ 74,864,786	\$ 166,183,976
Restricted	-	-	-	-
Unrestricted	34,367,039	151,686,535	96,387,965	18,902,368
<b>Total business-type activities net assets</b>	<b>\$ 79,577,122</b>	<b>\$ 140,488,358</b>	<b>\$ 171,252,751</b>	<b>\$ 185,086,344</b>
Primary government:				
Invested in capital assets, net of related debt	\$ 117,153,770	\$ 69,864,965	\$ 160,080,815	\$ 249,617,086
Restricted	23,212,962	24,563,223	26,088,234	17,401,988
Unrestricted	66,536,796	167,489,949	115,776,862	39,749,072
<b>Total primary government net assets</b>	<b>\$ 206,903,528</b>	<b>\$ 261,918,137</b>	<b>\$ 301,945,911</b>	<b>\$ 306,768,146</b>

<b>Fiscal Year</b>						
<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	
\$ 88,986,810	\$ 88,071,556	\$ 79,083,042	\$ 78,083,885	\$ 73,411,073	\$ 70,770,518	
18,604,872	21,722,629	16,109,702	5,075,110	4,843,618	5,726,045	
4,975,529	(5,283,556)	5,896,595	25,286,700	26,911,739	21,606,897	
<b>\$ 112,567,211</b>	<b>\$ 104,510,629</b>	<b>\$ 101,089,339</b>	<b>\$ 108,445,695</b>	<b>\$ 105,166,430</b>	<b>\$ 98,103,460</b>	
\$ 171,295,876	\$ 171,678,408	\$ 168,328,097	\$ 169,615,522	\$ 170,445,639	\$ 240,462,094	
250,665	575,235	452,485	562,387	521,536	518,126	
19,441,422	20,941,711	27,504,114	17,132,872	17,105,354	21,991,857	
<b>\$ 190,987,963</b>	<b>\$ 193,195,354</b>	<b>\$ 196,284,696</b>	<b>\$ 187,310,781</b>	<b>\$ 188,072,529</b>	<b>\$ 262,972,077</b>	
\$ 260,282,686	\$ 259,749,964	\$ 247,411,139	\$ 247,699,407	\$ 243,856,712	\$ 311,232,612	
18,855,537	22,297,864	16,562,187	5,637,497	5,365,154	6,244,171	
24,416,951	15,658,155	33,400,709	42,419,572	44,017,093	43,598,754	
<b>\$ 303,555,174</b>	<b>\$ 297,705,983</b>	<b>\$ 297,374,035</b>	<b>\$ 295,756,476</b>	<b>\$ 293,238,959</b>	<b>\$ 361,075,537</b>	

**POLK COUNTY, IOWA**

**Changes in Net Assets  
Last Ten Fiscal Years  
(accrual basis of accounting)**

	Fiscal Year			
	2002	2003	2004	2005
<b>Expenses:</b>				
Governmental activities:				
Public safety and legal services	\$ 37,522,230	\$ 40,411,107	\$ 41,242,228	\$ 43,906,960
Physical health and social services	28,558,149	27,708,547	26,343,547	25,528,316
Mental health	40,844,075	37,951,234	35,871,973	44,893,946
County environment and education	17,523,366	18,158,228	13,851,729	13,611,135
Roads and transportation	12,649,752	14,406,203	15,469,578	15,429,274
Governmental services to residents	4,981,368	4,892,851	5,079,335	5,625,475
Administration	25,917,979	23,077,505	21,325,551	27,880,553
Interest on long-term debt	883,677	663,719	715,335	778,112
<b>Total governmental activities expenses</b>	<b>168,880,596</b>	<b>167,269,394</b>	<b>159,899,276</b>	<b>177,653,771</b>
Business-type activities:				
Air Pollution	764,247	792,979	824,969	868,170
Convention Complex	3,169,241	2,791,366	3,046,810	-
Veterans Memorial Auditorium	5,073,306	4,766,112	4,824,978	-
Sanitary Treatment Works	632,937	573,753	663,311	1,327,274
Prairie Meadows Racetrack/Casino	5,363,846	5,849,793	6,322,144	6,379,323
Jester Park Golf Course	1,262,156	1,269,480	1,527,129	1,343,601
Hamilton Urban Drainage District	262,158	259,788	256,019	257,173
Iowa Events Center	314,542	212,541	1,450,814	11,052,531
Wells Fargo Arena	-	-	-	511,976
Urban Sewer	-	-	-	-
<b>Total business-type activities expenses</b>	<b>16,842,433</b>	<b>16,515,812</b>	<b>18,916,174</b>	<b>21,740,048</b>
<b>Total government expenses</b>	<b>\$ 185,723,029</b>	<b>\$ 183,785,206</b>	<b>\$ 178,815,450</b>	<b>\$ 199,393,819</b>
<b>Program revenues:</b>				
Governmental activities:				
Charges for services:				
Public safety and legal services	\$ 4,805,839	\$ 6,268,827	\$ 6,572,418	\$ 7,729,226
Physical health and social services	1,637,011	1,275,959	1,311,539	1,229,497
Mental health	4,472,828	4,708,156	5,199,260	4,730,128
County environment and education	544,958	853,103	744,504	995,812
Roads and transportation	396,537	361,106	446,904	463,326
Governmental services to residents	6,833,081	7,528,152	7,717,311	6,918,675
Administration	945,108	1,004,028	1,264,511	1,186,472
Interest on long-term debt	-	-	-	7
Operating grants and contributions	35,693,214	34,395,431	34,724,045	33,588,436
Capital grants and contributions	-	8,602,189	7,919,206	4,397,521
<b>Total governmental activities program revenues</b>	<b>55,328,576</b>	<b>64,996,951</b>	<b>65,899,698</b>	<b>61,239,100</b>
Business-type activities:				
Charges for services:				
Air Pollution	194,453	162,708	267,758	216,107
Convention Complex	2,853,152	2,504,334	2,753,773	-
Veterans Memorial Auditorium	3,569,299	3,169,810	3,100,190	-
Sanitary Treatment Works	290,057	492,986	490,660	516,014
Prairie Meadows Racetrack/Casino	24,230,693	22,803,430	24,840,877	26,314,007
Jester Park Golf Course	1,303,564	1,319,134	1,301,554	1,388,515
Hamilton Urban Drainage District	125,171	137,926	122,750	129,326
Iowa Events Center	-	-	-	6,446,233
Wells Fargo Arena	-	-	-	260,000
Operating grants and contributions	573,345	654,205	624,372	660,817
Capital grants and contributions	881,403	49,816,143	16,364,366	20,367,596
<b>Total business-type activities program revenues</b>	<b>34,021,137</b>	<b>81,060,676</b>	<b>49,866,300</b>	<b>56,298,615</b>
<b>Total government program revenues</b>	<b>\$ 89,349,713</b>	<b>\$ 146,057,627</b>	<b>\$ 115,765,998</b>	<b>\$ 117,537,715</b>



Fiscal Year						
2006	2007	2008	2009	2010	2011	
\$ 49,691,718	\$ 50,943,331	\$ 54,586,369	\$ 61,023,060	\$ 65,461,987	\$ 68,350,314	
27,479,491	27,939,503	30,701,720	32,285,044	39,210,142	41,244,404	
44,253,468	47,580,948	50,448,588	48,574,014	53,427,113	50,553,729	
21,791,609	17,911,180	12,988,528	16,067,273	15,457,101	14,837,634	
15,662,237	14,384,813	18,924,908	20,995,975	17,634,649	22,090,050	
5,702,700	6,068,908	6,444,220	6,414,215	7,032,880	7,118,535	
29,651,306	31,230,881	34,835,609	33,816,384	29,386,862	30,581,581	
755,602	3,143,577	4,497,886	4,462,810	4,250,122	4,206,456	
194,988,131	199,203,141	213,427,828	223,638,775	231,860,856	238,982,703	
890,104	773,893	892,991	981,255	990,754	1,079,530	
-	-	-	-	-	-	
-	-	-	-	-	-	
1,021,679	896,815	901,149	1,237,304	1,431,082	1,056,837	
5,796,602	6,589,760	7,469,240	7,526,269	7,586,351	9,083,738	
1,404,849	1,367,187	775,308	163,573	65,896	42,543	
259,674	269,147	259,856	390,343	330,924	411,290	
15,317,370	14,584,039	23,475,886	22,475,901	22,425,073	20,735,311	
9,134,360	8,390,198	-	-	-	-	
18,025	234,327	227,968	220,552	212,936	205,105	
33,842,663	33,105,366	34,002,398	32,995,197	33,043,016	32,614,354	
\$ 228,830,794	\$ 232,308,507	\$ 247,430,226	\$ 256,633,972	\$ 264,903,872	\$ 271,597,057	
\$ 9,881,061	\$ 11,186,397	\$ 12,544,883	\$ 13,748,833	\$ 14,486,324	\$ 13,788,614	
1,156,011	1,115,878	1,117,024	1,216,302	1,030,279	1,185,162	
6,454,464	5,848,459	6,952,878	7,172,445	7,622,337	7,756,232	
1,074,961	1,241,881	1,331,272	1,264,129	1,413,568	1,411,631	
325,313	566,269	486,994	460,647	524,657	473,411	
7,413,659	7,041,509	6,606,559	6,061,786	6,339,744	6,259,696	
1,111,113	1,123,749	1,779,178	1,402,285	1,221,884	1,658,836	
16	8	13	25	40,099	9,946	
38,376,764	40,462,381	44,384,526	52,103,769	57,647,553	55,560,468	
2,379,801	340,200	1,049,053	1,881,849	263,289	392,162	
68,173,163	68,926,731	76,252,380	85,312,070	90,589,734	88,496,158	
306,972	256,331	217,265	241,834	245,178	254,186	
-	-	-	-	-	-	
-	-	-	-	-	-	
535,978	588,771	753,576	598,383	1,115,130	558,604	
27,130,384	27,183,708	28,131,768	27,397,093	27,847,963	27,084,294	
1,489,001	1,390,168	934,594	414,992	235,021	191,808	
138,401	131,245	130,273	129,686	123,320	140,369	
6,039,145	7,176,134	10,195,585	9,785,201	11,469,014	8,982,061	
2,150,216	2,170,233	-	-	-	-	
710,464	648,292	694,812	731,241	782,285	827,478	
10,756,874	1,537,235	1,730,846	1,002,238	938,748	76,576,666	
49,257,435	41,082,117	42,788,719	40,300,668	42,756,659	114,615,466	
\$ 117,430,598	\$ 110,008,848	\$ 119,041,099	\$ 125,612,738	\$ 133,346,393	\$ 203,111,624	

**POLK COUNTY, IOWA**

**Changes in Net Assets  
Last Ten Fiscal Years  
(accrual basis of accounting)**

	Fiscal Year			
	2002	2003	2004	2005
Net (expense)/revenue:				
Governmental activities	\$ (113,552,020)	\$ (102,272,443)	\$ (93,999,578)	\$ (116,414,671)
Business-type activities	17,178,704	64,544,864	30,950,126	34,558,567
<b>Total government net expense</b>	<b>\$ (96,373,316)</b>	<b>\$ (37,727,579)</b>	<b>\$ (63,049,452)</b>	<b>\$ (81,856,104)</b>
General revenues and other changes in net assets:				
Governmental activities:				
Taxes:				
Property taxes	\$ 73,778,899	\$ 76,388,149	\$ 80,195,570	\$ 85,283,346
Other county taxes	4,628,658	4,522,965	5,007,702	4,809,582
Interest on property taxes	1,013,007	1,036,820	1,050,605	1,061,401
State replacements	4,617,424	4,248,944	2,982,019	2,746,785
Use of money and property	3,369,631	2,007,490	1,709,951	3,210,740
Miscellaneous	2,201,141	2,581,325	2,102,807	2,401,601
Loss on sale of capital assets	-	-	-	-
Gain on sale of capital assets	-	-	-	-
Capital transfers	-	-	-	-
Transfers	20,371,722	5,590,123	10,214,305	7,889,858
<b>Total governmental activities</b>	<b>109,980,482</b>	<b>96,375,816</b>	<b>103,262,959</b>	<b>107,403,313</b>
Business-type activities:				
Use of money and property	658,468	1,282,188	1,343,852	1,679,914
Miscellaneous	242,821	674,307	8,684,720	185,513
Special item - contribution expense WRA Sewer	-	-	-	(14,700,543)
Capital transfers	-	-	-	-
Transfers	(20,371,722)	(5,590,123)	(10,214,305)	(7,889,858)
<b>Total business-type activities</b>	<b>(19,470,433)</b>	<b>(3,633,628)</b>	<b>(185,733)</b>	<b>(20,724,974)</b>
<b>Total government</b>	<b>\$ 90,510,049</b>	<b>\$ 92,742,188</b>	<b>\$ 103,077,226</b>	<b>\$ 86,678,339</b>
Change in net assets:				
Governmental activities	\$ (3,571,538)	\$ (5,896,627)	\$ 9,263,381	\$ (9,011,358)
Business-type activities	(2,291,729)	60,911,236	30,764,393	13,833,593
<b>Total primary government</b>	<b>\$ (5,863,267)</b>	<b>\$ 55,014,609</b>	<b>\$ 40,027,774</b>	<b>\$ 4,822,235</b>

Fiscal Year					
2006	2007	2008	2009	2010	2011
\$ (126,814,968)	\$ (130,276,410)	\$ (137,175,448)	\$ (138,326,705)	\$ (141,271,122)	\$ (150,486,545)
15,414,772	7,976,751	8,786,321	7,305,471	9,713,643	82,001,112
\$ (111,400,196)	\$ (122,299,659)	\$ (128,389,127)	\$ (131,021,234)	\$ (131,557,479)	\$ (68,485,433)

\$ 88,765,727	\$ 95,414,667	\$ 105,846,177	\$ 113,294,655	\$ 119,034,717	\$ 124,436,158
4,793,069	4,539,835	5,307,751	5,391,333	5,473,202	5,278,538
1,153,332	1,147,313	1,388,689	1,591,907	1,603,084	1,819,683
2,670,946	2,658,239	2,773,895	2,772,002	2,716,286	2,522,012
5,197,356	8,347,209	6,864,291	3,194,638	2,089,257	286,009
3,346,717	2,068,863	4,152,740	1,589,359	1,672,209	1,562,930
-	-	-	-	(3,970,233)	-
270,000	-	-	465,490	-	-
-	-	-	-	250,000	-
11,503,230	8,043,702	7,420,615	17,383,677	9,123,335	7,518,245
117,700,377	122,219,828	133,754,158	145,683,061	137,991,857	143,423,575

1,558,005	1,854,206	1,373,373	815,374	109,262	95,835
432,072	420,136	350,263	288,917	312,178	320,846
-	-	-	-	-	-
-	-	-	-	(250,000)	-
(11,503,230)	(8,043,702)	(7,420,615)	(17,383,677)	(9,123,335)	(7,518,245)
(9,513,153)	(5,769,360)	(5,696,979)	(16,279,386)	(8,951,895)	(7,101,564)
\$ 108,187,224	\$ 116,450,468	\$ 128,057,179	\$ 129,403,675	\$ 129,039,962	\$ 136,322,011

\$ (9,114,591)	\$ (8,056,582)	\$ (3,421,290)	\$ 7,356,356	\$ (3,279,265)	\$ (7,062,970)
5,901,619	2,207,391	3,089,342	(8,973,915)	761,748	74,899,548
\$ (3,212,972)	\$ (5,849,191)	\$ (331,948)	\$ (1,617,559)	\$ (2,517,517)	\$ 67,836,578

(concluded)

**POLK COUNTY, IOWA**

**Fund Balances, Governmental Funds  
Last Ten Fiscal Years  
(modified accrual basis of accounting)**

	Fiscal Year			
	2002	2003	2004	2005
General Fund:				
Reserved	\$ 9,384,078	\$ 8,264,811	\$ 10,946,887	\$ 8,395,056
Unreserved	18,016,729	15,845,457	19,786,798	20,772,957
<b>Total General Fund</b>	<b>\$ 27,400,807</b>	<b>\$ 24,110,268</b>	<b>\$ 30,733,685</b>	<b>\$ 29,168,013</b>
MH/MR/DD Services:				
Reserved	\$ 1,148,689	\$ 1,096,391	\$ 1,040,786	\$ 983,501
Unreserved	(683,048)	48,504	4,634,376	(651,661)
<b>Total MH/MR/DD Services</b>	<b>\$ 465,641</b>	<b>\$ 1,144,895</b>	<b>\$ 5,675,162</b>	<b>\$ 331,840</b>
Jail Facility Fund:				
Unreserved	\$ N/A	\$ N/A	\$ N/A	\$ N/A
<b>Total Jail Facility Fund</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
All other governmental funds:				
Reserved	\$ 12,656,557	\$ 11,117,018	\$ 9,864,757	\$ 8,891,844
Unreserved, reported in:				
Special revenue funds	16,861,344	16,958,992	14,626,922	13,660,794
Capital projects funds	6,006,338	4,070,063	3,592,801	3,149,526
Debt service funds	656,237	836,776	993,781	789,769
<b>Total all other governmental funds</b>	<b>\$ 36,180,476</b>	<b>\$ 32,982,849</b>	<b>\$ 29,078,261</b>	<b>\$ 26,491,933</b>
General Fund:				
Nonspendable	\$ N/A	\$ N/A	\$ N/A	\$ N/A
Committed	N/A	N/A	N/A	N/A
Unassigned	N/A	N/A	N/A	N/A
<b>Total General Fund</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
MH/MR/DD Services:				
Restricted	\$ N/A	\$ N/A	\$ N/A	\$ N/A
<b>Total MH/MR/DD Services</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
All other governmental funds:				
Nonspendable	\$ N/A	\$ N/A	\$ N/A	\$ N/A
Restricted	N/A	N/A	N/A	N/A
Committed	N/A	N/A	N/A	N/A
Unassigned	N/A	N/A	N/A	N/A
<b>Total all other governmental funds</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

Fiscal Year						
2006	2007	2008	2009	2010	2011	
\$ 6,225,399	\$ 5,007,608	\$ 8,559,752	\$ 8,123,291	\$ 7,727,389	\$	N/A
27,458,434	31,554,143	29,777,926	27,566,129	29,462,331		N/A
\$ 33,683,833	\$ 36,561,751	\$ 38,337,678	\$ 35,689,420	\$ 37,189,720	\$	-
\$ 924,486	\$ 863,685	\$ 801,046	\$ 736,515	\$ -	\$	N/A
(1,323,681)	(3,180,810)	(3,515,264)	(890,817)	1,347,245		N/A
\$ (399,195)	\$ (2,317,125)	\$ (2,714,218)	\$ (154,302)	\$ 1,347,245	\$	-
\$ N/A	\$ 18,559,904	\$ N/A	\$ N/A	\$ N/A	\$	N/A
\$ -	\$ 18,559,904	\$ -	\$ -	\$ -	\$	-
\$ 7,603,761	\$ 7,618,031	\$ 6,574,256	\$ 4,529,113	\$ 3,495,836	\$	N/A
17,148,176	7,321,608	4,597,378	6,574,400	5,570,102		N/A
(5,727,117)	9,597,713	2,798,519	755,855	(1,294,898)		N/A
936,163	417,138	366,009	279,041	598,024		N/A
\$ 19,960,983	\$ 24,954,490	\$ 14,336,162	\$ 12,138,409	\$ 8,369,064	\$	-
\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$	835,122
N/A	N/A	N/A	N/A	N/A		3,989,810
N/A	N/A	N/A	N/A	N/A		34,510,331
\$ -	\$ -	\$ -	\$ -	\$ -	\$	39,335,263
\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$	765,412
\$ -	\$ -	\$ -	\$ -	\$ -	\$	765,412
\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$	777,178
N/A	N/A	N/A	N/A	N/A		4,960,633
N/A	N/A	N/A	N/A	N/A		9,099,102
N/A	N/A	N/A	N/A	N/A		(3,968,513)
\$ -	\$ -	\$ -	\$ -	\$ -	\$	10,868,400

**POLK COUNTY, IOWA**

**Changes in Fund Balances, Governmental Funds  
Last Ten Fiscal Years  
(modified accrual basis of accounting)**

	Fiscal Year			
	2002	2003	2004	2005
<b>Revenues:</b>				
Property taxes	\$ 73,694,993	\$ 76,432,075	\$ 80,073,560	\$ 84,979,971
Other County taxes	4,628,658	4,522,965	5,007,702	4,809,582
Interest and penalties on delinquent taxes	1,013,007	1,036,820	1,050,605	1,061,401
Intergovernmental	50,601,288	49,871,180	50,386,963	48,116,800
Licenses and permits	512,352	966,497	890,166	943,081
Charges for service	8,448,822	9,533,000	9,516,163	9,619,485
Use of money and property	3,263,790	1,879,148	1,688,882	3,145,534
Fines, forfeitures and defaults	130,337	478,546	-	-
Miscellaneous	2,177,523	2,067,715	2,785,644	1,824,317
<b>Total revenues</b>	<b>144,470,770</b>	<b>146,787,946</b>	<b>151,399,685</b>	<b>154,500,171</b>
<b>Expenditures:</b>				
Public safety and legal services	35,006,444	38,159,485	38,605,232	41,340,119
Physical health and social services	27,875,862	27,385,372	25,901,227	24,781,328
Mental health	40,836,250	37,943,410	35,871,973	44,893,946
County environment and education	16,889,973	17,288,250	13,181,319	13,086,191
Roads and transportation	9,400,596	7,579,979	9,263,306	7,881,246
Governmental services to residents	4,885,442	4,599,552	4,831,067	5,243,386
Administration	21,140,609	21,119,416	19,064,885	25,221,121
Nonprogram services	-	30,565	30,110	70,697
Debt service:				
Principal	1,192,262	1,854,176	2,416,089	2,526,980
Interest and fiscal charges	887,963	653,421	720,409	776,022
Capital Projects:				
Roadway construction	2,252,262	2,432,847	4,459,987	2,768,779
Conservation land acquisition and development	417,267	220,017	114,419	195,324
Other capital projects	9,782,768	4,719,875	2,709,348	3,270,594
<b>Total expenditures</b>	<b>170,567,698</b>	<b>163,986,365</b>	<b>157,169,371</b>	<b>172,055,733</b>
<b>Excess of revenues over (under) expenditures</b>	<b>(26,096,928)</b>	<b>(17,198,419)</b>	<b>(5,769,686)</b>	<b>(17,555,562)</b>
<b>Other financing sources (uses):</b>				
Transfers in	30,707,173	20,005,619	20,962,438	23,278,866
Transfers out	(15,315,451)	(14,320,997)	(8,928,133)	(18,869,008)
Capital contributions	-	-	-	-
Transfer of bond proceeds from enterprise fund	-	-	-	-
Proceeds from issuance of conduit debt	-	-	1,530,000	-
Payment to refunded bond escrow agent-conduit debt	-	-	(1,511,213)	-
Issuance of capital leases	1,315,354	-	-	-
Issuance of bonds	-	6,258,387	1,025,000	3,770,000
Premium (discount) on bonds issued	-	-	-	25,652
Insurance recovery from 2008 flood	-	-	-	-
Proceeds from sale of capital assets	-	88,150	-	41,430
<b>Total other financing sources (uses)</b>	<b>16,707,076</b>	<b>12,031,159</b>	<b>13,078,092</b>	<b>8,246,940</b>
<b>Net change in fund balances</b>	<b>\$ (9,389,852)</b>	<b>\$ (5,167,260)</b>	<b>\$ 7,308,406</b>	<b>\$ (9,308,622)</b>
<b>Total expenditures</b>	<b>\$ 170,567,698</b>	<b>\$ 163,986,365</b>	<b>\$ 157,169,371</b>	<b>\$ 172,055,733</b>
<b>Less: capital expenditures</b>	<b>(9,044,806)</b>	<b>(3,468,316)</b>	<b>(4,735,036)</b>	<b>(2,259,466)</b>
<b>Total non capital expenditures</b>	<b>\$ 161,522,892</b>	<b>\$ 160,518,049</b>	<b>\$ 152,434,335</b>	<b>\$ 169,796,267</b>
<b>Debt service as % of noncapital expenditures</b>	<b>1.29%</b>	<b>1.56%</b>	<b>2.06%</b>	<b>1.95%</b>

		Fiscal Year									
		2006	2007	2008	2009	2010	2011				
\$	88,444,351	\$	95,065,943	\$	106,659,293	\$	113,193,055	\$	119,016,167	\$	124,413,365
	4,793,069		4,539,835		5,307,751		5,391,333		5,473,202		5,278,538
	1,153,332		1,147,313		1,388,689		1,591,907		1,603,084		1,819,683
	59,121,302		59,267,106		66,353,718		73,882,316		80,220,727		76,304,288
	600,980		481,516		516,733		387,609		432,777		757,224
	10,717,919		10,734,667		10,297,290		10,587,827		11,046,694		11,456,931
	5,039,230		8,147,428		6,642,171		3,071,457		2,053,835		2,247,819
	-		-		-		-		-		-
	2,443,924		1,763,992		1,990,742		2,869,983		2,241,977		2,028,618
	172,314,107		181,147,800		199,156,387		210,975,487		222,088,463		224,306,466
	46,600,339		48,709,314		51,056,103		57,336,497		60,831,966		63,358,077
	26,453,593		27,175,301		29,584,279		32,058,737		38,183,688		39,832,954
	44,253,468		47,580,948		50,448,588		48,574,015		53,427,113		50,553,729
	21,369,155		16,670,606		11,561,165		13,291,947		11,827,727		12,074,726
	9,176,185		8,731,835		10,658,344		12,989,856		12,644,739		12,565,672
	5,192,084		5,717,290		6,008,426		6,158,143		6,630,166		6,712,037
	28,141,913		29,266,591		30,909,966		32,513,299		29,545,205		30,370,108
	193,374		709,229		46,304		58,294		-		-
	2,749,893		3,791,808		4,662,698		8,492,464		8,489,000		7,510,000
	714,235		2,895,372		4,501,088		4,478,202		4,276,689		4,397,923
	3,484,215		4,003,795		5,352,558		4,688,457		1,757,433		4,960,179
	1,187,487		853,962		3,237,269		3,482,675		3,049,267		3,352,335
	12,605,065		48,382,141		30,098,666		8,774,114		5,991,436		9,470,498
	202,121,006		244,488,192		238,125,454		232,896,700		236,654,429		245,158,238
	(29,806,899)		(63,340,392)		(38,969,067)		(21,921,213)		(14,565,966)		(20,851,772)
	39,867,947		99,924,310		25,876,454		32,540,326		20,547,356		20,475,572
	(28,344,717)		(93,360,608)		(18,435,839)		(17,836,649)		(11,154,021)		(12,937,327)
	-		-		-		-		-		392,162
	-		-		930,000		-		-		-
	-		-		-		-		-		-
	-		-		-		-		-		-
	557,766		168,920		-		-		2,577,984		669,366
	14,975,000		80,915,000		2,665,000		3,905,000		-		15,485,000
	77,543		24,675		32,656		95,085		-		298,790
	-		-		-		323,766		751,906		112,066
	41,078		74,152		68,555		537,831		843,174		281,032
	27,174,617		87,746,449		11,136,826		19,565,359		13,566,399		24,776,661
\$	(2,632,282)	\$	24,406,057	\$	(27,832,241)	\$	(2,355,854)	\$	(999,567)	\$	3,924,889
\$	202,121,006	\$	244,488,192	\$	238,125,454	\$	232,896,700	\$	236,654,429	\$	245,158,238
	(15,244,167)		(49,469,518)		(30,051,875)		(10,191,039)		(7,866,250)		(10,231,060)
\$	186,876,839	\$	195,018,674	\$	208,073,579	\$	222,705,661	\$	228,788,179	\$	234,927,178
	1.85%		3.43%		4.40%		5.82%		5.58%		5.07%

## POLK COUNTY, IOWA

### Assessed Value and Actual Value of Taxable Property (a) Last Ten Fiscal Years

Fiscal Year Ended June 30	Residential Property	Commercial Property	Industrial Property	Agricultural Property & Building	Reimb / Non-Reimb M&E/Comp & Railroads	Utilities W/O Gas & Electric	Less:		Total Taxable Assessed Property	Total Direct Tax Rate (c)
							Military Tax-Exempt Property	Property		
2002	\$ 12,762,231,179	\$ 5,113,030,508	\$ 330,155,953	\$ 175,130,730	\$ 22,802,745	\$ 167,252,805		\$ (39,460,588)	\$ 18,531,143,332	6.35
2003	14,638,527,938	5,464,460,568	336,451,459	121,726,940	24,988,015	143,937,792		(38,666,548)	20,691,426,164	6.35
2004	15,240,749,267	5,650,708,433	333,764,600	120,506,340	26,017,475	151,005,921		(37,963,717)	21,484,788,319	6.35
2005	17,199,501,990	6,091,367,498	347,505,667	118,207,210	26,095,792	162,418,793		(37,737,570)	23,907,359,380	6.35
2006	17,989,044,550	6,323,324,900	360,678,980	118,019,020	24,874,251	138,971,954		(37,507,856)	24,917,405,799	6.35
2007	19,792,218,240	6,611,496,480	371,734,980	146,593,080	28,112,835	135,387,079		(36,944,652)	27,048,598,042	6.84
2008	20,554,841,950	6,735,360,000	373,831,230	145,600,810	28,944,652	135,013,575		(36,493,914)	27,937,098,303	6.84
2009	21,232,362,500	6,942,121,730	398,829,620	229,832,970	32,444,466	136,696,518		(35,928,562)	28,936,359,242	6.83
2010	21,626,138,853	6,905,869,267	403,749,710	229,455,630	38,008,090	152,847,145		(35,075,495)	29,320,993,200	6.82
<b>2011</b>	N/A (b)	N/A (b)	N/A (b)	N/A (b)	N/A (b)	N/A (b)		N/A (b)	N/A (b)	-

**Source:** 2010 Valuation workpaper from Polk County Tax/GIS Department.

- Notes:**
- (a) Property is assessed at actual value; therefore, the assessed values are equal to the actual value.
  - (b) 2011 Calendar Year Assessment is for taxes due in fiscal year 2011/2012 and is not yet available
  - (c) Tax rates are per \$1,000 of assessed value.



**POLK COUNTY , IOWA**

**Principal Property Taxpayers  
Current Year and Nine Years Ago**

Taxpayer	2011			2002		
	2009 Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value	2000 Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value
Principal Life Insurance Co.	\$ 229,703,280	1	1.3%	\$ 259,813,782	1	2.3%
Nationwide Mutual Insurance	189,201,310	2	1.1%	-		-
R & R Investors	156,999,290	3	0.9%	94,435,470	2	0.8%
Wells Fargo	123,896,560	4	0.7%	-		-
Prairie Meadows	107,717,400	5	0.6%	-		-
Mid America Investment	91,614,240	6	0.5%	68,194,290	6	0.6%
Mercy Hospital	78,074,120	7	0.4%	61,448,050	9	-
Pioneer Hi-Bred	76,600,990	8	0.4%	-		0.0%
Hubbell Interests	72,585,890	9	0.4%	58,395,120	10	0.5%
Valley West Mall	67,710,000	10	0.4%	91,913,500	4	-
Qwest	-		-	92,693,744	3	0.8%
William Knapp	-		-	78,908,030	5	0.7%
Ruan, Inc.	-		-	66,774,973	7	0.6%
Polk County	-		-	64,133,650	8	0.6%
<b>Total</b>	<b>\$ 1,194,103,080</b>		<b>6.8%</b>	<b>\$ 936,710,609</b>		<b>6.9%</b>

Source: Polk County Tax/GIS Department

# POLK COUNTY, IOWA

## Property Tax Levies and Collections, Last Ten Fiscal Years

Fiscal Year Ended June 30	Property Taxes Levied for the Fiscal Year	Property Taxes Collected Within the Fiscal Year of the Levy (a)		Property Tax Collections In Subsequent Years (b)	Property Tax Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2002	\$ 77,002,424	\$ 76,663,227	99.6%	\$ 38,366	\$ 76,701,593	99.6%
2003	79,465,301	79,087,899	99.5%	63,924	79,151,823	99.6%
2004	82,823,976	82,559,416	99.7%	119,750	82,679,166	99.8%
2005	87,950,229	87,623,125	99.6%	58,083	87,681,208	99.7%
2006	91,360,000	91,060,220	99.7%	10,946	91,071,166	99.7%
2007	98,107,703	97,654,105	99.5%	27,061	97,681,166	99.6%
2008	109,708,680	109,344,353	99.7%	43,323	109,387,676	99.7%
2009	116,311,807	115,868,918	99.6%	51,627	115,920,545	99.7%
2010	121,940,768	121,631,575	99.7%	56,774	121,688,349	99.8%
<b>2011</b>	<b>127,415,609</b>	<b>126,836,381</b>	<b>99.5%</b>	<b>56,052</b>	<b>126,892,433</b>	<b>99.6%</b>

**Source:** County Property Tax Rates per Iowa Department of Management and Cash Receipt Status Report

**Notes:** (a) Property taxes collected within the fiscal year of levy include current tax collections and state replacements of credits against property taxes/levied tax credits (Homestead, Elderly & Disabled Homestead, Agricultural Land, Mobile Home and Family Farm).  
 (b) Property tax collections in subsequent years include delinquent tax collections and TIF reimbursements. All collections are on cash basis.

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**POLK COUNTY, IOWA**

**Direct and Overlapping Property Tax Rates  
Last Ten Years  
(rate per \$1,000 of assessed value)**

	Year Taxes are Payable				
	2002	2003	2004	2005	2006
Countywide service rates:					
General Basic	\$ 3.50	\$ 3.50	\$ 3.50	\$ 3.50	\$ 3.50
General Supplemental	1.59	1.56	1.61	1.59	1.57
MH/DD Service	1.21	1.18	1.13	1.06	1.03
Debt Service	0.05	0.11	0.11	0.20	0.24
<b>Total Countywide Rate</b>	<b>6.35</b>	<b>6.35</b>	<b>6.35</b>	<b>6.35</b>	<b>6.35</b>
Rural service rates	4.71	4.59	4.59	4.59	4.59
<b>Total Rural Rate</b>	<b>11.06</b>	<b>10.94</b>	<b>10.94</b>	<b>10.95</b>	<b>10.94</b>
City rates:					
Alleman	6.71	6.92	7.81	8.07	7.89
Altoona	8.90	8.89	8.89	8.89	8.79
Ankeny	9.65	9.90	9.90	10.39	10.39
Bondurant	14.36	14.21	14.56	14.45	14.39
Carlisle	12.38	12.92	12.89	12.92	13.99
Clive	8.45	8.97	8.92	8.93	9.11
Des Moines	17.05	17.05	17.05	17.06	16.52
Elkhart	8.10	10.82	8.10	11.70	11.55
Granger	10.39	11.31	11.52	12.20	12.99
Grimes	11.73	12.77	12.82	12.84	12.83
Johnston	11.19	10.89	10.89	10.81	10.74
Mitchellville	13.15	13.62	13.87	13.34	13.47
Norwalk	-	-	12.43	12.43	12.43
Pleasant Hill	11.78	11.60	11.48	11.48	11.48
Polk City	8.01	8.09	7.90	7.90	7.90
Runnells	8.10	8.10	8.10	8.83	9.02
Sheldahl	2.86	2.79	2.71	2.63	2.55
Urbandale	8.96	8.97	9.07	9.07	9.07
Windsor Heights	11.03	11.59	12.35	12.63	12.63
West Des Moines	10.90	11.60	11.60	11.73	11.73
School District Rates:					
North Polk	14.63	14.94	15.12	16.04	16.42
Southeast Polk	15.13	15.42	17.37	17.28	17.99
Bondurant-Farrar	14.60	15.43	15.28	16.26	16.71
Ankeny	17.01	17.25	17.10	16.90	16.70
Carlisle	16.33	17.96	18.88	18.37	18.37
West Des Moines	13.49	13.50	13.50	13.50	13.50
Des Moines Independent	17.14	17.10	17.36	18.03	18.01
Saydel	14.78	14.86	14.80	14.67	13.13
Johnston	15.10	15.65	16.73	17.21	17.35
Woodward-Granger	13.92	14.83	15.95	17.02	16.76
Dallas	17.82	17.49	17.50	17.51	17.51
Dallas	-	14.46	14.74	14.88	14.96
Urbandale	12.91	13.44	12.96	12.13	13.70
Urbandale	-	13.02	12.61	11.99	13.51
Other:					
State	0.01	0.00	0.00	0.00	0.00
Area XI Community College	0.54	0.55	0.58	0.60	0.68
Broadlawns County Hospital	2.91	2.99	3.06	3.26	3.20
Ag. Extension	0.04	0.04	0.04	0.04	0.04
Assessor	0.34	0.34	0.32	0.32	0.35

Source: 2008/2009 Tax Rates Payable Fiscal Year Ended June 30, 2010 obtained from Polk County Tax/GIS Department

Year Taxes are Payable					
2007	2008	2009	2010	2011	
\$ 3.50	\$ 3.50	\$ 3.50	\$ 3.50	\$ 3.50	\$ 3.50
1.64	1.97	1.86	1.87	1.92	
0.96	0.93	0.87	0.83	0.79	
0.24	0.45	0.61	0.63	0.61	
6.35	6.84	6.84	6.83	6.82	
4.59	4.59	4.55	4.55	4.55	
10.94	11.44	11.39	11.38	11.37	
8.05	8.23	7.16	8.32	8.77	
8.64	8.64	8.64	8.64	9.14	
10.34	10.29	10.53	11.18	11.18	
14.38	14.34	14.29	14.23	14.18	
13.97	13.97	13.81	13.81	13.81	
9.25	9.54	9.54	9.54	9.54	
16.45	16.59	16.58	16.58	16.58	
11.69	10.98	10.49	10.26	10.04	
12.65	12.34	13.03	14.17	15.42	
12.75	12.93	12.96	12.92	12.91	
11.31	11.30	11.30	11.30	11.27	
12.45	12.82	13.59	14.37	14.73	
13.92	14.98	14.37	14.60	14.60	
11.48	11.48	11.48	11.65	11.65	
7.90	7.90	7.90	7.90	7.90	
9.08	9.06	8.97	11.01	10.89	
3.43	3.59	3.60	3.43	3.18	
9.07	9.22	9.22	9.22	9.32	
12.22	12.40	14.79	13.76	13.31	
11.95	12.05	12.05	12.05	12.05	
16.13	17.46	17.77	17.39	18.27	
20.99	21.96	21.85	21.83	21.81	
17.23	17.32	20.00	19.89	19.99	
16.71	17.91	19.58	19.84	22.35	
17.21	20.00	19.86	19.47	20.97	
13.70	13.70	13.69	13.64	13.94	
18.02	17.94	17.79	17.64	17.64	
13.39	13.63	13.68	13.98	13.98	
17.35	17.35	17.34	17.35	17.35	
17.52	17.52	20.02	19.85	19.78	
17.50	17.50	17.50	17.50	17.50	
15.68	15.90	16.08	-	-	
13.48	15.72	15.51	16.27	17.64	
13.48	15.72	16.27	16.27	17.64	
0.00	0.00	0.00	0.00	0.00	
0.69	0.60	0.56	0.57	0.56	
3.49	2.97	2.92	2.80	2.92	
0.04	0.04	0.04	0.04	0.04	
0.30	0.31	0.33	0.30	0.28	

## POLK COUNTY, IOWA

### Ratios of Outstanding Debt by Type Last Ten Fiscal Years

Fiscal Year	Governmental Activities			Business-Type Activities			Total Government	Percentage of Personal Income*	Per Capita*
	General Obligation Bonds Payable	Notes Payable	Capital Leases Payable	General Obligation Bonds Payable	Notes Payable				
2002	\$ 17,804,107	\$ 743,000	\$ 1,460,564	\$ 50,689,273	\$ 4,613,174	\$ 75,310,118	0.56%	\$ 196.83	
2003	22,235,306	713,000	972,395	162,855,294	3,999,006	190,775,001	1.37%	498.62	
2004	20,869,657	682,000	793,822	158,849,951	3,386,366	184,581,796	1.24%	472.54	
2005	22,162,437	650,000	483,525	147,618,237	-	170,914,199	1.08%	430.35	
2006	34,491,195	616,000	687,403	144,921,169	-	180,715,767	1.08%	448.28	
2007	111,657,091	581,000	550,926	136,562,443	-	249,351,460	1.42%	609.83	
2008	110,646,911	545,000	371,163	127,016,267	678,932	239,258,273	1.31%	571.92	
2009	106,164,706	508,000	194,245	117,607,149	4,998,010	229,472,110	1.26%	540.22	
2010	97,682,876	469,000	2,319,288	107,578,031	10,470,099	218,519,294	1.20%	508.85	
<b>2011</b>	<b>105,954,533</b>	<b>429,000</b>	<b>2,047,367</b>	<b>140,495,304</b>	<b>18,115,588</b>	<b>267,041,792</b>	<b>1.47%</b>	<b>620.10</b>	

\* Calculation made using population and personal income figures from Demographics and Economic Statistics Table.

**Notes:** 2010 and 2011 percentages calculated using 2009 personal income data, which is the most recent available.

# POLK COUNTY, IOWA

## Ratios of General Bonded Debt Outstanding Last Ten Fiscal Years

Fiscal Year	General Bonded Debt Outstanding			Percentage Actual Taxable Value of Property	Per Capita*
	General Obligation Bonds	Less Amounts Restricted to Repaying Principal	Total		
2002	\$ 68,493,380	\$ 656,237	\$ 67,837,143	0.37%	\$ 177.30
2003	185,090,600	836,776	184,253,824	0.89%	481.57
2004	179,719,608	993,781	178,725,827	0.83%	457.55
2005	169,780,674	789,769	168,990,905	0.71%	425.51
2006	179,412,364	936,163	178,476,201	0.72%	442.72
2007	248,219,534	417,138	247,802,396	0.92%	606.04
2008	237,663,178	366,009	237,297,169	0.85%	567.24
2009	223,771,855	279,041	223,492,814	0.77%	526.14
2010	205,260,907	598,024	204,662,883	0.70%	476.58
<b>2011</b>	246,449,837	1,650,202	244,799,635	N/A (a)	568.46

\* Calculated using population figure from Demographics and Economic Statistics Table.

**Note:** (a) 2011 Calendar Year Assessment is for taxes due in fiscal year 2011/2012 and is not yet available.

**POLK COUNTY, IOWA**

**Direct and Overlapping Governmental Activities Debt  
As of June 30, 2011**

<b>Governmental Unit</b>	<b>Taxable Valuation</b>	<b>Debt Outstanding</b>	<b>Totals</b>
County direct debt	\$ 17,456,062,452	\$ 108,430,900	\$ <u>108,430,900</u>
City debt:			
Alleman	19,412,321	126,000	
Altoona	462,995,728	41,980,000	
Ankeny	1,933,108,276	107,006,000	
Bondurant	91,880,472	4,875,000	
Clive	853,068,977	43,730,000	
Des Moines	6,391,732,576	337,150,000	
Elkhart	9,138,932	665,000	
Grimes	376,168,352	17,570,000	
Johnston	986,602,682	36,005,000	
Mitchellville	40,924,086	1,060,000	
Pleasant Hill	312,111,605	8,690,000	
Polk City	102,815,029	-	
Runnells	9,447,958	-	
Sheldahl	3,242,137	-	
Urbandale	1,987,724,281	43,375,000	
Windsor Heights	188,469,262	11,045,000	
West Des Moines	2,693,740,645	102,635,733	
<b>Subtotal, City debt</b>		<u>755,912,733</u>	
School district debt:			
Ankeny Community	2,145,527,169	83,160,000	
Bondurant-Farrar	217,708,206	11,775,000	
Carlisle	70,026,495	4,371,500	
Dallas	472,980,306	21,475,000	
Des Moines Independent	6,324,851,534	-	
Johnston Community	1,676,114,847	50,845,000	
North Polk Community	244,784,386	1,115,000	
Saydel	617,424,105	2,455,000	
Southeast Polk	1,082,069,039	53,520,000	
Urbandale Community	1,050,402,180	59,185,000	
West Des Moines Community	4,038,202,274	15,000,000	
<b>Subtotal, school district debt</b>		<u>302,901,500</u>	
Other:			
Urbandale Sanitary Sewer		<u>1,460,000</u>	
<b>Subtotal, other</b>		<u>1,460,000</u>	
<b>Total, overlapping debt</b>			<u>1,060,274,233</u>
<b>Total direct and overlapping debt:</b>			<u>\$ 1,168,705,133</u>

**Source:** Cities and school districts within Polk County

**Note:** Fiscal year 2011 is matched to 2009 assessment year



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**POLK COUNTY, IOWA**

**Legal Debt Margin Information  
As of June 30, 2011**

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	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
Debt limit	\$ 811,598,813	\$ 896,438,700	\$ 926,557,167	\$ 1,034,571,308	\$ 1,074,239,416
Total net debt applicable to limit	193,242,685	315,568,208	317,765,656	313,142,908	327,914,085
Legal debt margin	\$ 618,356,128	\$ 580,870,492	\$ 608,791,511	\$ 721,428,400	\$ 746,325,331
<b>Total net debt applicable to the limit as a percentage of debt limit</b>	23.81%	35.20%	34.30%	30.27%	30.53%

**Note:** (a) Constitutional limit in Article XI of the State Constitution refers to "indebted in any manner".

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Legal Debt Margin Calculation for Fiscal Year 2011 Assessed Value	\$ 28,936,359,242
Debt limit (5% of assessed value)	1,446,817,962
Less: Debt applicable to debt limit; Outstanding County indebtedness (a)	<u>460,916,297</u>
Legal debt margin	<u>\$ 985,901,665</u>

	2007	2008	2009	2010	2011
\$	1,195,367,969	\$ 1,245,870,290	\$ 1,352,429,902	\$ 1,396,854,915	\$ 1,446,817,962
	419,214,286	407,803,252	399,158,767	396,754,857	460,916,297
\$	776,153,683	\$ 838,067,038	\$ 953,271,135	\$ 1,000,100,058	\$ 985,901,665
	35.07%	32.73%	29.51%	28.40%	31.86%

# POLK COUNTY, IOWA

## Demographic and Economic Statistics Last Ten Calendar Years

Year	(a) Estimated Population	(b) Personal Income (000's)	(b) Per Capita Personal Income	Unemployment Statistics (c)		
				Polk County		State of Iowa
				Labor Force	Rate	
2002	382,609	\$ 13,421,332	\$ 34,858	216,400	2.6%	3.3%
2003	382,609	13,960,668	35,852	228,700	3.5%	4.0%
2004	390,615	14,918,628	37,862	225,000	4.0%	4.5%
2005	397,152	15,754,629	39,215	224,900	4.8%	4.8%
2006	403,132	16,755,221	40,764	232,200	4.3%	4.6%
2007	408,888	17,538,839	41,992	234,900	3.4%	3.7%
2008	418,339	18,225,740	43,098	237,000	3.6%	3.8%
2009	424,778	18,199,886	42,381	241,000	4.0%	4.1%
2010	429,439	*	*	242,200	5.7%	6.0%
<b>2011</b>	430,640	*	*	241,600	6.1%	6.1%

**Source:** (a) U.S. Census Bureau  
 (b) U.S. Bureau of Economic Analysis  
 (c) Iowa Workforce Development LMI Bureau website.

\*Information not available

## POLK COUNTY, IOWA

### Principal Employers Current Year and Nine Years Ago

Employer	2011			2002		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Wells Fargo & Co.	11,700	1	5.16%	5,400	3	2.53%
State of Iowa	8,700	2	3.84%	6,727	2	3.15%
Iowa Health Systems	7,300	3	3.22%	-		-
Principal Financial Group	6,728	4	2.97%	7,604	1	3.56%
Mercy Hospital Medical Center	4,950	5	2.18%	3,100	5	1.45%
Des Moines Public Schools	4,745	6	2.09%	4,545	4	2.13%
Nationwide/Allied Insurance	4,370	7	1.93%	-		-
Hy-Vee Food Stores	2,000	8	0.88%	2,595	6	1.22%
City of Des Moines	1,967	9	0.87%	2,249	8	1.05%
Pioneer Hi-Bred International Inc.	1,900	10	0.84%	2,500	7	1.17%
Seabury & Smith (formerly KVI)	-		-	1,800	9	0.84%
Foods Inc. dba/Dahl's Foods	-		-	1,742	10	0.82%
<b>Total</b>	<b>54,360</b>		<b>23.98%</b>	<b>38,262</b>		<b>17.93%</b>

**Source:** The PFM Group (bonding agent)

## POLK COUNTY, IOWA

### Full-Time Equivalent County Government Employees by Function /Program Last Ten Fiscal Years

Function / Program	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Public safety	344	349	349	351	358	361	386	457	458	472
Human services	194	168	166	159	159	163	165	177	178	171
Roads and engineering	73	74	74	72	72	68	69	68	67	67
Administration	165	148	148	151	151	149	153	158	158	157
Other	387	383	376	344	347	351	357	374	378	379
<b>Total</b>	<b>1,163</b>	<b>1,122</b>	<b>1,113</b>	<b>1,077</b>	<b>1,087</b>	<b>1,092</b>	<b>1,130</b>	<b>1,234</b>	<b>1,239</b>	<b>1,246</b>

Source: County Budget Office

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**POLK COUNTY, IOWA**

**Operating Indicators by Function/Program  
Last Ten Fiscal Years**

<b>Function / Program</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
Public safety and legal services:										
Sheriff:										
# of E911 calls	40,394	46,075	45,257	47,550	42,474	45,866	54,107	53,531	53,743	54,517
# of civil papers served	35,123	42,875	37,303	42,154	46,164	45,488	37,055	40,916	44,145	45,583
# of average daily jail population	778	772	834	959	993	995	968	980	930	929
# of bookings	14,275	12,990	14,454	17,234	17,377	17,978	17,917	17,848	17,469	18,347
Medical Examiner:										
# of death investigations	920	800	876	939	995	996	1,133	1,267	1,024	1,056
# of autopsies	172	150	187	235	212	169	164	204	261	224
Physical health and social services:										
Health Department:										
# of patient visits to STD clinic	4,269	4,424	4,698	4,435	4,074	4,752	5,347	5,688	4,571	3,890
Public Works:										
# of septic/well inspections	*	646	824	811	795	817	662	321	315	352
# of food inspections	2,448	2,974	2,481	2,787	N/A (a)	N/A (a)	N/A (a)	N/A (a)	N/A (a)	N/A (a)
Veteran Affairs:										
# of clients interviewed	5,376	6,882	6,001	4,164	6,213	5,726	5,446	5,268	4,911	5,706
# of vouchers issued	5,328	3,069	2,585	2,876	3,548	3,516	3,362	3,358	2,914	4,329
Mental Health:										
# of individuals served	6,764	7,125	7,033	7,487	7,282	7,224	7,768	8,245	8,668	9,643
# of individuals receiving ongoing/intensive svc	2,887	2,895	2,983	3,174	3,225	3,399	3,607	3,711	3,065	3,681
County environment and education:										
Public Works:										
# of requests of service for weed eradication	1,964	4,463	2,538	4,342	3,994	3,781	3,516	4,963	4,462	4,298
# of lots cleaned up	82	67	38	46	33	28	35	23	34	42



**POLK COUNTY, IOWA**

**Operating Indicators by Function/Program  
Last Ten Fiscal Years**

<b>Function / Program</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
Roads and transportation:										
Public Works:										
# of gravel miles maintained	244	226	218	201	187	182	177	172	172	168
# of paved miles maintained	513	517	548	548	582	570	573	551	550	536
Governmental services to residents, Treasurer:										
# of titles	168,828	162,770	169,846	172,545	146,641	134,329	137,707	146,550	145,543	147,011
# of registrations	417,345	405,811	416,446	494,924	593,767	569,082	552,415	627,409	631,981	646,533
Auditor / Elections:										
# of registered voters	240,000	245,000	250,000	265,000	253,400	275,511	292,803	281,233	264,425	260,800

\*Information not available

**Source:** County records

**Notes:** (a) turned over to State in July 2005.

# POLK COUNTY, IOWA

## Capital Asset Statistics by Function/Program Last Ten Fiscal Years

Function / Program	Fiscal Year			
	2002	2003	2004	2005
Public safety and legal services	\$ 41,622,924	\$ 41,803,545	\$ 41,798,054	\$ 42,377,518
Physical health and social services	8,042,448	9,936,678	10,085,394	10,111,029
Mental health	54,768	54,768	54,768	-
County environment and education	4,653,147	5,071,794	5,303,553	5,317,890
Roads and transportation	67,830,894	76,407,203	86,828,497	91,571,796
Governmental services to residents	1,417,453	1,417,453	1,417,453	1,448,189
Administration	22,036,438	22,254,209	20,596,001	20,352,004

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<b>Fiscal Year</b>					
<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
\$ 49,107,367	\$ 91,968,820	\$ 107,014,496	\$ 110,536,573	\$ 102,885,848	\$ 102,749,009
10,950,861	12,668,272	11,692,242	11,654,917	28,919,793	35,556,329
-	-	-	-	-	-
6,369,054	6,066,861	7,852,059	8,941,718	9,558,801	10,518,265
96,256,517	96,853,889	98,759,779	101,450,520	103,743,216	102,852,662
2,546,321	2,517,342	2,509,217	3,947,498	2,656,956	2,656,956
21,221,297	21,502,376	33,889,089	34,453,109	21,758,977	22,632,129

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**POLK COUNTY, IOWA**

**Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2011**

Grantor/Program	CFDA Number	Contract Number	Total Federal Expenditures For Fiscal Year 2011
<b>DEPARTMENT OF AGRICULTURE</b>			
Direct Program - Commodity Supplemental Food Distribution	10.565	N/A	\$ 683,330
Passed through Iowa Department of Human Services:			
Local Administration Expense Reimbursement	10.561	N/A	368,534
Commodity Supplemental Food Program	10.565	FHWS 09-19	193,117
Passed through Iowa Department of Education:			
National School Breakfast Program	10.553	77-8810	24,695
National School Lunch Program	10.555	77-8810	35,225
Child Care Food Program	10.558	77-8050	1,886,425
Total Department of Agriculture			<u>3,191,325</u>
<b>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			
Direct Program - ARRA - Lead Hazard Mitigation Control Grant	14.907	IALHB0410-08	1,336,983
Passed through Iowa Department of Economic Development:			
Community Development Block Grants	14.228	10-HSG-050	75,472
Passed through the City of Des Moines:			
ARRA - Homelessness Prevention and Rapid Re-Housing Program (HPRP)	14.257	N/A	232,891
Total Department of Housing and Urban Development			<u>1,645,346</u>
<b>DEPARTMENT OF INTERIOR</b>			
Passed through Iowa Department of Natural Resources:			
Bison/Elk Exhibit	15.916	19-01276	5,498
Total Department of Interior			<u>5,498</u>
<b>DEPARTMENT OF JUSTICE</b>			
Passed through Iowa Department of Human Rights:			
Juvenile Accountability Incentive Block Grant	16.523	JAB-S11-45	18,263
Juvenile Accountability Incentive Block Grant	16.523	Casey11-Polk	9,917
Juvenile Accountability Incentive Block Grant	16.523	Casey10-Polk	6,040
Title V Delinquency Prevention Program	16.548	Casey11-Polk	-
Title V Delinquency Prevention Program	16.548	Casey10-Polk	11,812
Passed through Iowa Department of Justice:			
Crime Victim Assistance (VOCA)	16.575	VA-11-22	98,976
Violence Against Women Formula Grants	16.588	VW-11-22	10,549
ARRA - Violence Against Women Formula Grants	16.588	VWS-10-22	3,500
ARRA - Crime Victim Assistance (VOCA)	16.801	VAS-10-22	14,870
Passed through Governor's Office of Drug Control Policy:			
Drug Endangered Children	16.541	09-DEC-3155	8,101
Public Safety Partnership and Community Policing Grants	16.710	09-HotSpots/Enforcement-3	32,118
Public Safety Partnership and Community Policing Grants	16.710	09-HotSpots/Interdiction-08	16,619
ARRA - Edward Byrne Justice Assistance Grant (JAG) Program	16.803	09JAG/ARRA-3460B	669,996
Total Department of Justice			<u>900,761</u>
<b>DEPARTMENT OF TRANSPORTATION</b>			
Passed through Iowa Department of Transportation:			
Highway Planning and Construction - High Trestle Trail	20.205	04-STPES-114	217,742
Highway Planning and Construction - High Trestle Trail Bridge	20.205	10-STPES-124	128,288
Highway Planning and Construction - Gay Lea Wilson Trail	20.205	09-STPES-140	168,494
Highway Planning and Construction	20.205	2007-16-013	26,379
Highway Planning and Construction	20.205	1-07-HRRR-013	-
Highway Planning and Construction	20.205	1-08-HBRRS-020	-
Highway Planning and Construction	20.205	1-10-HBRRS-005	-
Recreational Trails Program - Equestrian Center Trail	20.219	2011-NRT-001	-

(continued)

**POLK COUNTY, IOWA**

**Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2011**

Grantor/Program	CFDA Number	Contract Number	Total Federal Expenditures For Fiscal Year 2011
Passed through Iowa Department of Public Health			
I-WALK/Safe Routes to School	20.205	5881OB47	\$ 3,500
Passed through Iowa Department of Public Safety/Governor's Traffic Safety Bureau:			
Alcohol Incentive Grant	20.601	PAP 10-410 Task 63	5,800
Alcohol Incentive Grant	20.601	PAP 11-410 Task 63	30,098
Passed through Iowa Department of Public Defense:			
2010 HMEP - Training	20.703	N/A	600
2010 Hazmat Symposium	20.703	N/A	-
Total Department of Transportation			<u>580,901</u>
<b>ENVIRONMENTAL PROTECTION AGENCY</b>			
Passed through Iowa Department of Natural Resources:			
Air Pollution Control Implementation Plan Agreement	66.001	2011-7230-02	182,143
Capitalization Grants for Clean Water State Revolving Funds	66.458	CS-192396-02	94,241
Total Environmental Protection Agency			<u>276,384</u>
<b>DEPARTMENT OF ENERGY</b>			
Passed through Iowa Department of Human Rights:			
Weatherization Assistance for Low-Income Persons	81.042	DOE-09-20S	81,878
ARRA - Weatherization Assistance for Low-Income Persons	81.042	DOE-ARRA-09-20S	4,249,006
Direct Program - ARRA - Energy Efficiency and Conservation Block Grant	81.128	DE-SC0003126	387,220
Total Department of Energy			<u>4,718,104</u>
<b>DEPARTMENT OF EDUCATION</b>			
Passed through Iowa Department of Transportation:			
ARRA - State Fiscal Stabilization Fund - Government Services, Recovery Act	84.397	S397A090016A	48,560
Total Department of Education			<u>48,560</u>
<b>U.S. ELECTION ASSISTANCE COMMISSION</b>			
Direct Program - Help America Vote Mock Election Program	90.402	E4064415B	6,276
Total U.S. Election Assistance Commission			<u>6,276</u>
<b>DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
Passed through University of Iowa:			
National Children's Study	93.000	HHSN275200800025C	202,640
Passed through National Association of County and City Health Officials:			
Medical Reserve Corp.	93.008	MRC 11 2300	5,000
Passed through Aging Resource of Central Iowa:			
Title IIIB - Transportation	93.044	N/A	135,000
Title IIIB - Well Elderly Clinic	93.044	N/A	16,000
Title IIIB - Advocacy/Counseling	93.044	N/A	18,600
Title IIIC-1 - Nutrition	93.045	N/A	216,695
Nutrition Services Incentive Program	93.053	N/A	86,180
Passed through Iowa Department of Human Rights:			
Family Development and Self Sufficiency	93.558	FaDSS-11-20-FS	322,969
Low-Income Home Energy Assistance	93.568	HEAP-10-20S	286,788
Low-Income Home Energy Assistance	93.568	HEAP-11-20S	337,515
Passed through Iowa Department of Human Services:			
Local Purchase Allocation Social Services Block Grant	93.667	N/A	1,469,796
Local Administration Expense Reimbursement	93.566	N/A	255
Local Administration Expense Reimbursement	93.596	N/A	89,969
Local Administration Expense Reimbursement	93.658	N/A	146,207
Local Administration Expense Reimbursement	93.659	N/A	35,415
Local Administration Expense Reimbursement	93.667	N/A	125,914
Local Administration Expense Reimbursement	93.767	N/A	1,684
Local Administration Expense Reimbursement-Medical Assistance Program	93.778	N/A	353,574
Crisis Counseling Services	93.982	MHD-11-099	201,739

**POLK COUNTY, IOWA**

**Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2011**

Grantor/Program	CFDA Number	Contract Number	Total Federal Expenditures For Fiscal Year 2011
Passed through Iowa Department of Public Health:			
Public Health Emergency Preparedness	93.069	5881BT377	\$ 59,442
Public Health Emergency Preparedness	93.069	5880BT77	82,774
Public Health Emergency Preparedness - City Readiness Initiative	93.069	5880BT77	31,636
Public Health Emergency Preparedness - City Readiness Initiative	93.069	5881BT77	270,501
Tuberculosis Elimination	93.116	MOU-2011-TB01	7,522
Childhood Lead Poisoning	93.197	5881LP03	25,873
Healthy Homes Assessment and Outreach	93.240	5881HH03	4,197
Project Launch	93.243	5880SM01	263,602
Project Launch	93.243	5881SM01	55,811
Community Based Suicide Prevention Project	93.243	5881SM10	4,800
I-4 Project	93.268	5881I464	6,581
I-4 Project	93.268	5889I464	15,637
Care for Yourself Program	93.283	5881NB20	168,985
Harkin Wellness Grant Program-Healthy Communities Initiative	93.283	5880OB15	25,500
Iowa Get Screened	93.283	5881CRC02	4,440
Local Public Health Services (SSBG)	93.667	5881C077	37,182
I-4 Project	93.712	5889I464	14,419
HIV-CTR & Hepatitis	93.940	5880AP10	5,366
HIV-CTR & Hepatitis	93.940	5881AP10	179
Total Department of Health and Human Services			<u>5,136,389</u>
<b>OFFICE OF NATIONAL DRUG CONTROL POLICY</b>			
Direct Program - Iowa Enforcement Initiative (HIDTA) Grant	95.001	G10MW0002A	23,670
Direct Program - Iowa Enforcement Initiative (HIDTA) Grant	95.001	G11MW0002A	54,290
Total Office of National Drug Control Policy			<u>77,960</u>
<b>DEPARTMENT OF HOMELAND SECURITY</b>			
Passed through City of Des Moines:			
Law Enforcement Terrorism Prevention Program	97.067	2008-GE-T8-2008-015	2,530
Law Enforcement Terrorism Prevention Program	97.067	2009-SS-G9-0034-11	37,644
Law Enforcement Terrorism Prevention Program	97.067	2010-SS-T0-0031-16	49,520
Passed through Iowa Department of Public Defense:			
FEMA	97.036	DR-1763-IA	21,587
FEMA - 2010 Floods	97.036	DR-1930-IA	364,972
FEMA - 2010 Floods	97.036	DR-1930-IA	1,086,249
FEMA - 2010 Floods	97.036	DR-1930-IA	120,848
FEMA - 2010 Floods	97.036	DR-1930-IA	260,816
FEMA	97.039	DR-1763-77-01	45,720
Emergency Management Performance Grant (EMPG)	97.042	N/A	13,499
Homeland Security Grant Program - IMT	97.067	2007-GE-T7-0032-017A	39,902
Homeland Security Grant Program - IMT	97.067	2008-GE-T8-2008-020A	45,440
Homeland Security Grant Program - IMT	97.067	2009-SS-T9-34-IMT	10,229
Homeland Security Grant Program - MMRS	97.067	2007-GE-T7-0032-013A	105,192
Homeland Security Grant Program - MMRS	97.067	2008-GE-T8-2008-017-MMRS	321,221
Homeland Security Grant Program - MMRS	97.067	2009-SS-T9-0034 MMRS	850
Total Department of Homeland Security			<u>2,526,217</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u>\$ 19,113,721</u>

See notes to schedule of expenditures of federal awards.

(concluded)

**Polk County, Iowa**

**Notes to the Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2011**

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**Note 1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Polk County, Iowa and its discretely presented component unit, Polk County Health Services, Inc., for the year ended June 30, 2011. All federal financial assistance received directly from federal agencies, as well as federal financial assistance passed through other government agencies expended during the year, is included in the schedule. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*.

**Note 2. Significant Accounting Policies**

Revenue from federal awards is recognized when the County has done everything necessary to establish its right to revenue. For governmental funds, revenue from federal grant is recognized when they become both measurable and available. Expenditures allowable in accordance with the grant agreement are recognized when they become a demand on current available financial resources.

**Note 3. Subrecipients**

Of the federal expenditures presented in the schedule, Polk County, Iowa provided federal awards to subrecipients as follows:

Program Title	Federal CFDA Number	Amount Provided to Subrecipients
Juvenile Accountability Incentive Block Grant	16.523	\$ 18,263
Public Safety Partnership and Community Policing Grants	16.710	\$ 5,421
ARRA - Edward Byrne Justice Assistance Grant (JAG) Program	16.803	\$ 340,116

**Note 4. Program Clusters**

The County reported the following programs as clusters in the schedule:

- National School Breakfast Program and National School Lunch Program as part of the Child Nutrition Cluster
- Title IIIB, Title IIIC-1, and Nutrition Services Incentive Programs as part of the Aging Cluster
- I-4 Project as part of the Immunization Cluster

**Note 5. Noncash Assistance**

The Commodity Supplemental Food Distribution Program - Direct – CFDA No.10.565 does not involve cash awards. This award is received in donated commodities. The value of the commodities distributed during the fiscal year ended June 30, 2011, was \$683,330. As of June 30, 2011, the County had commodities on hand with a value of \$219,823.



**Independent Auditor's Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with Government Auditing Standards**

To the Board of Supervisors  
Polk County, Iowa  
Des Moines, Iowa

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of Polk County, Iowa as of and for the year ended June 30, 2011, and have issued our report thereon dated December 12, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

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

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

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

## Compliance and Other Matters

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

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2011 are based exclusively on knowledge obtained from procedures performed during our audit of the basic financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters presented in the accompanying schedule of findings and questioned costs are not intended to constitute a legal interpretation of those statutes.

We noted certain matters that we reported to management of Polk County, Iowa in a separate letter dated December 12, 2011.

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

*Clifton Gunderson LLP*

West Des Moines, Iowa  
December 12, 2011

**Independent Auditor's Report on Compliance with Requirements That Could Have a  
Direct and Material Effect on Each Major Program and on Internal Control Over  
Compliance in Accordance with OMB Circular A-133**

To the Board of Supervisors  
Polk County, Iowa  
Des Moines, Iowa

**Compliance**

We have audited the compliance of Polk County, Iowa with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. Polk County, Iowa's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Polk County, Iowa's management. Our responsibility is to express an opinion on Polk County, Iowa'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 Polk County, Iowa'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 Polk County, Iowa's compliance with those requirements.

In our opinion, Polk County, Iowa complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2011-02.

## Internal Control Over Compliance

The management of Polk County, Iowa is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Polk County, Iowa's internal control over compliance with the 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as items 2011-01 and 2011-02. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Polk County, Iowa's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Polk County, Iowa's responses and, accordingly, we express no opinion on them.

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

*Clifton Anderson LLP*

West Des Moines, Iowa  
December 12, 2011

**POLK COUNTY, IOWA**

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 2011**

**Section I - Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	No
Noncompliance material to financial statements noted?	No

**Federal Awards**

Type of auditor's report issued on compliance for major programs:	Unqualified
Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified that are not considered to be material weakness(es)?	Yes
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	Yes

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.558	Child Care Food Program
14.907	ARRA – Lead Hazard Mitigation Control Grant
16.803	ARRA – Edward Byrne Justice Assistance Grant
81.042	ARRA – Weatherization Assistance for Low-Income Persons
97.067	Homeland Security Grant Program – IMT and MMRS and Law Enforcement Terrorism Prevention Program

Dollar threshold used to distinguish between Type A and type B programs:	\$ 573,412
Auditee qualified as low-risk auditee?	Yes

**Section II - Financial Statement Findings**

There were no findings reported related to the basic financial statements.

POLK COUNTY, IOWA

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2011

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**Section III - Federal Award Findings and Questioned Costs**

**Finding 2011- 01**

CFDA Number – 14.907

Program Name – ARRA – Lead Hazard Mitigation Control Grant

Funding Agency – U.S. Department of Housing and Urban Development

Finding – compliance and internal control

Requirement

OMB Circular A-87 requires that wages, whether direct or indirect, that are charged to a federal grant program be for actual time spent on allowable grant activities. OMB Circular A-87 also requires that grantees maintain specific documentation supporting hours charged to the program, including certifications for direct employees completed at least semi-annually.

Condition

Semi-annual certifications were not completed for salaried employees for whom a portion of their salary was allocated to the program.

Questioned Costs

There are no questioned costs identified.

Cause

The County did not require employees to complete semi-annual certifications.

Effect

Ineligible time could be charged to the program.

Recommendation

We recommend that semi-annual certifications be obtained and signed by the employee or supervisory official having firsthand knowledge of the work performed by the employee.

Management's Response

We will implement a procedure requiring an employee or their supervisor to sign a certification on a semiannual basis which verifies the employee worked solely on the federal program for the period indicated by the certification.

POLK COUNTY, IOWA

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2011

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**Section III - Federal Award Findings and Questioned Costs (Continued)**

**Finding 2011- 02**

CFDA Number – 97.067

Program Name – Homeland Security Grant Program – IMT and MMRS and Law Enforcement Terrorism Prevention Program

Funding Agency – U.S. Department of Homeland Security

Finding – Internal control

Requirement

OMB Circular A-133 requires grantees to review the Excluded Parties List System (EPLS) system to ensure that vendors and principals are not suspended or debarred from federal contracts.

Condition

The County does not have a procedure in place to review the EPLS system.

Questioned Costs

There are no questioned costs identified.

Cause

The County's procurement policy at the Emergency Management Division does not include a required step to review the EPLS prior to awarding a contract.

Effect

The County could award contracts to vendors for grant procurements that are suspended or debarred.

Recommendation

We recommend that the procurement practices at the Emergency Management Division be updated to include a review of the EPLS system prior to awarding contracts.

Management's Response

Emergency Management has now updated their procurement practices to include utilizing the EPLS system prior to awarding contracts to ensure that vendors and principals are not suspended or debarred from federal contracts.

POLK COUNTY, IOWA

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2011

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**Section IV - Other Findings Related to Required State Statutory Reporting**

- A. **Certified Budget:** Disbursements during the year ended June 30, 2011 did not exceed the amounts budgeted.
- B. **Questionable Expenditures:** We noted no expenditures for parties, banquets, or other entertainment for employees during the year ended June 30, 2011 that we believe may constitute unlawful expenditures from public funds as defined in an Attorney General's opinion dated April 25, 1979.
- C. **Travel Expense:** No expenditures of County money for travel expenses of spouses of County officials or employees were noted for the year ended June 30, 2011.
- D. **Business Transactions:** No business transactions between the County and County officials or employees were noted for the year ended June 30, 2011.
- E. **Bond Coverage:** Surety bond coverage of County officials and employees is in accordance with statutory provisions.
- F. **Board Minutes:** No transactions were found that we believe should have been approved in the Board minutes but were not.
- G. **Deposits and Investments:** No instances of noncompliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the County's investment policy were noted.
- H. **Resource Enhancement and Protection Certification:** The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).
- I. **County Assessor:** We determined reimbursements from the Special Appraisal Fund were limited to employment of appraisers or other technical expert help to assist in the valuation of property not under the direction of the County Assessor in accordance with Chapter 441.50 of the Code of Iowa and an Attorney General's letter of advice dated January 4, 2006.



**POLK COUNTY, IOWA**

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 2011**

**Section IV - Other Findings Related to Required State Statutory Reporting (Continued)**

J. **County Extension Office:** The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the state of Iowa. This office is administered by an extension council separate and distinct from the County operations and, consequently, is not included in the financial statements. The following schedule is presented to show the disposition of County funds paid to the County Extension Office:

<b>Receipts:</b>	
Allocation from County	\$ 647,368
Interest/receipts from other sources	345,310
	992,678
 <b>Disbursements:</b>	
Salaries	323,726
FICA, IPERS, and insurance benefits	85,308
Professional/contracted services	15,445
Travel	10,235
Facility costs	164,050
Office supplies	4,825
Communications	27,098
Marketing/advertising	3,688
Equipment/repair	16,160
Project activity exp	7,310
Cost share	75,150
Fee programs exp	142,950
Resale	4,427
Grant and contract programs	65,812
Other exp	86,075
	964,257
Excess of receipts over disbursements	28,421
Cash balance, beginning of year	114,875
Cash balance, end of year	\$ 143,296

Total expenditures during the year ended June 30, 2011 for the County Extension Office did not exceed the total amount budgeted. However, on an individual line item basis, the following items were identified:

	Actual	Budget
Salaries	\$ 323,726	\$ 252,566
FICA, IPERS, and insurance	85,308	84,484
Professional/contracted services	15,445	550
Facility costs	164,050	162,107
Communications	27,098	26,258
Resale	4,427	2,700
Other expense	86,075	71,525

POLK COUNTY, IOWA

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2011

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**Section IV - Other Findings Related to Required State Statutory Reporting** (Continued)

- K. **Joint Disaster Services Office:** The Joint Disaster Services Office serves as the Emergency Management Services Agency for the County. The Office is under the control of a separate Polk County Emergency Management Board, and is reported as an agency fund in the County's basic financial statements. The disbursements for the Joint Disaster Services Office during the year ended June 30, 2011 did not exceed the amounts budgeted.
- L. **Cash Management:** Checks issued from the Treasurer's department are required to comply with Chapter 331.554(6) of the Code of Iowa. Checks outstanding for greater than one (1) year are required to be cancelled and returned to the issuing fund. During current year audit procedures, one check was noted that was not compliance with Chapter 331.554(6) of the Iowa State Code.
- M. **Capital Leases:** Code of Iowa Chapter 331.301(10)(e) requires that all capital lease with principal balances greater than \$25,000 be approved by the board of supervisors. During audit procedures, two secondary roads capital leases with principal balances greater than \$25,000 were noted to not have individual approval by the board of supervisors. The County added these leases to the agenda of the next board of supervisors meeting for approval.

**POLK COUNTY, IOWA**

**Summary Schedule of Prior Audit Findings  
Year Ended June 30, 2011**

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**Findings Related to the Basic Financial Statements**

There were no findings reported for the year ended June 30, 2010.

**Findings Related to Federal Awards**

There were no findings reported for the year ended June 30, 2010.

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