

POLK COUNTY, IOWA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDING JUNE 30, 2013



Wells Fargo Arena

POLK COUNTY, IOWA

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2013

PREPARED BY:

POLK COUNTY AUDITOR'S OFFICE – JAMIE FITZGERALD

CENTRAL ACCOUNTING DIVISION

Central Accounting Manager
Keith Olson

Accounting Supervisor
Jo Ellen Bigelow, CPA, CPM

Other Staff

Jessica Burke
Gina Carter
Alison Herold, CPA
Darren Sickerson

BOARD OF SUPERVISOR'S STAFF

Deb Anderson

POLK COUNTY, IOWA

Comprehensive Annual Financial Report For the Year Ended June 30, 2013 Table of Contents

	Page
INTRODUCTORY SECTION	
Table of Contents	1
Letter of Transmittal	3
Officials	9
Organizational Chart	10
Certificate of Achievement for Excellence in Financial Reporting	11
FINANCIAL SECTION	
Independent Auditors' Report	13
Management's Discussion and Analysis	16
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	26
Statement of Activities	27
Fund Financial Statements	
Balance Sheet - Governmental Funds	30
Reconciliation of Fund Balances on the Balance Sheet for Governmental Funds to Net Position of Governmental Activities on the Statement of Net Position	32
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	34
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	36
Statement of Net Position - Proprietary Funds	38
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds	40
Statement of Cash Flows - Proprietary Funds	42
Statement of Assets and Liabilities - Fiduciary Funds	46
Notes to the Financial Statements	47
Required Supplementary Information	
Schedule of Funding Progress	77
Budgetary Comparison Schedule - All Governmental Funds	78
Notes to the Required Supplementary Information - Budgetary Reporting	79
Supplementary Information	
Nonmajor Governmental Funds	
Combining Balance Sheet	84
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	88
Nonmajor Enterprise Funds	
Combining Statement of Net Position	94
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position	96
Combining Statement of Cash Flows	98
Internal Service Funds	
Combining Statement of Net Position	102
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position	103
Combining Statement of Cash Flows	104
Agency Funds	
Combining Statement of Assets and Liabilities	106
Combining Statement of Changes in Assets and Liabilities	108

(continued)

POLK COUNTY, IOWA

Comprehensive Annual Financial Report For the Year Ended June 30, 2013 Table of Contents

	Page
STATISTICAL SECTION	
Net Position by Component	114
Changes in Net Position	116
Fund Balances, Governmental Funds	120
Changes in Fund Balances, Governmental Funds	122
Assessed Value and Actual Value of Taxable Property	124
Principal Property Taxpayers	125
Property Tax Levies and Collections	126
Direct and Overlapping Property Tax Rates	128
Ratios of Outstanding Debt by Type	130
Ratios of General Bonded Debt Outstanding	131
Direct and Overlapping Governmental Activities Debt	132
Legal Debt Margin Information	134
Demographic and Economic Statistics	136
Principal Employers	137
Full-Time Equivalent County Government Employees by Function/Program	138
Operating Indicators by Function/Program	140
Capital Asset Statistics by Function/Program	142
REPORTS TO COMPLY WITH THE SINGLE AUDIT ACT	
Schedule of Expenditures of Federal Awards	145
Notes to Schedule of Expenditures of Federal Awards	148
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 <i>Governmental Auditing Standards</i>	149
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	151
Schedule of Findings and Questioned Costs	153
Summary Schedule of Prior Audit Findings	156

(concluded)



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 6, 2013

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, 2013.

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 CliftonLarsonAllen 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, 2013, 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 unmodified opinion on the County's financial statements for the fiscal year ended June 30, 2013, indicating that they were fairly presented in conformity with GAAP. The independent auditor's 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 443,710. 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 1A) 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 15th, 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 31st 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 14% since 2004, to 443,710 in 2013. Unemployment is approximately 5%, same as the state level but lower than the 7% 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.

Major Initiatives

The Tomorrow Plan: In October 2010, the Des Moines Metropolitan Planning Organization (MPO) representing the Des Moines region through a collaborative effort including Polk County received a \$2 million award to develop a regional comprehensive sustainability plan from the Sustainable Communities Regional Planning Grant Program. The grant program is through The Interagency Partnership on Sustainable Communities, a collaboration between the Department of Housing and Urban Development (HUD), the Department of Transportation (DOT), and the Environmental Protection Agency (EPA). The purpose of the grant program is to support metropolitan and multi-jurisdictional planning efforts that integrate housing, land use, economic and workforce development, transportation, and infrastructure investments. The Tomorrow Plan will incorporate existing components of the Polk 2030 Comprehensive Plan completed in 2006 and provide opportunities for updates to Polk 2030. The plan is scheduled to be complete in the fall of 2013.

Capital Crossroads: Greater Des Moines and Central Iowa are at an important crossroads. The region has vibrant neighborhoods, a strong business community, dynamic arts and recreational attractions and a desirable quality of life. But the region also has its challenges. Local leaders feel the time is right to take advantage of opportunities and address challenges through a clear vision and plan for Iowa's capital region. This process, branded Capital Crossroads, will result in the development of a new five-year vision strategy for the region.

The Greater Des Moines Partnership, Polk County, Community Foundation of Greater Des Moines, Iowa State University, Des Moines Area Metropolitan Planning Organization, Bravo Greater Des Moines, United Way of Central Iowa, Prairie Meadows Racetrack and Casino and other key partners have retained national consultant Market Street Services to facilitate the development of Greater Des Moines and Central Iowa's strategic plan. The development of Greater Des Moines' community "product" – the interrelated complement of economic, workforce and community assets that makes the region one of the nation's top mid-sized metro areas – must be taken to the "next level" if the region is to remain a star performer. Determining exactly what this "next level" represents will be the defining feature of the region's proposed strategic visioning process.

The planning process will be comprehensive, inclusive and forward-seeking to build consensus on the dynamics of the region's future and foster momentum for achievement of implementation success. At the end of the months-long effort, Greater Des Moines and Central Iowa will have a consensus-based, achievable roadmap to guide the area's path to short and long-term economic growth.

Four Mile Creek Watershed Study: The Four Mile Creek Watershed 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. The study 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. Polk County is currently pursuing federal funding assistance and state assistance for this project. Improving the watershed and eliminating development within the flood plain will protect the County's tax base and make all four communities more sustainable for growth.

Hamilton Drain Watershed– Hazard Mitigation Grant: In 2011, Polk County completed preliminary design and cost estimates for Phase 1 of a Hazard Mitigation grant from Homeland Security/FEMA. Upon approval of Phase 2, Polk County would complete \$10 million of improvements to storm water and flood control measures in Saylor Township. This mitigation project consists of constructing four regional basins and associated storm sewer improvements to direct water through the detention basin system. The purpose of this project is to reduce future flooding within the Hamilton Drain Watershed, avoid future property damage and economic losses due to flooding, and mitigate the risk to life and health associated with the frequent flooding that currently occurs in this area.

NW 66th Avenue/ Kempton Bridge Reconstruction Project: The NW 66 Avenue/Kempton Bridge Reconstruction project is currently in the planning & design phase. The \$25 million project is a joint effort with the City of Johnston to increase the capacity of NW 66th 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 50 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. To date, \$16 million in funding is secured for the project.

Sanitary Sewer extension projects: The County is also working with the cities of Ankeny and Polk City to construct over \$33 million in Sanitary Sewer expansion 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 (\$12 million). The final phases of the Rock Creek project are scheduled to be completed in spring 2014. 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.

County Courthouse: 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 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 – 5th Avenue also known as the old JC Penney/Wellmark building, renovation of the old jail facility located at 110 – 6th 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 5th 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 May, 2013, the Board of Supervisors approved the Master Plan for the courts which includes utilization of the old main jail for criminal courts, the old JC Penney/Wellmark building for County Attorney, Magistrate (small claims, traffic), juvenile and clerk storage and the much needed interior/exterior renovation of the historic courthouse for civil, probate and family courts. A voter referendum authorizing the issuance of up to \$81 million in bonds for this new phased approach was approved by a 67% majority on November 5, 2013.

Veterans Memorial Auditorium Renovation Project: In an effort to protect their investment at the Iowa Events Center, the Polk County Board of Supervisors completed the \$42 million dollar renovation of Veterans Memorial Auditorium into a state of the art convention, ballroom and meeting room space in January 2012. The new space includes 25 meeting rooms, two board rooms and a 28,739 square foot ballroom (largest in the state) and is now referred to as the Veterans Memorial Community Choice Credit Union Convention Center. The renovation now provides all Iowa Events Center space under one roof, moving convention space from the Polk County Convention Complex.

As a result, the vacant Convention Complex became available for redevelopment and was transferred to the YMCA in a land swap transaction. The land swap transaction also resulted in Polk County owning the JC Penney/Wellmark building which will be utilized in the Courts Master Plan recently approved by the voters.

Operational and Budget Management

Polk 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 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. Significant strides have been made towards these priorities, particularly pursuant to recent renovations to the Iowa Events Center Veterans Memorial auditorium and ongoing discussions of further development.

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.

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.

Long-term Financial Planning

The Board has developed and implemented a long term fiscal policy and five-year budget forecast. These financial practices enable 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 assists the Board with long term capital planning.

Awards and Acknowledgements

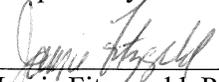
The Government Finance Officers Association of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to Polk County for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2012. The Certificate of Achievement is a prestigious 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 nineteen 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



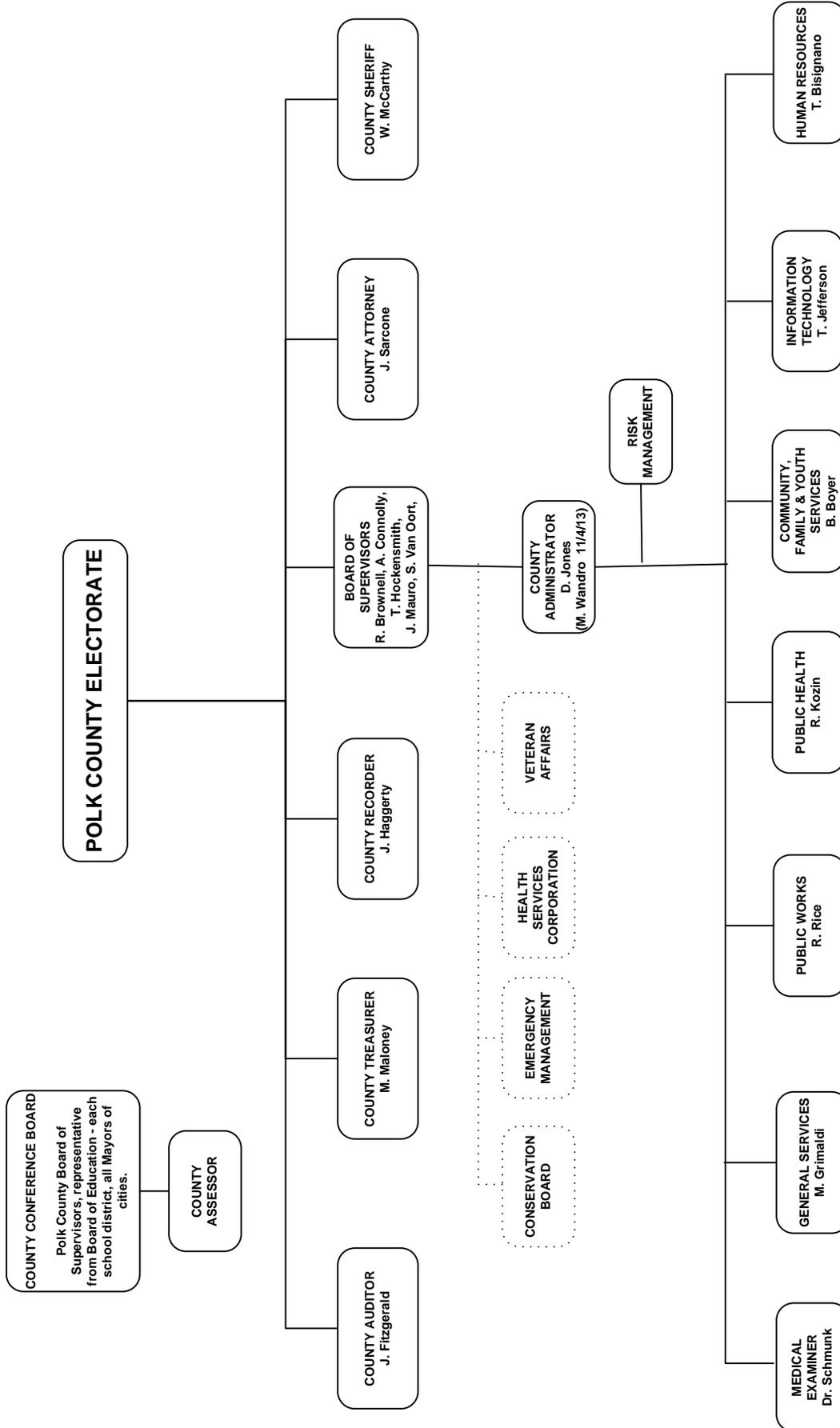
Mark Wandro, County Administrator

POLK COUNTY, IOWA

OFFICIALS

Name	Title	Term Expires
Jamie Fitzgerald	County Auditor	2016
Mary Maloney	County Treasurer	2014
Julie Haggerty	County Recorder	2014
Bill McCarthy	County Sheriff	2016
John Sarcone	County Attorney	2014
Jim Maloney	County Assessor	Appointed
Angela Connolly	Board of Supervisors	2014
John Mauro	Board of Supervisors	2014
Steve Van Oort	Board of Supervisors	2016
Tom Hockensmith	Board of Supervisors	2014
Robert Brownell	Board of Supervisors	2016

POLK COUNTY ORGANIZATION





Government Finance Officers Association

**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, 2012

Executive Director/CEO

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INDEPENDENT AUDITORS' REPORT

Board of Supervisors
Polk County, Iowa
Des Moines, Iowa

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate 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, 2013, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

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 aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Polk County, Iowa as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 16 through 24, the schedule of funding progress and budgetary comparison schedule on pages 77 through 79, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Polk County, Iowa's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is also presented for purposes of additional analysis and is not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2013, 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 result of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Polk County, Iowa's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

West Des Moines, Iowa
December 6, 2013

POLK COUNTY, IOWA

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2013

This section of Polk County's ("County") annual financial report presents our discussion and analysis of the County's financial performance during the fiscal year that ended June 30, 2013. 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 position increased by \$4.7 million (1%) to \$360.7 million primarily due to a \$6.2 million increase in MH/MR/DD Services Fund balance. This increase relates to new state legislation and redesign to a different state funding mechanism as well as settlement of disputed state claims which decreased mental health expenses by \$37.5 million as well as decreased revenues by \$26.4 million.
- Net position of the County's governmental activities increased \$10.7 million (12%) primarily due to a \$37.5 million decrease in expenses for mental health which exceeded the \$32.3 million decrease in mental health funding from the state. In addition, a decrease of \$4.4 million and \$2.8 million in expenses for both administration and physical health and social services, respectively, was reported for the fiscal year. Net position of business-type activities decreased \$6 million (2%) primarily due to Prairie Meadows increase of \$6 million transfers out to other funds over operating income.
- In the County's governmental activities, total revenues decreased \$28.7 million (13%) primarily due to a decrease in operating grants and contributions relating to changes the state made to the mental health system. Governmental activities total expenses decreased \$43.3 million (18%) primarily due to a decrease in mental health expenses which was the result of the corresponding decrease in state funding.
- In the County's business-type activities, total revenues decreased \$2.3 million (5%) and total expenses increased \$2.4 million (7%). The decrease in revenues is primarily due a \$2.2 million decrease in project income revenue relating to \$1.9 million extra lump sum payment on Wells Fargo Arena naming rights received in prior year. Expenses increased primarily due to increased depreciation expense due to the completion of the Iowa Event Center's renovated convention center and to the increase of other services/charges and cost of goods sold relating to increased events.
- The County's actual expenditures were \$12.2 million below budget amounts. This is attributed to slower than anticipated completion of capital and technology projects, lower than anticipated community and economic development grants, and decreased spending on social services and general assistance.

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 sanitary sewer, 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 Position** presents information on all of the County’s assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position 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 position changed during the fiscal year. All changes in net position 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 three 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, MH/MR/DD Services Fund and Debt Service which are considered to be major funds. Data from the other 17 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, sewer/drainage district operations and a tax and tags collection system. 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 Sanitary Treatment Works, 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 position 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 fully understand 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 Position. The County’s *combined* net position increased \$4.7 million (1%) primarily attributed due to \$6.2 million increase in MH/MR/DD Services Fund balance. This increase relates to new state legislation and redesign to a different state funding mechanism as well as settlement of disputed state claims which decreased mental health expenses by \$37.5 million as well as decreased revenues by \$26.4 million.

Net Position

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 299,251,486	\$ 228,652,972	\$ 43,618,465	\$ 37,320,245	\$ 342,869,951	\$ 265,973,217
Capital assets, net	150,637,359	151,796,139	372,840,937	386,319,864	523,478,296	538,116,003
Total assets	<u>449,888,845</u>	<u>380,449,111</u>	<u>416,459,402</u>	<u>423,640,109</u>	<u>866,348,247</u>	<u>804,089,220</u>
Long-term liabilities	188,696,966	119,944,918	152,169,917	153,450,281	340,866,883	273,395,199
Other liabilities	157,234,918	167,281,548	7,574,858	7,476,166	164,809,776	174,757,714
Total liabilities	<u>345,931,884</u>	<u>287,226,466</u>	<u>159,744,775</u>	<u>160,926,447</u>	<u>505,676,659</u>	<u>448,152,913</u>
Net position						
Net investment in capital assets	75,133,663	72,748,920	228,985,935	237,474,012	304,119,598	310,222,932
Restricted	5,923,114	3,281,414	362,825	769,038	6,285,939	4,050,452
Unrestricted (deficit)	22,900,184	17,192,311	27,365,867	24,470,612	50,266,051	41,662,923
Total net position	<u>\$ 103,956,961</u>	<u>\$ 93,222,645</u>	<u>\$ 256,714,627</u>	<u>\$ 262,713,662</u>	<u>\$ 360,671,588</u>	<u>\$ 355,936,307</u>

Net position of the County’s governmental activities increased \$10.7 million (12%) to \$104 million at June 30, 2013. Approximately 72% of these assets are invested in capital assets (buildings, roads, bridges, etc). The net position of business-type activities decreased \$6 million (2%) to \$256.7 million at June 30, 2013. Approximately 89% of those assets are invested in capital assets (buildings, land, infrastructure, etc).

Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues:						
Charges for services	\$ 37,610,519	\$ 34,699,858	\$ 38,827,167	\$ 40,428,503	\$ 76,437,686	\$ 75,128,361
Operating grants and contributions	23,227,618	55,514,496	963,837	1,304,873	24,191,455	56,819,369
Capital grants and contributions	1,902,755	700,644	128,250	723,977	2,031,005	1,424,621
General revenues:						
Property taxes	126,597,379	128,391,593	-	-	126,597,379	128,391,593
Other County taxes	5,471,136	5,590,186	-	-	5,471,136	5,590,186
Interest on property taxes	1,264,536	1,326,266	-	-	1,264,536	1,326,266
State replacements	3,042,129	2,507,895	-	-	3,042,129	2,507,895
Use of money and property	379,474	227,504	178,934	49,145	558,408	276,649
Miscellaneous	1,261,848	490,821	460,369	382,562	1,722,217	873,383
Total revenues	200,757,394	229,449,263	40,558,557	42,889,060	241,315,951	272,338,323
Expenses:						
Public safety and legal services	68,677,335	67,744,452	-	-	68,677,335	67,744,452
Physical health and social services	34,703,552	37,511,827	-	-	34,703,552	37,511,827
Mental health	22,325,002	59,804,417	-	-	22,325,002	59,804,417
County environment and education	12,768,084	13,238,065	-	-	12,768,084	13,238,065
Roads and transportation	18,338,223	18,363,729	-	-	18,338,223	18,363,729
Government services to residents	7,077,482	7,242,640	-	-	7,077,482	7,242,640
Administration	28,625,011	33,049,043	-	-	28,625,011	33,049,043
Interest on long-term debt	5,313,966	4,169,828	-	-	5,313,966	4,169,828
Air Pollution	-	-	1,218,911	1,173,421	1,218,911	1,173,421
Sanitary Treatment Works	-	-	788,708	948,773	788,708	948,773
Prairie Meadows Racetrack/Casino	-	-	11,052,660	10,402,872	11,052,660	10,402,872
Jester Park Golf Course	-	-	47,968	41,911	47,968	41,911
Hamilton Urban Drainage District	-	-	263,778	684,977	263,778	684,977
Iowa Events Center	-	-	24,891,371	22,844,444	24,891,371	22,844,444
Urban Sewer	-	-	277,454	196,872	277,454	196,872
Iowa Tax & Tags	-	-	211,165	60,282	211,165	60,282
Total expenses	197,828,655	241,124,001	38,752,015	36,353,552	236,580,670	277,477,553
Excess (deficiency) before transfers	2,928,739	(11,674,738)	1,806,542	6,535,508	4,735,281	(5,139,230)
Capital Transfer	425,367	-	(425,367)	-	-	-
Transfers	7,380,210	6,793,923	(7,380,210)	(6,793,923)	-	-
Increase (decrease) in net position	10,734,316	(4,880,815)	(5,999,035)	(258,415)	4,735,281	(5,139,230)
Net position - beginning	93,222,645	98,103,460	262,713,662	262,972,077	355,936,307	361,075,537
Net position- ending	\$ 103,956,961	\$ 93,222,645	\$ 256,714,627	\$ 262,713,662	\$ 360,671,588	\$ 355,936,307

Statement of Activities - Changes in Net Position

The governmental-type change in net position increased \$10.7 million primarily due to a \$37.5 million decrease in spending on mental health which exceeded the \$32.3 million decrease in mental health funding from the state. In addition, both administration and physical health and social services expenses decreased \$4.4 million and \$2.8 million respectively. The business-type change in net position decreased \$6 million primarily due to a \$1.6 million decrease in charges for services revenue generated by the Iowa Events Center and also a \$2 million increase in expenses by the Iowa Events Center, which included a \$1.1 million increase in depreciation expense, a \$.5 million increase in other services/charges and \$.4 million increase in concession cost of goods sold.

Government-type revenues decreased 13% primarily from decreased property tax collections and operating grants and contributions. The County maintained its existing levy rate of \$11.36/\$1,000 of taxable valuation, however, a 1.3% decrease in taxable valuations resulted in a \$1.8 million decrease in tax receipts. Additionally, operating grants and contributions revenue decreased \$32.3 million primarily due to decreased mental health funding. Charges for services revenue increased \$2.9 million primarily due to reimbursements for public safety improvements and mental health services. Capital grants and contributions increased \$1.2 million primarily due to a large capital contribution from the Iowa Department of Transportation and the donation of two parcels of property from the City of Des Moines and Des Moines Public Schools.

The fact that 63% of total governmental revenues are derived from property taxes illustrates the County's continued dependence on property taxes to finance its general functions. Charges for services represents 19% and state and federal funding represents 12% of the total governmental revenues, respectively.

Governmental activities expenses decreased 18%, including a 63% decrease in mental health services due to the decrease in state funding and a 13% decrease in administration expense due to payment of one-time early retirement incentives from the prior year. In contrast, debt service expense increased 27% due to new debt issued early in the fiscal year.

The County's expenses cover a range of services, with the largest expenses relating to public safety and legal services (35%), physical health and social services (18%), and administration (14%).

Governmental Activities Revenues for the County's governmental activities decreased \$28.7 million (13%), while expenses decreased \$43.3 million (18%). Key elements of these changes include the following:

- \$32.3 million (58%) decrease in operating grants and contributions revenues arising mainly from state changes to the mental health system; the state assumed payment responsibility for numerous mental health services, thereby reducing both the County cost and the County reimbursement for these services
- \$1.8 million (1%) decrease in property tax due to a 1.3% decrease in taxable valuations due to reassessment of vacant commercial property.
- \$2.9 million (8%) increase in charges for services primarily due to local government reimbursements for a communications interoperability project being coordinated by Polk County, increased recording revenue due to an upturn in the market, and additional revenue from County Attorney collections efforts.
- \$1.2 million (172%) increase in capital grants and contributions due to donated land from Des Moines Public Schools and the city of Des Moines and capital contributions of the NW Beaver Avenue Reconstruction project which was administered by the Iowa Department of Transportation.
- \$2.8 million (7%) decrease in physical health and social services expenses primarily due to the reduction of federal funding for the weatherization program, decreased spending of lead hazard control grant program due to timing of the grant program, and a decrease in expenses for youth detention and transportation.
- \$37.5 million (63%) decrease in mental health expenses primarily due to increased state management of mental health services which reduced the share of mental health expenses administered through the County budget

Business-type Activities Revenues for the County's business-type activities decreased \$2.3 million (5%) and expenses increased \$2.4 million (7%). Key elements of these changes include the following:

- Charges for services decreased \$1.6 million primarily due to additional \$1.9 million lump sum payment received on the Wells Fargo Arena naming rights in the prior year and \$.5 million increase in concession sales relating to increased events at the Iowa Event Center.
- Operating grants and contributions decreased \$.4 million due to \$.3 million decrease in FEMA reimbursement in Hamilton Urban Drainage District.
- Capital contributions decreased \$.6 million primarily due to the end of City of Des Moines \$450,000 annual contribution to construction of the Wells Fargo Arena in the Iowa Events Center fund.
- Iowa Events Center expenses increased \$2 million primarily due to \$1.1 million increase in depreciation, \$.5 million increase in other services and charges and \$.4 million in concession cost of goods sold.

- Prairie Meadows Racetrack/Casino expenses increased \$.6 million primarily due to an increase in property taxes owed to the County.
- Other enterprise funds 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 \$121.1 million at June 30, 2013, which is \$81.4 million more than the prior year. Included in this year’s total change in fund balance is an increase of \$7.1 million in the County’s General Fund.

The primary reasons for the General Fund’s increase include issuance of \$2.3 million of GO bonds to reimburse prior year grants to housing programs, nearly \$2 million of savings from an early retirement program, and delayed expenditures on capital projects.

The Debt Service fund balance increased by \$68.2 million primarily due to the issuance of \$69.2 million of 2012C Advance Crossover Refunding General Obligation Debt. At June 30, 2013, \$67.9 million is being held in a bond escrow account until the June 1, 2014 crossover date.

Additionally, the MH/MR/DD Services fund balance increased by \$6.1 million primarily due to transitioning of the mental health system to an alternative state funding mechanism as well as settlement of disputed claims.

Proprietary Funds

Sanitary Treatment Works net position increased \$.9 million primarily due to transfer in from Prairie Meadows relating to funding of debt payments.

Prairie Meadows Racetrack/Casino net position decreased \$6 million primarily due to \$21 million transfers out to other funds over \$15 million operating income. Transfers out cover other funds debt payments, community betterment grants, economic development and capital projects.

Iowa Events Center net position decreased \$.7 million primarily due to \$.6 million decrease in capital contributions relating to the end of the financial agreement with various governmental entities to help fund the construction of the Wells Fargo Arena. It also relates to the \$.4 million loss on the transfer of the Convention Complex to the Justice Center Annex Capital Project Fund.

The other nonmajor enterprise funds remained relatively constant.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The County’s capital assets for its governmental and business-type activities as of June 30, 2013, amount to \$523.5 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 decreased \$14.6 million (3%). The primary reason for the decrease is due to increased depreciation expense over capital additions during the fiscal year.

Major capital asset events for the year ended June 30, 2013, are as follows:

- Construction in progress of Rock Creek trunk sewer - \$4 million
- Polk County Water & Land Legacy land acquisitions and improvements - \$1.7 million
- Completion of the NW Beaver Avenue Reconstruction project - \$1.7 million
- Transfer of the Convention Complex to capital project fund - \$(.4) million
- Trade of the Convention Complex for the Justice Center Annex and related improvements - \$1.1 million
- Building deletion due to receipt of Wells Fargo Arena lawsuit settlement - \$(1.4) million

Capital assets for the governmental and business-type activities at June 30, 2013 are as follows:

Capital Assets

	Governmental Activities		Business-Type Activities		Totals	
	2013	2012	2013	2012	2013	2012
Land	\$ 14,280,588	\$ 12,393,378	\$ 14,851,251	\$ 14,852,969	\$ 29,131,839	\$ 27,246,347
Intangibles - permanent easements	-	-	500,611	500,611	500,611	500,611
Buildings	145,701,798	145,065,475	323,268,770	325,554,807	468,970,568	470,620,282
Improvements other than buildings	2,398,778	2,079,225	8,725,298	8,737,316	11,124,076	10,816,541
Leasehold improvements	-	-	113,145,115	113,145,115	113,145,115	113,145,115
Infrastructure	101,422,898	96,584,753	21,698,051	21,698,051	123,120,949	118,282,804
Equipment	13,437,567	13,515,746	1,166,880	837,734	14,604,447	14,353,480
Vehicles	8,486,680	8,643,809	205,144	205,144	8,691,824	8,848,953
Intangibles - Computer software	765,741	-	-	-	765,741	-
Intangible in progress	3,706,465	3,100,760	-	-	3,706,465	3,100,760
Construction in progress	969,799	1,993,468	27,686,848	23,701,268	28,656,647	25,694,736
Total	<u>291,170,314</u>	<u>283,376,614</u>	<u>511,247,968</u>	<u>509,233,015</u>	<u>802,418,282</u>	<u>792,609,629</u>
Less: accumulated depreciation	<u>(140,532,955)</u>	<u>(131,580,475)</u>	<u>(138,407,031)</u>	<u>(122,913,151)</u>	<u>(278,939,986)</u>	<u>(254,493,626)</u>
Total	<u>\$ 150,637,359</u>	<u>\$ 151,796,139</u>	<u>\$ 372,840,937</u>	<u>\$ 386,319,864</u>	<u>\$ 523,478,296</u>	<u>\$ 538,116,003</u>

Additional information on Polk County's capital assets can be found in Note 6 in the notes to the financial statements.

The County's FY 13/14 capital budget includes spending an estimated \$7.1 million on Polk County Water & Land Legacy projects, \$2.4 million for construction of the West Des Moines Senior Center, \$1.5 million for capital improvement projects at various County facilities, \$1.5 million for Master Plan projects for the courts, and \$.8 million for a bridge replacement project. Capital outlays for proprietary funds will include \$5.5 million for improvements of the Hamilton Drain Watershed, \$1.8 million for a new scoreboard at Wells Fargo Arena, and \$1.4 million for the final phase of the Rock Creek Trunk Sewer project.

Long-Term Debt

At June 30, 2013, the County had \$318.5 million in bonds and notes outstanding, an increase of \$67.2 million compared to FY 11/12. The change in debt is primarily due to the issuance of \$69.2 million of 2012C Advance Crossover Refunding General Obligation Debt. See Note 7 in the notes to the financial statements for more information.

Four large outstanding obligations pertain to the Iowa Events Center Enterprise Fund. These consist of construction of a new arena and exhibit hall along with a newly renovated Veteran Memorial Community Choice Credit Union Convention Center. During FY 12/13, one series was current refunded for interest savings, and principal repayments of \$9.4 million were made, decreasing the outstanding Iowa Events Center obligation to \$113.8 million.

During FY 13/14, Polk County plans to issue \$3.8 million in additional general obligation debt for grants to housing programs and an asset repair and replacement program. Additionally, the County will issue up to \$14 million for two years' worth of Polk County Water and Land Legacy projects approved in a 2012 referendum. The County also plans to issue \$7.7 million to fund the first phase of a multi-year plan to address concerns with court space and safety issues.

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 \$918.4 million as of June 30, 2013.

Outstanding Debt

	Governmental Activities		Business-type Activities		Total		Percentage Change 2012-2013
	2013	2012	2013	2012	2013	2012	
G.O. bonds	\$ 166,213,860	\$ 97,592,097	\$ 125,139,328	\$ 131,001,771	\$ 291,353,188	\$ 228,593,868	27%
Notes payable	345,000	388,000	26,814,566	22,303,132	27,159,566	22,691,132	20%
Total	<u>\$ 166,558,860</u>	<u>\$ 97,980,097</u>	<u>\$ 151,953,894</u>	<u>\$ 153,304,903</u>	<u>\$ 318,512,754</u>	<u>\$ 251,285,000</u>	27%

Additional information on Polk County's outstanding debt can be found in Note 7 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 \$12.2 million below final budget amounts. Significant variances included:

- General operational expenditures were \$3.4 million less than budgeted due to slower than anticipated expenditure of appropriation for a public safety radio project and lower than anticipated expenditures for social services staff and programs, housing rehabilitation, health grants, and assistance to veterans.
- Capital project expenditures were \$3.7 million less than budgeted due to capital projects being carried over to the succeeding fiscal year. This includes: construction of a new senior center and information technology upgrades.
- Conservation water and land projects were \$1.9 million less than budgeted due to timing of land acquisitions and conservation projects that will be completed in the upcoming fiscal year rather than the year ending June 30, 2013.
- Mental health expenditures were \$1.2 million less than budgeted due to a variance in service utilization and an ongoing process of reconciling payment obligations with the state department of Human Services.
- Community and economic development grant expenditures were \$1.9 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, continued revenue from Prairie Meadows, and personnel savings have allowed Polk County to maintain services despite a prolonged downturn in interest earnings.

For FY 13/14, certified taxable valuations increased 3.1%, resulting in a budgeted increase of \$4.2 million in net current property tax revenue. Additionally, the County increased the debt service levy rate by \$0.13 to fund anticipated debt service on the Polk County Water and Land Legacy bonds, generating an additional \$2.8 million increase in tax revenues.

Polk County's budget for FY 13/14 indicates General fund balances will decrease \$1.1 million, largely due to planned balance utilization. This balance utilization will bring General fund balances in line with County policy that sets ending fund balances at a goal of 20%-25% of expenditures. Additionally, the County will retain its \$8 million contingency reserve.

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.

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POLK COUNTY, IOWA

Statement of Net Position
June 30, 2013

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	PCHS
ASSETS				
Cash and pooled investments	\$ 72,589,439	\$ 30,227,634	\$ 102,817,073	\$ 5,281,167
Receivables (net)	12,489,087	8,573,189	21,062,276	54,182
Due from component unit	466,373	-	466,373	-
Internal balances	794,158	(794,158)	-	-
Inventories	1,333,805	94,716	1,428,521	-
Prepaid items	1,013,309	156,168	1,169,477	55,959
Restricted assets - cash and pooled investments	67,942,211	4,308,100	72,250,311	-
Lease/debt origination costs	1,643,499	1,052,816	2,696,315	-
Succeeding year property taxes receivable	140,979,605	-	140,979,605	-
Capital assets not being depreciated	18,956,852	43,038,710	61,995,562	1,223,141
Capital assets being depreciated, net	131,680,507	329,802,227	461,482,734	2,621,635
TOTAL ASSETS	449,888,845	416,459,402	866,348,247	9,236,084
LIABILITIES				
Accounts payable and other current liabilities	15,617,678	6,123,372	21,741,050	511,747
Due to primary government	-	-	-	466,373
Interest payable	427,904	429,258	857,162	-
Unearned revenues	209,731	477,966	687,697	80,067
Advance deposits and ticket sales	-	544,262	544,262	-
Succeeding year property taxes unearned revenue	140,979,605	-	140,979,605	-
Due within one year:				
General obligation bonds payable	8,137,072	10,515,388	18,652,460	-
Notes payable	44,000	782,031	826,031	-
Capital leases payable	440,306	-	440,306	-
Compensated absences payable	1,888,538	88,167	1,976,705	-
Termination benefits payable	74,799	-	74,799	-
Estimated liability for claims and judgments	1,757,300	-	1,757,300	-
Due in more than one year:				
General obligation bonds payable	158,076,788	114,623,940	272,700,728	-
Notes payable	301,000	26,032,535	26,333,535	-
Capital leases payable	883,407	-	883,407	-
Compensated absences payable	11,587,756	127,856	11,715,612	-
Estimated liability for claims and judgments	945,000	-	945,000	-
Post employment liability	4,561,000	-	4,561,000	-
TOTAL LIABILITIES	345,931,884	159,744,775	505,676,659	1,058,187
NET POSITION				
Net investment in capital assets	75,133,663	228,985,935	304,119,598	3,844,776
Restricted for:				
Capital improvements	-	362,825	362,825	-
Debt service	619,016	-	619,016	-
Enabling legislation	5,304,098	-	5,304,098	-
PCHS/Foundation	-	-	-	2,289,183
Unrestricted	22,900,184	27,365,867	50,266,051	2,043,938
TOTAL NET POSITION	\$ 103,956,961	\$ 256,714,627	\$ 360,671,588	\$ 8,177,897

See Notes to Basic Financial Statements

POLK COUNTY, IOWA

**Statement of Activities
For the Year Ended June 30, 2013**

Function/Program	PROGRAM REVENUES					NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION			Component Unit
	Expenses	Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government		Total	
						Business-type Activities	PCHS		
Primary government:									
Governmental activities:									
Public safety and legal services	\$ 68,677,335	\$ 14,325,269	\$ 1,552,990	\$ -	\$ (52,799,076)	\$ -	\$ (52,799,076)	\$ -	
Physical health and social services	34,703,552	1,236,642	11,284,447	-	(22,182,463)	-	(22,182,463)	-	
Mental health	22,325,002	10,376,168	3,564,257	-	(8,384,577)	-	(8,384,577)	-	
County environment and education	12,768,084	1,809,500	339,413	368,000	(10,251,171)	-	(10,251,171)	-	
Roads and transportation	18,338,223	420,451	5,278,391	1,534,755	(11,104,626)	-	(11,104,626)	-	
Government services to residents	7,077,482	7,488,249	30,482	-	441,249	-	441,249	-	
Administration	28,625,011	1,900,040	1,177,638	-	(25,547,333)	-	(25,547,333)	-	
Interest on long-term debt	5,313,966	54,200	-	-	(5,259,766)	-	(5,259,766)	-	
Total governmental activities	197,828,655	37,610,519	23,227,618	1,902,755	(135,087,763)	-	(135,087,763)	-	
Business-type activities:									
Air Pollution	1,218,911	294,919	876,809	-	-	(47,183)	(47,183)	-	
Sanitary Treatment Works	788,708	868,268	-	-	-	79,560	79,560	-	
Prairie Meadows Racetrack/Casino	11,052,660	26,000,000	-	-	-	14,947,340	14,947,340	-	
Jester Park Golf Course	47,968	194,267	-	-	-	146,299	146,299	-	
Hamilton Urban Drainage District	263,778	141,121	87,028	-	-	(35,629)	(35,629)	-	
Iowa Events Center	24,891,371	10,990,697	-	128,250	-	(13,772,424)	(13,772,424)	-	
Urban Sewer	277,454	-	-	-	-	(277,454)	(277,454)	-	
Iowa Tax & Tags	211,165	337,895	-	-	-	126,730	126,730	-	
Total business-type activities	38,752,015	38,827,167	963,837	128,250	-	1,167,239	1,167,239	-	
Total primary government	\$ 236,580,670	\$ 76,437,686	\$ 24,191,455	\$ 2,031,005	(135,087,763)	1,167,239	(133,920,524)	-	
Component unit:									
PCHS	\$ 3,543,509	\$ 1,369,078	\$ 1,918,923	-	-	-	-	(255,508)	
General revenues:									
Property taxes					126,597,379	-	126,597,379	-	
Other county taxes					5,471,136	-	5,471,136	-	
Interest on property taxes					1,264,536	-	1,264,536	-	
State replacements credits against levied property taxes					3,042,129	-	3,042,129	-	
Interest income					379,474	178,934	558,408	11,136	
Miscellaneous					1,261,848	460,369	1,722,217	18,471	
Capital transfers - Loss on transfer of capital assets					425,367	(425,367)	-	-	
Transfers					7,380,210	(7,380,210)	-	-	
Total general revenues and transfers					145,822,079	(7,166,274)	138,655,805	29,607	
Change in net position					10,734,316	(5,999,035)	4,735,281	(225,901)	
Net position - beginning					93,222,645	262,713,662	355,936,307	8,403,798	
Net position - ending					\$ 103,956,961	\$ 256,714,627	\$ 360,671,588	\$ 8,177,897	

See Notes to Basic Financial Statements

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POLK COUNTY, IOWA

**Balance Sheet
Governmental Funds
June 30, 2013**

	General	MH/MR/DD Services	Debt Service
ASSETS			
Cash and pooled investments	\$ 39,697,017	\$ 4,576,953	\$ 494,617
Restricted assets - cash and pooled investments	-	-	67,942,211
Receivables (net):			
Taxes	441,544	61,510	59,340
Succeeding year property taxes	103,649,298	14,439,175	14,781,321
Special assessments	68,491	-	-
Accounts	210,279	175	-
Notes	2,485,615	-	-
Accrued interest	18,769	-	123,783
Due from other funds	2,633,155	81,439	83,414
Due from other governments	6,042,184	1,723,330	-
Due from component unit	-	466,373	-
Advances to other funds	7,000	-	-
Inventories	620,934	-	-
Prepaid items	1,013,309	-	-
TOTAL ASSETS	\$ 156,887,595	\$ 21,348,955	\$ 83,484,686
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 1,581,402	\$ 4,669,157	\$ -
Wages payable	2,742,193	8,839	-
Payroll taxes payable	451,168	1,440	-
Compensated absences payable	2,144,394	-	-
Termination benefit payable	74,799	-	-
Estimated liability for claims and judgments	117,000	-	-
Due to other funds	535	-	-
Due to other governments	1,942,400	-	-
Trust payable	126,594	-	-
Deferred revenues	3,192,164	199,781	142,138
Succeeding year property taxes unearned revenue	103,649,298	14,439,175	14,781,321
TOTAL LIABILITIES	116,021,947	19,318,392	14,923,459
Fund balances:			
Nonspendable	1,431,512	-	-
Restricted	-	2,030,563	68,561,227
Committed	3,753,815	-	-
Unassigned	35,680,321	-	-
TOTAL FUND BALANCES	40,865,648	2,030,563	68,561,227
TOTAL LIABILITIES AND FUND BALANCES	\$ 156,887,595	\$ 21,348,955	\$ 83,484,686

See Notes to Basic Financial Statements

Nonmajor Governmental Funds		Total Governmental Funds	
\$	13,983,047	\$	58,751,634
	-		67,942,211
	25,688		588,082
	8,109,811		140,979,605
	4,618		73,109
	-		210,454
	-		2,485,615
	-		142,552
	46,437		2,844,445
	983,846		8,749,360
	-		466,373
	-		7,000
	712,871		1,333,805
	-		1,013,309
\$	23,866,318	\$	285,587,554
\$	3,678,077	\$	9,928,636
	176,440		2,927,472
	28,023		480,631
	-		2,144,394
	-		74,799
	-		117,000
	1,871,522		1,872,057
	-		1,942,400
	-		126,594
	404,695		3,938,778
	8,109,811		140,979,605
	14,268,568		164,532,366
	712,871		2,144,383
	3,273,535		73,865,325
	10,254,039		14,007,854
	(4,642,695)		31,037,626
	9,597,750		121,055,188
\$	23,866,318	\$	285,587,554

POLK COUNTY, IOWA

**Reconciliation of Fund Balances on the Balance Sheet for Governmental Funds
to Net Position of Governmental Activities on the Statement of Net Position
June 30, 2013**

Fund balances - total governmental funds		\$ 121,055,188
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Capital assets	\$ 291,170,314	
Accumulated depreciation	<u>(140,532,955)</u>	150,637,359
Interest payable on long-term obligations that does not require current financial resources and therefore is not reported in the funds.		
		(427,904)
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 position.		
		7,881,245
Deferred revenues that are not available to pay for current period expenditures in the funds.		
Property taxes	581,873	
Special assessments	71,890	
Accounts receivable	10,455	
Due from other governments	2,270,671	
Due from other funds (Prairie Meadows property taxes)	<u>794,158</u>	3,729,047
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
General obligation bonds payable		(166,213,860)
Notes payable		(345,000)
Bond issuance costs		1,643,499
Capital leases payable		(1,323,713)
Compensated absences payable		(11,331,900)
Estimated liability for claims and judgments		<u>(1,347,000)</u>
Net position of governmental activities		<u>\$ 103,956,961</u>

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POLK COUNTY, IOWA

**Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2013**

	General	MH/MR/DD Services	Debt Service
REVENUES:			
Property taxes	\$ 93,876,730	\$ 13,618,590	\$ 11,571,842
Other County taxes	4,398,933	468,306	359,192
Interest and penalties on delinquent taxes	1,264,536	-	-
Intergovernmental	25,061,499	14,268,753	256,878
Licenses and permits	868,556	-	-
Charges for services	13,035,130	-	-
Use of money and property	2,321,728	-	200,871
Miscellaneous	1,151,721	132,821	-
TOTAL REVENUES	141,978,833	28,488,470	12,388,783
EXPENDITURES:			
Current:			
Public safety and legal services	63,370,635	-	-
Physical health and social services	33,295,027	-	-
Mental health	-	22,325,002	-
County environment and education	10,224,880	-	-
Roads and transportation	683,786	-	-
Government services to residents	6,829,978	-	-
Administration	28,111,724	-	-
Debt service:			
Principal	-	-	8,385,000
Interest and fiscal charges	-	-	6,082,144
Capital projects:			
Roadway construction	-	-	-
Conservation land acquisition and development	158,405	-	-
Other capital projects	-	-	-
TOTAL EXPENDITURES	142,674,435	22,325,002	14,467,144
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(695,602)	6,163,468	(2,078,361)
OTHER FINANCING SOURCES (USES):			
Transfers in	8,596,835	-	-
Transfers out	(5,969,062)	-	-
Issuance of capital leases	692,111	-	-
Issuance of bonds	4,600,000	-	69,214,616
Premium/(discount) on bonds issued	-	-	1,019,219
Proceeds from sale of capital assets	15,594	-	-
TOTAL OTHER FINANCING SOURCES (USES)	7,935,478	-	70,233,835
NET CHANGE IN FUND BALANCES	7,239,876	6,163,468	68,155,474
FUND BALANCE, BEGINNING	33,681,408	(4,132,905)	405,753
Change in inventory reserve	(55,636)	-	-
FUND BALANCE, ENDING	\$ 40,865,648	\$ 2,030,563	\$ 68,561,227

See Notes to Basic Financial Statements

Nonmajor Governmental Funds		Total Governmental Funds	
\$	7,410,691	\$	126,477,853
	244,705		5,471,136
	-		1,264,536
	7,305,216		46,892,346
	74,837		943,393
	650,412		13,685,542
	2,770		2,525,369
	254,798		1,539,340
	<u>15,943,429</u>		<u>198,799,515</u>
	991,735		64,362,370
	-		33,295,027
	-		22,325,002
	910,557		11,135,437
	8,587,293		9,271,079
	218,823		7,048,801
	813		28,112,537
	43,000		8,428,000
	11,189		6,093,333
	4,834,470		4,834,470
	2,521,339		2,679,744
	5,057,647		5,057,647
	<u>23,176,866</u>		<u>202,643,447</u>
	<u>(7,233,437)</u>		<u>(3,843,932)</u>
	9,437,439		18,034,274
	(4,670,923)		(10,639,985)
	-		692,111
	2,300,000		76,114,616
	-		1,019,219
	296,172		311,766
	<u>7,362,688</u>		<u>85,532,001</u>
	129,251		81,688,069
	9,680,664		39,634,920
	<u>(212,165)</u>		<u>(267,801)</u>
\$	<u>9,597,750</u>	\$	<u>121,055,188</u>

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, 2013**

Net change in fund balances - total governmental funds	\$	81,688,069
Amounts reported for governmental activities in the statement of net position 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		6,885,814
Capital contribution		1,902,755
Depreciation/amortization expense		(10,372,716)
The net effect of various transactions involving capital assets is to decrease net position.		
Capital transferred in from enterprise funds		425,367
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		(283,428)
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		(369,000)
Change in compensated absences		(1,358,764)
Amortization of bond premium/(discount)		127,072
Amortization of bond issuance costs		(149,152)
Debt proceeds provide current financial resources to governmental funds. Issuing debt increases long-term liabilities in the government-wide statement of net position. Repayments are an expenditure in the governmental funds. Repayment reduces long-term liabilities in the government-wide statement of net position. 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		16,486
Payments on long-term bonds		8,385,000
Payments on long-term notes		43,000
Proceeds on long-term bonds		(76,114,616)
Premium/(discount) on the issuance of bonds		(1,019,219)
Bond issuance costs		899,120
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		(119,753)
Internal service funds are used by management to charge the costs of insurance. The net profit(loss) is reported with governmental activities.		
		416,082
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 position is exhausted.		
		<u>(267,801)</u>
Change in net position of governmental activities	\$	<u><u>10,734,316</u></u>

See Notes to Basic Financial Statements

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POLK COUNTY, IOWA

Statement of Net Position
Proprietary Funds
June 30, 2013

	Business-type Activities - Enterprise Funds			
	Sanitary Treatment Works	Prairie Meadows Racetrack/ Casino	Iowa Events Center	Nonmajor Enterprise Funds
ASSETS				
Current assets:				
Cash and pooled investments	\$ 3,961,723	\$ 17,773,021	\$ 4,215,656	\$ 4,277,234
Restricted assets - cash and pooled investments	-	-	362,825	3,945,275
Receivables (net):				
Accounts	149,226	-	3,389,328	45,445
Notes	-	-	-	147,865
Accrued interest	-	-	-	22,601
Due from other governments	31,252	-	-	279,716
Inventories	-	-	94,716	-
Prepaid items	-	-	156,168	-
Total current assets	4,142,201	17,773,021	8,218,693	8,718,136
Noncurrent assets:				
Receivables (net):				
Special assessments	82,826	-	-	7,864
Notes	-	-	-	4,417,066
Lease/debt origination costs	2,166	-	960,978	89,672
Capital assets not being depreciated	28,184,073	3,129,000	10,550,105	1,175,532
Capital assets being depreciated, net	8,555,360	106,801,428	209,395,524	5,049,915
Total noncurrent assets	36,824,425	109,930,428	220,906,607	10,740,049
TOTAL ASSETS	40,966,626	127,703,449	229,125,300	19,458,185
LIABILITIES				
Current liabilities:				
Accounts payable	127,274	-	1,378,402	86,504
Contract/retainage payable	268,965	-	-	-
Wages payable	-	-	79,507	29,974
Payroll taxes payable	-	-	6,300	4,882
Interest payable	58,072	-	349,467	21,719
Estimated liability for claims and judgments	-	-	-	-
Due to other funds	-	794,158	-	-
Due to other governments	-	4,141,564	-	-
Advance deposits and ticket sales	-	-	544,262	-
Unearned revenues	-	-	477,966	-
General obligation bonds payable	140,000	-	10,138,032	237,356
Notes payable	782,031	-	-	-
Compensated absences payable	-	-	74,837	13,330
Total current liabilities	1,376,342	4,935,722	13,048,773	393,765
Noncurrent liabilities:				
General obligation bonds payable	-	-	106,762,404	7,861,536
Notes payable	26,032,535	-	-	-
Compensated absences payable	-	-	-	127,856
Post employment liability	-	-	-	-
Total noncurrent liabilities	26,032,535	-	106,762,404	7,989,392
TOTAL LIABILITIES	27,408,877	4,935,722	119,811,177	8,383,157
NET POSITION				
Net investment in capital assets	9,784,867	109,930,428	103,045,193	6,225,447
Restricted for capital improvements	-	-	362,825	-
Unrestricted	3,772,882	12,837,299	5,906,105	4,849,581
TOTAL NET POSITION	\$ 13,557,749	\$ 122,767,727	\$ 109,314,123	\$ 11,075,028

See Notes to Basic Financial Statements

Total	Governmental Activities- Internal Service Funds
\$ 30,227,634	\$ 13,837,805
4,308,100	-
3,583,999	54,685
147,865	-
22,601	-
310,968	-
94,716	-
156,168	-
<u>38,852,051</u>	<u>13,892,490</u>
90,690	-
4,417,066	-
1,052,816	-
43,038,710	-
<u>329,802,227</u>	<u>-</u>
<u>378,401,509</u>	<u>-</u>
<u>417,253,560</u>	<u>13,892,490</u>
1,592,180	211,945
268,965	-
109,481	-
11,182	-
429,258	-
-	1,238,300
794,158	-
4,141,564	-
544,262	-
477,966	-
10,515,388	-
782,031	-
88,167	-
<u>19,754,602</u>	<u>1,450,245</u>
114,623,940	-
26,032,535	-
127,856	-
-	4,561,000
<u>140,784,331</u>	<u>4,561,000</u>
<u>160,538,933</u>	<u>6,011,245</u>
228,985,935	-
362,825	-
<u>27,365,867</u>	<u>7,881,245</u>
<u>\$ 256,714,627</u>	<u>\$ 7,881,245</u>

POLK COUNTY, IOWA

**Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2013**

	Business-type Activities - Enterprise Funds			
	Sanitary Treatment Works	Prairie Meadows Racetrack/ Casino	Iowa Events Center	Nonmajor Enterprise Funds
OPERATING REVENUES:				
Charges for goods and services:				
Charges for services	\$ 868,268	\$ 15,600,000	\$ 2,322,432	\$ 773,935
Intergovernmental revenues	-	-	-	963,837
Project income	-	10,400,000	790,833	-
Parking income	-	-	524,421	-
Concession sales	-	-	5,053,989	-
Commissions income	-	-	1,891,469	194,267
PFMS user fee on ticket sales	-	-	407,553	-
Miscellaneous	17,213	-	419,966	23,190
Total operating revenues	885,481	26,000,000	11,410,663	1,955,229
OPERATING EXPENSES:				
Cost of goods and services:				
Personal services	33,767	-	3,046,237	1,111,163
Supplies	-	-	267,501	80,205
Professional services	-	-	270,017	99,682
Other services/charges	388,159	4,935,722	2,342,860	131,899
Insurance	-	-	249,914	-
Direct event expense	-	-	964,929	-
Cost of goods sold - concession	-	-	3,403,436	-
Management expense	-	-	278,783	-
Miscellaneous	14,974	-	-	4,599
Amortization of discount (premium)	2,169	-	(385,295)	4,330
Depreciation	312,539	6,116,938	9,608,285	314,274
Total operating expenses	751,608	11,052,660	20,046,667	1,746,152
OPERATING INCOME (LOSS)	133,873	14,947,340	(8,636,004)	209,077
NONOPERATING REVENUES (EXPENSES):				
Interest revenue	12,019	31,593	13,625	121,697
Loss on transfer of capital assets	-	-	(425,367)	-
Interest expense	(37,100)	-	(4,844,704)	(273,124)
Total nonoperating revenues (expenses)	(25,081)	31,593	(5,256,446)	(151,427)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	108,792	14,978,933	(13,892,450)	57,650
CAPITAL CONTRIBUTIONS AND TRANSFERS:				
Capital contributions from others	-	-	128,250	-
Transfers in	836,906	-	13,026,164	-
Transfers out	-	(21,022,827)	-	(220,453)
Total capital contributions and transfers	836,906	(21,022,827)	13,154,414	(220,453)
CHANGE IN NET POSITION	945,698	(6,043,894)	(738,036)	(162,803)
NET POSITION - BEGINNING	12,612,051	128,811,621	110,052,159	11,237,831
NET POSITION - ENDING	\$ 13,557,749	\$ 122,767,727	\$ 109,314,123	\$ 11,075,028

See Notes to Basic Financial Statements

Total	Governmental Activities- Internal Service Funds
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\$ 19,564,635	\$ 16,572,468
963,837	-
11,190,833	-
524,421	-
5,053,989	-
2,085,736	-
407,553	-
460,369	19,955
<u>40,251,373</u>	<u>16,592,423</u>

4,191,167	-
347,706	-
369,699	3,500
7,798,640	89,561
249,914	16,095,987
964,929	-
3,403,436	-
278,783	-
19,573	-
(378,796)	-
16,352,036	-
<u>33,597,087</u>	<u>16,189,048</u>

<u>6,654,286</u>	<u>403,375</u>
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178,934	26,786
(425,367)	-
(5,154,928)	-
<u>(5,401,361)</u>	<u>26,786</u>

<u>1,252,925</u>	<u>430,161</u>
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128,250	-
13,863,070	2,579,232
(21,243,280)	(2,593,311)
<u>(7,251,960)</u>	<u>(14,079)</u>

(5,999,035)	416,082
<u>262,713,662</u>	<u>7,465,163</u>

<u>\$ 256,714,627</u>	<u>\$ 7,881,245</u>
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POLK COUNTY, IOWA

**Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2013**

	Business-type Activities-Enterprise Funds		
	Sanitary Treatment Works	Prairie Meadows Racetrack/ Casino	Iowa Events Center
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ 1,015,687	\$ -	\$ 11,067,767
Cash received from intergovernmental revenue	-	-	-
Cash received from racetrack/casino	-	26,000,000	-
Cash paid to suppliers for goods and services	(476,833)	(4,313,934)	(7,693,171)
Cash paid to employees	(33,767)	-	(3,024,055)
Net cash flows from operating activities	<u>505,087</u>	<u>21,686,066</u>	<u>350,541</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Negative cash balance implicitly financed	-	-	-
Transfers in	836,906	-	13,026,164
Transfers out	-	(21,022,827)	-
Net cash flows from noncapital financing activities	<u>836,906</u>	<u>(21,022,827)</u>	<u>13,026,164</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Proceeds from general obligation debt	5,318,434	-	-
Issuance costs paid on long-term debt	-	-	(101,375)
Proceeds from debt issued for advance refunding	-	-	21,049,755
Payments to escrow agent for advance refunding debt	-	-	(20,740,000)
Principal paid on long-term debt	(942,000)	-	(9,430,000)
Interest paid on long-term debt	(9,628)	-	(4,791,424)
Capital contributions from others	-	-	128,250
Repayments on capital note receivable	-	-	-
Purchase of capital assets	(4,280,595)	-	(822,602)
Net cash flows from capital and related financing activities	<u>86,211</u>	<u>-</u>	<u>(14,707,396)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received	12,019	31,593	13,625
Net cash flows from investing activities	<u>12,019</u>	<u>31,593</u>	<u>13,625</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,440,223	694,832	(1,317,066)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>2,521,500</u>	<u>17,078,189</u>	<u>5,895,547</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 3,961,723</u>	<u>\$ 17,773,021</u>	<u>\$ 4,578,481</u>

Nonmajor Enterprise Funds	Total	Governmental Activities- Internal Service Funds
\$ 907,686	\$ 12,991,140	\$ 16,642,284
1,002,644	1,002,644	-
-	26,000,000	-
(320,165)	(12,804,103)	(15,795,012)
(1,043,176)	(4,100,998)	-
546,989	23,088,683	847,272
(45,172)	(45,172)	-
-	13,863,070	2,579,232
(220,453)	(21,243,280)	(2,593,311)
(265,625)	(7,425,382)	(14,079)
-	5,318,434	-
(41,333)	(142,708)	-
4,063,467	25,113,222	-
-	(20,740,000)	-
(225,000)	(10,597,000)	-
(266,064)	(5,067,116)	-
-	128,250	-
109,454	109,454	-
(41,820)	(5,145,017)	-
3,598,704	(11,022,481)	-
99,096	156,333	26,786
99,096	156,333	26,786
3,979,164	4,797,153	859,979
4,243,345	29,738,581	12,977,826
\$ 8,222,509	\$ 34,535,734	\$ 13,837,805

(continued)

POLK COUNTY, IOWA

**Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2013**

	Business-type Activities-Enterprise Funds		
	Sanitary Treatment Works	Prairie Meadows Racetrack/ Casino	Iowa Events Center
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET			
CASH FLOWS FROM OPERATING ACTIVITIES:			
Operating income (loss)	\$ 133,873	\$ 14,947,340	\$ (8,636,004)
Components of operating income (loss) not included in operating activities:			
Depreciation	312,539	6,116,938	9,608,285
Amortization	2,169	-	(385,295)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:			
(Increase) decrease in special assessments receivable	25,837	-	-
(Increase) decrease in accounts receivable	15,212	-	(492,766)
(Increase) decrease in due from other governments	89,157	-	78,809
(Increase) decrease in inventories	-	-	(16,378)
(Increase) decrease in prepaid items	-	-	32,403
Increase (decrease) in accounts payable	(73,700)	-	68,244
Increase (decrease) in wages payable	-	-	17,395
Increase (decrease) in payroll taxes payable	-	-	1,349
Increase (decrease) in due to other funds	-	107,811	-
Increase (decrease) in due to other governments	-	513,977	-
Increase (decrease) in advance deposits and ticket sales	-	-	32,796
Increase (decrease) in deferred revenue	-	-	38,265
Increase (decrease) in compensated absences payable	-	-	3,438
Increase (decrease) in estimated liability for claims and judgments	-	-	-
Increase (decrease) in post employment liability	-	-	-
Net cash flows from operating activities	<u>\$ 505,087</u>	<u>\$ 21,686,066</u>	<u>\$ 350,541</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:			
Disposal of fully depreciated capital assets	\$ -	\$ -	\$ -
Acquisition of capital assets through accounts payable	(493,872)	-	(130,585)
Acquisition of capital assets through contract/retainage payable	96,471	-	-
Disposal of capital assets through transfer	-	-	(425,367)
Deletion of capital assets through accounts receivable	-	-	(1,400,000)

See Notes to Basic Financial Statements

Nonmajor Enterprise Funds	Total	Governmental Activities- Internal Service Funds
\$ 209,077	\$ 6,654,286	\$ 403,375
314,274	16,352,036	-
4,330	(378,796)	-
(1,440)	24,397	-
3,878	(473,676)	49,861
(47,337)	120,629	-
-	(16,378)	-
-	32,403	-
(3,780)	(9,236)	(61,964)
546	17,941	-
234	1,583	-
-	107,811	-
-	513,977	-
-	32,796	-
-	38,265	-
67,207	70,645	-
-	-	(102,000)
-	-	558,000
<u>\$ 546,989</u>	<u>\$ 23,088,683</u>	<u>\$ 847,272</u>

\$ (17,284)	\$ (17,284)	\$ -
81,446	(543,011)	-
-	96,471	-
-	(425,367)	-
-	(1,400,000)	-

(concluded)

POLK COUNTY, IOWA

Statement of Assets and Liabilities

Fiduciary Funds

June 30, 2013

	Total Agency Funds
ASSETS	
Cash and pooled investments	\$ 23,778,579
Receivables (net):	
Taxes	3,186,052
Special assessments	11,484,545
Accounts	421,819
Due from other governments	374,018
Prepays	93,253
	<hr/>
TOTAL ASSETS	\$ 39,338,266
	<hr/> <hr/>
LIABILITIES	
Accounts payable	\$ 196,021
Wages payable	126,635
Payroll taxes payable	155,347
Due to other funds	178,230
Due to other governments	37,312,728
Advances from other funds	7,000
Trusts payable	398,559
Compensated absences payable	787,746
Post employment liability	176,000
	<hr/>
TOTAL LIABILITIES	\$ 39,338,266
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See Notes to Basic Financial Statements

POLK COUNTY, IOWA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Polk County ("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 it is 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, 2013, 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 an average of \$55 million each year for mental health services for the County. However, due to new state legislation and redesign to a different state funding mechanism as well as settlement of disputed state claims, mental health expenditures decreased to \$22 million in the year ending June 30, 2013. 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 Board, 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 position (previously referred to as net assets) and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

The statement of net position 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 position 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 position is reported in three categories:

Net investment in capital assets 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 position results when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position consists of net position not meeting the definition of the two preceding categories. Unrestricted net position often has 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, uses 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 75 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 property taxes levied and other state revenues for mental health services as mandated by the Iowa Code Section 331.424A.

Debt Service Fund - Accounts for debt service for general obligation debt issues supported by County-wide tax levies. This account is restricted in accordance with the Iowa Code Section 331.430.

Proprietary Funds

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

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:

Sanitary Treatment Works – Accounts for activity of the Sanitary Treatment Works System established by County Ordinance #15.

Prairie Meadows Racetrack/Casino – Accounts for activity of Prairie Meadows Racetrack and Casino. It is operated and managed by a third party who has the ability to modify services and rates. See Note 16 for further information.

Iowa Events Center – Accounts for activity of the Veterans Memorial Community Choice Credit Union Convention Center, Hy-Vee Hall and Wells Fargo Arena. It is operated and managed by a third party who has the ability to modify services and rates. See Note 17 for further information.

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. Agency funds account for drainage districts, county assessor, emergency management services, 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 Net Position

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 2012 on the assessed valuation of property located in the County as of January 1, 2011, 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, 2012. Taxes were receivable in two installments on September 30, 2012, and March 31, 2013. 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 state/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 75 days after year end, unearned state/grant advances and undistributed food commodities.

Succeeding year property tax deferred revenue represents taxes certified by the Board of Supervisors in March of each year to be collected in the next fiscal year. Since these property taxes will not be recognized as revenue until the year for which it is levied, they are neither received nor earned during the current year. Therefore, succeeding year property tax deferred revenue is recorded as unearned revenue in the Statement of Net Position. Unearned state/grant advances and undistributed food commodities are also recorded as unearned revenue in the Statement of Net Position.

Deferred revenues for the Iowa Events Center Enterprise Fund consists 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, 2013. A liability is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. The retired employees' health insurance bank is also recorded as compensated absences in the governmental fund statements.

Net Position: Net position represent the difference between assets and liabilities. The net investment in capital assets component of net position 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 position is 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 position is 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 (which is the highest level of action) 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 and unassigned amounts are available for use, it is the County’s policy to use committed resources first, 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 requires 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, 2013 are as follows:

Special Revenue:	
Secondary Roads	\$ (1,461,219)
Capital Projects:	
Conservation Land Acquisition & Development	(34,790)
Conservation Water & Land Improvement	(2,039,942)
Justice Center Annex	(393,873)

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.

As of June 30, 2013, the cash and pooled investments of the County consist of:

Cash and cash items in vault	\$	135,194
Cash on hand not yet deposited		49,214
Bank account deposits		95,407,295
Mutual funds		22,018,132
Mutual funds - restricted		362,825
U.S. government securities - restricted		71,887,486
Commercial paper		<u>8,985,817</u>
Total cash and pooled investments	\$	<u>198,845,963</u>
Cash and pooled investments, statement of net position	\$	102,817,073
Cash and pooled investments, fiduciary funds		23,778,579
Restricted assets - Note 4		<u>72,250,311</u>
Total cash and pooled investments	\$	<u>198,845,963</u>

The County elected to maintain a non-interest bearing certificate of deposit with Bank of America in the average total of \$65,400,142 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, 2013, 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, 2013.

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, 2013, 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, 2013, 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, 2013, other than certificates of deposit. 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, 2013:

	PFMS User Fee	Concession Upkeep	Bond Escrow	Total
Debt Service	\$ -	\$ -	\$ 67,942,211	\$ 67,942,211
Iowa Events Center	167,612	195,213	-	362,825
Urban Sewer	-	-	3,945,275	3,945,275
Total	\$ 167,612	\$ 195,213	\$ 71,887,486	\$ 72,250,311

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.

In accordance with the 2012C General Obligation Bond crossover advance refunding, \$71,887,486 is being held in a bond escrow until June 1, 2014 defeasance date. See Note 7 for further information.

5. DUE FROM/TO OTHER FUNDS

Amounts due from/to other funds at June 30, 2013, are as follows:

	Due To				Total
	General Fund	MH/MR/DD Services	Debt Service	Nonmajor Governmental	
Due from					
General Fund	\$ -	\$ -	\$ -	\$ 535	\$ 535
Nonmajor Governmental	1,871,522	-	-	-	1,871,522
Prairie Meadows Racetrack/Casino	583,403	81,439	83,414	45,902	794,158
Fiduciary	178,230	-	-	-	178,230
Total	\$ 2,633,155	\$ 81,439	\$ 83,414	\$ 46,437	\$ 2,844,445

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	\$ 1,955,917
Property taxes owed to various funds from Prairie Meadows Racetrack/Casino Enterprise Fund	794,158
Short-term loans to drainage districts from the General Fund	92,791

6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2013, is as follows:

	Balance 7/1/2012	Additions	Disposals	Balance 6/30/2013
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 12,393,378	\$ 1,888,928	\$ (1,718)	\$ 14,280,588
Intangibles-computer software in progress	3,100,760	1,371,446	(765,741)	3,706,465
Construction in progress	1,993,468	3,814,478	(4,838,147)	969,799
Total capital assets, not being depreciated	<u>17,487,606</u>	<u>7,074,852</u>	<u>(5,605,606)</u>	<u>18,956,852</u>
Capital assets, being depreciated:				
Buildings	145,065,475	1,406,595	(770,272)	145,701,798
Improvements other than buildings	2,079,225	331,571	(12,018)	2,398,778
Infrastructure	96,584,753	4,838,145	-	101,422,898
Equipment	13,515,746	488,303	(566,482)	13,437,567
Vehicles	8,643,809	696,621	(853,750)	8,486,680
Intangibles-computer software	-	765,741	-	765,741
Total capital assets being depreciated	<u>265,889,008</u>	<u>8,526,976</u>	<u>(2,202,522)</u>	<u>272,213,462</u>
Less accumulated depreciation for:				
Buildings	(51,150,999)	(4,338,036)	-	(55,489,035)
Improvements other than buildings	(806,562)	(106,019)	-	(912,581)
Infrastructure	(64,306,316)	(3,922,432)	-	(68,228,748)
Equipment	(9,800,766)	(874,451)	566,480	(10,108,737)
Vehicles	(5,515,832)	(1,080,729)	853,756	(5,742,805)
Intangibles-computer software	-	(51,049)	-	(51,049)
Total accumulated depreciation	<u>(131,580,475)</u>	<u>(10,372,716)</u>	<u>1,420,236</u>	<u>(140,532,955)</u>
Total capital assets being depreciated, net	<u>134,308,533</u>	<u>(1,845,740)</u>	<u>(782,286)</u>	<u>131,680,507</u>
Governmental activities capital assets, net	<u>\$ 151,796,139</u>	<u>\$ 5,229,112</u>	<u>\$ (6,387,892)</u>	<u>\$ 150,637,359</u>

Governmental Activities

The land and building addition and deletion in governmental activities includes the transfer of the Convention Complex from the Iowa Event Center enterprise fund and the acquisition of the Justice Center Annex facility acquired through a subsequent trade of the Convention Complex with Wellmark for the Justice Center Annex. See Note 17 for further information. Other land additions represent conservation land acquisitions as part of the Water and Land Legacy Projects.

The intangible in progress represents a new real estate system which is expected to go live by June 2014. Construction in progress primarily consists of reconstruction of NW Beaver Avenue, a new bridge construction project, and Conservation Water Land Legacy Projects. New infrastructure primarily consists of a reclassification from construction in progress for the completion of a bridge project, NW Beaver Ave Reconstruction, and the Gay Lea Wilson Trail West.

	Balance 7/1/2012	Additions	Disposals	Balance 6/30/2013
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 14,852,969	\$ -	\$ (1,718)	\$ 14,851,251
Intangibles-permanent easements	500,611	-	-	500,611
Construction in progress	23,701,268	3,995,188	(9,608)	27,686,848
Total capital assets, not being depreciated	<u>39,054,848</u>	<u>3,995,188</u>	<u>(11,326)</u>	<u>43,038,710</u>
Capital assets, being depreciated:				
Buildings	325,554,807	9,608	(2,295,645)	323,268,770
Improvements other than buildings	8,737,316	-	(12,018)	8,725,298
Leasehold improvements	113,145,115	-	-	113,145,115
Infrastructure	21,698,051	-	-	21,698,051
Equipment	837,734	346,430	(17,284)	1,166,880
Vehicles	205,144	-	-	205,144
Total capital assets being depreciated	<u>470,178,167</u>	<u>356,038</u>	<u>(2,324,947)</u>	<u>468,209,258</u>
Less accumulated depreciation for:				
Buildings	(86,748,713)	(11,143,179)	828,854	(97,063,038)
Improvements other than buildings	(8,382,648)	(27,621)	12,018	(8,398,251)
Leasehold improvements	(18,770,740)	(4,539,805)	-	(23,310,545)
Infrastructure	(8,156,739)	(542,455)	-	(8,699,194)
Equipment	(706,227)	(81,389)	17,284	(770,332)
Vehicles	(148,084)	(17,587)	-	(165,671)
Total accumulated depreciation	<u>(122,913,151)</u>	<u>(16,352,036)</u>	<u>858,156</u>	<u>(138,407,031)</u>
Total capital assets being depreciated, net	<u>347,265,016</u>	<u>(15,995,998)</u>	<u>(1,466,791)</u>	<u>329,802,227</u>
Business-type activities capital assets, net	<u>\$ 386,319,864</u>	<u>\$ (12,000,810)</u>	<u>\$ (1,478,117)</u>	<u>\$ 372,840,937</u>

Business-type Activities

The construction in progress account consists of a major sanitary sewer extension project. The land, building, and improvements other than buildings deletions in the business-type activities represent the transfer of the Iowa Events Center Convention Complex to governmental activities. Other building deletions represent the receipt of \$1.4 million from a settlement with HOK. The settlement was the result of a lawsuit from the original construction of the Wells Fargo Arena beginning in the fiscal year ending June 30, 2001. See Note 17 for further information.

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

Government activities:	
Public safety and legal services	\$ 3,623,042
Physical health and social services	1,180,049
County environment and education	501,255
Roads and transportation	4,687,633
Government services to residents	2,149
Administration	<u>378,588</u>
Total depreciation expense - governmental activities	<u>\$ 10,372,716</u>
Business-type activities:	
Air Pollution	\$ 53,418
Sanitary Treatment Works	312,539
Prairie Meadows Racetrack/Casino	6,116,938
Jester Park Golf Course	30,940
Hamilton Urban Drainage District	229,916
Iowa Events Center	<u>9,608,285</u>
Total depreciation expense - business-type activities	<u>\$ 16,352,036</u>

7. LONG-TERM LIABILITIES

The following is a summary of long-term liability activity for the year ended June 30, 2013:

	Balance			Balance	
	July 1, 2012	Additions	Deletions	June 30, 2013	Due Within One Year
Governmental activities:					
General obligation bonds payable	\$ 97,185,000	\$ 76,114,616	\$ (8,385,000)	\$ 164,914,616	\$ 8,010,000
Add: unamortized premium (discount)	407,097	1,019,219	(127,072)	1,299,244	127,072
General obligation notes payable	388,000	-	(43,000)	345,000	44,000
Capital leases payable	1,340,199	692,111	(708,597)	1,323,713	440,306
Accrued compensated absences	12,590,773	8,894,852	(8,009,331)	13,476,294	1,888,538
Termination benefits payable	1,673,549	-	(1,598,750)	74,799	74,799
Post employment liability	4,003,000	558,000	-	4,561,000	-
Estimated liability for claims and judgements	<u>2,357,300</u>	<u>15,020,315</u>	<u>(14,675,315)</u>	<u>2,702,300</u>	<u>1,757,300</u>
Total	<u>\$ 119,944,918</u>	<u>\$ 102,299,113</u>	<u>\$ (33,547,065)</u>	<u>\$ 188,696,966</u>	<u>\$ 12,342,015</u>
Business-type activities:					
General obligation bonds payable	\$ 127,625,000	\$ 24,955,384	\$ (30,530,000)	\$ 122,050,384	\$ 10,140,000
Add: unamortized premium (discount)	4,264,195	209,724	(513,293)	3,960,626	513,293
Less: loss on advance refunding	(887,424)	(122,163)	137,905	(871,682)	(137,905)
General obligation notes payable	22,303,132	5,318,434	(807,000)	26,814,566	782,031
Accrued compensated absences	<u>145,378</u>	<u>159,625</u>	<u>(88,980)</u>	<u>216,023</u>	<u>88,167</u>
Total	<u>\$ 153,450,281</u>	<u>\$ 30,521,004</u>	<u>\$ (31,801,368)</u>	<u>\$ 152,169,917</u>	<u>\$ 11,385,586</u>

For the governmental activities, accrued compensated absences, termination benefits, and claims and judgments are generally liquidated by the General Fund. The entire claims liability for net other postemployment benefit obligation is reported in the Employee Insurance Internal Services Fund.

General Obligation Bonds Payable

	Original Amount	Date Issued	Interest Rates	Due Date	Amount Outstanding
Governmental activities					
General Purpose	\$ 1,025,000	12/15/2003	2.15-3.55%	6/1/2014	\$ 185,000
General Purpose	3,770,000	7/15/2004	3-3.9%	6/1/2015	870,000
General Purpose	8,865,000	6/1/2006	4-4.25%	6/1/2016	3,405,000
General Purpose	6,110,000	6/1/2006	4-4.5%	6/1/2026	4,550,000
General Purpose	68,000,000	12/1/2006	4-4.125%	6/1/2026	53,860,000
General Purpose	12,915,000	12/1/2006	4-4.125%	6/1/2026	9,865,000
General Purpose	2,665,000	12/1/2007	4%	6/1/2017	1,230,000
General Purpose	3,905,000	12/1/2008	4%	6/1/2018	2,280,000
General Purpose	15,485,000	12/30/2010	2-4%	6/1/2025	13,215,000
General Purpose	6,900,000	8/22/2012	2%	6/1/2022	6,240,000
General Purpose	69,214,616	8/1/2012	2-3%	6/1/2026	69,214,616
Total					\$ <u>164,914,616</u>

	Original Amount	Date Issued	Interest Rates	Due Date	Amount Outstanding
Business-type activities					
Sanitary Treatment	\$ 1,230,000	12/15/2003	2.15-3.55%	6/1/2014	\$ 140,000
Iowa Events Center	27,490,000	12/3/2007	4%	6/1/2017	14,655,000
Iowa Events Center	46,885,000	12/30/2010	2-5%	6/1/2021	42,790,000
Iowa Events Center	42,450,000	12/30/2010	2-4%	6/1/2023	39,690,000
Iowa Events Center	20,935,000	8/1/2012	1-1.25%	6/1/2017	16,710,000
Urban Sewer	5,330,000	6/1/2006	4-4.5%	6/1/2026	3,970,000
Urban Sewer	105,000	12/1/2006	4-4.125%	6/1/2026	75,000
Urban Sewer	4,020,384	8/1/2012	2-3%	6/1/2026	4,020,384
Total					\$ <u>122,050,384</u>

Notes Payable

	Original Amount	Date Issued	Interest Rates	Due Date	Amount Outstanding
Governmental activities					
General Purpose	\$ 800,000	8/9/2000	3%	12/1/2019	\$ <u>345,000</u>
Business-type activities					
Sanitary Treatment	\$ 5,000,000	7/30/2008	3%	6/1/2028	\$ 3,586,000
Sanitary Treatment	13,000,000	6/16/2010	3%	6/1/2030	11,973,000
Sanitary Treatment	5,000,000	6/1/2011	3%	6/1/2031	4,975,000
Sanitary Treatment	367,000	10/19/2012	1.75%	6/1/2032	315,893
Sanitary Treatment	9,633,000	10/12/2012	1.75%	6/1/2032	5,964,673
Total					\$ <u>26,814,566</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	
Governmental activities					
During the year ending June 30:					
2014	\$ 74,580,000	\$ 5,375,345	\$ 44,000	\$ 9,690	\$ 80,009,035
2015	8,828,647	2,366,490	46,000	8,340	11,249,477
2016	8,578,824	2,166,763	47,000	6,945	10,799,532
2017	7,607,378	1,969,985	49,000	5,505	9,631,868
2018	7,423,893	1,791,738	51,000	4,005	9,270,636
2019-2023	36,466,867	6,334,394	108,000	3,270	42,912,531
2024-2028	21,429,007	1,298,507	-	-	22,727,514
Total	164,914,616	21,303,222	345,000	37,755	186,600,593
Add: unamortized premium	1,299,244	-	-	-	1,299,244
Total	\$ 166,213,860	\$ 21,303,222	\$ 345,000	\$ 37,755	\$ 187,899,837

	Bonds Payable		Notes Payable		Total Principal and Interest
	Principal	Interest	Principal	Interest	
Business-type activities					
During the year ending June 30:					
2014	\$ 13,950,000	\$ 4,676,800	\$ 782,031	\$ 725,983	\$ 20,134,814
2015	10,261,353	4,245,071	807,613	702,907	16,016,944
2016	10,501,176	3,985,893	833,754	679,048	15,999,871
2017	10,807,622	3,707,071	860,477	654,408	16,029,578
2018	11,576,107	3,412,112	888,203	628,974	16,505,396
2019-2023	63,813,133	8,355,306	4,891,487	2,733,498	79,793,424
2024-2028	1,140,993	69,443	5,727,060	1,961,982	8,899,478
2029-2033	-	-	12,023,941	812,369	12,836,310
Total	122,050,384	28,451,696	26,814,566	8,899,169	186,215,815
Add: unamortized premium	3,960,626	-	-	-	3,960,626
Less: loss on advance refunding	(871,682)	-	-	-	(871,682)
Total	\$ 125,139,328	\$ 28,451,696	\$ 26,814,566	\$ 8,899,169	\$ 189,304,759

There were no due and unredeemed bonds or notes at June 30, 2013. In addition, there was no special assessment debt outstanding at June 30, 2013. Management does not believe an arbitrage liability exists at June 30, 2013.

Bond Refunding

2012B Taxable G.O. Bonds

On August 1, 2012, the County issued \$20,935,000 (refunded interest rate of 1-1.25%) of Series B taxable general obligation bonds for the purpose of refunding the County's outstanding taxable general obligation bonds dated December 15, 2002, in the amount of \$20,740,000 (redeemed interest rate of 4.9-5.2%). The refunding bonds were issued to reduce future debt service repayments.

As a result of this refunding, the County reduced its debt service requirements by \$2,472,101 over the life of the debt with a present value savings of \$2,417,480.

2012C G.O. Bonds

On August 1, 2012, the County issued \$73,235,000 (refunded interest rate of 2-3%) of Series C general obligation bonds in a crossover advance refunding of the County's outstanding general obligation bonds dated June 1, 2006, and December 1, 2006, in the amount of \$70,380,000 (redeemed interest rate of 4-4.5%). The refunding bonds were issued to reduce future debt service payments.

The proceeds of this issue have been deposited in an escrow account which will be used to pay principal and interest on the refunding debt until the crossover date of June 1, 2014. At that time, the proceeds of the refunding debt will defease the old debt. However, the County has properly reported both the old and new debt as a liability on the books at June 30, 2013. The amount held in escrow at June 30, 2013, was \$71,887,486. See note 4 for information on restricted assets.

As a result of this crossover advance refunding, the County reduced its debt service requirements by \$4,169,056 over the life of the debt with a present value savings of \$3,531,347.

Termination Benefits Payable

During the year ended June 30, 2007, the County offered two separate voluntary Early Retirement Incentive Programs to its full-time employees. 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 provided 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.

In November 2011, the County offered a 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 were age 55 or older by June 30, 2012. It also covers full-time employees covered by Civil Service who were age 50 or older and have at least 22 continuous years with the Sheriff's Office by June 30, 2012.

One of the incentives was payment of \$5,000 plus \$1,000 for each year of continuous County service. Employees had the option of a lump payment of 95% of the calculated value or annual installments over a three year period. In addition, the County continued 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 was a payment of \$5,000 plus \$1,000 for each year of continuous County service.

At June 30, 2013, the County has governmental activities obligations to 8 participants with a total termination benefits liability of \$74,799. Actual early retirement expenditures for the year ended June 30, 2013, totaled \$1,598,750.

8. CONDUIT DEBT OBLIGATIONS

As of June 30, 2013, there were various conduit debt obligations outstanding. The aggregate principal amount payable for such debt is \$2,790,000. 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 Polk County Aviation Authority on whose behalf they are issued. Accordingly, these obligations are not recorded as liabilities in the accompanying financial statements.

Polk County Aviation Authority

During the year ending June 30, 2005, the County issued \$4,240,000 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, 2013 amounted to \$132,835,000.

9. 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 \$10.5 million exist, of which \$.8 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.

10. 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 \$2,940,288. 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, 2013:

During the year ending June 30:	
2014	\$ 495,666
2015	490,471
2016	147,398
2017	147,398
2018	147,397
Total minimum lease payments	1,428,330
Less: amount representing interest	(104,617)
Present value of total minimum lease payments	\$ <u>1,323,713</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, 2013 is \$889,305. Following is a schedule of minimum future rentals for non-cancelable operating leases in effect at June 30, 2013:

During the year ending June 30:	
2014	\$ 675,095
2015	400,891
2016	187,017
2017	165,358
2018	165,358
2019-2023	115,440
2024-2028	78,000
2029-2033	78,000
2034-2038	46,800
Total	\$ <u>1,911,959</u>

The above schedule represents operating leases in effect at June 30, 2013. As part of the normal course of business, the County continues to negotiate and/or renegotiate various operating leases.

11. TRANSFER RECONCILIATION

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

Transfer from	Transfer to					Total
	General Fund	Sanitary Treatment Works	Iowa Events Center	Nonmajor Governmental	Internal Service	
General Fund	\$ -	\$ -	\$ -	\$ 3,389,830	\$ 2,579,232	\$ 5,969,062
Prairie Meadows Racetrack/Casino	5,915,891	836,906	13,026,164	1,243,866	-	21,022,827
Nonmajor Governmental	-	-	-	4,670,923	-	4,670,923
Nonmajor Enterprise	87,633	-	-	132,820	-	220,453
Internal Service	2,593,311	-	-	-	-	2,593,311
Total	\$ <u>8,596,835</u>	\$ <u>836,906</u>	\$ <u>13,026,164</u>	\$ <u>9,437,439</u>	\$ <u>2,579,232</u>	\$ <u>34,476,576</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, 2013, 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.	\$ 21,022,827
General Supplemental fund made transfers to Risk Management Internal Service funds for funding of current year activities and subsequent transfer from Risk Management Internal Service to General Self Insurance Reserve Fund.	2,593,311
General fund and Rural Services fund made transfers to Secondary Roads fund in accordance with state statutes.	6,824,410

12. 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.

13. 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 5.78% of their annual covered salary and the County is required to contribute 8.67% 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, 2013, 2012, and 2011 were \$6,920,270, \$6,638,908 and \$6,058,362, respectively, equal to the required contributions for each year.

14. 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.

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	589,865,745	100,000
Fidelity bond	5,000,000	50,000
Workers' compensation	Statutory/1,000,000	500,000

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, 2013. There have been no claims in excess of the insurance coverage in the last three fiscal years.

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, 2013 and 2012 are as follows:

	Year Ended	
	6/30/2013	6/30/2012
Beginning balance	\$ 1,017,000	\$ 1,281,000
Current year claims and changes in estimates	1,565,675	1,156,367
Claim payments	<u>(1,118,675)</u>	<u>(1,420,367)</u>
Ending Balance	<u>\$ 1,464,000</u>	<u>\$ 1,017,000</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. 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, 2013 and 2012 are as follows:

	Year Ended	
	6/30/2013	6/30/2012
Beginning balance	\$ 1,340,300	\$ 1,324,700
Current year claims and changes in estimates	13,454,640	13,010,975
Claim payments	<u>(13,556,640)</u>	<u>(12,995,375)</u>
Ending Balance	<u>\$ 1,238,300</u>	<u>\$ 1,340,300</u>

15. COMMITMENTS AND CONTINGENCIES

Commitments

The County has made the following commitments of current and future resources. 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	\$ 1,500,000
Neighborhood Finance Corp.	800,000
Community Betterment - Des Moines Area Community College	12,630,000
Community Betterment - Link Associates Foundation	2,595,000
YMCA Demolition	<u>1,000,000</u>
Total	<u>\$ 18,525,000</u>

Secondary Road Fund:

OMG Midwest, Inc. (Hot Mix Asphalt Resurfacing Program)	\$ 3,075,752
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Sanitary Treatment Works Fund:

SM Hentges & Son's, Inc. (Rock Creek Trunk Segment 4 & 5)	\$ 810,712
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Hamilton Urban Drainage District:

Hamilton Drainage District Plan - Phase II	\$ 1,108,680
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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 14, 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.

16. RACETRACK/CASINO

The County owns a horse racing and gaming facility in Altoona, Iowa. The Board of Supervisors leases the facility to Prairie Meadows Racetrack and Casino, Inc. ("Prairie Meadows") through a contract that covers the period of 2011-2018. This Agreement provides for rental payments to the County of \$15.6 million per year 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.

Under the contract, Prairie Meadows may make leasehold improvements to the property, subject to County approval. During fiscal year ending June 30, 2012, Prairie Meadows constructed and opened a \$33 million, 168-room hotel adjoining the casino property. Initial performance has exceeded projections, and occupancy rates continue to rise. Pro formas for the hotel project annual net hotel operating income in excess of \$2 million, and additional casino revenue is anticipated from the traffic generated by the hotel. Prairie Meadows is currently undertaking a 3-year phased approach to renovation of the gaming facility.

On November 2, 2010, Polk County voters approved a referendum permitting Prairie Meadows to continue operations for another 8 year period. The measure was passed with 74% voter approval. During the 2011 legislative session, the state approved an amendment to Iowa gaming law which removed the referendum renewal requirement for casinos that previously received voter approval through at least two consecutive referendums. Prairie Meadows meets the new requirements and will be exempt from future renewal referendums unless the voters petition for a reverse referendum.

17. IOWA EVENTS CENTER

The County owns the Iowa Events Center (IEC). The IEC consists of two managed facilities, Veterans Memorial Community Choice Credit Union Convention Center and the Hy-Vee Hall, 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. The original contract dated October 1, 2004 was amended on April 24, 2012 to extend the term to September 30, 2016. Under this agreement the County pays Global a fixed management fee. For the fiscal year ending June 30, 2013 the amount of the fixed management fee was \$213,783.

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 \$53,446 for the productivity fee for the fiscal year ending June 30, 2013.

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, 2013 the amount of the fixed management fee was \$179,250.

In addition to the fixed management fee, Ovations is entitled to earn an incentive fee for each operating year of the term. The County paid Ovations \$65,000 for the incentive fee for the fiscal year ending June 30, 2013.

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. On April 24, 2012 the contract was amended to extend the term to September 30, 2016.

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 \$1,069,672 and Global earned \$815,573 of WFA's net operating income for the fiscal year ending June 30, 2013.

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 earned \$362,413 for the fiscal year ending June 30, 2013.

Global has an agreement in place with Ovations 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 Ovations, 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 Ovations for the fiscal year. The County deposits these funds into a restricted fund Concessions Account (see Note 4). The County earned \$109,901 for the fiscal year ending June 30, 2013.

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, 2013, the County received the following naming rights revenue:

Hy-Vee Hall	\$	375,000
Wells Fargo Arena		357,500
Principal River's Edge Restaurant		58,333

Convention Complex Building Exchange

In June 2013, the Convention Complex was transferred to the Justice Center Annex capital improvement fund resulting in a \$425,367 loss on transfer of capital asset. The County then traded the Convention Complex to Wellmark for \$500,000 in exchange for the 222 5th Avenue property. This building will be used for housing the County Attorney and court activity. See Note 6 for further information.

HOK Settlement

In September 2013, \$1.4 million was received from a settlement with HOK. The settlement was the result of a lawsuit from the original construction of the Wells Fargo Arena beginning in the fiscal year ending June 30, 2001. This settlement was recorded against the cost of the building. See Note 6 for further information.

18. 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, 2013:

Concessions and catering revenue from Ovations	\$	4,943,580
Ticket revenue and fees received from New Era		12,749
Ticket fees paid to New Era		9,396
Management fee paid to Ovations		179,250

19. 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 position 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, 2013, the County has a future commitment for approximately \$1,091,081 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.

20. 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 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. 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. Health coverage under the County's plan ends at age 65. 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 2013, the County contributed \$391,000. Retirees receiving benefits contributed \$1,509,000 through their required contribution of \$487 per month for single health coverage and \$1,217 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	\$ 921,000	\$ 28,000	\$ 949,000
Interest on net OPEB obligation	181,000	6,000	187,000
Adjustment to annual required contribution	<u>(153,000)</u>	<u>(5,000)</u>	<u>(158,000)</u>
Annual OPEB cost (expense)	949,000	29,000	978,000
Contributions made	<u>(391,000)</u>	-	<u>(391,000)</u>
Increase in net OPEB obligation	558,000	29,000	587,000
Net OPEB obligation - July 1, 2012	<u>4,003,000</u>	<u>147,000</u>	<u>4,150,000</u>
Net OPEB obligation - June 30, 2013	<u>\$ 4,561,000</u>	<u>\$ 176,000</u>	<u>\$ 4,737,000</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	Annual OPEB Cost		% of Annual OPEB Cost Contributed		Net OPEB Obligation	
	County	County Assessor	County	County Assessor	County	County Assessor
6/30/2011	1,432,000	59,000	26%	54%	3,459,000	120,000
6/30/2012	902,000	26,000	40%	4%	4,003,000	147,000
6/30/2013	949,000	29,000	41%	0%	4,561,000	176,000

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2011, the most recent actuarial valuation date, is as follows:

	County	County Assessor	Total
Actuarial accrued liability (AAL)	\$ 8,450,000	\$ 266,000	\$ 8,716,000
Actuarial value of plan assets	-	-	-
Unfunded actuarial accrued liability (UAAL)	<u>\$ 8,450,000</u>	<u>\$ 266,000</u>	<u>\$ 8,716,000</u>
Covered payroll (active employees)	\$ 71,516,000	\$ 1,984,000	\$ 73,500,000
UAAL as a percentage of covered payroll	11.8%	13.4%	

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, 2011 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% per annum, health care cost trend rates of 10% select and 5% ultimate with select trends reducing 0.5% each year until reaching the ultimate trend, per capita health claim costs at age 60 for \$8,583 and at age 70 for \$3,943, annual retirement and annual termination probabilities using the IPERS Actuarial Valuation Report and the Municipal Fire and Police Retirement System of Iowa Actuarial Valuation Report as of June 30, 2010, mortality rates using the RP 2000 Group Annuity Mortality Table projected to 2015 using Scale AA applied on a gender-specific basis, and retiree participation rate of 75%. The assumed number of eligible spouses is based on the current census information. The medical CPI is used for the implicit inflation rate, which approximately runs 3% annually. The UAAL is amortized over the maximum acceptable period of 30 years as a level percentage of projected payrolls on an open basis.

21. 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, 2013, are as follows:

	Attorney	Auditor	Board of Supervisors Other	Conservation Board	Recorder	Sheriff	Total Elected Officials
ASSETS:							
Cash and pooled investments	\$ 5,120	\$ 12,259	\$ 550	\$ 26,304	\$ 416,205	\$ 1,758,253	\$ 2,218,691
Accounts Receivable	-	-	-	-	2,616	-	2,616
Due from other governments	-	-	-	-	4,671	-	4,671
TOTAL ASSETS	\$ 5,120	\$ 12,259	\$ 550	\$ 26,304	\$ 423,492	\$ 1,758,253	\$ 2,225,978
LIABILITIES:							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 28,619	\$ 28,619
Due to other funds	5,120	12,259	550	26,304	2,420	81,712	128,365
Due to other governments	-	-	-	-	421,072	1,521,328	1,942,400
Trusts payable	-	-	-	-	-	126,594	126,594
TOTAL LIABILITIES	\$ 5,120	\$ 12,259	\$ 550	\$ 26,304	\$ 423,492	\$ 1,758,253	\$ 2,225,978

22. FUND BALANCES

	General Fund	Major Governmental Mental Health	Debt Service	Nonmajor Governmental Funds	Total
Nonspendable:					
Inventory	\$ 411,203	\$ -	\$ -	\$ 712,871	\$ 1,124,074
Prepays	1,013,309	-	-	-	1,013,309
Advances	7,000	-	-	-	7,000
Restricted for:					
Mental health	-	2,030,563	-	-	2,030,563
Rural services	-	-	-	2,356,617	2,356,617
Sheriff seized property	-	-	-	184,755	184,755
Attorney seized property	-	-	-	378,600	378,600
Recorder records management	-	-	-	294,633	294,633
Township fire protection	-	-	-	14,901	14,901
REAP	-	-	-	44,029	44,029
Debt service	-	-	68,561,227	-	68,561,227
Committed to:					
Economic development	3,753,815	-	-	-	3,753,815
Attorney collection incentive	-	-	-	782,630	782,630
Treasurer's banking reserve	-	-	-	6,550	6,550
Contingency reserve	-	-	-	9,326,778	9,326,778
Capital projects	-	-	-	138,081	138,081
Unassigned:	35,680,321	-	-	(4,642,695)	31,037,626
Total Fund Balances	\$ 40,865,648	\$ 2,030,563	\$ 68,561,227	\$ 9,597,750	\$ 121,055,188

On the Statement of Net Position, the Restricted for Debt Service excludes the restricted cash of \$67,942,211 held in escrow for the 2012C crossover advance bond refunding. See Note 4 and Note 7 for further information.

23. SUBSEQUENT EVENTS

Management evaluated subsequent events through December 6, 2013, the date the financial statements were available to be issued. Events or transactions occurring after June 30, 2013, but prior to December 6, 2013, that provided additional evidence about conditions that existed at June 30, 2013, have been recognized in the financial statements for the year ended June 30, 2013. Events or transactions that provided evidence about conditions that did not exist at June 30, 2013, 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, 2013.

In November 2013, the County authorized the issuance of the following bonds:

- 2013A \$3.8 million in general obligation debt. This debt will fund a one year grant to housing programs and one year of the County's asset repair and replacement program.
- 2013B \$14.03 million of general obligation debt to fund the costs of acquisition and development of land and waterways that are to be managed by the Conservation Board. This debt issue is a portion of the \$50 million bond referendum that was passed by voters in November 2012.
- 2013C \$7.7 million of general obligation debt to fund the costs of improving public safety in remodeling, reconstructing, historically rehabilitating, furnishing and equipping the buildings of the Polk County Judicial System, including the Courthouse, the Criminal Court Annex (former Main Jail), and the Justice Center Annex (former JC Penney/Wellmark Building) which was purchased June 2013. This debt issue is a portion of the \$81 bond referendum passed by voters in November 2013.

24. NEW ACCOUNTING PRONOUNCEMENTS

As of June 30, 2013, 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. 60 ("GASB 60"), *"Accounting and Financial Reporting for Service Concession Arrangements"*, issued November 2010, was implemented 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, was implemented for the County beginning with its fiscal year ending June 30, 2013. 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. 63 ("GASB 63"), *"Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position"*, issued June 2011, was implemented for the County beginning with its fiscal year ending June 30, 2013. This Statement provides accounting and reporting guidance for deferred outflows and inflows and net position where none previously existed.

As of June 30, 2013, 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. 65 ("GASB 65"), *"Items Previously Reported as Assets and Liabilities"*, issued in March 2012, will be effective for the County beginning with its fiscal year ending June 30, 2014. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

- GASB Statement No. 66 (“GASB 66”), *“Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62”*, issued in March 2012, will be effective for the County beginning with its fiscal year ending June 30, 2014. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.
- GASB Statement No. 67 (“GASB 67”), *“Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25”*, issued June 2012, will be effective for the County beginning with its fiscal year ending June 30, 2014. This Statement establishes accounting and financial reporting requirements related to pensions for governments whose employees are provided with pensions through pension plans that are covered by the scope of this Statement, as well as for non-employer governments that have a legal obligation to contribute to those plans.
- GASB Statement No. 68 (“GASB 68”), *“Financial Reporting for Pension Plans – an amendment of GASB Statement No. 27”*, issued June 2012, will be effective for the County beginning with its fiscal year ending June 30, 2015. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria.
- GASB Statement No. 69 (“GASB 69”), *“Government Combinations and Disposals of Government Operations”*, issued January 2013, will be effective for the County beginning with its fiscal year ending June 30, 2015. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations.
- GASB Statement No. 70 (“GASB 70”), *“Accounting and Financial Reporting for Nonexchange Financial Guarantees”*, issued April 2013, will be effective for the County beginning with its fiscal year ending June 30, 2014. This Statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee.

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, 2013**

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	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%
Polk County	2012	7/1/2011	-	8,450,000	8,450,000	0.0%	73,552,000	11.5%
County Assessor	2012	7/1/2011	-	266,000	266,000	0.0%	2,006,000	13.3%
Polk County	2013	7/1/2011	-	8,450,000	8,450,000	0.0%	71,516,000	11.8%
County Assessor	2013	7/1/2011	-	266,000	266,000	0.0%	1,984,000	13.4%

See Note 20 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, 2013**

	Original Budget	Amended Budget	Actual	Variance
REVENUES:				
Property taxes	\$ 127,662,358	\$ 126,848,139	\$ 126,477,853	\$ (370,286)
Other County taxes	5,496,482	5,469,344	5,441,610	(27,734)
Interest and penalty on delinquent taxes	1,660,000	1,253,000	1,266,679	13,679
Intergovernmental	72,900,776	43,187,031	42,563,373	(623,658)
Licenses and permits	636,250	726,405	943,149	216,744
Charges for services	12,474,513	13,837,896	13,679,034	(158,862)
Use of money and property	3,347,760	2,909,617	2,994,582	84,965
Miscellaneous	1,831,120	1,727,960	1,546,329	(181,631)
Total receipts	<u>226,009,259</u>	<u>195,959,392</u>	<u>194,912,609</u>	<u>(1,046,783)</u>
EXPENDITURES:				
Current:				
Public safety and legal services	64,986,638	66,283,804	64,545,413	1,738,391
Physical health and social services	35,255,104	34,392,557	33,224,684	1,167,873
Mental health	57,518,768	36,860,963	35,694,261	1,166,702
County environment and education	11,513,460	11,675,047	11,431,566	243,481
Roads and transportation	9,477,092	9,564,146	9,384,772	179,374
Government services to residents	7,231,852	7,122,971	7,087,048	35,923
Administration	31,107,645	32,111,261	30,034,027	2,077,234
Debt service	12,847,972	12,956,508	12,956,451	57
Capital projects	11,325,876	18,042,436	12,408,665	5,633,771
Total disbursements	<u>241,264,407</u>	<u>229,009,693</u>	<u>216,766,887</u>	<u>12,242,806</u>
OTHER FINANCING SOURCES (USES):				
General long-term debt proceeds	3,860,000	7,025,644	7,227,143	201,499
Proceeds from disposal of capital assets	77,500	320,147	338,098	17,951
Transfers in (out)	7,843,623	12,651,720	7,394,289	(5,257,431)
Total other financing sources (uses)	<u>11,781,123</u>	<u>19,997,511</u>	<u>14,959,530</u>	<u>(5,037,981)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES - BUDGETARY BASIS				
	<u>\$ (3,474,025)</u>	<u>\$ (13,052,790)</u>	<u>(6,894,748)</u>	<u>\$ 6,158,042</u>
RECONCILIATION TO GAAP BASIS:				
Basis differences:				
Increase (decrease) in accrual basis assets			76,201,050	
(Increase) decrease in accrual basis liabilities			<u>12,381,767</u>	
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses - GAAP basis			81,688,069	
Fund balance at beginning of year - GAAP basis			39,634,920	
Changes in inventory reserves			<u>(267,801)</u>	
Fund balance at end of year - GAAP basis			<u>\$ 121,055,188</u>	

See Notes to Required Supplementary Information.

POLK COUNTY, IOWA

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION BUDGETARY REPORTING FOR THE YEAR ENDED JUNE 30, 2013

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, 2013 there were two supplemental appropriations resulting in a decrease in total disbursements of \$12,254,714.

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 331.424 and 331.428.

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

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

Attorney Forfeited Property - Accounts for property forfeited 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 331.604.2a.

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 machines in County buildings. 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.19.

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

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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 350.6.

Conservation Water & Land Improvements – Accounts for the assets held for County conservation in accordance with November 2012 bond referendum to issue \$50 million to fund park and trail improvements, land acquisitions and other conservation measures including the water quality of lakes and rivers.

Justice Center Annex - Accounts for capital projects relating to the remodeling, reconstructing, historically rehabilitating, furnishing and equipping the buildings of the judicial system, including the Courthouse, the Criminal Court Annex (former Main Jail), and the Justice Center Annex (former JC Penney/Wellmark Building).

Capital Improvements Projects – Accounts for various capital improvements projects, building repairs, vehicles and equipment expenditures. 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 84th Water Main Debt Service – Accounts for debt service relating to a Drinking Water State Revolving Fund loan for NW 84th 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. This account is restricted in accordance with the Iowa Code Section 331.430.

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POLK COUNTY, IOWA

**Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2013**

	Rural Services	Sheriff Forfeited Property (State)	Sheriff Forfeited Property (Federal)	Attorney Forfeited Property	County Attorney Collection Incentive
ASSETS					
Cash and pooled investments	\$ 2,419,842	\$ 111,675	\$ 73,080	\$ 381,684	\$ 756,797
Restricted assets - cash and pooled investments	-	-	-	-	-
Receivables (net):					
Taxes	24,846	-	-	-	-
Succeeding year property taxes	7,342,075	-	-	-	-
Special assessments	-	-	-	-	-
Accrued interest	-	-	-	-	-
Due from other funds	41,460	-	-	-	-
Due from other governments	14,746	-	-	-	25,833
Inventories	-	-	-	-	-
TOTAL ASSETS	\$ 9,842,969	\$ 111,675	\$ 73,080	\$ 381,684	\$ 782,630
LIABILITIES					
Accounts payable	\$ 33,954	\$ -	\$ -	\$ 467	\$ -
Wages payable	16,524	-	-	2,247	-
Payroll taxes payable	27,653	-	-	370	-
Due to other funds	-	-	-	-	-
Deferred revenues	66,146	-	-	-	-
Succeeding year property taxes deferred revenues	7,342,075	-	-	-	-
TOTAL LIABILITIES	7,486,352	-	-	3,084	-
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	2,356,617	111,675	73,080	378,600	-
Committed	-	-	-	-	782,630
Unassigned	-	-	-	-	-
TOTAL FUND BALANCES	2,356,617	111,675	73,080	378,600	782,630
TOTAL LIABILITIES AND FUND BALANCES	\$ 9,842,969	\$ 111,675	\$ 73,080	\$ 381,684	\$ 782,630

Special Revenue							Total Special Revenue
Secondary Roads	County Recorder Records Management	Township Fire Protection	Treasurer Banking Reserve	REAP	Contingency Reserve		
\$ -	\$ 296,996	\$ 14,901	\$ 6,550	\$ 44,029	\$ 9,326,778	\$ 13,432,332	
-	-	-	-	-	-	-	
-	-	842	-	-	-	25,688	
-	-	767,736	-	-	-	8,109,811	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	535	4,442	-	-	-	46,437	
434,657	-	-	-	258,860	-	734,096	
712,871	-	-	-	-	-	712,871	
\$ 1,147,528	\$ 297,531	\$ 787,921	\$ 6,550	\$ 302,889	\$ 9,326,778	\$ 23,061,235	
\$ 2,422,908	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,457,329	
154,771	2,898	-	-	-	-	176,440	
-	-	-	-	-	-	28,023	
-	-	-	-	-	-	-	
31,068	-	5,284	-	258,860	-	361,358	
-	-	767,736	-	-	-	8,109,811	
2,608,747	2,898	773,020	-	258,860	-	11,132,961	
712,871	-	-	-	-	-	712,871	
-	294,633	14,901	-	44,029	-	3,273,535	
-	-	-	6,550	-	9,326,778	10,115,958	
(2,174,090)	-	-	-	-	-	(2,174,090)	
(1,461,219)	294,633	14,901	6,550	44,029	9,326,778	11,928,274	
\$ 1,147,528	\$ 297,531	\$ 787,921	\$ 6,550	\$ 302,889	\$ 9,326,778	\$ 23,061,235	

(continued)

POLK COUNTY, IOWA

**Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2013**

	Capital Projects				
	Conservation Land Acquisition & Development	Conservation Water & Land Improvement	Justice Center Annex	Capital Improvements Projects	Total Capital Projects
ASSETS					
Cash and pooled investments	\$ -	\$ -	\$ -	\$ 550,715	\$ 550,715
Restricted assets - cash and pooled investments	-	-	-	-	-
Receivables (net):					
Taxes	-	-	-	-	-
Succeeding year property taxes	-	-	-	-	-
Special assessments	-	-	-	-	-
Accrued interest	-	-	-	-	-
Due from other funds	-	-	-	-	-
Due from other governments	116,264	5,681	-	127,805	249,750
Inventories	-	-	-	-	-
TOTAL ASSETS	\$ 116,264	\$ 5,681	\$ -	\$ 678,520	\$ 800,465
LIABILITIES					
Accounts payable	\$ 7,923	\$ 285,588	\$ 393,873	\$ 533,364	\$ 1,220,748
Wages payable	-	-	-	-	-
Payroll taxes payable	-	-	-	-	-
Due to other funds	117,168	1,754,354	-	-	1,871,522
Deferred revenues	25,963	5,681	-	7,075	38,719
Succeeding year property taxes deferred revenues	-	-	-	-	-
TOTAL LIABILITIES	151,054	2,045,623	393,873	540,439	3,130,989
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	138,081	138,081
Unassigned	(34,790)	(2,039,942)	(393,873)	-	(2,468,605)
TOTAL FUND BALANCES	(34,790)	(2,039,942)	(393,873)	138,081	(2,330,524)
TOTAL LIABILITIES AND FUND BALANCES	\$ 116,264	\$ 5,681	\$ -	\$ 678,520	\$ 800,465

<u>Debt Service</u>			
<u>Hamilton</u>		<u>Total</u>	<u>Total</u>
<u>Drain</u>		<u>Debt</u>	<u>Nonmajor</u>
<u>Debt</u>		<u>Service</u>	<u>Governmental</u>
<u>Service</u>			<u>Funds</u>
\$ -	\$ -	\$ -	\$ 13,983,047
-	-	-	-
-	-	-	25,688
-	-	-	8,109,811
4,618	4,618	4,618	4,618
-	-	-	-
-	-	-	46,437
-	-	-	983,846
-	-	-	712,871
<u>\$ 4,618</u>	<u>\$ 4,618</u>	<u>\$ 4,618</u>	<u>\$ 23,866,318</u>

\$ -	\$ -	\$ -	\$ 3,678,077
-	-	-	176,440
-	-	-	28,023
-	-	-	1,871,522
4,618	4,618	4,618	404,695
-	-	-	8,109,811

<u>4,618</u>	<u>4,618</u>	<u>4,618</u>	<u>14,268,568</u>
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-	-	-	712,871
-	-	-	3,273,535
-	-	-	10,254,039
-	-	-	(4,642,695)

<u>-</u>	<u>-</u>	<u>-</u>	<u>9,597,750</u>
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<u>\$ 4,618</u>	<u>\$ 4,618</u>	<u>\$ 4,618</u>	<u>\$ 23,866,318</u>
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POLK COUNTY, IOWA

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2013**

	Rural Services	Sheriff Forfeited Property (State)	Sheriff Forfeited Property (Federal)	Attorney Forfeited Property	County Attorney Collection Incentive
REVENUES:					
Property taxes	\$ 6,721,920	\$ -	\$ -	\$ -	\$ -
Other County taxes	218,537	-	-	-	-
Intergovernmental	247,859	15,000	-	-	372,255
Licenses and permits	-	-	-	-	-
Charges for services	259,266	-	-	-	-
Use of money and property	-	247	132	1,276	-
Miscellaneous	48,454	3,315	51,506	118,040	-
TOTAL REVENUES	7,496,036	18,562	51,638	119,316	372,255
EXPENDITURES:					
Current:					
Public safety and legal services	5,485	7,006	15,378	158,674	75,401
County environment and education	910,557	-	-	-	-
Roads and transportation	1,446,118	-	-	-	-
Government services to residents	105,942	-	-	-	-
Administration	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Capital projects:					
Roadway construction	-	-	-	-	-
Conservation land acquisition and development	-	-	-	-	-
Other capital projects	-	-	-	-	-
TOTAL EXPENDITURES	2,468,102	7,006	15,378	158,674	75,401
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	5,027,934	11,556	36,260	(39,358)	296,854
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	-
Transfers out	(4,624,923)	-	-	-	-
Issuance of bonds	-	-	-	-	-
Proceeds from sale of capital assets	-	19,647	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(4,624,923)	19,647	-	-	-
NET CHANGE IN FUND BALANCES	403,011	31,203	36,260	(39,358)	296,854
FUND BALANCE, BEGINNING	1,953,606	80,472	36,820	417,958	485,776
Change in inventory reserve	-	-	-	-	-
FUND BALANCE, ENDING	\$ 2,356,617	\$ 111,675	\$ 73,080	\$ 378,600	\$ 782,630

Special Revenue							Total Special Revenues
Secondary Roads	County Recorder Records Management	Township Fire Protection	Treasurer Banking Reserve	REAP	Contingency Reserve		
\$ -	\$ -	\$ 688,771	\$ -	\$ -	\$ -	\$ 7,410,691	
-	-	26,168	-	-	-	244,705	
5,525,599	-	21,134	-	95,670	-	6,277,517	
74,837	-	-	-	-	-	74,837	
283,612	107,247	-	287	-	-	650,412	
-	889	-	-	217	-	2,761	
28,748	-	-	-	4,735	-	254,798	
5,912,796	108,136	736,073	287	100,622	-	14,915,721	
-	-	729,791	-	-	-	991,735	
-	-	-	-	-	-	910,557	
7,141,175	-	-	-	-	-	8,587,293	
-	112,881	-	-	-	-	218,823	
-	-	-	813	-	-	813	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
4,834,470	-	-	-	-	-	4,834,470	
-	-	-	-	135,401	-	135,401	
-	-	-	-	-	-	-	
11,975,645	112,881	729,791	813	135,401	-	15,679,092	
(6,062,849)	(4,745)	6,282	(526)	(34,779)	-	(763,371)	
6,824,410	-	-	-	-	-	6,824,410	
(46,000)	-	-	-	-	-	(4,670,923)	
-	-	-	-	-	-	-	
186,118	-	-	-	-	-	205,765	
6,964,528	-	-	-	-	-	2,359,252	
901,679	(4,745)	6,282	(526)	(34,779)	-	1,595,881	
(2,150,733)	299,378	8,619	7,076	78,808	9,326,778	10,544,558	
(212,165)	-	-	-	-	-	(212,165)	
\$ (1,461,219)	\$ 294,633	\$ 14,901	\$ 6,550	\$ 44,029	\$ 9,326,778	\$ 11,928,274	

(continued)

POLK COUNTY, IOWA

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2013**

	Capital Projects				
	Conservation Land Acquisition & Development	Conservation Water & Land Improvement	Justice Center Annex	Capital Improvements Projects	Total Capital Projects
REVENUES:					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Other County taxes	-	-	-	-	-
Intergovernmental	545,129	-	-	428,387	973,516
Licenses and permits	-	-	-	-	-
Charges for services	-	-	-	-	-
Use of money and property	3	-	-	-	3
Miscellaneous	-	-	-	-	-
TOTAL REVENUES	545,132	-	-	428,387	973,519
EXPENDITURES:					
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	345,996	2,039,942	-	-	2,385,938
Other capital projects	-	-	634,842	4,422,805	5,057,647
TOTAL EXPENDITURES	345,996	2,039,942	634,842	4,422,805	7,443,585
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	199,136	(2,039,942)	(634,842)	(3,994,418)	(6,470,066)
OTHER FINANCING SOURCES (USES):					
Transfers in	85,820	-	240,969	2,286,240	2,613,029
Transfers out	-	-	-	-	-
Issuance of bonds	-	-	-	2,300,000	2,300,000
Proceeds from sale of capital assets	-	-	-	90,407	90,407
TOTAL OTHER FINANCING SOURCES (USES)	85,820	-	240,969	4,676,647	5,003,436
NET CHANGE IN FUND BALANCES	284,956	(2,039,942)	(393,873)	682,229	(1,466,630)
FUND BALANCE, BEGINNING	(319,746)	-	-	(544,148)	(863,894)
Change in inventory reserve	-	-	-	-	-
FUND BALANCE, ENDING	\$ (34,790)	\$ (2,039,942)	\$ (393,873)	\$ 138,081	\$ (2,330,524)

Debt Service		
NW 84th		Total
Water Main	Total	Nonmajor
Debt	Debt	Governmental
Service	Service	Funds
\$ -	\$ -	\$ 7,410,691
-	-	244,705
54,183	54,183	7,305,216
-	-	74,837
-	-	650,412
6	6	2,770
-	-	254,798
54,189	54,189	15,943,429
-	-	991,735
-	-	910,557
-	-	8,587,293
-	-	218,823
-	-	813
43,000	43,000	43,000
11,189	11,189	11,189
-	-	4,834,470
-	-	2,521,339
-	-	5,057,647
54,189	54,189	23,176,866
-	-	(7,233,437)
-	-	9,437,439
-	-	(4,670,923)
-	-	2,300,000
-	-	296,172
-	-	7,362,688
-	-	129,251
-	-	9,680,664
-	-	(212,165)
\$ -	\$ -	\$ 9,597,750

(concluded)

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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).

Jester Park Golf Course - Accounts for activity of the golf course operated by a private golf management company who has the ability to modify services and rates.

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.

Iowa Tax & Tags – Accounts for activity of the Treasurer's www.iowataxandtags.gov program relating to online property tax and vehicle tag payments.

POLK COUNTY, IOWA

**Combining Statement of Net Position
Nonmajor Enterprise Funds
June 30, 2013**

	Air Pollution	Jester Park Golf Course	Hamilton Urban Drainage District	Urban Sewer
ASSETS				
Current assets:				
Cash and pooled investments	\$ 270,517	\$ 718,275	\$ 1,359,697	\$ 1,821,155
Restricted assets - cash and pooled investments	-	-	-	3,945,275
Receivables (net):				
Accounts	-	45,445	-	-
Notes	-	-	-	147,865
Accrued interest	-	-	-	22,601
Due from other governments	193,572	-	78,914	-
Total current assets	464,089	763,720	1,438,611	5,936,896
Noncurrent assets:				
Special assessments	-	-	7,864	-
Notes	-	-	-	4,417,066
Lease/debt origination costs	-	-	-	89,672
Capital assets not being depreciated	-	76,593	1,098,939	-
Capital assets being depreciated, net	244,446	361,972	4,443,497	-
Total noncurrent assets	244,446	438,565	5,550,300	4,506,738
TOTAL ASSETS	708,535	1,202,285	6,988,911	10,443,634
LIABILITIES				
Current liabilities:				
Accounts payable	42	-	81,446	-
Wages payable	26,826	-	-	-
Payroll taxes payable	4,365	-	-	-
Interest payable	-	-	-	21,719
General obligation bonds payable	-	-	-	237,356
Compensated absences payable	12,691	-	-	-
Total current liabilities	43,924	-	81,446	259,075
Noncurrent liabilities:				
General obligation bonds payable	-	-	-	7,861,536
Compensated absences payable	121,731	-	-	-
Total noncurrent liabilities	121,731	-	-	7,861,536
TOTAL LIABILITIES	165,655	-	81,446	8,120,611
NET POSITION				
Net investment in capital assets	244,446	438,565	5,542,436	-
Unrestricted	298,434	763,720	1,365,029	2,323,023
TOTAL NET POSITION	\$ 542,880	\$ 1,202,285	\$ 6,907,465	\$ 2,323,023

	Iowa Tax & Tags		Total Nonmajor Enterprise Funds
\$	107,590	\$	4,277,234
	-		3,945,275
	-		45,445
	-		147,865
	-		22,601
	7,230		279,716
	114,820		8,718,136
	-		7,864
	-		4,417,066
	-		89,672
	-		1,175,532
	-		5,049,915
	-		10,740,049
	114,820		19,458,185
	5,016		86,504
	3,148		29,974
	517		4,882
	-		21,719
	-		237,356
	639		13,330
	9,320		393,765
	-		7,861,536
	6,125		127,856
	6,125		7,989,392
	15,445		8,383,157
	-		6,225,447
	99,375		4,849,581
\$	99,375	\$	11,075,028

POLK COUNTY, IOWA

**Combining Statement of Revenues, Expenses, and Changes in Net Position
Nonmajor Enterprise Funds
For the Year Ended June 30, 2013**

	Air Pollution	Jester Park Golf Course	Hamilton Urban Drainage District	Urban Sewer
OPERATING REVENUES:				
Charges for goods and services:				
Charges for services	\$ 294,919	\$ -	\$ 141,121	\$ -
Intergovernmental revenues	876,809	-	87,028	-
Commissions income	-	194,267	-	-
Miscellaneous	1,501	8,400	6,059	-
Total operating revenues	<u>1,173,229</u>	<u>202,667</u>	<u>234,208</u>	<u>-</u>
OPERATING EXPENSES:				
Cost of goods and services:				
Personal services	984,350	-	19,793	-
Supplies	64,329	13,524	-	-
Professional services	-	238	1,926	-
Other services/charges	116,814	3,266	7,544	-
Miscellaneous	-	-	4,599	-
Amortization of discount (premium)	-	-	-	4,330
Depreciation	53,418	30,940	229,916	-
Total operating expenses	<u>1,218,911</u>	<u>47,968</u>	<u>263,778</u>	<u>4,330</u>
OPERATING INCOME (LOSS)	<u>(45,682)</u>	<u>154,699</u>	<u>(29,570)</u>	<u>(4,330)</u>
NONOPERATING REVENUES (EXPENSES):				
Interest revenue	665	2,315	3,913	96,609
Interest expense	-	-	-	(273,124)
Total nonoperating revenues (expenses)	<u>665</u>	<u>2,315</u>	<u>3,913</u>	<u>(176,515)</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>(45,017)</u>	<u>157,014</u>	<u>(25,657)</u>	<u>(180,845)</u>
TRANSFERS:				
Transfers out	(47,000)	(173,453)	-	-
Total transfers	<u>(47,000)</u>	<u>(173,453)</u>	<u>-</u>	<u>-</u>
CHANGE IN NET POSITION	<u>(92,017)</u>	<u>(16,439)</u>	<u>(25,657)</u>	<u>(180,845)</u>
TOTAL NET POSITION - BEGINNING	<u>634,897</u>	<u>1,218,724</u>	<u>6,933,122</u>	<u>2,503,868</u>
TOTAL NET POSITION - ENDING	<u>\$ 542,880</u>	<u>\$ 1,202,285</u>	<u>\$ 6,907,465</u>	<u>\$ 2,323,023</u>

Iowa Tax & Tags	Total Nonmajor Enterprise Funds
\$ 337,895	\$ 773,935
-	963,837
-	194,267
7,230	23,190
<u>345,125</u>	<u>1,955,229</u>
107,020	1,111,163
2,352	80,205
97,518	99,682
4,275	131,899
-	4,599
-	4,330
-	314,274
<u>211,165</u>	<u>1,746,152</u>
<u>133,960</u>	<u>209,077</u>
18,195	121,697
-	(273,124)
<u>18,195</u>	<u>(151,427)</u>
<u>152,155</u>	<u>57,650</u>
-	(220,453)
-	(220,453)
152,155	(162,803)
<u>(52,780)</u>	<u>11,237,831</u>
<u>\$ 99,375</u>	<u>\$ 11,075,028</u>

POLK COUNTY, IOWA

**Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2013**

	Air Pollution	Jester Park Golf Course	Hamilton Urban Drainage District
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ 296,420	\$ 206,545	\$ 66,826
Cash received from intergovernmental revenues	915,616	-	87,028
Cash paid to suppliers for goods and services	(183,773)	(17,028)	(16,497)
Cash paid to employees	(922,922)	-	(19,793)
Net cash flows from operating activities	<u>105,341</u>	<u>189,517</u>	<u>117,564</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Negative cash balance implicitly financed	-	-	-
Transfers out	(47,000)	(173,453)	-
Net cash flows from noncapital financing activities	<u>(47,000)</u>	<u>(173,453)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Issuance costs paid on long-term debt	-	-	-
Proceeds from debt issued for advance refunding	-	-	-
Principal paid on long-term debt	-	-	-
Interest paid on long-term debt	-	-	-
Repayments on capital note receivable	-	-	-
Purchase of capital assets	(20,880)	-	(20,940)
Net cash flows from capital and related financing activities	<u>(20,880)</u>	<u>-</u>	<u>(20,940)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received	665	2,315	3,913
Net cash flows from investing activities	<u>665</u>	<u>2,315</u>	<u>3,913</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	38,126	18,379	100,537
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	232,391	699,896	1,259,160
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 270,517</u>	<u>\$ 718,275</u>	<u>\$ 1,359,697</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES:			
Operating income (loss)	\$ (45,682)	\$ 154,699	\$ (29,570)
Components of operating income (loss) not included in operating activities			
Depreciation	53,418	30,940	229,916
Amortization	-	-	-
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:			
(Increase) decrease in special assessments receivable	-	-	(1,440)
(Increase) decrease in accounts receivable	-	3,878	-
(Increase) decrease in due from other governments	38,807	-	(78,914)
Increase (decrease) in accounts payable	(2,630)	-	(2,428)
Increase (decrease) in wages payable	729	-	-
Increase (decrease) in payroll taxes payable	256	-	-
Increase (decrease) in compensated absences payable	60,443	-	-
Net cash flows from operating activities	<u>\$ 105,341</u>	<u>\$ 189,517</u>	<u>\$ 117,564</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:			
Disposal of fully depreciated capital assets	\$ -	\$ (17,284)	\$ -
Acquisition of capital assets through accounts payable	-	-	81,446

Urban Sewer	Iowa Tax & Tags	Total Nonmajor Enterprise Funds
\$ -	\$ 337,895	\$ 907,686
-	-	1,002,644
-	(102,867)	(320,165)
-	(100,461)	(1,043,176)
-	134,567	546,989

-	(45,172)	(45,172)
-	-	(220,453)
-	(45,172)	(265,625)

(41,333)	-	(41,333)
4,063,467	-	4,063,467
(225,000)	-	(225,000)
(266,064)	-	(266,064)
109,454	-	109,454
-	-	(41,820)
3,640,524	-	3,598,704

74,008	18,195	99,096
74,008	18,195	99,096

3,714,532	107,590	3,979,164
2,051,898	-	4,243,345
\$ 5,766,430	\$ 107,590	\$ 8,222,509

\$ (4,330)	\$ 133,960	\$ 209,077
-	-	314,274
4,330	-	4,330
-	-	(1,440)
-	-	3,878
-	(7,230)	(47,337)
-	1,278	(3,780)
-	(183)	546
-	(22)	234
-	6,764	67,207
\$ -	\$ 134,567	\$ 546,989

\$ -	\$ -	\$ (17,284)
-	-	81,446

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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, stop-loss premiums and OPEB costs.

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 Position
Internal Service Funds
June 30, 2013**

	Employee Insurance	Risk Management	Total
ASSETS:			
Current assets:			
Cash and pooled investments	\$ 10,037,805	\$ 3,800,000	\$ 13,837,805
Accounts receivables	54,685	-	54,685
TOTAL ASSETS	10,092,490	3,800,000	13,892,490
LIABILITIES:			
Current liabilities:			
Accounts payable	211,945	-	211,945
Estimated liability for claims and judgments	1,238,300	-	1,238,300
Total current liabilities	1,450,245	-	1,450,245
Noncurrent liabilities:			
Post employment liability	4,561,000	-	4,561,000
Total noncurrent liabilities	4,561,000	-	4,561,000
TOTAL LIABILITIES	6,011,245	-	6,011,245
NET POSITION			
Unrestricted (Note 20)	4,081,245	3,800,000	7,881,245
TOTAL NET POSITION	\$ 4,081,245	\$ 3,800,000	\$ 7,881,245

POLK COUNTY, IOWA

**Combining Statement of Revenues, Expenses, and
Changes in Net Position
Internal Service Funds
For the Year Ended June 30, 2013**

	Employee Insurance	Risk Management	Total
OPERATING REVENUES:			
Charges for services	\$ 16,572,468	\$ -	\$ 16,572,468
Miscellaneous	19,955	-	19,955
Total operating revenues	<u>16,592,423</u>	<u>-</u>	<u>16,592,423</u>
OPERATING EXPENSES:			
Professional services	3,500	-	3,500
Other services/charges	89,561	-	89,561
Insurance	16,095,987	-	16,095,987
Total operating expenses	<u>16,189,048</u>	<u>-</u>	<u>16,189,048</u>
OPERATING INCOME (LOSS)	<u>403,375</u>	<u>-</u>	<u>403,375</u>
NONOPERATING REVENUES (EXPENSES):			
Interest revenue	26,786	-	26,786
Total nonoperating revenues (expenses)	<u>26,786</u>	<u>-</u>	<u>26,786</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>430,161</u>	<u>-</u>	<u>430,161</u>
TRANSFERS:			
Transfers in	-	2,579,232	2,579,232
Transfers out	(14,079)	(2,579,232)	(2,593,311)
Total transfers	<u>(14,079)</u>	<u>-</u>	<u>(14,079)</u>
CHANGE IN NET POSITION	416,082	-	416,082
NET POSITION, BEGINNING	<u>3,665,163</u>	<u>3,800,000</u>	<u>7,465,163</u>
NET POSITION, ENDING	<u>\$ 4,081,245</u>	<u>\$ 3,800,000</u>	<u>\$ 7,881,245</u>

POLK COUNTY, IOWA

Combining Statement of Cash Flows Internal Service Funds For the Year Ended June 30, 2013

	Employee Insurance	Risk Management	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ 16,642,284	\$ -	\$ 16,642,284
Cash paid to suppliers for goods and services	(15,795,012)	-	(15,795,012)
Net cash flows from operating activities	847,272	-	847,272
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers in	-	2,579,232	2,579,232
Transfers out	(14,079)	(2,579,232)	(2,593,311)
Net cash flows from noncapital financing activities	(14,079)	-	(14,079)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received	26,786	-	26,786
Net cash flows from investing activities	26,786	-	26,786
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	859,979	-	859,979
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	9,177,826	3,800,000	12,977,826
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 10,037,805	\$ 3,800,000	\$ 13,837,805
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES:			
Operating income (loss)	\$ 403,375	\$ -	\$ 403,375
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:			
(Increase) decrease in accounts receivable	49,861	-	49,861
Increase (decrease) in accounts payable	(61,964)	-	(61,964)
Increase (decrease) in estimated liability for claims and judgments	(102,000)	-	(102,000)
Increase (decrease) in post employment liability	558,000	-	558,000
Net cash flows from operating activities	\$ 847,272	\$ -	\$ 847,272

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, 2013**

	Trust & Agency Treasurer	Trust & Agency Trust Funds Held	County Assessor Expense	Recorder's E-Commerce Clearing
ASSETS:				
Cash and pooled investments	\$ 16,801,544	\$ 743,113	\$ 1,775,144	\$ 31
Receivables (net):				
Taxes	3,163,612	-	22,440	-
Special assessments	11,453,657	30,888	-	-
Accounts	-	-	-	-
Due from other governments	-	140,027	-	-
Prepays	-	-	-	-
TOTAL ASSETS	\$ 31,418,813	\$ 914,028	\$ 1,797,584	\$ 31
LIABILITIES:				
Accounts payable	\$ -	\$ 29,089	\$ 129,976	\$ -
Wages payable	-	-	116,118	-
Payroll taxes payable	134,764	-	18,862	-
Due to other funds	1,044	92,791	-	-
Due to other governments	31,283,005	386,589	602,983	31
Advances from other funds	-	7,000	-	-
Trusts payable	-	398,559	-	-
Compensated absences payable	-	-	753,645	-
Post employment liability	-	-	176,000	-
TOTAL LIABILITIES	\$ 31,418,813	\$ 914,028	\$ 1,797,584	\$ 31

E911 Service	GIMS Implementation	Emergency Management	Seized Funds Unforfeited	Mine Task Force	Total Agency Funds
\$ 2,978,959	\$ 686,202	\$ -	\$ 273,566	\$ 520,020	\$ 23,778,579
-	-	-	-	-	3,186,052
-	-	-	-	-	11,484,545
421,819	-	-	-	-	421,819
66,301	-	167,690	-	-	374,018
87,826	-	-	-	5,427	93,253
\$ 3,554,905	\$ 686,202	\$ 167,690	\$ 273,566	\$ 525,447	\$ 39,338,266
\$ -	\$ -	\$ 36,956	\$ -	\$ -	\$ 196,021
-	-	10,517	-	-	126,635
-	-	1,721	-	-	155,347
-	-	84,395	-	-	178,230
3,554,905	686,202	-	273,566	525,447	37,312,728
-	-	-	-	-	7,000
-	-	-	-	-	398,559
-	-	34,101	-	-	787,746
-	-	-	-	-	176,000
\$ 3,554,905	\$ 686,202	\$ 167,690	\$ 273,566	\$ 525,447	\$ 39,338,266

POLK COUNTY, IOWA

**Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2013**

	Balance July 1, 2012	Additions	Deductions	Balance June 30, 2013
TRUST & AGENCY TREASURER:				
ASSETS:				
Cash and pooled investments	\$ 16,967,840	\$ -	\$ (166,296)	\$ 16,801,544
Taxes receivable	3,028,377	135,235	-	3,163,612
Special assessments receivable	12,467,753	-	(1,014,096)	11,453,657
TOTAL ASSETS	\$ 32,463,970	\$ 135,235	\$ (1,180,392)	\$ 31,418,813
LIABILITIES:				
Payroll taxes payable	\$ 141,963	\$ -	\$ (7,199)	\$ 134,764
Due to other funds	11,628	-	(10,584)	1,044
Due to other governments	32,310,379	-	(1,027,374)	31,283,005
TOTAL LIABILITIES	\$ 32,463,970	\$ -	\$ (1,045,157)	\$ 31,418,813

	Balance July 1, 2012	Additions	Deductions	Balance June 30, 2013
TRUST & AGENCY TRUST FUNDS HELD:				
ASSETS:				
Cash and pooled investments	\$ 646,031	\$ 97,082	\$ -	\$ 743,113
Special assessments receivable	658	30,230	-	30,888
Due from other governments	43,576	96,451	-	140,027
TOTAL ASSETS	\$ 690,265	\$ 223,763	\$ -	\$ 914,028
LIABILITIES:				
Accounts payable	\$ -	\$ 29,089	\$ -	\$ 29,089
Due to other funds	-	92,791	-	92,791
Due to other governments	338,383	48,206	-	386,589
Advances from other funds	7,000	-	-	7,000
Trusts payable	344,882	53,677	-	398,559
TOTAL LIABILITIES	\$ 690,265	\$ 223,763	\$ -	\$ 914,028

POLK COUNTY, IOWA

**Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2013**

	Balance July 1, 2012	Additions	Deductions	Balance June 30, 2013
COUNTY ASSESSOR EXPENSE:				
ASSETS:				
Cash and pooled investments	\$ 1,809,950	\$ -	\$ (34,806)	\$ 1,775,144
Taxes receivable	19,524	2,916	-	22,440
TOTAL ASSETS	\$ 1,829,474	\$ 2,916	\$ (34,806)	\$ 1,797,584
LIABILITIES:				
Accounts payable	\$ 5,625	\$ 124,351	\$ -	\$ 129,976
Wages payable	118,994	-	(2,876)	116,118
Payroll taxes payable	19,065	-	(203)	18,862
Due to other governments	890,384	-	(287,401)	602,983
Compensated absences payable	642,323	111,322	-	753,645
Termination benefits payable	6,083	-	(6,083)	-
Post employment liability	147,000	29,000	-	176,000
TOTAL LIABILITIES	\$ 1,829,474	\$ 264,673	\$ (296,563)	\$ 1,797,584

	Balance July 1, 2012	Additions	Deductions	Balance June 30, 2013
COUNTY ASSESSOR SPECIAL APPRAISAL:				
ASSETS:				
Cash and pooled investments	\$ 533,527	\$ -	\$ (533,527)	\$ -
TOTAL ASSETS	\$ 533,527	\$ -	\$ (533,527)	\$ -
LIABILITIES:				
Due to other governments	\$ 533,527	\$ -	\$ (533,527)	\$ -
TOTAL LIABILITIES	\$ 533,527	\$ -	\$ (533,527)	\$ -

POLK COUNTY, IOWA

**Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2013**

	Balance July 1, 2012	Additions	Deductions	Balance June 30, 2013
RECORDER'S E-COMMERCE CLEARING:				
ASSETS:				
Cash and pooled investments	\$ 10	\$ 21	\$ -	\$ 31
TOTAL ASSETS	\$ 10	\$ 21	\$ -	\$ 31
LIABILITIES:				
Due to other governments	\$ 10	\$ 21	\$ -	\$ 31
TOTAL LIABILITIES	\$ 10	\$ 21	\$ -	\$ 31

	Balance July 1, 2012	Additions	Deductions	Balance June 30, 2013
E911 SERVICE:				
ASSETS:				
Cash and pooled investments	\$ 3,851,015	\$ -	\$ (872,056)	\$ 2,978,959
Accounts receivable	458,623	-	(36,804)	421,819
Due from other governments	83,607	-	(17,306)	66,301
Prepays	-	87,826	-	87,826
TOTAL ASSETS	\$ 4,393,245	\$ 87,826	\$ (926,166)	\$ 3,554,905
LIABILITIES:				
Due to other governments	\$ 4,393,245	\$ -	\$ (838,340)	\$ 3,554,905
TOTAL LIABILITIES	\$ 4,393,245	\$ -	\$ (838,340)	\$ 3,554,905

POLK COUNTY, IOWA

**Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2013**

	Balance July 1, 2012	Additions	Deductions	Balance June 30, 2013
GIMS IMPLEMENTATION:				
ASSETS:				
Cash and pooled investments	\$ 686,202	\$ -	\$ -	\$ 686,202
TOTAL ASSETS	\$ 686,202	\$ -	\$ -	\$ 686,202
LIABILITIES:				
Due to other governments	\$ 686,202	\$ -	\$ -	\$ 686,202
TOTAL LIABILITIES	\$ 686,202	\$ -	\$ -	\$ 686,202

	Balance July 1, 2012	Additions	Deductions	Balance June 30, 2013
EMERGENCY MANAGEMENT:				
ASSETS:				
Due from other governments	\$ 363,081	\$ -	\$ (195,391)	\$ 167,690
TOTAL ASSETS	\$ 363,081	\$ -	\$ (195,391)	\$ 167,690
LIABILITIES:				
Accounts payable	\$ 21,344	\$ 15,612	\$ -	\$ 36,956
Wages payable	10,048	469	-	10,517
Payroll taxes payable	1,593	128	-	1,721
Due to other funds	304,525	-	(220,130)	84,395
Compensated absences payable	25,571	8,530	-	34,101
TOTAL LIABILITIES	\$ 363,081	\$ 24,739	\$ (220,130)	\$ 167,690

POLK COUNTY, IOWA

**Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2013**

	Balance July 1, 2012	Additions	Deductions	Balance June 30, 2013
EMPLOYEE ACTIVITIES:				
ASSETS:				
Cash and pooled investments	\$ 5,921	\$ -	\$ (5,921)	\$ -
TOTAL ASSETS	\$ 5,921	\$ -	\$ (5,921)	\$ -
LIABILITIES:				
Trusts payable	\$ 5,921	\$ -	\$ (5,921)	\$ -
TOTAL LIABILITIES	\$ 5,921	\$ -	\$ (5,921)	\$ -

	Balance July 1, 2012	Additions	Deductions	Balance June 30, 2013
SEIZED FUNDS UNFORFEITED:				
ASSETS:				
Cash and pooled investments	\$ 545,080	\$ -	\$ (271,514)	\$ 273,566
TOTAL ASSETS	\$ 545,080	\$ -	\$ (271,514)	\$ 273,566
LIABILITIES:				
Due to other governments	\$ 545,080	\$ -	\$ (271,514)	\$ 273,566
TOTAL LIABILITIES	\$ 545,080	\$ -	\$ (271,514)	\$ 273,566

	Balance July 1, 2012	Additions	Deductions	Balance June 30, 2013
MINE TASK FORCE:				
ASSETS:				
Cash and pooled investments	\$ 492,535	\$ 27,485	\$ -	\$ 520,020
Accounts receivable	1,576	-	(1,576)	-
Prepays	-	5,427	-	5,427
TOTAL ASSETS	\$ 494,111	\$ 32,912	\$ (1,576)	\$ 525,447
LIABILITIES:				
Due to other governments	\$ 494,111	\$ 31,336	\$ -	\$ 525,447
TOTAL LIABILITIES	\$ 494,111	\$ 31,336	\$ -	\$ 525,447

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.

POLK COUNTY, IOWA

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

	Fiscal Year			
	2004	2005	2006	2007
Governmental activities:				
Net investment in capital assets	\$ 85,216,029	\$ 83,433,110	\$ 88,986,810	\$ 88,071,556
Restricted	26,088,234	17,401,988	18,604,872	21,722,629
Unrestricted	19,388,897	20,846,704	4,975,529	(5,283,556)
Total governmental activities net position	\$ 130,693,160	\$ 121,681,802	\$ 112,567,211	\$ 104,510,629
Business-type activities:				
Net investment in capital assets	\$ 74,864,786	\$ 166,183,976	\$ 171,295,876	\$ 171,678,408
Restricted	-	-	250,665	575,235
Unrestricted	96,387,965	18,902,368	19,441,422	20,941,711
Total business-type activities net position	\$ 171,252,751	\$ 185,086,344	\$ 190,987,963	\$ 193,195,354
Primary government:				
Net investment in capital assets	\$ 160,080,815	\$ 249,617,086	\$ 260,282,686	\$ 259,749,964
Restricted	26,088,234	17,401,988	18,855,537	22,297,864
Unrestricted	115,776,862	39,749,072	24,416,951	15,658,155
Total primary government net position	\$ 301,945,911	\$ 306,768,146	\$ 303,555,174	\$ 297,705,983

Fiscal Year					
2008	2009	2010	2011	2012	2013
\$ 79,083,042	\$ 78,083,885	\$ 73,411,073	\$ 70,770,518	\$ 72,748,920	\$ 75,133,663
16,109,702	5,075,110	4,843,618	5,726,045	3,281,414	5,923,114
5,896,595	25,286,700	26,911,739	21,606,897	17,192,311	22,900,184
\$ 101,089,339	\$ 108,445,695	\$ 105,166,430	\$ 98,103,460	\$ 93,222,645	\$ 103,956,961
\$ 168,328,097	\$ 169,615,522	\$ 170,445,639	\$ 240,462,094	\$ 237,474,012	\$ 228,985,935
452,485	562,387	521,536	518,126	769,038	362,825
27,504,114	17,132,872	17,105,354	21,991,857	24,470,612	27,365,867
\$ 196,284,696	\$ 187,310,781	\$ 188,072,529	\$ 262,972,077	\$ 262,713,662	\$ 256,714,627
\$ 247,411,139	\$ 247,699,407	\$ 243,856,712	\$ 311,232,612	\$ 310,222,932	\$ 304,119,598
16,562,187	5,637,497	5,365,154	6,244,171	4,050,452	6,285,939
33,400,709	42,419,572	44,017,093	43,598,754	41,662,923	50,266,051
\$ 297,374,035	\$ 295,756,476	\$ 293,238,959	\$ 361,075,537	\$ 355,936,307	\$ 360,671,588

POLK COUNTY, IOWA

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

	Fiscal Year			
	2004	2005	2006	2007
Expenses:				
Governmental activities:				
Public safety and legal services	\$ 41,242,228	\$ 43,906,960	\$ 49,691,718	\$ 50,943,331
Physical health and social services	26,343,547	25,528,316	27,479,491	27,939,503
Mental health	35,871,973	44,893,946	44,253,468	47,580,948
County environment and education	13,851,729	13,611,135	21,791,609	17,911,180
Roads and transportation	15,469,578	15,429,274	15,662,237	14,384,813
Governmental services to residents	5,079,335	5,625,475	5,702,700	6,068,908
Administration	21,325,551	27,880,553	29,651,306	31,230,881
Interest on long-term debt	715,335	778,112	755,602	3,143,577
Total governmental activities expenses	159,899,276	177,653,771	194,988,131	199,203,141
Business-type activities:				
Air Pollution	824,969	868,170	890,104	773,893
Convention Complex	3,046,810	-	-	-
Veterans Memorial Auditorium	4,824,978	-	-	-
Sanitary Treatment Works	663,311	1,327,274	1,021,679	896,815
Prairie Meadows Racetrack/Casino	6,322,144	6,379,323	5,796,602	6,589,760
Jester Park Golf Course	1,527,129	1,343,601	1,404,849	1,367,187
Hamilton Urban Drainage District	256,019	257,173	259,674	269,147
Iowa Events Center	1,450,814	11,052,531	15,317,370	14,584,039
Wells Fargo Arena	-	511,976	9,134,360	8,390,198
Urban Sewer	-	-	18,025	234,327
Iowa Tax & Tags	-	-	-	-
Total business-type activities expenses	18,916,174	21,740,048	33,842,663	33,105,366
Total government expenses	\$ 178,815,450	\$ 199,393,819	\$ 228,830,794	\$ 232,308,507
Program revenues:				
Governmental activities:				
Charges for services:				
Public safety and legal services	\$ 6,572,418	\$ 7,729,226	\$ 9,881,061	\$ 11,186,397
Physical health and social services	1,311,539	1,229,497	1,156,011	1,115,878
Mental health	5,199,260	4,730,128	6,454,464	5,848,459
County environment and education	744,504	995,812	1,074,961	1,241,881
Roads and transportation	446,904	463,326	325,313	566,269
Governmental services to residents	7,717,311	6,918,675	7,413,659	7,041,509
Administration	1,264,511	1,186,472	1,111,113	1,123,749
Interest on long-term debt	-	7	16	8
Operating grants and contributions	34,724,045	33,588,436	38,376,764	40,462,381
Capital grants and contributions	7,919,206	4,397,521	2,379,801	340,200
Total governmental activities program revenues	65,899,698	61,239,100	68,173,163	68,926,731
Business-type activities:				
Charges for services:				
Air Pollution	267,758	216,107	306,972	256,331
Convention Complex	2,753,773	-	-	-
Veterans Memorial Auditorium	3,100,190	-	-	-
Sanitary Treatment Works	490,660	516,014	535,978	588,771
Prairie Meadows Racetrack/Casino	24,840,877	26,314,007	27,130,384	27,183,708
Jester Park Golf Course	1,301,554	1,388,515	1,489,001	1,390,168
Hamilton Urban Drainage District	122,750	129,326	138,401	131,245
Iowa Events Center	-	6,446,233	6,039,145	7,176,134
Wells Fargo Arena	-	260,000	2,150,216	2,170,233
Iowa Tax & Tags	-	-	-	-
Operating grants and contributions	624,372	660,817	710,464	648,292
Capital grants and contributions	16,364,366	20,367,596	10,756,874	1,537,235
Total business-type activities program revenues	49,866,300	56,298,615	49,257,435	41,082,117
Total government program revenues	\$ 115,765,998	\$ 117,537,715	\$ 117,430,598	\$ 110,008,848

		Fiscal Year									
		2008	2009	2010	2011	2012	2013				
\$	54,586,369	\$	61,023,060	\$	65,461,987	\$	68,350,314	\$	67,744,452	\$	68,677,335
	30,701,720		32,285,044		39,210,142		41,244,404		37,511,827		34,703,552
	50,448,588		48,574,014		53,427,113		50,553,729		59,804,417		22,325,002
	12,988,528		16,067,273		15,457,101		14,837,634		13,238,065		12,768,084
	18,924,908		20,995,975		17,634,649		22,090,050		18,363,729		18,338,223
	6,444,220		6,414,215		7,032,880		7,118,535		7,242,640		7,077,482
	34,835,609		33,816,384		29,386,862		30,581,581		33,049,043		28,625,011
	4,497,886		4,462,810		4,250,122		4,206,456		4,169,828		5,313,966
	213,427,828		223,638,775		231,860,856		238,982,703		241,124,001		197,828,655
	892,991		981,255		990,754		1,079,530		1,173,421		1,218,911
	-		-		-		-		-		-
	-		-		-		-		-		-
	901,149		1,237,304		1,431,082		1,056,837		948,773		788,708
	7,469,240		7,526,269		7,586,351		9,083,738		10,402,872		11,052,660
	775,308		163,573		65,896		42,543		41,911		47,968
	259,856		390,343		330,924		411,290		684,977		263,778
	23,475,886		22,475,901		22,425,073		20,735,311		22,844,444		24,891,371
	-		-		-		-		-		-
	227,968		220,552		212,936		205,105		196,872		277,454
	-		-		-		-		60,282		211,165
	34,002,398		32,995,197		33,043,016		32,614,354		36,353,552		38,752,015
\$	247,430,226	\$	256,633,972	\$	264,903,872	\$	271,597,057	\$	277,477,553	\$	236,580,670
\$	12,544,883	\$	13,748,833	\$	14,486,324	\$	13,788,614	\$	13,041,721	\$	14,325,269
	1,117,024		1,216,302		1,030,279		1,185,162		1,418,367		1,236,642
	6,952,878		7,172,445		7,622,337		7,756,232		9,390,080		10,376,168
	1,331,272		1,264,129		1,413,568		1,411,631		1,865,141		1,809,500
	486,994		460,647		524,657		473,411		470,974		420,451
	6,606,559		6,061,786		6,339,744		6,259,696		6,900,219		7,488,249
	1,779,178		1,402,285		1,221,884		1,658,836		1,598,869		1,900,040
	13		25		40,099		9,946		14,487		54,200
	44,384,526		52,103,769		57,647,553		55,560,468		55,514,496		23,227,618
	1,049,053		1,881,849		263,289		392,162		700,644		1,902,755
	76,252,380		85,312,070		90,589,734		88,496,158		90,914,998		62,740,892
	217,265		241,834		245,178		254,186		270,256		294,919
	-		-		-		-		-		-
	-		-		-		-		-		-
	753,576		598,383		1,115,130		558,604		884,718		868,268
	28,131,768		27,397,093		27,847,963		27,084,294		26,393,924		26,000,000
	934,594		414,992		235,021		191,808		209,111		194,267
	130,273		129,686		123,320		140,369		120,850		141,121
	10,195,585		9,785,201		11,469,014		8,982,061		12,542,142		10,990,697
	-		-		-		-		-		-
	-		-		-		-		7,502		337,895
	694,812		731,241		782,285		827,478		1,304,873		963,837
	1,730,846		1,002,238		938,748		76,576,666		723,977		128,250
	42,788,719		40,300,668		42,756,659		114,615,466		42,457,353		39,919,254
\$	119,041,099	\$	125,612,738	\$	133,346,393	\$	203,111,624	\$	133,372,351	\$	102,660,146

(continued)

POLK COUNTY, IOWA

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

	Fiscal Year			
	2004	2005	2006	2007
Net (expense)/revenue:				
Governmental activities	\$ (93,999,578)	\$ (116,414,671)	\$ (126,814,968)	\$ (130,276,410)
Business-type activities	30,950,126	34,558,567	15,414,772	7,976,751
Total government net expense	\$ (63,049,452)	\$ (81,856,104)	\$ (111,400,196)	\$ (122,299,659)
General revenues and other changes in net position:				
Governmental activities:				
Taxes:				
Property taxes	\$ 80,195,570	\$ 85,283,346	\$ 88,765,727	\$ 95,414,667
Other county taxes	5,007,702	4,809,582	4,793,069	4,539,835
Interest on property taxes	1,050,605	1,061,401	1,153,332	1,147,313
State replacements	2,982,019	2,746,785	2,670,946	2,658,239
Use of money and property	1,709,951	3,210,740	5,197,356	8,347,209
Miscellaneous	2,102,807	2,401,601	3,346,717	2,068,863
Loss on sale of capital assets	-	-	-	-
Gain on sale of capital assets	-	-	270,000	-
Capital transfers	-	-	-	-
Transfers	10,214,305	7,889,858	11,503,230	8,043,702
Total governmental activities	103,262,959	107,403,313	117,700,377	122,219,828
Business-type activities:				
Use of money and property	1,343,852	1,679,914	1,558,005	1,854,206
Miscellaneous	8,684,720	185,513	432,072	420,136
Special item - contribution expense WRA Sewer	-	(14,700,543)	-	-
Capital transfers - Loss on transfer of capital assets	-	-	-	-
Transfers	(10,214,305)	(7,889,858)	(11,503,230)	(8,043,702)
Total business-type activities	(185,733)	(20,724,974)	(9,513,153)	(5,769,360)
Total government	\$ 103,077,226	\$ 86,678,339	\$ 108,187,224	\$ 116,450,468
Change in net position:				
Governmental activities	\$ 9,263,381	\$ (9,011,358)	\$ (9,114,591)	\$ (8,056,582)
Business-type activities	30,764,393	13,833,593	5,901,619	2,207,391
Total primary government	\$ 40,027,774	\$ 4,822,235	\$ (3,212,972)	\$ (5,849,191)

Fiscal Year					
2008	2009	2010	2011	2012	2013
\$ (137,175,448)	\$ (138,326,705)	\$ (141,271,122)	\$ (150,486,545)	\$ (150,209,003)	\$ (135,087,763)
8,786,321	7,305,471	9,713,643	82,001,112	6,103,801	1,167,239
\$ (128,389,127)	\$ (131,021,234)	\$ (131,557,479)	\$ (68,485,433)	\$ (144,105,202)	\$ (133,920,524)

\$ 105,846,177	\$ 113,294,655	\$ 119,034,717	\$ 124,436,158	\$ 128,391,593	\$ 126,597,379
5,307,751	5,391,333	5,473,202	5,278,538	5,590,186	5,471,136
1,388,689	1,591,907	1,603,084	1,819,683	1,326,266	1,264,536
2,773,895	2,772,002	2,716,286	2,522,012	2,507,895	3,042,129
6,864,291	3,194,638	2,089,257	286,009	227,504	379,474
4,152,740	1,589,359	1,672,209	1,562,930	490,821	1,261,848
-	-	(3,970,233)	-	-	-
-	465,490	-	-	-	-
-	-	250,000	-	-	425,367
7,420,615	17,383,677	9,123,335	7,518,245	6,793,923	7,380,210
133,754,158	145,683,061	137,991,857	143,423,575	145,328,188	145,822,079

1,373,373	815,374	109,262	95,835	49,145	178,934
350,263	288,917	312,178	320,846	382,562	460,369
-	-	-	-	-	-
-	-	(250,000)	-	-	(425,367)
(7,420,615)	(17,383,677)	(9,123,335)	(7,518,245)	(6,793,923)	(7,380,210)
(5,696,979)	(16,279,386)	(8,951,895)	(7,101,564)	(6,362,216)	(7,166,274)
\$ 128,057,179	\$ 129,403,675	\$ 129,039,962	\$ 136,322,011	\$ 138,965,972	\$ 138,655,805

\$ (3,421,290)	\$ 7,356,356	\$ (3,279,265)	\$ (7,062,970)	\$ (4,880,815)	\$ 10,734,316
3,089,342	(8,973,915)	761,748	74,899,548	(258,415)	(5,999,035)
\$ (331,948)	\$ (1,617,559)	\$ (2,517,517)	\$ 67,836,578	\$ (5,139,230)	\$ 4,735,281

(concluded)

POLK COUNTY, IOWA

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

	Fiscal Year			
	2004	2005	2006	2007
General Fund:				
Reserved	\$ 10,946,887	\$ 8,395,056	\$ 6,225,399	\$ 5,007,608
Unreserved	19,786,798	20,772,957	27,458,434	31,554,143
Total General Fund	\$ 30,733,685	\$ 29,168,013	\$ 33,683,833	\$ 36,561,751
MH/MR/DD Services:				
Reserved	\$ 1,040,786	\$ 983,501	\$ 924,486	\$ 863,685
Unreserved	4,634,376	(651,661)	(1,323,681)	(3,180,810)
Total MH/MR/DD Services	\$ 5,675,162	\$ 331,840	\$ (399,195)	\$ (2,317,125)
Jail Facility Fund:				
Unreserved	\$ N/A	\$ N/A	\$ N/A	\$ 18,559,904
Total Jail Facility Fund	\$ -	\$ -	\$ -	\$ 18,559,904
All other governmental funds:				
Reserved	\$ 9,864,757	\$ 8,891,844	\$ 7,603,761	\$ 7,618,031
Unreserved, reported in:				
Special revenue funds	14,626,922	13,660,794	17,148,176	7,321,608
Capital projects funds	3,592,801	3,149,526	(5,727,117)	9,597,713
Debt service funds	993,781	789,769	936,163	417,138
Total all other governmental funds	\$ 29,078,261	\$ 26,491,933	\$ 19,960,983	\$ 24,954,490
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
Total General Fund	\$ -	\$ -	\$ -	\$ -
MH/MR/DD Services:				
Restricted	\$ N/A	\$ N/A	\$ N/A	\$ N/A
Unassigned	N/A	N/A	N/A	N/A
Total MH/MR/DD Services	\$ -	\$ -	\$ -	\$ -
Debt Service:				
Restricted	\$ N/A	\$ N/A	\$ N/A	\$ N/A
Total Debt Service	\$ -	\$ -	\$ -	\$ -
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
Total all other governmental funds	\$ -	\$ -	\$ -	\$ -

Fiscal Year						
2008	2009	2010	2011	2012	2013	
\$ 8,559,752	\$ 8,123,291	\$ 7,727,389	\$ N/A	\$ N/A	\$ N/A	
29,777,926	27,566,129	29,462,331	N/A	N/A	N/A	
\$ 38,337,678	\$ 35,689,420	\$ 37,189,720	\$ -	\$ -	\$ -	
\$ 801,046	\$ 736,515	\$ -	\$ N/A	\$ N/A	\$ N/A	
(3,515,264)	(890,817)	1,347,245	N/A	N/A	N/A	
\$ (2,714,218)	\$ (154,302)	\$ 1,347,245	\$ -	\$ -	\$ -	
\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$ 6,574,256	\$ 4,529,113	\$ 3,495,836	\$ N/A	\$ N/A	\$ N/A	
4,597,378	6,574,400	5,570,102	N/A	N/A	N/A	
2,798,519	755,855	(1,294,898)	N/A	N/A	N/A	
366,009	279,041	598,024	N/A	N/A	N/A	
\$ 14,336,162	\$ 12,138,409	\$ 8,369,064	\$ -	\$ -	\$ -	
\$ N/A	\$ N/A	\$ N/A	\$ 835,122	\$ 1,108,645	\$ 1,431,512	
N/A	N/A	N/A	3,989,810	3,700,119	3,753,815	
N/A	N/A	N/A	34,510,331	28,872,644	35,680,321	
\$ -	\$ -	\$ -	\$ 39,335,263	\$ 33,681,408	\$ 40,865,648	
\$ N/A	\$ N/A	\$ N/A	\$ 765,412	\$ -	\$ 2,030,563	
N/A	N/A	N/A	-	(4,132,905)	-	
\$ -	\$ -	\$ -	\$ 765,412	\$ -	\$ 2,030,563	
\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ 68,561,227	
-	-	-	-	-	68,561,227	
\$ N/A	\$ N/A	\$ N/A	\$ 777,178	\$ 925,036	\$ 712,871	
N/A	N/A	N/A	4,960,633	3,281,414	3,273,535	
N/A	N/A	N/A	9,099,102	9,819,630	10,254,039	
N/A	N/A	N/A	(3,968,513)	(3,939,663)	(4,642,695)	
\$ -	\$ -	\$ -	\$ 10,868,400	\$ 10,086,417	\$ 9,597,750	

POLK COUNTY, IOWA

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

	Fiscal Year			
	2004	2005	2006	2007
Revenues:				
Property taxes	\$ 80,073,560	\$ 84,979,971	\$ 88,444,351	\$ 95,065,943
Other County taxes	5,007,702	4,809,582	4,793,069	4,539,835
Interest and penalties on delinquent taxes	1,050,605	1,061,401	1,153,332	1,147,313
Intergovernmental	50,386,963	48,116,800	59,121,302	59,267,106
Licenses and permits	890,166	943,081	600,980	481,516
Charges for service	9,516,163	9,619,485	10,717,919	10,734,667
Use of money and property	1,688,882	3,145,534	5,039,230	8,147,428
Miscellaneous	2,785,644	1,824,317	2,443,924	1,763,992
Total revenues	151,399,685	154,500,171	172,314,107	181,147,800
Expenditures:				
Public safety and legal services	38,605,232	41,340,119	46,600,339	48,709,314
Physical health and social services	25,901,227	24,781,328	26,453,593	27,175,301
Mental health	35,871,973	44,893,946	44,253,468	47,580,948
County environment and education	13,181,319	13,086,191	21,369,155	16,670,606
Roads and transportation	9,263,306	7,881,246	9,176,185	8,731,835
Governmental services to residents	4,831,067	5,243,386	5,192,084	5,717,290
Administration	19,064,885	25,221,121	28,141,913	29,266,591
Nonprogram services	30,110	70,697	193,374	709,229
Debt service:				
Principal	2,416,089	2,526,980	2,749,893	3,791,808
Interest and fiscal charges	720,409	776,022	714,235	2,895,372
Capital Projects:				
Roadway construction	4,459,987	2,768,779	3,484,215	4,003,795
Conservation land acquisition and development	114,419	195,324	1,187,487	853,962
Other capital projects	2,709,348	3,270,594	12,605,065	48,382,141
Total expenditures	157,169,371	172,055,733	202,121,006	244,488,192
Excess of revenues over expenditures	(5,769,686)	(17,555,562)	(29,806,899)	(63,340,392)
Other financing sources (uses):				
Transfers in	20,962,438	23,278,866	39,867,947	99,924,310
Transfers out	(8,928,133)	(18,869,008)	(28,344,717)	(93,360,608)
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	-	-	557,766	168,920
Issuance of bonds	1,025,000	3,770,000	14,975,000	80,915,000
Premium (discount) on bonds issued	-	25,652	77,543	24,675
Insurance recovery from 2008 flood	-	-	-	-
Proceeds from sale of capital assets	-	41,430	41,078	74,152
Total other financing sources (uses)	13,078,092	8,246,940	27,174,617	87,746,449
Net change in fund balances	\$ 7,308,406	\$ (9,308,622)	\$ (2,632,282)	\$ 24,406,057
Total expenditures	\$ 157,169,371	\$ 172,055,733	\$ 202,121,006	\$ 244,488,192
Less: capital expenditures	(4,735,036)	(2,259,466)	(15,244,167)	(49,469,518)
Total non capital expenditures	\$ 152,434,335	\$ 169,796,267	\$ 186,876,839	\$ 195,018,674
Debt service as % of noncapital expenditures	2.06%	1.95%	1.85%	3.43%

Fiscal Year						
2008	2009	2010	2011	2012	2013	
\$ 106,659,293	\$ 113,193,055	\$ 119,016,167	\$ 124,413,365	\$ 128,308,790	\$ 126,477,853	
5,307,751	5,391,333	5,473,202	5,278,538	5,590,186	5,471,136	
1,388,689	1,591,907	1,603,084	1,819,683	1,326,266	1,264,536	
66,353,718	73,882,316	80,220,727	76,304,288	77,268,575	46,892,346	
516,733	387,609	432,777	757,224	861,128	943,393	
10,297,290	10,587,827	11,046,694	11,456,931	12,437,290	13,685,542	
6,642,171	3,071,457	2,053,835	2,247,819	2,179,875	2,525,369	
1,990,742	2,869,983	2,241,977	2,028,618	2,263,643	1,539,340	
199,156,387	210,975,487	222,088,463	224,306,466	230,235,753	198,799,515	
51,056,103	57,336,497	60,831,966	63,358,077	64,519,393	64,362,370	
29,584,279	32,058,737	38,183,688	39,832,954	36,865,531	33,295,027	
50,448,588	48,574,015	53,427,113	50,553,729	59,804,417	22,325,002	
11,561,165	13,291,947	11,827,727	12,074,726	12,465,007	11,135,437	
10,658,344	12,989,856	12,644,739	12,565,672	10,569,001	9,271,079	
6,008,426	6,158,143	6,630,166	6,712,037	6,960,701	7,048,801	
30,909,966	32,513,299	29,545,205	30,370,108	33,214,441	28,112,537	
46,304	58,294	-	-	-	-	
4,662,698	8,492,464	8,489,000	7,510,000	8,351,000	8,428,000	
4,501,088	4,478,202	4,276,689	4,397,923	4,195,012	6,093,333	
5,352,558	4,688,457	1,757,433	4,960,179	5,715,542	4,834,470	
3,237,269	3,482,675	3,049,267	3,352,335	1,503,474	2,679,744	
30,098,666	8,774,114	5,991,436	9,470,498	4,290,359	5,057,647	
238,125,454	232,896,700	236,654,429	245,158,238	248,453,878	202,643,447	
(38,969,067)	(21,921,213)	(14,565,966)	(20,851,772)	(18,218,125)	(3,843,932)	
25,876,454	32,540,326	20,547,356	20,475,572	19,575,415	18,034,274	
(18,435,839)	(17,836,649)	(11,154,021)	(12,937,327)	(12,761,492)	(10,639,985)	
-	-	-	392,162	-	-	
930,000	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	2,577,984	669,366	-	692,111	
2,665,000	3,905,000	-	15,485,000	-	76,114,616	
32,656	95,085	-	298,790	-	1,019,219	
-	323,766	751,906	112,066	-	-	
68,555	537,831	843,174	281,032	-	311,766	
11,136,826	19,565,359	13,566,399	24,776,661	6,813,923	85,532,001	
\$ (27,832,241)	\$ (2,355,854)	\$ (999,567)	\$ 3,924,889	\$ (11,404,202)	\$ 81,688,069	
\$ 238,125,454	\$ 232,896,700	\$ 236,654,429	\$ 245,158,238	\$ 248,453,878	\$ 202,643,447	
(30,051,875)	(10,191,039)	(7,866,250)	(10,231,060)	(7,053,056)	(6,885,814)	
\$ 208,073,579	\$ 222,705,661	\$ 228,788,179	\$ 234,927,178	\$ 241,400,822	\$ 195,757,633	
4.40%	5.82%	5.58%	5.07%	5.20%	7.42%	

POLK COUNTY, IOWA

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

Assessment Date Jan 1	Payable 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 (d)
								Military Tax-Exempt Property	Property		
2004	2006	\$ 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	2007	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	2008	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	2009	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	2010	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	2011	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	2012	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
2011	(b) 2013	21,246,394,370	6,414,910,960	391,966,160	259,609,210	43,165,437	160,573,870	(34,269,194)		28,482,350,813	6.81
2012	2014	21,529,228,494	6,427,695,688	370,286,964	258,672,910	48,660,476	169,387,056	(33,445,259)		28,770,486,329	6.81
2013	2015	N/A (c)	N/A (c)	N/A (c)	N/A (c)	N/A (c)	N/A (c)	N/A (c)		N/A (c)	-

Source: 2012 Valuation workbook 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 2012/2013
 - (c) 2013 Calendar Year Assessment is for taxes due in fiscal year 2014/2015 and is not yet available
 - (d) Tax rates are per \$1,000 of assessed value.

POLK COUNTY , IOWA

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

Taxpayer	2013			2004		
	2011 Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value	2002 Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value
Mid American Energy	\$ 570,261,911	1	3.1%	\$ -		0.0%
Principal Life Insurance Co.	194,700,950	2	1.1%	267,485,490	1	2.2%
Nationwide Mutual Insurance	171,376,280	3	0.9%	75,383,110	7	0.6%
R & R Investors	154,605,060	4	0.8%	105,709,980	3	0.9%
Wellmark Inc.	132,797,300	5	0.7%	-		0.0%
Wells Fargo	117,288,290	6	0.6%	74,714,220	8	0.6%
Prairie Meadows	102,909,000	7	0.6%	67,643,500	10	0.6%
Mercy Hospital	74,082,460	8	0.4%	-		0.0%
Pioneer Hi-Bred	73,785,590	9	0.4%	-		0.0%
Hubbell Interests	71,019,790	10	0.4%	69,067,870	9	0.6%
Valley West Mall	-		-	108,916,000	2	0.9%
Knapp, William	-		-	103,279,590	4	0.8%
Mid America Investments	-		-	89,739,880	5	0.7%
Qwest	-		-	85,573,316	6	0.7%
Total	\$ 1,662,826,631		9.1%	\$ 1,047,512,956		8.6%

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
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%
2011	127,415,609	126,836,381	99.5%	56,052	126,892,433	99.6%
2012	131,319,138	130,815,263	99.6%	40,359	130,855,622	99.6%
2013	129,857,326	129,476,254	99.7%	3,421	129,479,675	99.7%

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				
	2004	2005	2006	2007	2008
Countywide service rates:					
General Basic	\$ 3.50	\$ 3.50	\$ 3.50	\$ 3.50	\$ 3.50
General Supplemental	1.61	1.59	1.57	1.64	1.97
MH/DD Service	1.13	1.06	1.03	0.96	0.93
Debt Service	0.11	0.20	0.24	0.24	0.45
Total Countywide Rate	6.35	6.35	6.35	6.35	6.84
Rural service rates	4.59	4.59	4.59	4.59	4.59
Total Rural Rate	10.94	10.95	10.94	10.94	11.44
City rates:					
Alleman	7.81	8.07	7.89	8.05	8.23
Altoona	8.89	8.89	8.79	8.64	8.64
Ankeny	9.90	10.39	10.39	10.34	10.29
Bondurant	14.56	14.45	14.39	14.38	14.34
Carlisle	12.89	12.92	13.99	13.97	13.97
Clive	8.92	8.93	9.11	9.25	9.54
Des Moines	17.05	17.06	16.52	16.45	16.59
Elkhart	8.10	11.70	11.55	11.69	10.98
Granger	11.52	12.20	12.99	12.65	12.34
Grimes	12.82	12.84	12.83	12.75	12.93
Johnston	10.89	10.81	10.74	11.31	11.30
Mitchellville	13.87	13.34	13.47	12.45	12.82
Norwalk	12.43	12.43	12.43	13.92	14.98
Pleasant Hill	11.48	11.48	11.48	11.48	11.48
Polk City	7.90	7.90	7.90	7.90	7.90
Runnells	8.10	8.83	9.02	9.08	9.06
Sheldahl	2.71	2.63	2.55	3.43	3.59
Urbandale	9.07	9.07	9.07	9.07	9.22
Windsor Heights	12.35	12.63	12.63	12.22	12.40
West Des Moines	11.60	11.73	11.73	11.95	12.05
School District Rates:					
North Polk	15.12	16.04	16.42	16.13	17.46
Southeast Polk	17.37	17.28	17.99	20.99	21.96
Bondurant-Farrar	15.28	16.26	16.71	17.23	17.32
Ankeny	17.10	16.90	16.70	16.71	17.91
Carlisle	18.88	18.37	18.37	17.21	20.00
West Des Moines	13.50	13.50	13.50	13.70	13.70
Des Moines Independent	17.36	18.03	18.01	18.02	17.94
Saydel	14.80	14.67	13.13	13.39	13.63
Johnston	16.73	17.21	17.35	17.35	17.35
Woodward-Granger	15.95	17.02	16.76	17.52	17.52
Dallas	17.50	17.51	17.51	17.50	17.50
Dallas	14.74	14.88	14.96	15.68	15.90
Urbandale	12.96	12.13	13.70	13.48	15.72
Urbandale	12.61	11.99	13.51	13.48	15.72
Other:					
Area XI Community College	0.58	0.60	0.68	0.69	0.60
Broadlawns County Hospital	3.06	3.26	3.20	3.49	2.97
Ag. Extension	0.04	0.04	0.04	0.04	0.04
Assessor	0.32	0.32	0.35	0.30	0.31

Source: 2011/2012 Tax Rates Payable Fiscal Year Ended June 30, 2013 obtained from Polk County Tax/GIS Department

Year Taxes are Payable				
2009	2010	2011	2012	2013
\$ 3.50	\$ 3.50	\$ 3.50	\$ 3.50	\$ 3.50
1.86	1.87	1.92	1.95	1.92
0.87	0.83	0.79	0.77	0.79
0.61	0.63	0.61	0.59	0.60
6.84	6.83	6.82	6.81	6.81
4.55	4.55	4.55	4.55	4.55
11.39	11.38	11.37	11.36	11.36

7.16	8.32	8.77	10.23	10.45
8.64	8.64	9.14	9.14	9.14
10.53	11.18	11.18	11.18	12.03
14.29	14.23	14.18	14.13	14.08
13.81	13.81	13.81	13.80	13.80
9.54	9.54	9.54	9.54	9.99
16.58	16.58	16.58	16.58	16.92
10.49	10.26	10.04	9.90	9.77
13.03	14.17	15.42	15.99	15.76
12.96	12.92	12.91	12.90	12.91
11.30	11.30	11.27	11.10	11.29
13.59	14.37	14.73	14.73	14.80
14.37	14.60	14.60	16.35	15.69
11.48	11.65	11.65	11.65	11.66
7.90	7.90	7.90	7.90	7.90
8.97	11.01	10.89	10.90	10.92
3.60	3.43	3.18	3.20	2.99
9.22	9.22	9.32	9.52	9.62
14.79	13.76	13.31	13.31	13.31
12.05	12.05	12.05	12.05	12.05

17.77	17.39	18.27	19.85	19.99
21.85	21.83	21.81	21.66	21.66
20.00	19.89	19.99	19.83	19.24
19.58	19.84	22.35	21.07	20.59
19.86	19.47	20.97	20.65	18.58
13.69	13.64	13.94	13.85	13.30
17.79	17.64	17.64	18.35	18.35
13.68	13.98	13.98	13.98	13.48
17.34	17.35	17.35	17.35	17.35
20.02	19.85	19.78	19.75	19.49
17.50	17.50	17.50	17.50	17.51
16.08	-	-	-	-
15.51	16.27	17.64	18.35	18.35
16.27	16.27	17.64	17.64	17.64

0.56	0.57	0.56	0.59	0.58
2.92	2.80	2.92	2.92	2.98
0.04	0.04	0.04	0.04	0.04
0.33	0.30	0.28	0.25	0.24

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				
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	1.18%	508.85
2011	105,954,533	429,000	2,047,367	140,495,304	18,115,588		267,041,792	1.35%	620.10
2012	97,592,097	388,000	1,340,199	131,001,771	22,303,132		252,625,199	1.27%	577.56
2013	166,213,860	345,000	1,323,713	125,139,328	26,814,566		319,836,467	1.61%	720.82

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

Notes: 2012 and 2013 percentages calculated using 2011 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		
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
2011	246,449,837	1,650,202	244,799,635	0.86%	568.46
2012	228,593,868	405,753	228,188,115	0.79%	521.69
2013	291,353,188	68,561,227 (b)	222,791,961	N/A (a)	502.11

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

- Note:**
- (a) 2013 Calendar Year Assessment is for taxes due in fiscal year 2014/2015 and is not yet available.
 - (b) Restricted debt service includes \$67,942,211 held in a bond escrow account for the 2012C General Obligation Bond crossover advance refunding.

POLK COUNTY, IOWA

**Direct and Overlapping Governmental Activities Debt
As of June 30, 2013**

Governmental Unit	Taxable Valuation	Debt Outstanding	Totals
--------------------------	------------------------------	-----------------------------	---------------

Note: Counties are encouraged but not required to present this schedule. The County has chosen not to present the overlapping debt of the various cities, schools, sewers, etc. as this requires the collection and combination of tax bases and debt amounts from outside of the county, which is not necessarily required, making the assessment of debt affordability burdensome and less meaningful.

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POLK COUNTY, IOWA

**Legal Debt Margin Information
Last Ten Fiscal Years**

	Fiscal Year			
	2004	2005	2006	2007
Debt limit	\$ 926,557,167	\$ 1,034,571,308	\$ 1,074,239,416	\$ 1,195,367,969
Less: Total net debt applicable to limit	(317,765,656)	(313,142,908)	(327,914,085)	(419,214,286)
Legal debt margin	<u>\$ 608,791,511</u>	<u>\$ 721,428,400</u>	<u>\$ 746,325,331</u>	<u>\$ 776,153,683</u>
Total net debt applicable to the limit as a percentage of debt limit	34.30%	30.27%	30.53%	35.07%

Note: (a) Calendar year 2011 assessed value is paid in fiscal year 2013

(b) Constitutional limit in Article XI of the State Constitution refers to "indebted in any manner".

Legal Debt Margin Calculation for Calendar Year 2011 Assessed Value (a)	\$ 28,482,350,813
Debt limit (5% of assessed value)	1,424,117,541
Less: Debt applicable to debt limit; Outstanding County indebtedness (b)	<u>(505,676,659)</u>
Legal debt margin	<u>\$ 918,440,882</u>

Fiscal Year					
2008	2009	2010	2011	2012	2013
\$ 1,245,870,290	\$ 1,352,429,902	\$ 1,396,854,915	\$ 1,446,817,962	\$ 1,466,049,660	\$ 1,424,117,541
(407,803,252)	(399,158,767)	(396,754,857)	(460,916,297)	(448,152,913)	(505,676,659)
<u>\$ 838,067,038</u>	<u>\$ 953,271,135</u>	<u>\$ 1,000,100,058</u>	<u>\$ 985,901,665</u>	<u>\$ 1,017,896,747</u>	<u>\$ 918,440,882</u>
32.73%	29.51%	28.40%	31.86%	30.57%	35.51%

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	
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	18,462,461	42,712	242,200	5.7%	6.0%
2011	430,640	19,829,971	45,336	241,600	6.1%	6.1%
2012	437,399	*	*	240,300	5.4%	5.1%
2013	443,710	*	*	242,200	4.8%	4.6%

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	2013			2004		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Wells Fargo & Co.	13,500	1	4.95%	9,200	1	3.54%
Mercy Hospital Medical Center	7,100	2	2.61%	5,500	4	2.12%
Principal Financial Group	6,131	3	2.25%	8,000	2	3.08%
Unity Point Health	5,505	4	2.02%	-		0.00%
Nationwide/Allied Insurance	5,000	5	1.83%	2,200	6	0.85%
John Deere	3,100	6	1.14%	-		0.00%
Pioneer Hi-Bred International Inc.	2,849	7	1.05%	1,800	8	0.69%
Hy-Vee Food Stores	2,100	8	0.77%	-		0.00%
YMCA of Greater Des Moines	1,868	9	0.69%	-		0.00%
Kum & Go	1,820	10	0.67%	-		0.00%
State of Iowa	N/A (a)		0.00%	6,885	3	2.65%
Des Moines Public Schools	N/A (a)		0.00%	4,700	5	1.81%
City of Des Moines	N/A (a)		0.00%	1,950	7	0.75%
CitiCards	-		0.00%	1,550	9	0.60%
Bridgestone-Firestone	-		0.00%	1,500	10	0.58%
Total	48,973		17.97%	43,285		16.67%

Source: The Greater Des Moines Partnership

(a) Governmental entities information not available for 2013

POLK COUNTY, IOWA

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

Function / Program	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Public safety	349	351	358	361	386	457	458	472	461	462
Human services	166	159	159	163	165	177	178	171	151	155
Roads and engineering	74	72	72	68	69	68	67	67	61	61
Administration	148	151	151	149	153	158	158	157	151	149
Other	376	344	347	351	357	374	378	379	356	363
Total	1,113	1,077	1,087	1,092	1,130	1,234	1,239	1,246	1,180	1,190

Source: County Budget Office

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POLK COUNTY, IOWA

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

Function / Program	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Public safety and legal services:										
Sheriff:										
# of E911 calls	45,257	47,550	42,474	45,866	54,107	53,531	53,743	54,517	49,335	53,674
# of civil papers served	37,303	42,154	46,164	45,488	37,055	40,916	44,145	45,583	50,148	40,661
# of average daily jail population	834	959	993	995	968	980	930	929	942	922
# of bookings	14,454	17,234	17,377	17,978	17,917	17,848	17,469	18,347	19,607	19,329
Medical Examiner:										
# of death investigations	876	939	995	996	1,133	1,267	1,024	1,056	1,148	1,215
# of autopsies	187	235	212	169	164	204	261	224	275	242
Physical health and social services:										
Health Department:										
# of patient visits to STD clinic	4,698	4,435	4,074	4,752	5,347	5,688	4,571	3,890	3,543	6,128
Public Works:										
# of septic/well inspections	824	811	795	817	662	321	315	352	303	134
# of food inspections	2,481	2,787	N/A (a)							
Veteran Affairs:										
# of clients interviewed	6,001	4,164	6,213	5,726	5,446	5,268	4,911	5,706	4,233	4,388
# of vouchers issued	2,585	2,876	3,548	3,516	3,362	3,358	2,914	4,329	3,087	2,557
Mental Health:										
# of individuals served	7,033	7,487	7,282	7,224	7,768	8,245	8,668	9,643	10,662	10,947
# of individuals receiving ongoing/intensive svc	2,983	3,174	3,225	3,399	3,607	3,711	3,065	3,681	3,143	4,085
County environment and education:										
Public Works:										
# of requests of service for weed eradication	2,538	4,342	3,994	3,781	3,516	4,963	4,462	4,298	2,672	4,358
# of lots cleaned up	38	46	33	28	35	23	34	42	5	4

POLK COUNTY, IOWA

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

Function / Program	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Roads and transportation:										
Public Works:										
# of gravel miles maintained	218	201	187	182	177	172	172	168	168	169
# of paved miles maintained	548	548	582	570	573	551	550	536	548	539
Governmental services to residents:										
Treasurer:										
# of titles	169,846	172,545	146,641	134,329	137,707	146,550	145,543	147,011	149,262	153,606
# of registrations	416,446	494,924	593,767	569,082	552,415	627,409	631,981	646,533	645,576	657,739
Auditor / Elections:										
# of registered voters	250,000	265,000	253,400	275,511	292,803	281,233	264,425	260,800	270,386	277,940

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			
	2004	2005	2006	2007
Public safety and legal services	\$ 41,798,054	\$ 42,377,518	\$ 49,107,367	\$ 91,968,820
Physical health and social services	10,085,394	10,111,029	10,950,861	12,668,272
Mental health	54,768	-	-	-
County environment and education	5,303,553	5,317,890	6,369,054	6,066,861
Roads and transportation	86,828,497	91,571,796	96,256,517	96,853,889
Governmental services to residents	1,417,453	1,448,189	2,546,321	2,517,342
Administration	20,596,001	20,352,004	21,221,297	21,502,376

Fiscal Year					
2008	2009	2010	2011	2012	2013
\$ 107,014,496	\$ 110,536,573	\$ 102,885,848	\$ 102,749,009	\$ 103,174,561	\$ 104,464,604
11,692,242	11,654,917	28,919,793	35,556,329	36,105,331	36,384,611
-	-	-	-	-	-
7,852,059	8,941,718	9,558,801	10,518,265	11,891,737	14,416,922
98,759,779	101,450,520	103,743,216	102,852,662	105,747,811	108,312,634
2,509,217	3,947,498	2,656,956	2,656,956	2,639,312	2,622,009
33,889,089	34,453,109	21,758,977	22,632,129	23,817,862	24,969,534

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POLK COUNTY, IOWA

**Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013**

Grantor/Program	CFDA Number	Contract Number	Total Federal Expenditures For Fiscal Year 2013
DEPARTMENT OF AGRICULTURE			
Direct Program - Commodity Supplemental Food Distribution	10.565	N/A	\$ 758,227
Passed through Iowa Department of Education:			
National School Breakfast Program	10.553	77-8810	19,499
National School Lunch Program	10.555	77-8810	34,911
Child Care Food Program	10.558	77-8050	2,100,968
Passed through Iowa Department of Human Services:			
Local Administration Expense Reimbursement	10.561	N/A	521,164
Commodity Supplemental Food Program	10.565	FHWS 09-19	191,163
Total Department of Agriculture			<u>3,625,932</u>
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Direct Program - Lead Based Paint Hazard Control in Privately-Owned Housing	14.900	IALHB0499-11	386,410
Passed through Iowa Department of Economic Development:			
Community Development Block Grants-Housing Rehabilitation	14.228	10-HSG-050	74,997
Community Development Block Grants-Fourmile Creek Watershed Plan	14.228	08-DRIFWP-209	-
Passed through the City of Des Moines:			
Emergency Solutions Grant	14.231	N/A	139,872
ARRA - Homelessness Prevention and Rapid Re-Housing Program (HPRP)	14.257	N/A	22,780
Total Department of Housing and Urban Development			<u>624,059</u>
DEPARTMENT OF INTERIOR			
Passed through Iowa Department of Natural Resources:			
Land and Water Conservation Fund Program - Bison Elk Exhibit	15.916	19-01276	23,893
Land and Water Conservation Fund Program - Two Dam Pond Improvements	15.916	19-01282	49,462
Total Department of Interior			<u>73,355</u>
DEPARTMENT OF JUSTICE			
Passed through Iowa Department of Human Rights:			
Title V Delinquency Prevention Program	16.548	Casey12-Polk	1,182
Passed through Iowa Department of Justice:			
Crime Victim Assistance (VOCA)	16.575	VA-13-29	100,000
Violence Against Women Formula Grants	16.588	VW-13-29	30,749
Passed through Governor's Office of Drug Control Policy:			
Public Safety Partnership and Community Policing Grants	16.710	10-HotSpots/Interdiction-09	45,661
Edward Byrne Justice Assistance Grant (JAG)	16.738	10-JAG/ARRA-42154	319,808
ARRA - Edward Byrne Justice Assistance Grant (JAG) Program	16.803	10-JAG/ARRA-42154	228,204
Total Department of Justice			<u>725,604</u>
DEPARTMENT OF TRANSPORTATION			
Passed through Iowa Department of Transportation:			
Highway Planning and Construction - Gay Lea Wilson Trail	20.205	09-STPES-140	17,604
Highway Planning and Construction - NW 100th Street/I-35/80 Interchange	20.205	2007-16-013	85,916
Highway Planning and Construction - BR#1214 NE White Oak Drive	20.205	1-08-HBRRS-020	14,073
Highway Planning and Construction - BR#6687 NE 54th Avenue	20.205	1-10-HBRRS-005	18,210
Highway Planning and Construction - BR#9176 SE 20th Avenue	20.205	1-11-HBRRS-030A	-
Recreational Trails Program - Equestrian Center Trail	20.219	2011-NRT-001	137,343
Passed through Iowa Department of Public Safety/Governor's Traffic Safety Bureau:			
Alcohol Incentive Grant	20.601	PAP 12-04 Task 20	5,179
Alcohol Incentive Grant	20.601	PAP 13-04 Task 20	24,029
Passed through Iowa Department of Public Defense:			
2013 HMEP - Training	20.703	HM-HMP-0275-12-01-00	4,387
2012 HMEP - Training	20.703	HM-HMP-0214-11-01-00	26,300
2012 Hazmat Symposium	20.703	N/A	5,000
Total Department of Transportation			<u>338,041</u>

(continued)

POLK COUNTY, IOWA

**Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013**

Grantor/Program	CFDA Number	Contract Number	Total Federal Expenditures For Fiscal Year 2013
ENVIRONMENTAL PROTECTION AGENCY			
Passed through Iowa Department of Natural Resources:			
Air Pollution Control Implementation Plan Agreement	66.001	ESD7230Claims130001	\$ 231,705
Total Environmental Protection Agency			<u>231,705</u>
DEPARTMENT OF ENERGY			
Passed through Iowa Department of Human Rights:			
Weatherization Assistance for Low-Income Persons	81.042	DOE-12-20S	499,448
Total Department of Energy			<u>499,448</u>
U.S. ELECTION ASSISTANCE COMMISSION			
Direct Program - Help America Vote Mock Election Program	90.402	E4064415B	7,556
Total U.S. Election Assistance Commission			<u>7,556</u>
DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through University of Iowa:			
National Children's Study	93.000	HHSN275200800025C	44,318
Passed through Aging Resource of Central Iowa:			
Title IIIB - Transportation	93.044	N/A	81,000
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	252,993
Nutrition Services Incentive Program	93.053	N/A	118,696
Passed through Iowa Department of Human Rights:			
Family Development and Self Sufficiency	93.558	FaDSS-13-20-FS	340,997
Low-Income Home Energy Assistance	93.568	HEAP-12-20S	357,430
Low-Income Home Energy Assistance	93.568	HEAP-13-20S	706,455
Passed through Iowa Department of Human Services:			
Local Administration Expense Reimbursement	93.566	N/A	2,323
Local Administration Expense Reimbursement	93.596	N/A	121,298
Local Administration Expense Reimbursement	93.658	N/A	180,480
Local Administration Expense Reimbursement	93.659	N/A	50,615
Local Administration Expense Reimbursement	93.667	N/A	155,868
Local Administration Expense Reimbursement	93.767	N/A	1,990
Local Administration Expense Reimbursement-Medical Assistance Program	93.778	N/A	518,440
Passed through Iowa Department of Public Health:			
Public Health Emergency Preparedness - City Readiness Initiative	93.069	5883BT77	331,524
Healthy Homes and Childhood Lead Poisoning Prevention	93.070	5883LP06	6,908
Tuberculosis Elimination	93.116	MOU-2013-TB02	21,334
Project Launch	93.243	5882PL01	16,330
Project Launch	93.243	5883PL01	52,514
I-4 Project	93.268	5882I464	23,965
I-4 Project	93.268	5883I464	2,794
Adult Viral Hepatitis Prevention and Control	93.270	5882AP10	1,033
Care for Yourself Program	93.283	5883NB20	142,508
Iowa Get Screened	93.283	5883CRC02	4,425
Community Transformation	93.531	5883HP17	36,667
Community Transformation	93.531	5882HP17	23,270
HIV-CTR & Hepatitis	93.940	5882AP10	8,191
HIV-CTR & Hepatitis	93.940	5883AP10	10,985
Total Department of Health and Human Services			<u>3,649,951</u>
OFFICE OF NATIONAL DRUG CONTROL POLICY			
Direct Program - Iowa Enforcement Initiative (HIDTA) Grant	95.001	G12MW0002A	23,953
Direct Program - Iowa Enforcement Initiative (HIDTA) Grant	95.001	G13MW0002A	56,071
Total Office of National Drug Control Policy			<u>80,024</u>

(continued)

POLK COUNTY, IOWA

**Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013**

Grantor/Program	CFDA Number	Contract Number	Total Federal Expenditures For Fiscal Year 2013
DEPARTMENT OF HOMELAND SECURITY			
Passed through Iowa Department of Public Defense:			
FEMA - 2008 Floods	97.036	DR-1763-IA	\$ 456,053
FEMA - 2010 Floods Polk County Conservation Board	97.036	DR-1930-IA	323,310
FEMA - Polk County Hamilton Drainage Watershed	97.039	HMGP-DR-1763-0113-01	76,789
FEMA - Polk County Multi-Jurisdiction Hazard Mitigation Plan Update	97.039	DR-1998-0022-01	-
Emergency Management Performance Grant (EMPG)	97.042	EMPG-12-PT-77	39,000
Homeland Security Grant Program - IMT	97.067	2010-SS-T0-0031-26-IMT	64,194
Homeland Security Grant Program - IMT	97.067	EMW-2011-SS-0071-S01-07	-
Homeland Security Grant Program - IMT	97.067	EMW-2012-SS-0028-14	-
Homeland Security Grant Program - MMRS	97.067	2010-SS-T0-0031-25 MMRS	317,419
Homeland Security Grant Program - MMRS	97.067	2011-SS-00071-S01-08 MMRS	52,799
Homeland Security Grant Program - MMRS	97.067	2012-SS-00028-26 MMRS	66,600
Homeland Security Grant Program - WMD Hazmat Task Force	97.067	EMW-2011-SS-0071-S01-04	-
Homeland Security Grant Program - WMD Hazmat Task Force	97.067	EMW-2012-SS-0028-11	-
Passed through City of Des Moines:			
Law Enforcement Terrorism Prevention Program	97.067	2011-SS-00071-S01-22	26,176
Total Department of Homeland Security			<u>1,422,340</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 11,278,015</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, 2013**

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, 2013. All federal financial awards received directly from federal agencies, as well as federal financial awards 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 grants 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
Public Safety Partnership and Community Policing Grants	16.710	\$ 2,780
ARRA - Edward Byrne Justice Assistance Grant (JAG) Program	16.803	249,749

The amount for the JAG Program includes \$79,044 passed through to subrecipients in the current year for expenditures reported in the prior year.

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
- Edward Byrne Memorial Justice Assistance Grant Program and Recovery Act – Edward Byrne memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories as part of the JAG Program Cluster
- Highway Planning and Construction and Recreational Trails Program as part of the Highway Planning and Construction Cluster

Note 5. Noncash Assistance

The Commodity Supplemental Food Distribution Program - Direct – CFDA# 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, 2013, was \$758,227. As of June 30, 2013, the County had commodities on hand with a value of \$209,731.

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

Board of Supervisors
Polk County, Iowa
Des Moines, Iowa

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Polk County, Iowa (the County) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Polk County, Iowa's basic financial statements, and have issued our report thereon dated December 6, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Polk County, Iowa's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Polk County, Iowa's internal control. Accordingly, we do not express an opinion on the effectiveness of Polk County, Iowa's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Polk County, Iowa's financial statements are free from 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, 2013 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 legal matters presented in the accompanying schedule of findings and questioned costs are not intended to constitute a legal interpretation of those statutes.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Clifton Larson Allen LLP".

West Des Moines, Iowa
December 6, 2013

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

Board of Supervisors
Polk County
Des Moines, Iowa

Report on Compliance for Each Major Federal Program

We have audited Polk County, Iowa's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Polk County, Iowa's major federal programs for the year ended June 30, 2013. Polk County, Iowa's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Polk County, Iowa's major federal programs based on our audit of the types of compliance requirements referred to above. 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 on compliance for each major federal program. However, our audit does not provide a legal determination of Polk County, Iowa's compliance.

Opinion on Each Major Federal Program

In our opinion, Polk County, Iowa complied, in all material respects, with the types of compliance 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, 2013.

Report on Internal Control Over Compliance

Management of Polk County, Iowa is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Polk County, Iowa's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 Polk County, Iowa'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. *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.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the result of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

CliftonLarsonAllen LLP

West Des Moines, Iowa
December 6, 2013

POLK COUNTY, IOWA

**Summary Schedule of Findings and Questioned Costs
Year Ended June 30, 2013**

Section I - Summary of Auditor's Results

Financial Statements

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

Identification of major programs

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program
10.565	Commodity Supplemental Food Program
14.900	Lead Hazard Control in Privately-Owned Housing Grant
16.738	Justice Assistance Cluster
16.803	Edward Byrne Justice Assistance Grant ARRA - Edward Byrne Justice Assistance Grant
81.042	Weatherization Assistance for Low-Income Persons
93.044	Aging Cluster Title IIIB - Wellness/Elderly Clinic, Advocacy/Counseling, Transportation
93.045	Title IIIC-1 - Nutrition
93.053	Nutrition Services Incentive Program
93.069	Public Health Emergency Preparedness/ City Readiness Initiative Program
93.558	Family Development and Self Sufficiency Program

POLK COUNTY, IOWA

Summary Schedule of Findings and Questioned Costs
Year Ended June 30, 2013

Section I - Summary of Auditor's Results (continued)

Identification of major programs (continued)

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
93.568	Low Income Home Energy Assistance Program
93.778	Local Administrative Expense Reimbursement – Medical Assistance Program
97.036	Homeland Security Grant Program – Disaster Grants - 2008 Floods and 2010 Floods Polk County Conservation Board
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: \$ 338,340

Auditee qualified as low-risk auditee? Yes

Section II - Financial Statement Findings

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

Section III - Federal Award Findings and Questioned Costs

There were no findings or questioned costs reported in the current year related to federal awards.

Section IV - Other Findings Related to Required State Statutory Reporting

- A. **Certified Budget:** Disbursements during the year ended June 30, 2013 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, 2013 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, 2013.
- D. **Business Transactions:** No business transactions between the County and County officials or employees were noted for the year ended June 30, 2013.
- 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.

POLK COUNTY, IOWA

Summary Schedule of Findings and Questioned Costs
Year Ended June 30, 2013

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

- 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 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:

Receipts:	
Allocation from County	\$ 699,300
Interest/receipts from other sources	323,735
	<u>1,023,035</u>
Disbursements:	
Program Expenditures	230,380
Personnel	426,751
Facility Rent\Mortgage\Util\Repairs	279,107
Office\Communications\Legal\Insurance	57,686
Shared Support Services	7,700
Resale Materials and Goods Purchases	3,545
Other General Expenditures	1,328
Unemployment Insurance	8,876
Liability Insurance	9,950
	<u>1,025,323</u>
Excess of receipts over disbursements	(2,288)
Cash balance, beginning of year	<u>231,970</u>
Cash balance, end of year	<u>\$ 229,682</u>

Total expenditures during the year ended June 30, 2013 for the County Extension Office did not exceed the total amount budgeted. However, on an individual line item basis, the facility rent\mortgage\util\Repairs line item exceeded budget by \$9,767.

- J. **Tax Increment Financing (TIF):** For the year ended June 30, 2013, the County Auditor prepared a reconciliation for each City reconciling TIF receipts with total outstanding TIF debt.

POLK COUNTY, IOWA

Summary Schedule of Prior Audit Findings
Year Ended June 30, 2013

Findings Related to the Basic Financial Statements

There were no findings reported for the year ended June 30, 2012.

Findings Related to Federal Awards

Finding 2012-01: Finding has been resolved.

Finding 2012-02: Finding has been resolved.

Finding 2012-03: Finding has been resolved.

Finding 2012-04: Finding has been resolved.

POLK COUNTY IOWA

The information contained in this document may be obtained in accessible formats by qualified persons with a disability. To receive more information or to request an accommodation please contact the County Auditor's Office at the address or phone number listed below.

111 Court Avenue
Des Moines, IA 50309
515-286-3419
www.polkcountyiowa.gov