
POLK COUNTY, IOWA

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2012

PREPARED BY:

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POLK COUNTY, IOWA

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(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

November 30, 2012

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, 2012.

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, 2012, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor issued an unqualified opinion on the County's financial statements for the fiscal year ended June 30, 2012, 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 437,399. Polk County is empowered to levy a property tax on real properties located within its boundaries.

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

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

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

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

The annual budget serves as the foundation for the County's financial planning and control. The budget division is responsible for developing a budget proposal to the Board of Supervisors. The proposed budget is presented to the Board in January and February of each year. The Board is required to hold a public hearing on the proposed budget and, by March 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 2003, to 437,399 in 2012. Unemployment is approximately 5%, same as the state level but lower than the 8% 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

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

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 plan is titled The Tomorrow Plan and is in process and scheduled to be completed in Spring 2013. 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.

Capital Crossroads: Greater Des Moines and Central Iowa is 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.

Beaver Avenue Reconstruction project: Beaver Avenue is a joint project with City of Des Moines for road reconstruction. The \$3.9 million contract was awarded in January 2012 utilizing \$2.3 million in Federal STP funds. Construction began April 1st and is scheduled to be completed over 2 years- 2012 & 2013. This project will improve traffic safety and capacity within the corridor. The roadway will be reconstructed to an urban curb & gutter cross-section, including storm sewers, and will add a continuous center left-turn lane, bike lanes and a sidewalk/multi-use trail to accommodate bicycle & pedestrian traffic.

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 2013. 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, 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.

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 Community Choice Credit Union Convention Center at Veterans Memorial. The renovation now provides all Iowa Events Center space under one roof moving convention space from the Polk County Convention Complex. The Convention Complex is now available for consideration for other uses such as serving the need for courts space or future downtown development. See Note 24 for further information.

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. Currently, most County offices and departments are participating in strategic planning and have developed strategic plans and quarterly performance measures. Annual budget documents now emphasize the tie between performance measures and appropriations. A strategic planning retreat was held in October 2012 to re-evaluate the County's priorities and determine future goals and objectives.

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.

In the immediate future, the financial condition of the County government remains strong despite an unprecedented decline in taxable valuation and continued suppression of interest earnings. For the upcoming fiscal year 2012/2013, Polk County's tax base decreased 0.4%, mainly due to reduced assessments on vacant commercial properties in downtown Des Moines. The Board of Supervisors did not raise the levy rate in response to the dip in tax base, instead choosing to initiate budget reductions and draw upon reserves to lessen the impact on taxpayers during the economic downturn. Strong fund balances (approximately 25% of expenditures are held in reserve and an additional \$8 million is reserved in a contingency reserve special revenue fund) are permitting the Board to take a deliberate, phased approach to a more conservative spending pattern.

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. Additionally, the County is keeping close watch on legislative proposals considered during the previous legislative session and likely to resurface next year which could drastically modify the County's property tax base.

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 will assist the Board with long term 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, 2011. 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 eighteen consecutive years. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA for their review.

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

Respectfully submitted,



Jamie Fitzgerald, Polk County Auditor



Mary Maloney, Polk County Treasurer



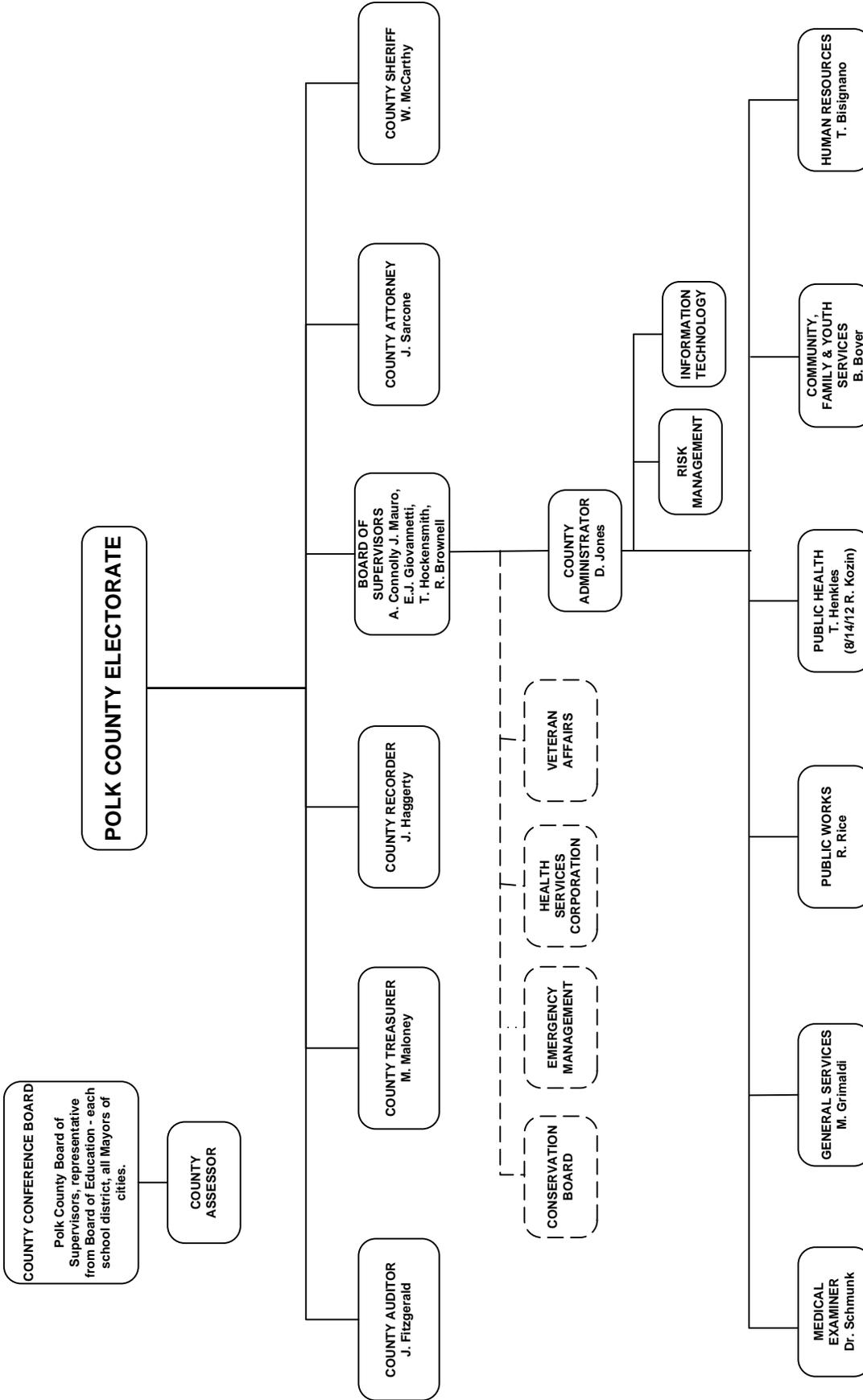
David A. Jones, County Administrator

POLK COUNTY, IOWA

OFFICIALS

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

POLK COUNTY ORGANIZATION



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Polk County
Iowa

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2011

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



Linda C. Dandison

President

Jeffrey R. Emer

Executive Director

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Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Polk County, Iowa as of and for the year ended June 30, 2012 which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Polk County, Iowa's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2012 on our consideration of Polk County, Iowa's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedule of funding progress 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. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Polk County, Iowa's basic financial statements. The combining and individual fund financial statements and are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*, and is not a required part of the basic financial statements. 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 financial statements. The 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

CliftonLarsonAllen LLP

West Des Moines, Iowa
November 30, 2012

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POLK COUNTY, IOWA

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2012

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, 2012. Please read this section in conjunction with the transmittal letter at the front of this report and with the County's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The County's total net assets decreased by \$5.1 million (1%) to \$355.9 million primarily due to decreased cash reserves in the general and capital project funds. The decreased cash balances are primarily attributed to spending down cash reserves and not issuing new debt during the year.
- Net assets of the County's governmental activities decreased \$4.9 million (5%) primarily due to increased mental health expenses over increased property tax revenue. Net Assets of business-type activities only decreased \$.3 million (.1%).
- In the County's governmental activities, total revenues increased \$5.1 million (2%) primarily due to increased property tax revenue. Governmental activities total expenditures increased \$2.1 million (1%) primarily due to increased mental health costs.
- In the County's business-type activities, total revenues decreased \$72.1 million (63%) and total expenses increased \$3.7 million (12%). The decrease in revenues is primarily due to a \$75.7 million Prairie Meadows Racetrack/Casino leasehold improvement contributed capital that occurred in the prior year, a \$2 million increase in project income revenue and \$1.3 million increase in charges for services at the Iowa Event Center. Expenses increased primarily due to increased depreciation expense due to the Prairie Meadows leasehold improvements and the completion of the Iowa Event Center's renovated convention center.
- The County's actual expenditures were \$12.1 million below budget amounts. This is attributed to slower than anticipated completion of capital projects, lower than anticipated community and economic development grants, and decreased spending on utilities 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 racetrack/casino and events center are included here.
- **Component Unit** – The County includes Polk County Health Services, Inc ("PCHS") in its report. Although legally separate, this "component unit" is included as the County is financially accountable for it.

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

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

Fund Financial Statements

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

The County has three kinds of funds:

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

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

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

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

Notes to the Financial Statements – The notes provide additional information that is essential to 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 Assets.** The County’s *combined* net assets decreased \$5.1 million (1%) primarily attributed to decreased cash balances in the general and capital projects funds and a decrease in net capital assets of the governmental activities. The decreased cash balances are primarily attributed to spending down cash reserves and not issuing new debt during the year. The decrease in net capital assets related to increased depreciation expense over acquisition costs. Depreciation expense increased \$2.1 million relating to \$75.7 million leasehold improvements at Prairie Meadow that was capitalized in prior year and the completion of Community Choice Credit Union Convention Center at Veterans Memorial in January 2012.

Net Assets

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 228,652,972	\$ 233,636,311	\$ 37,320,245	\$ 58,035,155	\$ 265,973,217	\$ 291,671,466
Capital assets, net	151,796,139	154,719,556	386,319,864	375,600,812	538,116,003	530,320,368
Total assets	<u>380,449,111</u>	<u>388,355,867</u>	<u>423,640,109</u>	<u>433,635,967</u>	<u>804,089,220</u>	<u>821,991,834</u>
Long-term liabilities	119,944,918	126,839,576	153,450,281	158,755,059	273,395,199	285,594,635
Other liabilities	167,281,548	163,412,831	7,476,166	11,908,831	174,757,714	175,321,662
Total liabilities	<u>287,226,466</u>	<u>290,252,407</u>	<u>160,926,447</u>	<u>170,663,890</u>	<u>448,152,913</u>	<u>460,916,297</u>
Net assets						
Invested in capital assets, net of related debt	72,748,920	70,770,518	237,474,012	240,462,094	310,222,932	311,232,612
Restricted	3,281,414	5,726,045	769,038	19,513,035	4,050,452	25,239,080
Unrestricted (deficit)	17,192,311	21,606,897	24,470,612	2,996,948	41,662,923	24,603,845
Total net assets	<u>\$ 93,222,645</u>	<u>\$ 98,103,460</u>	<u>\$ 262,713,662</u>	<u>\$ 262,972,077</u>	<u>\$ 355,936,307</u>	<u>\$ 361,075,537</u>

Net assets of the County’s governmental activities decreased \$4.9 million (5%) to \$93.2 million at June 30, 2012. Approximately 78% of these assets are invested in capital assets (buildings, roads, bridges, etc).

The net assets of business-type activities were unchanged from a year ago, decreasing \$.3 million (0.1%) to \$262.7 million at June 30, 2012. Approximately 90% of these assets are invested in capital assets (buildings, land, infrastructure, etc).

Changes In Net Assets

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program revenues:						
Charges for services	\$ 34,699,858	\$ 32,543,528	\$ 40,428,503	\$ 37,211,322	\$ 75,128,361	\$ 69,754,850
Operating grants and contributions	55,514,496	55,560,468	1,304,873	827,478	56,819,369	56,387,946
Capital grants and contributions	700,644	392,162	723,977	76,576,666	1,424,621	76,968,828
General revenues:						
Property taxes	128,391,593	124,436,158	-	-	128,391,593	124,436,158
Other County taxes	5,590,186	5,278,538	-	-	5,590,186	5,278,538
Interest on property taxes	1,326,266	1,819,683	-	-	1,326,266	1,819,683
State replacements	2,507,895	2,522,012	-	-	2,507,895	2,522,012
Use of money and property	227,504	286,009	49,145	95,835	276,649	381,844
Miscellaneous	490,821	1,562,930	382,562	320,846	873,383	1,883,776
Total revenues	229,449,263	224,401,488	42,889,060	115,032,147	272,338,323	339,433,635
Expenses:						
Public safety and legal services	67,744,452	68,350,314	-	-	67,744,452	68,350,314
Physical health and social services	37,511,827	41,244,404	-	-	37,511,827	41,244,404
Mental health	59,804,417	50,553,729	-	-	59,804,417	50,553,729
County environment and education	13,238,065	14,837,634	-	-	13,238,065	14,837,634
Roads and transportation	18,363,729	22,090,050	-	-	18,363,729	22,090,050
Government services to residents	7,242,640	7,118,535	-	-	7,242,640	7,118,535
Administration	33,049,043	30,581,581	-	-	33,049,043	30,581,581
Interest on long-term debt	4,169,828	4,206,456	-	-	4,169,828	4,206,456
Air Pollution	-	-	1,173,421	1,079,530	1,173,421	1,079,530
Sanitary Treatment Works	-	-	948,773	1,056,837	948,773	1,056,837
Prairie Meadows Racetrack/Casino	-	-	10,402,872	9,083,738	10,402,872	9,083,738
Jester Park Golf Course	-	-	41,911	42,543	41,911	42,543
Hamilton Urban Drainage District	-	-	684,977	411,290	684,977	411,290
Iowa Events Center	-	-	22,844,444	20,735,311	22,844,444	20,735,311
Urban Sewer	-	-	196,872	205,105	196,872	205,105
Iowa Tax & Tags	-	-	60,282	-	60,282	-
Total expenses	241,124,001	238,982,703	36,353,552	32,614,354	277,477,553	271,597,057
Excess (deficiency) before transfers	(11,674,738)	(14,581,215)	6,535,508	82,417,793	(5,139,230)	67,836,578
Transfers	6,793,923	7,518,245	(6,793,923)	(7,518,245)	-	-
Increase (decrease) in net assets	(4,880,815)	(7,062,970)	(258,415)	74,899,548	(5,139,230)	67,836,578
Net assets - beginning	98,103,460	105,166,430	262,972,077	188,072,529	361,075,537	293,238,959
Net assets - ending	\$ 93,222,645	\$ 98,103,460	\$ 262,713,662	\$ 262,972,077	\$ 355,936,307	\$ 361,075,537

Statement of Activities - Changes in Net Assets

The governmental-type change in net assets decreased \$4.9 million primarily due to a \$2.9 million decrease in net capital assets relating to increased depreciation expense. In addition, cash reserves in the general and capital projects funds decreased primarily due to expenditures on housing and capital improvement needs that are typically financed with new debt proceeds; however, new debt was not issued until after the fiscal year. See Note 24 for further information. The business-type net assets remained relatively unchanged.

Government-type revenues increased 2% primarily from increased property tax collections. The County decreased its levy rate from \$11.37/\$1,000 of taxable valuation to \$11.36/\$1,000 of taxable valuation, however, a 3% increase in taxable valuations generated a \$4.0 million increase in tax receipts. Additionally, charges for services revenue increased \$2.2 million for mental health funding while miscellaneous revenues decreased \$1.1 million.

The fact that 56% of total governmental revenues are derived from property taxes illustrates the County's continued dependence on property taxes to finance its general functions. State and federal funding represents 24% and charges for services represents 15% of the total governmental revenues, respectively.

Governmental activities expenses increased 1%, including an 18% increase in mental health services due to the availability of additional state funding and a 8% increase in administration expense due to payment of one-time early retirement incentives. In contrast, roads and transportation expense decreased 17% and physical health and social services expense decreased 9%.

The County's expenses cover a range of services, with the largest expenditures relating to public safety and legal services (28%), mental health (25%), and physical health and social services (16%).

Governmental Activities Revenues for the County's governmental activities increased \$5.1 million (2%), while expenses increased \$2.1 million (1%). Key elements of these changes include the following:

- \$4 million (3%) increase in property tax revenues arising from an increase in taxable valuations.
- \$2.2 million (7%) increase in charges for service due to increased state funding of mental health services.
- \$9.2 million (18%) expenditure increase in mental health services primarily due to increased client services associated with expanded state funding.
- \$3.7 million (17%) expenditure decrease in roads and transportation primarily due to the timing of capital projects.
- \$3.7 million (9%) expenditure decrease in physical health and social services primarily due to changes in weatherization, preventative health, and lead abatement grants.

Business-type Activities Revenues for the County's business-type activities decreased \$72.1 million (63%) and expenses increased \$3.7 million (11%). Key elements of these changes include the following:

- Capital contributions decreased due to \$75.7 million leasehold improvements at Prairie Meadows Racetrack/Casino that was capitalized in prior year.
- Charges for services increased \$3.2 million primarily due to \$2.8 million lump sum payment received on the Wells Fargo naming rights and \$1.3 million increase in concession sales relating to increased events at the Iowa Event Center.
- Depreciation expense increased \$2.1 million relating to \$75.7 million leasehold improvements at Prairie Meadow that was capitalized in prior year and the completion of Community Choice Credit Union Convention Center at Veterans Memorial in January 2012.
- Other 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 \$39.6 million at June 30, 2012, which is \$11.3 million less than the prior year. Included in this year's total change in fund balance is a decrease of \$5.7 million in the County's General Fund. The primary reasons for the General Fund's decrease mirror those highlighted in the analysis of governmental activities.

Additionally, the Mental Health fund balance decreased by \$4.9 million primarily due to increased services from reduced federal assistance programs and getting clients off the waiting list.

Proprietary Funds Prairie Meadows Racetrack/Casino net assets decreased \$3.8 million primarily \$1.5 million increased depreciation expense related to \$75.7 million leasehold improvement that was capitalized in prior year, increased interest expense and decreased transfers in from Prairie Meadows. Iowa Event Center net assets increased \$3 million primarily due to \$2.8 million in lump sum payment on Wells Fargo naming rights. Charges for service and concession income increased due to increased events. 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, 2012, amount to \$538.1 million (net of accumulated depreciation). These capital assets include land, buildings, improvements other than buildings, leasehold improvements, infrastructure, equipment, vehicles, intangibles and construction in progress. Polk County's capital assets increased \$7.8 million (1%).

Major capital asset events for the year ended June 30, 2012 are as follows:

- Completion of Community Choice Credit Union Convention Center at Veterans Memorial - \$20.6 million
- Construction in progress of Rock Creek trunk sewer - \$5.1 million
- Completion of two bridge replacement projects - \$1.3 million
- Development of new real estate system - \$.9 million
- Acquisition and related improvements of a new facility at 70 College Avenue - \$.7 million
- Completion of the River Place West project - \$.5 million

Capital assets for the governmental and business-type activities at June 30, 2012 are as follows:

Capital Assets

	Governmental Activities		Business-Type Activities		Totals	
	2012	2011	2012	2011	2012	2011
Land	\$ 12,393,378	\$ 11,589,075	\$ 14,852,969	\$ 14,852,969	\$ 27,246,347	\$ 26,442,044
Intangibles - permanent easements	-	-	500,611	500,611	500,611	500,611
Buildings	145,065,475	140,695,531	325,554,807	281,344,373	470,620,282	422,039,904
Improvements other than buildings	2,079,225	2,042,487	8,737,316	8,737,316	10,816,541	10,779,803
Leasehold improvements	-	-	113,145,115	113,145,115	113,145,115	113,145,115
Infrastructure	96,584,753	95,287,294	21,698,051	21,186,283	118,282,804	116,473,577
Equipment	13,515,746	12,933,744	837,734	792,686	14,353,480	13,726,430
Vehicles	8,643,809	8,328,527	205,144	224,774	8,848,953	8,553,301
Intangible in progress	3,100,760	1,833,867	-	-	3,100,760	1,833,867
Construction in progress	1,993,468	4,254,825	23,701,268	42,518,047	25,694,736	46,772,872
Total	<u>283,376,614</u>	<u>276,965,350</u>	<u>509,233,015</u>	<u>483,302,174</u>	<u>792,609,629</u>	<u>760,267,524</u>
Less: accumulated depreciation	<u>(131,580,475)</u>	<u>(122,245,794)</u>	<u>(122,913,151)</u>	<u>(107,701,362)</u>	<u>(254,493,626)</u>	<u>(229,947,156)</u>
Total	<u>\$ 151,796,139</u>	<u>\$ 154,719,556</u>	<u>\$ 386,319,864</u>	<u>\$ 375,600,812</u>	<u>\$ 538,116,003</u>	<u>\$ 530,320,368</u>

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

The County's FY 12/13 capital budget includes spending an estimated \$1.5 million for capital improvement projects at various County facilities, \$1.3 million for a bridge replacement project and \$.6 million for a land management and permitting system. Capital outlays for proprietary funds will include \$4.5 million to complete the final phase of the Rock Creek Trunk Sewer project.

Long-Term Debt

At June 30, 2012, the County had \$251.3 million in bonds and notes outstanding, a decrease of \$13.7 million compared to FY 10/11. The decrease in debt arose primarily from principal repayments on existing debt and issuance of new capital loan notes for a sanitary sewer project.

Four large outstanding obligations pertain to the Iowa Events Center Enterprise funds. These consist of construction of a new arena and exhibit hall along with newly renovated Community Choice Credit Union Convention Center at Veterans Memorial. During FY 11/12, principal repayments of \$8.8 million were made on the Iowa Events Center debt, decreasing the outstanding Iowa Events Center obligation to \$123.1 million.

During FY 12/13, Polk County plans to issue \$6.9 million in additional general obligation debt in August 2012. This debt issuance will fund two years of grants to housing programs and two years of the County's asset repair and replacement program. Additionally, the County will restructure existing debt to achieve interest savings. See Note 24 for further information.

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 \$998.7 million as of June 30, 2012.

Outstanding Debt

	Governmental Activities		Business-type Activities		Total		Percentage Change 2011-2012
	2012	2011	2012	2011	2012	2011	
G.O. bonds	\$ 97,592,097	\$ 105,954,533	\$ 131,001,771	\$ 140,495,304	\$ 228,593,868	\$ 246,449,837	-7%
Notes payable	388,000	429,000	22,303,132	18,115,588	22,691,132	18,544,588	22%
Total	\$ 97,980,097	\$ 106,383,533	\$ 153,304,903	\$ 158,610,892	\$ 251,285,000	\$ 264,994,425	-5%

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

BUDGETARY HIGHLIGHTS

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

Even with these adjustments, actual expenditures were \$12.1 million below final budget amounts. Significant variances included:

- General operational expenditures were \$5.5 million less than budgeted due to lower than anticipated expenditures for utilities, social services staff and programs, weatherization, health grants, and conservation grants.

- Capital project expenditures were \$3.4 million less than budgeted due to capital projects being carried over to the succeeding fiscal year. This includes: renovation of a county facility for office space, information technology upgrades, and conservation trails.
- Mental health expenditures were \$1.9 million less than budgeted due to a longer than anticipated time needed to incorporate additional clients into the mental health delivery system; services did not begin being drawn upon as quickly as expected.
- Community and economic development grant expenditures were \$1.5 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 downturn in interest earnings.

For FY 12/13, certified taxable valuations decreased 1.3%, resulting in a budgeted decrease of \$1.7 million in net current property tax revenue. This valuation decline was unprecedented for Polk County and was largely due to devaluation of vacant commercial properties in the core of the capital city.

To manage the decrease in property tax revenues, Polk County reduced budgeted personnel expenses by negotiating union contracts at lower than historical wage increases and increased employee contributions to health care costs. The County also offered an early retirement program and eliminated more than 60 positions resulting from the retirement program.

Polk County's budget for FY 12/13 indicates General fund balances will increase \$1.2 million, largely due to receipt of bond proceeds to reimburse housing grant expenditures made in the prior year. Ending fund balances will comply with County policy that sets ending fund balances at a goal of 20%-25% of expenditures. Additionally, the County will retain its \$8.0 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 Assets
June 30, 2012**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	PCHS
ASSETS				
Cash and pooled investments	\$ 78,192,963	\$ 28,969,543	\$ 107,162,506	\$ 4,818,375
Receivables (net)	12,523,656	6,931,392	19,455,048	63,126
Internal balances	731,519	(731,519)	-	-
Inventories	1,651,627	78,338	1,729,965	-
Prepaid items	634,806	188,571	823,377	60,670
Restricted assets - cash and pooled investments	-	769,038	769,038	-
Lease/debt origination costs	893,531	1,114,882	2,008,413	-
Succeeding year property taxes receivable	134,024,870	-	134,024,870	-
Capital assets not being depreciated	17,487,606	39,054,848	56,542,454	1,223,141
Capital assets being depreciated, net	134,308,533	347,265,016	481,573,549	2,887,243
TOTAL ASSETS	380,449,111	423,640,109	804,089,220	9,052,555
LIABILITIES				
Accounts payable and other current liabilities	28,557,036	6,045,647	34,602,683	566,868
Interest payable	308,151	479,352	787,503	-
Unearned revenues	4,391,491	439,701	4,831,192	81,889
Advance deposits and ticket sales	-	511,466	511,466	-
Succeeding year property taxes deferred revenue	134,024,870	-	134,024,870	-
Due within one year:				
General obligation bonds payable	7,777,436	9,858,533	17,635,969	-
Notes payable	43,000	1,774,132	1,817,132	-
Capital leases payable	431,375	-	431,375	-
Compensated absences payable	1,733,045	81,576	1,814,621	-
Termination benefits payable	1,590,500	-	1,590,500	-
Estimated liability for claims and judgments	1,778,300	-	1,778,300	-
Due in more than one year:				
General obligation bonds payable	89,814,661	121,143,238	210,957,899	-
Notes payable	345,000	20,529,000	20,874,000	-
Capital leases payable	908,824	-	908,824	-
Compensated absences payable	10,857,728	63,802	10,921,530	-
Estimated liability for claims and judgments	579,000	-	579,000	-
Termination benefits payable	83,049	-	83,049	-
Post employment liability	4,003,000	-	4,003,000	-
TOTAL LIABILITIES	287,226,466	160,926,447	448,152,913	648,757
NET ASSETS				
Invested in capital assets, net of related debt	72,748,920	237,474,012	310,222,932	4,110,384
Restricted for:				
Capital improvements	-	769,038	769,038	-
Debt service	405,753	-	405,753	-
Enabling legislation	2,875,661	-	2,875,661	-
PCHS/Foundation	-	-	-	2,560,232
Unrestricted	17,192,311	24,470,612	41,662,923	1,733,182
TOTAL NET ASSETS	\$ 93,222,645	\$ 262,713,662	\$ 355,936,307	\$ 8,403,798

See Notes to Basic Financial Statements

POLK COUNTY, IOWA

Statement of Activities
For the Year Ended June 30, 2012

**NET (EXPENSE) REVENUE AND
CHANGES IN NET ASSETS**

Function/Program	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS			Component Unit	
	Expenses	Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government			Total
						Business-type Activities	PCHS		
Primary government:									
Governmental activities:									
Public safety and legal services	\$ 67,744,452	\$ 13,041,721	\$ 1,855,417	\$ -	\$ (52,847,314)	\$ -	\$ (52,847,314)	\$ -	
Physical health and social services	37,511,827	1,418,367	13,949,913	-	(22,143,547)	-	(22,143,547)	-	
Mental health	59,804,417	9,390,080	31,034,137	-	(19,380,200)	-	(19,380,200)	-	
County environment and education	13,238,065	1,865,141	483,653	-	(10,889,271)	-	(10,889,271)	-	
Roads and transportation	18,363,729	470,974	5,067,024	700,644	(12,125,087)	-	(12,125,087)	-	
Government services to residents	7,242,640	6,900,219	10,251	-	(332,170)	-	(332,170)	-	
Administration	33,049,043	1,598,869	3,114,101	-	(28,336,073)	-	(28,336,073)	-	
Interest on long-term debt	4,169,828	14,487	-	-	(4,155,341)	-	(4,155,341)	-	
Total governmental activities	241,124,001	34,699,858	55,514,496	700,644	(150,209,003)	-	(150,209,003)	-	
Business-type activities:									
Air Pollution	1,173,421	270,256	880,126	-	-	(23,039)	(23,039)	-	
Sanitary Treatment Works	948,773	884,718	-	-	-	(64,055)	(64,055)	-	
Prairie Meadows Racetrack/Casino	10,402,872	26,393,924	-	-	-	15,991,052	15,991,052	-	
Jester Park Golf Course	41,911	209,111	-	-	-	167,200	167,200	-	
Hamilton Urban Drainage District	684,977	120,850	409,747	-	-	(154,380)	(154,380)	-	
Iowa Events Center	22,844,444	12,542,142	15,000	723,977	-	(9,563,325)	(9,563,325)	-	
Urban Sewer	196,872	-	-	-	-	(196,872)	(196,872)	-	
Iowa Tax & Tags	60,282	7,502	-	-	-	(52,780)	(52,780)	-	
Total business-type activities	36,353,552	40,428,503	1,304,873	723,977	-	6,103,801	6,103,801	-	
Total primary government	\$ 277,477,553	\$ 75,128,361	\$ 56,819,369	\$ 1,424,621	(150,209,003)	6,103,801	(144,105,202)	-	
Component unit:									
PCHS	\$ 3,159,995	\$ 1,433,721	\$ 1,832,919					106,645	
General revenues:									
Property taxes					128,391,593	-	128,391,593	-	
Other county taxes					5,590,186	-	5,590,186	-	
Interest on property taxes					1,326,266	-	1,326,266	-	
State replacements credits against levied property taxes					2,507,895	-	2,507,895	-	
Use of money and property					227,504	49,145	276,649	28,043	
Miscellaneous					490,821	382,562	873,383	16,767	
Transfers					6,793,923	(6,793,923)	-	-	
Total general revenues and transfers					145,328,188	(6,362,216)	138,965,972	44,810	
Change in net assets					(4,880,815)	(258,415)	(5,139,230)	151,455	
Net assets - beginning					98,103,460	262,972,077	361,075,537	8,252,343	
Net assets - ending					\$ 93,222,645	\$ 262,713,662	\$ 355,936,307	\$ 8,403,798	

See Notes to Basic Financial Statements

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POLK COUNTY, IOWA

**Balance Sheet
Governmental Funds
June 30, 2012**

	General	MH/MR/DD Services	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and pooled investments	\$ 36,739,054	\$ 15,241,182	\$ 13,234,901	\$ 65,215,137
Receivables (net):				
Taxes	434,062	62,969	75,763	572,794
Succeeding year property taxes	99,533,742	14,439,175	20,051,953	134,024,870
Special assessments	68,701	-	4,618	73,319
Accounts	166,687	9,491	55,485	231,663
Notes	2,768,267	-	-	2,768,267
Accrued interest	12,458	-	-	12,458
Due from other funds	1,448,860	73,768	103,134	1,625,762
Due from other governments	6,171,958	1,212,432	1,053,066	8,437,456
Advances to other funds	7,000	-	-	7,000
Inventories	726,591	-	925,036	1,651,627
Prepaid items	634,806	-	-	634,806
TOTAL ASSETS	\$ 148,712,186	\$ 31,039,017	\$ 35,503,956	\$ 215,255,159
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 2,454,133	\$ 16,252,838	\$ 3,759,162	\$ 22,466,133
Wages payable	3,076,369	15,601	212,678	3,304,648
Payroll taxes payable	554,696	2,057	30,085	586,838
Compensated absences payable	2,617,637	-	-	2,617,637
Termination benefit payable	1,673,549	-	-	1,673,549
Estimated liability for claims and judgments	39,000	-	-	39,000
Due to other funds	462	-	577,628	578,090
Due to other governments	1,763,724	-	-	1,763,724
Trust payable	161,784	-	-	161,784
Deferred revenues	3,155,682	4,462,251	786,033	8,403,966
Succeeding year property taxes deferred revenue	99,533,742	14,439,175	20,051,953	134,024,870
TOTAL LIABILITIES	115,030,778	35,171,922	25,417,539	175,620,239
Fund balances:				
Nonspendable	1,108,645	-	925,036	2,033,681
Restricted	-	-	3,281,414	3,281,414
Committed	3,700,119	-	9,819,630	13,519,749
Unassigned	28,872,644	(4,132,905)	(3,939,663)	20,800,076
TOTAL FUND BALANCES	33,681,408	(4,132,905)	10,086,417	39,634,920
TOTAL LIABILITIES AND FUND BALANCES	\$ 148,712,186	\$ 31,039,017	\$ 35,503,956	\$ 215,255,159

See Notes to Basic Financial Statements

POLK COUNTY, IOWA

**Reconciliation of Fund Balances on the Balance Sheet for Governmental Funds
to Net Assets of Governmental Activities on the Statement of Net Assets
June 30, 2012**

Fund balances - total governmental funds		\$	39,634,920
Amounts reported for governmental activities in the statement of net assets are different because:			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			
Capital assets	283,376,614		
Accumulated depreciation	<u>(131,580,475)</u>		151,796,139
Interest payable on long-term obligations that does not require current financial resources and therefore is not reported in the funds.			
			(308,151)
Internal service funds are used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.			
			7,465,163
Deferred revenues that are not available to pay for current period expenditures in the funds.			
Property taxes	570,158		
Special assessments	68,159		
Accounts receivable	121,786		
Due from other governments	2,566,025		
Due from other funds (Prairie Meadows property taxes)	<u>686,347</u>		4,012,475
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.			
General obligation bonds payable			(97,592,097)
Notes payable			(388,000)
Bond issuance costs			893,531
Capital leases payable			(1,340,199)
Compensated absences payable			(9,973,136)
Estimated liability for claims and judgments			<u>(978,000)</u>
Net assets of governmental activities		\$	<u>93,222,645</u>

POLK COUNTY, IOWA

Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds
 For the Year Ended June 30, 2012

	General	MH/MR/DD Services	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:				
Property taxes	\$ 95,838,489	\$ 13,511,310	\$ 18,958,991	\$ 128,308,790
Other County taxes	4,248,546	461,644	879,996	5,590,186
Interest and penalties on delinquent taxes	1,326,266	-	-	1,326,266
Intergovernmental	27,683,933	40,688,487	8,896,155	77,268,575
Licenses and permits	800,391	-	60,737	861,128
Charges for services	11,803,990	-	633,300	12,437,290
Use of money and property	2,170,202	-	9,673	2,179,875
Miscellaneous	1,225,685	244,659	793,299	2,263,643
TOTAL REVENUES	145,097,502	54,906,100	30,232,151	230,235,753
EXPENDITURES:				
Current:				
Public safety and legal services	63,599,962	-	919,431	64,519,393
Physical health and social services	36,865,531	-	-	36,865,531
Mental health	-	59,804,417	-	59,804,417
County environment and education	11,101,209	-	1,363,798	12,465,007
Roads and transportation	739,193	-	9,829,808	10,569,001
Government services to residents	6,886,996	-	73,705	6,960,701
Administration	33,162,234	-	52,207	33,214,441
Debt service:				
Principal	-	-	8,351,000	8,351,000
Interest and fiscal charges	-	-	4,195,012	4,195,012
Capital projects:				
Roadway construction	-	-	5,715,542	5,715,542
Conservation land acquisition and development	95,675	-	1,407,799	1,503,474
Other capital projects	-	-	4,290,359	4,290,359
TOTAL EXPENDITURES	152,450,800	59,804,417	36,198,661	248,453,878
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(7,353,298)	(4,898,317)	(5,966,510)	(18,218,125)
OTHER FINANCING SOURCES (USES):				
Transfers in	9,127,540	-	10,447,875	19,575,415
Transfers out	(7,350,286)	-	(5,411,206)	(12,761,492)
TOTAL OTHER FINANCING SOURCES (USES)	1,777,254	-	5,036,669	6,813,923
NET CHANGE IN FUND BALANCES	(5,576,044)	(4,898,317)	(929,841)	(11,404,202)
FUND BALANCE, BEGINNING	39,335,263	765,412	10,868,400	50,969,075
Change in inventory reserve	(77,811)	-	147,858	70,047
FUND BALANCE, ENDING	\$ 33,681,408	\$ (4,132,905)	\$ 10,086,417	\$ 39,634,920

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, 2012**

Net change in fund balances - total governmental funds	\$ (11,404,202)
Amounts reported for governmental activities in the statement of net assets are different because:	
<p>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:</p>	
Capital outlays, net of contributed capital	7,053,056
Capital contribution	700,644
Depreciation/amortization expense	(10,324,214)
<p>The net effect of various transactions involving capital assets is to decrease net assets.</p>	
Loss on disposal of capital assets	(352,903)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.</p>	
Change in deferred revenue	(1,494,817)
<p>Expenses in the statement of activities that do not require the use of current financial resources are not reported as expenditures in governmental funds.</p>	
Change in estimated liabilities for claims and judgments	(77,000)
Change in compensated absences	732,023
Amortization of bond premium/(discount)	52,436
Amortization of bond issuance costs	(85,418)
<p>Debt proceeds provide current financial resources to governmental funds. Issuing debt increases long-term liabilities in the government-wide statement of net assets. Repayments are an expenditure in the governmental funds. Repayment reduces long-term liabilities in the government-wide statement of net assets. Also, governmental funds report the effect of issuances costs, premiums, and discounts when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.</p>	
Change in capital leases	707,168
Payments on long-term bonds	8,310,000
Payments on long-term notes	41,000
<p>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.</p>	
Change in interest payable on general obligation bonds	25,184
<p>Internal service funds are used by management to charge the costs of insurance. The net profit(loss) is reported with governmental activities.</p>	
	1,166,181
<p>Inventory in the governmental funds has been recorded as an expenditure when paid, however, the statement of activities will not report these items as expenditures until the period when the corresponding net asset is exhausted.</p>	
	70,047
Change in net assets of governmental activities	\$ (4,880,815)

POLK COUNTY, IOWA

Statement of Net Assets
Proprietary Funds
June 30, 2012

	Business-type Activities - Enterprise Funds				Governmental Activities- Internal Service Funds
	Prairie Meadows Racetrack/ Casino	Iowa Events Center	Nonmajor Enterprise Funds	Total	
ASSETS					
Current assets:					
Cash and pooled investments	\$ 17,078,189	\$ 5,126,509	\$ 6,764,845	\$ 28,969,543	\$ 12,977,826
Receivables (net):					
Accounts	-	1,496,562	213,761	1,710,323	104,546
Notes	-	-	173,363	173,363	-
Due from other governments	-	78,809	352,788	431,597	-
Inventories	-	78,338	-	78,338	-
Prepaid items	-	188,571	-	188,571	-
Total current assets	<u>17,078,189</u>	<u>6,968,789</u>	<u>7,504,757</u>	<u>31,551,735</u>	<u>13,082,372</u>
Noncurrent assets:					
Receivables (net):					
Special assessments	-	-	115,087	115,087	-
Notes	-	-	4,501,022	4,501,022	-
Restricted assets - cash and pooled investments	-	769,038	-	769,038	-
Lease/debt origination costs	-	1,055,522	59,360	1,114,882	-
Capital assets not being depreciated	3,129,000	10,551,823	25,374,025	39,054,848	-
Capital assets being depreciated, net	112,918,366	220,135,442	14,211,208	347,265,016	-
Total noncurrent assets	<u>116,047,366</u>	<u>232,511,825</u>	<u>44,260,702</u>	<u>392,819,893</u>	<u>-</u>
TOTAL ASSETS	<u>133,125,555</u>	<u>239,480,614</u>	<u>51,765,459</u>	<u>424,371,628</u>	<u>13,082,372</u>
LIABILITIES					
Current liabilities:					
Accounts payable	-	1,440,743	703,684	2,144,427	273,909
Contract/retainage payable	-	-	172,494	172,494	-
Wages payable	-	62,112	29,428	91,540	-
Payroll taxes payable	-	4,951	4,648	9,599	-
Interest payable	-	434,093	45,259	479,352	-
Estimated liability for claims and judgments	-	-	-	-	1,340,300
Due to other funds	686,347	-	45,172	731,519	-
Due to other governments	3,627,587	-	-	3,627,587	-
Advance deposits and ticket sales	-	511,466	-	511,466	-
Unearned revenues	-	439,701	-	439,701	-
General obligation bonds payable	-	9,499,049	359,484	9,858,533	-
Notes payable	-	-	1,774,132	1,774,132	-
Compensated absences payable	-	71,399	10,177	81,576	-
Total current liabilities	<u>4,313,934</u>	<u>12,463,514</u>	<u>3,144,478</u>	<u>19,921,926</u>	<u>1,614,209</u>
Noncurrent liabilities:					
General obligation bonds payable	-	116,964,941	4,178,297	121,143,238	-
Notes payable	-	-	20,529,000	20,529,000	-
Compensated absences payable	-	-	63,802	63,802	-
Post employment liability	-	-	-	-	4,003,000
Total noncurrent liabilities	<u>-</u>	<u>116,964,941</u>	<u>24,771,099</u>	<u>141,736,040</u>	<u>4,003,000</u>
TOTAL LIABILITIES	<u>4,313,934</u>	<u>129,428,455</u>	<u>27,915,577</u>	<u>161,657,966</u>	<u>5,617,209</u>
NET ASSETS					
Invested in capital assets, net of related debt	116,047,366	104,419,545	17,007,101	237,474,012	-
Restricted for capital improvements	-	769,038	-	769,038	-
Unrestricted	12,764,255	4,863,576	6,842,781	24,470,612	7,465,163
TOTAL NET ASSETS	<u>\$ 128,811,621</u>	<u>\$ 110,052,159</u>	<u>\$ 23,849,882</u>	<u>\$ 262,713,662</u>	<u>\$ 7,465,163</u>

See Notes to Basic Financial Statements

POLK COUNTY, IOWA

**Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2012**

	Business-type Activities - Enterprise Funds				Governmental Activities- Internal Service Funds
	Prairie Meadows Racetrack/ Casino	Iowa Events Center	Nonmajor Enterprise Funds	Total	
OPERATING REVENUES:					
Charges for goods and services:					
Charges for services	\$ 15,600,000	\$ 2,503,521	\$ 1,283,326	\$ 19,386,847	\$ 16,965,747
Intergovernmental revenues	-	15,000	1,289,873	1,304,873	-
Project income	10,793,924	2,932,838	-	13,726,762	-
Parking income	-	448,423	-	448,423	-
Concession sales	-	4,501,132	-	4,501,132	-
Commissions income	-	1,746,945	209,111	1,956,056	-
PFMS user fee on ticket sales	-	409,283	-	409,283	-
Miscellaneous	-	320,882	61,680	382,562	55,771
Total operating revenues	26,393,924	12,878,024	2,843,990	42,115,938	17,021,518
OPERATING EXPENSES:					
Cost of goods and services:					
Personal services	-	2,970,181	978,389	3,948,570	-
Supplies	-	236,575	51,479	288,054	-
Professional services	-	252,086	447,872	699,958	2,500
Other services/charges	4,313,934	1,848,598	740,224	6,902,756	71,363
Insurance	-	154,380	-	154,380	15,769,157
Direct event expense	-	1,020,120	-	1,020,120	-
Cost of goods sold - concession	-	2,968,133	-	2,968,133	-
Management expense	-	266,392	-	266,392	-
Miscellaneous	-	-	22,650	22,650	-
Amortization of discount (premium)	-	(357,981)	6,615	(351,366)	-
Depreciation	6,088,938	8,494,313	648,168	15,231,419	-
Total operating expenses	10,402,872	17,852,797	2,895,397	31,151,066	15,843,020
OPERATING INCOME (LOSS)	15,991,052	(4,974,773)	(51,407)	10,964,872	1,178,498
NONOPERATING REVENUES (EXPENSES):					
Interest revenue	37,718	4,997	6,430	49,145	7,683
Interest expense	-	(4,991,647)	(210,839)	(5,202,486)	-
Total nonoperating revenues (expenses)	37,718	(4,986,650)	(204,409)	(5,153,341)	7,683
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	16,028,770	(9,961,423)	(255,816)	5,811,531	1,186,181
CAPITAL CONTRIBUTIONS AND TRANSFERS:					
Capital contributions from others	-	723,977	-	723,977	-
Transfers in	-	12,252,307	1,045,226	13,297,533	2,976,179
Transfers out	(19,811,456)	-	(280,000)	(20,091,456)	(2,996,179)
Total capital contributions and transfers	(19,811,456)	12,976,284	765,226	(6,069,946)	(20,000)
CHANGE IN NET ASSETS	(3,782,686)	3,014,861	509,410	(258,415)	1,166,181
NET ASSETS - BEGINNING	132,594,307	107,037,298	23,340,472	262,972,077	6,298,982
NET ASSETS - ENDING	\$ 128,811,621	\$ 110,052,159	\$ 23,849,882	\$ 262,713,662	\$ 7,465,163

See Notes to Basic Financial Statements

POLK COUNTY, IOWA

**Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2012**

	Business-type Activities-Enterprise Funds		
	Prairie Meadows Racetrack/Casino	Iowa Events Center	Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ -	\$ 13,794,478	\$ 2,456,693
Cash received from intergovernmental revenue	-	-	846,957
Cash received from racetrack/casino	26,393,924	-	-
Cash paid to suppliers for goods and services	(4,493,950)	(6,194,828)	(1,382,639)
Cash paid to employees	-	(3,036,364)	(979,403)
Net cash flows from operating activities	<u>21,899,974</u>	<u>4,563,286</u>	<u>941,608</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Negative cash balance implicitly financed	-	-	45,172
Transfers in	-	12,252,307	1,045,226
Transfers out	(19,811,456)	-	(280,000)
Net cash flows from noncapital financing activities	<u>(19,811,456)</u>	<u>12,252,307</u>	<u>810,398</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Proceeds from general obligation debt	-	-	4,870,544
Principal paid on long-term debt	-	(8,785,000)	(1,028,000)
Interest paid on long-term debt	-	(4,905,962)	(206,963)
Capital contributions from others	-	723,977	-
Repayments on capital note receivable	-	-	218,583
Purchase of capital assets	-	(25,239,099)	(5,880,104)
Net cash flows from capital and related financing activities	<u>-</u>	<u>(38,206,084)</u>	<u>(2,025,940)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received	37,718	4,997	6,430
Net cash flows from investing activities	<u>37,718</u>	<u>4,997</u>	<u>6,430</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,126,236	(21,385,494)	(267,504)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	14,951,953	27,281,041	7,032,349
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 17,078,189	\$ 5,895,547	\$ 6,764,845

Total	Governmental Activities- Internal Service Funds
\$ 16,251,171	\$ 17,120,245
846,957	-
26,393,924	-
(12,071,417)	(15,232,525)
(4,015,767)	-
<u>27,404,868</u>	<u>1,887,720</u>
45,172	-
13,297,533	2,976,179
(20,091,456)	(2,996,179)
<u>(6,748,751)</u>	<u>(20,000)</u>
4,870,544	-
(9,813,000)	-
(5,112,925)	-
723,977	-
218,583	-
(31,119,203)	-
<u>(40,232,024)</u>	<u>-</u>
49,145	7,683
<u>49,145</u>	<u>7,683</u>
(19,526,762)	1,875,403
<u>49,265,343</u>	<u>11,102,423</u>
<u>\$ 29,738,581</u>	<u>\$ 12,977,826</u>

(continued)

POLK COUNTY, IOWA

**Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2012**

	Business-type Activities-Enterprise Funds		
	Prairie Meadows Racetrack/ Casino	Iowa Events Center	Nonmajor Enterprise Funds
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES:			
Operating income (loss)	\$ 15,991,052	\$ (4,974,773)	\$ (51,407)
Components of operating income (loss) not included in operating activities:			
Depreciation	6,088,938	8,494,313	648,168
Amortization	-	(357,981)	6,615
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:			
(Increase) decrease in special assessments receivable	-	-	15,477
(Increase) decrease in accounts receivable	-	476,983	(63,173)
(Increase) decrease in due from other governments	-	(78,809)	507,356
(Increase) decrease in inventories	-	(2,668)	-
(Increase) decrease in prepaid items	-	(16,986)	-
Increase (decrease) in accounts payable	-	571,110	(120,414)
Increase (decrease) in wages payable	-	(65,296)	1,027
Increase (decrease) in payroll taxes payable	-	(4,954)	815
Increase (decrease) in due to other funds	(39,426)	-	-
Increase (decrease) in due to other governments	(140,590)	-	-
Increase (decrease) in advance deposits and ticket sales	-	107,969	-
Increase (decrease) in deferred revenue	-	410,311	-
Increase (decrease) in compensated absences payable	-	4,067	(2,856)
Increase (decrease) in estimated liability for claims and judgments	-	-	-
Increase (decrease) in post employment liability	-	-	-
Net cash flows from operating activities	<u>\$ 21,899,974</u>	<u>\$ 4,563,286</u>	<u>\$ 941,608</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:			
Disposal of fully depreciated capital assets	\$ -	\$ -	\$ (19,630)
Acquisition of capital assets through accounts payable	-	(3,589,894)	(561,426)
Acquisition of capital assets through contract/retainage payable	-	(815,954)	(201,458)

See Notes to Basic Financial Statements

Total	Governmental Activities- Internal Service Funds
\$ 10,964,872	\$ 1,178,498
15,231,419	-
(351,366)	-
15,477	-
413,810	98,727
428,547	-
(2,668)	-
(16,986)	-
450,696	50,895
(64,269)	-
(4,139)	-
(39,426)	-
(140,590)	-
107,969	-
410,311	-
1,211	-
-	15,600
-	544,000
<u>\$ 27,404,868</u>	<u>\$ 1,887,720</u>

\$ (19,630)	\$ -
(4,151,320)	-
(1,017,412)	-

(concluded)

POLK COUNTY, IOWA

**Statement of Assets and Liabilities
Fiduciary Funds
June 30, 2012**

	Total Agency Funds
ASSETS	
Cash and pooled investments	\$ 25,538,111
Receivables (net):	
Taxes	3,047,901
Special assessments	12,468,411
Accounts	460,199
Due from other governments	490,264
	<hr/>
TOTAL ASSETS	\$ 42,004,886
	<hr/> <hr/>
LIABILITIES	
Accounts payable	\$ 26,969
Wages payable	129,042
Payroll taxes payable	162,621
Due to other funds	316,153
Due to other governments	40,191,321
Advances from other funds	7,000
Trusts payable	350,803
Compensated absences payable	667,894
Termination benefits payable	6,083
Post employment liability	147,000
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TOTAL LIABILITIES	\$ 42,004,886
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See Notes to Basic Financial Statements

POLK COUNTY, IOWA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

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 they are legally separate from the County.

Discretely Presented Component Unit - The combined financial data of Polk County Health Services, Inc. and Polk County Health Services Foundation, collectively referred to as "PCHS," as of and for the year ended June 30, 2012, is included in the County's financial statements. PCHS has been designated by the Polk County Board of Supervisors to serve as the Code of Iowa mandated regional planning council and single point of entry for services to persons with mental illness, mental retardation or developmental disabilities. PCHS administers the allocation of approximately \$60 million each year for mental health services for the County. Although PCHS is a separate legal entity and appoints its own Board of Directors, it is fiscally dependent on the County. The County provides a significant portion of PCHS's financial support and annually approves its overall budget.

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

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

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

Government-wide Financial Statements

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

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

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

Net assets are reported in three categories:

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

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

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

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

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

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

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

Fund Financial Statements

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

Fund Accounting

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

Governmental Funds

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

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

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

The following are the County’s major governmental funds:

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

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

Proprietary Funds

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

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

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

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

The County reports the following major proprietary funds:

Prairie Meadows Racetrack/Casino – Accounts for activity of Prairie Meadows Racetrack and Casino. It is operated and managed by a third party who has the ability to modify services and rates. See Note 17 for further information.

Iowa Events Center – Accounts for activity of the Convention Complex, Community Choice Credit Union Convention Center at Veterans Memorial, 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 18 for further information.

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. 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 Nets Assets or Equity

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

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

Property Taxes: The County proposed property tax levy was approved during the Board of Supervisors' session held in March of 2011 on the assessed valuation of property located in the County as of January 1, 2010, 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, 2011. Taxes were receivable in two installments on September 30, 2011, and March 31, 2012. 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 sixty days after year end, unearned state/grant advances and undistributed food commodities.

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

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

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

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

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

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

The compensated absences liability has been computed based on rates of pay in effect at June 30, 2012. A liability is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements.

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

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

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

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

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

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

Unassigned – All amounts not included in other classifications.

When committed 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 require management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. FUND BALANCE DEFICITS

Individual fund balance deficits for the year ended June 30, 2012 are as follows:

Major Fund:	
Mental Health	\$ (4,132,905)
Special Revenue:	
Secondary Roads	(2,150,733)
Capital Projects:	
Conservation Land Acquisition & Development	(319,746)
Capital Improvement Projects	(544,148)
Enterprise Funds:	
Iowa Tax & Tags	(52,780)

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, 2012, the cash and pooled investments of the County consist of:

Cash and cash items in vault	\$ 99,804
Cash on hand not yet deposited	51,751
Bank account deposits	63,586,191
Mutual funds	68,962,871
Mutual funds - restricted	<u>769,038</u>
Total cash and pooled investments	<u>\$ 133,469,655</u>

Cash and pooled investments, statement of net assets	\$ 107,162,506
Cash and pooled investments, fiduciary funds	25,538,111
Restricted assets	<u>769,038</u>
Total cash and pooled investments	\$ <u>133,469,655</u>

The County elected to maintain a non-interest bearing certificate of deposit with Bank of America in the average total of \$25,264,165 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. 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, 2012.

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, 2012, 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, 2012, 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, 2012, other than certificate of deposits. In addition, the component unit had no deposits or investments exposed to custodial credit risk.

4. RESTRICTED ASSETS

The County has the following restricted cash as of June 30, 2012:

	PFMS User Fee	Concession Upkeep	Total
Iowa Events Center	\$ 351,308	\$ 417,730	\$ 769,038

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

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

5. DUE FROM/TO OTHER FUNDS

Amounts due from/to other funds at June 30, 2012, are as follows:

Due from	Due To			Total
	General Fund	MH/MR/DD Services	Nonmajor Governmental	
General Fund	\$ -	\$ -	\$ 462	\$ 462
Nonmajor Governmental	577,628	-	-	577,628
Prairie Meadows Racetrack/Casino	509,907	73,768	102,672	686,347
Nonmajor Enterprise	45,172	-	-	45,172
Fiduciary	316,153	-	-	316,153
Total	\$ 1,448,860	\$ 73,768	\$ 103,134	\$ 1,625,762

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	\$ 927,325
Property taxes owed to various funds from Prairie Meadows Racetrack/Casino Enterprise Fund	686,347

6. ADVANCES TO/FROM OTHER FUNDS

Advances to/from other funds result from established long-term interfund loans, as evidenced by existing agreements. Such agreements bear interest at rates ranging from 3.00% to 5.10%. The long-term portion of individual fund loan balances at June 30, 2012, is as follows:

Drainage District fund interfund loans payable to the following funds:	
General Fund	\$ <u><u>7,000</u></u>

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

		Drainage Districts
During the year ending June 30:		
2013	\$	3,500
2014		<u>3,500</u>
Total	\$	<u><u>7,000</u></u>

7. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2012, is as follows:

	Balance 7/1/2011	Additions	Disposals	Balance 6/30/2012
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 11,589,075	\$ 804,303	\$ -	\$ 12,393,378
Intangibles-computer software in progress	1,833,867	1,266,893	-	3,100,760
Construction in progress	<u>4,254,825</u>	<u>1,732,858</u>	<u>(3,994,215)</u>	<u>1,993,468</u>
Total capital assets, not being depreciated	<u>17,677,767</u>	<u>3,804,054</u>	<u>(3,994,215)</u>	<u>17,487,606</u>
Capital assets, being depreciated:				
Buildings	140,695,531	5,031,632	(661,688)	145,065,475
Improvements other than buildings	2,042,487	36,738	-	2,079,225
Infrastructure	95,287,294	1,297,459	-	96,584,753
Equipment	12,933,744	882,222	(300,220)	13,515,746
Vehicles	<u>8,328,527</u>	<u>695,810</u>	<u>(380,528)</u>	<u>8,643,809</u>
Total capital assets being depreciated	<u>259,287,583</u>	<u>7,943,861</u>	<u>(1,342,436)</u>	<u>265,889,008</u>
Less accumulated depreciation for:				
Buildings	(47,142,960)	(4,316,824)	308,785	(51,150,999)
Improvements other than buildings	(716,521)	(90,041)	-	(806,562)
Infrastructure	(60,375,851)	(3,930,465)	-	(64,306,316)
Equipment	(9,087,497)	(1,013,489)	300,220	(9,800,766)
Vehicles	<u>(4,922,965)</u>	<u>(973,395)</u>	<u>380,528</u>	<u>(5,515,832)</u>
Total accumulated depreciation	<u>(122,245,794)</u>	<u>(10,324,214)</u>	<u>989,533</u>	<u>(131,580,475)</u>
Total capital assets being depreciated, net	<u>137,041,789</u>	<u>(2,380,353)</u>	<u>(352,903)</u>	<u>134,308,533</u>
Governmental activities capital assets, net	<u>\$ 154,719,556</u>	<u>\$ 1,423,701</u>	<u>\$ (4,347,118)</u>	<u>\$ 151,796,139</u>

	Balance 7/1/2011	Additions	Disposals	Balance 6/30/2012
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 14,852,969	\$ -	\$ -	\$ 14,852,969
Intangibles-permanent easements	500,611	-	-	500,611
Construction in progress	42,518,047	25,627,320	(44,444,099)	23,701,268
Total capital assets, not being depreciated	<u>57,871,627</u>	<u>25,627,320</u>	<u>(44,444,099)</u>	<u>39,054,848</u>
Capital assets, being depreciated:				
Buildings	281,344,373	44,210,434	-	325,554,807
Improvements other than buildings	8,737,316	-	-	8,737,316
Leasehold improvements	113,145,115	-	-	113,145,115
Infrastructure	21,186,283	511,768	-	21,698,051
Equipment	792,686	45,048	-	837,734
Vehicles	224,774	-	(19,630)	205,144
Total capital assets being depreciated	<u>425,430,547</u>	<u>44,767,250</u>	<u>(19,630)</u>	<u>470,178,167</u>
Less accumulated depreciation for:				
Buildings	(76,672,999)	(10,075,714)	-	(86,748,713)
Improvements other than buildings	(8,355,027)	(27,621)	-	(8,382,648)
Leasehold improvements	(14,258,935)	(4,511,805)	-	(18,770,740)
Infrastructure	(7,614,284)	(542,455)	-	(8,156,739)
Equipment	(666,816)	(39,411)	-	(706,227)
Vehicles	(133,301)	(34,413)	19,630	(148,084)
Total accumulated depreciation	<u>(107,701,362)</u>	<u>(15,231,419)</u>	<u>19,630</u>	<u>(122,913,151)</u>
Total capital assets being depreciated, net	<u>317,729,185</u>	<u>29,535,831</u>	<u>-</u>	<u>347,265,016</u>
Business-type activities capital assets, net	<u>\$ 375,600,812</u>	<u>\$ 55,163,151</u>	<u>\$ (44,444,099)</u>	<u>\$ 386,319,864</u>

Governmental Activities

The land and building addition in governmental activities includes acquisition of a new facility located at 70 College Avenue. Building additions also includes a reclassification from construction in progress for the completion of the Polk County River Place West office space. The intangible in progress represents a new real estate system which is expected to go live by Spring 2013 and a land management and permitting system which is expected to go live in November 2012. New infrastructure primarily consists of completion of construction of two bridge projects. Construction in progress primarily consists of reconstruction of NW Beaver Avenue and a new bridge construction project.

Business-type Activities

The building addition and related construction in progress reclassification in the business-type activities represents the completion of the Community Choice Credit Union Convention Center at Veterans Memorial renovation project. The balance of the construction in progress account consists of a major sanitary sewer extension project.

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	\$ 3,458,750
Physical health and social services	1,171,613
County environment and education	398,540
Roads and transportation	4,619,727
Government services to residents	312,149
Administration	<u>363,435</u>
Total depreciation expense - governmental activities	<u>\$ 10,324,214</u>
Business-type activities:	
Air Pollution	\$ 69,857
Sanitary Treatment Works	312,539
Prairie Meadows Racetrack/Casino	6,088,938
Jester Park Golf Course	35,856
Hamilton Urban Drainage District	229,916
Iowa Events Center	<u>8,494,313</u>
Total depreciation expense - business-type activities	<u>\$ 15,231,419</u>

8. LONG-TERM LIABILITIES

The following is a summary of long-term liability activity for the year ended June 30, 2012:

	Balance			Balance	
	July 1, 2011	Additions	Deletions	June 30, 2012	Due Within One Year
Governmental activities:					
General obligation bonds payable	\$ 105,495,000	\$ -	\$ (8,310,000)	\$ 97,185,000	\$ 7,725,000
Add: unamortized premium (discount)	459,533	-	(52,436)	407,097	52,436
General obligation notes payable	429,000	-	(41,000)	388,000	43,000
Capital leases payable	2,047,367	-	(707,168)	1,340,199	431,375
Accrued compensated absences	12,259,374	8,502,589	(8,171,190)	12,590,773	1,733,045
Termination benefits payable	84,602	3,033,640	(1,444,693)	1,673,549	1,590,500
Post employment liability	3,459,000	544,000	-	4,003,000	-
Estimated liability for claims and judgments	<u>2,605,700</u>	<u>(14,664,142)</u>	<u>14,415,742</u>	<u>2,357,300</u>	<u>1,778,300</u>
Total	<u>\$ 126,839,576</u>	<u>\$ (2,583,913)</u>	<u>\$ (4,310,745)</u>	<u>\$ 119,944,918</u>	<u>\$ 13,353,656</u>
Business-type activities:					
General obligation bonds payable	\$ 136,755,000	\$ -	\$ (9,130,000)	\$ 127,625,000	\$ 9,495,000
Add: unamortized premium (discount)	4,741,200	-	(477,005)	4,264,195	477,005
Less: loss on advance refunding	(1,000,896)	-	113,472	(887,424)	(113,472)
General obligation notes payable	18,115,588	4,870,544	(683,000)	22,303,132	1,774,132
Accrued compensated absences	<u>144,167</u>	<u>82,681</u>	<u>(81,470)</u>	<u>145,378</u>	<u>81,576</u>
Total	<u>\$ 158,755,059</u>	<u>\$ 4,953,225</u>	<u>\$ (10,258,003)</u>	<u>\$ 153,450,281</u>	<u>\$ 11,714,241</u>

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

General Obligation Bonds Payable

	Original Amount	Date Issued	Interest Rates	Due Date	Amount Outstanding
Governmental activities					
General Purpose	\$ 6,200,000	12/15/2002	3-4%	6/1/2013	\$ 605,000
General Purpose	1,025,000	12/15/2003	2.15-3.55%	6/1/2014	360,000
General Purpose	3,770,000	7/15/2004	3-3.9%	6/1/2015	1,280,000
General Purpose	8,865,000	6/1/2006	4-4.25%	6/1/2016	4,450,000
General Purpose	6,110,000	6/1/2006	4-4.5%	6/1/2026	4,800,000
General Purpose	68,000,000	12/1/2006	4-4.125%	6/1/2026	56,915,000
General Purpose	12,915,000	12/1/2006	4-4.125%	6/1/2026	10,425,000
General Purpose	2,665,000	12/1/2007	4%	6/1/2017	1,510,000
General Purpose	3,905,000	12/1/2008	4%	6/1/2018	2,680,000
General Purpose	15,485,000	12/30/2010	2-4%	6/1/2025	14,160,000
Total					\$ <u>97,185,000</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	\$ 275,000
Iowa Events Center	40,900,000	12/15/2002	4-5.2%	6/1/2017	20,740,000
Iowa Events Center	27,490,000	12/3/2007	4%	6/1/2017	18,025,000
Iowa Events Center	46,885,000	12/30/2010	2-5%	6/1/2021	43,230,000
Iowa Events Center	42,450,000	12/30/2010	2-4%	6/1/2023	41,085,000
Urban Sewer	5,330,000	6/1/2006	4-4.5%	6/1/2026	4,190,000
Urban Sewer	105,000	12/1/2006	4-4.125%	6/1/2026	80,000
Total					\$ <u>127,625,000</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>388,000</u>
Business-type activities					
Sanitary Treatment	\$ 5,000,000	7/30/2008	3%	6/1/2028	\$ 3,769,000
Sanitary Treatment	13,000,000	6/16/2010	3%	6/1/2030	12,495,000
Sanitary Treatment	268,000	6/30/2010	0%	6/30/2013	47,132
Sanitary Treatment	997,000	6/30/2010	0%	6/30/2013	997,000
Sanitary Treatment	5,000,000	6/1/2011	3%	6/1/2031	4,995,000
Total					\$ <u>22,303,132</u>

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

	Bonds Payable		Notes Payable		Total
	Principal	Interest	Principal	Interest	Principal and Interest
Governmental activities					
During the year ending June 30:					
2013	\$ 7,725,000	\$ 3,866,819	\$ 43,000	\$ 10,995	\$ 11,645,814
2014	7,385,000	3,576,709	44,000	9,690	11,015,399
2015	7,475,000	3,299,591	46,000	8,340	10,828,931
2016	7,305,000	3,017,599	47,000	6,945	10,376,544
2017	6,365,000	2,732,336	49,000	5,505	9,151,841
2018-2022	31,930,000	9,936,436	159,000	7,275	42,032,711
2023-2027	29,000,000	2,980,650	-	-	31,980,650
Total	97,185,000	29,410,140	388,000	48,750	127,031,890
Add: unamortized premium	407,097	-	-	-	407,097
Total	<u>\$ 97,592,097</u>	<u>\$ 29,410,140</u>	<u>\$ 388,000</u>	<u>\$ 48,750</u>	<u>\$ 127,438,987</u>

	Bonds Payable		Notes Payable		Principal and Interest
	Principal	Interest	Principal	Interest	
Business-type activities					
During the year ending June 30:					
2013	\$ 9,495,000	\$ 5,657,718	\$ 1,774,132	\$ 637,931	\$ 17,564,781
2014	9,885,000	5,266,790	754,000	616,020	16,521,810
2015	10,155,000	4,853,920	778,000	593,400	16,380,320
2016	10,585,000	4,424,140	804,000	570,060	16,383,200
2017	11,050,000	3,958,070	830,000	545,940	16,384,010
2018-2022	63,585,000	11,484,138	4,575,000	2,339,550	81,983,688
2023-2027	12,870,000	628,931	5,366,000	1,607,190	20,472,121
2028-2032	-	-	7,422,000	649,110	8,071,110
Total	127,625,000	36,273,707	22,303,132	7,559,201	193,761,040
Add: unamortized premium	4,264,195	-	-	-	4,264,195
Less: loss on advance refunding	(887,424)	-	-	-	(887,424)
Total	<u>\$ 131,001,771</u>	<u>\$ 36,273,707</u>	<u>\$ 22,303,132</u>	<u>\$ 7,559,201</u>	<u>\$ 197,137,811</u>

There were no due and unredeemed bonds or notes at June 30, 2012. In addition, there was no special assessment debt outstanding at June 30, 2012. Management does not believe an arbitrage liability exists at June 30, 2012.

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

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

Voluntary Severance Program

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

At June 30, 2012, the County has governmental activities obligations to 73 participants with a total termination benefits liability of \$1,673,549. Actual early retirement expenditures for the year ended June 30, 2012, totaled \$1,444,693.

9. CONDUIT DEBT OBLIGATIONS

As of June 30, 2012, there were various conduit debt obligations outstanding. The aggregate principal amount payable for such debt is \$3,055,000. 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 \$4,710,000 in general obligation capital loan notes on behalf of the Polk County Aviation Authority for refunding the Aviation Authority's outstanding revenue bonds, constructing new tee hangers and purchasing land for future runway improvements. The Aviation Authority will repay the loan with interest in amounts equal to and on the same payment schedule as the payments the County will make on the general obligation capital loan notes.

Other

The County actively encourages industrial and commercial enterprises to locate and remain in the County by, among other things, the issuance of industrial development revenue bonds pursuant to the Code of Iowa Chapter 419, Municipal Support of Projects. These bonds do not constitute an indebtedness of, or a charge against, the general credit or taxing powers of the County. All issues are prepared under the direction of Polk County. The issues which have been sold as of June 30, 2012 amounted to \$132,835,000.

10. DEVELOPER (REBATE) AGREEMENTS

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

Currently, it is estimated that outstanding commitments totaling about \$9.1 million exist, of which \$.9 million is estimated to be paid in the next fiscal year. No liability is recognized due to the fact that the agreements are conditional and the payments are to be funded by property taxes collected on the project each fiscal year.

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

11. LEASE COMMITMENTS

Capital Leases

The County has entered into agreements to purchase equipment through capital lease agreements. The historical cost of equipment relating to capital leases is \$2,917,543. 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, 2012:

During the year ending June 30:		
2013	\$	502,876
2014		502,876
2015		476,241
Total minimum lease payments		<u>1,481,993</u>
Less: amount representing interest		<u>(141,794)</u>
Present value of total minimum lease payments	\$	<u><u>1,340,199</u></u>

Operating Leases

The County leases building facilities for certain County department offices and equipment on a long-term basis. Rental expense for the year ended June 30, 2012 is \$985,348. Following is a schedule of minimum future rentals for non-cancelable operating leases in effect at June 30, 2012:

During the year ending June 30:

2013	\$ 858,135
2014	512,279
2015	216,918
2016	15,600
2017	15,600
2018-2022	78,000
2023-2027	78,000
2028-2032	78,000
2033-2037	<u>62,400</u>
Total	\$ <u><u>1,914,932</u></u>

The above schedule represents operating leases in effect at June 30, 2012. As part of the normal course of business, the County continues to negotiate and/or renegotiate various operating leases.

12. TRANSFER RECONCILIATION

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

Transfer from	Transfer to						Total
	General Fund	Prairie Meadows Casino	Iowa Events Center	Nonmajor Governmental	Nonmajor Enterprise	Internal Service	
General Fund	\$ -	\$ -	\$ -	\$ 4,374,107	\$ -	\$ 2,976,179	\$ 7,350,286
Prairie Meadows Racetrack/Casino	6,065,497	-	12,252,307	448,426	1,045,226	-	19,811,456
Nonmajor Governmental	65,864	-	-	5,345,342	-	-	5,411,206
Nonmajor Enterprise	-	-	-	280,000	-	-	280,000
Internal Service	<u>2,996,179</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,996,179</u>
Total	<u>\$ 9,127,540</u>	<u>\$ -</u>	<u>\$ 12,252,307</u>	<u>\$ 10,447,875</u>	<u>\$ 1,045,226</u>	<u>\$ 2,976,179</u>	<u>\$ 35,849,127</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, 2012, 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.	\$ 19,811,456
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.	2,976,179
General fund and Rural Services fund made transfers to Secondary Roads fund in accordance with state statutes.	7,561,069

13. DEFERRED COMPENSATION PLAN

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

14. PENSION AND RETIREMENT BENEFITS

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

Plan members are required to contribute 5.38% of their annual covered salary and the County is required to contribute 8.07% 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, 2012, 2011, and 2010 were \$6,638,908, \$6,058,362 and \$5,475,966, respectively, equal to the required contributions for each year.

15. RISK MANAGEMENT

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

Self-Insurance Fund

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

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

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

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, 2012. 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, 2012 and 2011 are as follows:

	Year Ended	
	6/30/2012	6/30/2011
Beginning balance	\$ 1,281,000	\$ 478,000
Current year claims and changes in estimates	(1,684,367)	2,160,897
Claim payments	<u>1,420,367</u>	<u>(1,357,897)</u>
Ending Balance	\$ <u>1,017,000</u>	\$ <u>1,281,000</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, 2012 and 2011 are as follows:

	Year Ended	
	6/30/2012	6/30/2011
Beginning balance	\$ 1,324,700	\$ 1,608,700
Current year claims and changes in estimates	(12,979,775)	13,693,406
Claim payments	<u>12,995,375</u>	<u>(13,977,406)</u>
Ending Balance	\$ <u>1,340,300</u>	\$ <u>1,324,700</u>

16. 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	14,730,000
Community Betterment - Link Associates Foundation	<u>2,595,000</u>
Total	\$ <u><u>19,625,000</u></u>
Secondary Road Fund:	
LRS Road Construction Contract	\$ 2,866,000
Bridge Replacement Project	<u>1,264,000</u>
Total	\$ <u><u>4,130,000</u></u>
Capital Improvements Projects Fund:	
Land Management & Permitting System	\$ 567,000
Sanitary Sewer Fund:	
Rock Creek Trunk Sewer Segment 4 & 5	\$ 4,515,000

Contingencies

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

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

17. RACETRACK/CASINO

The County owns a 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.

18. IOWA EVENTS CENTER

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

Managed Facilities

The County has a Management Agreement with Global Spectrum, L.P. (Global), to manage and operate the Managed Facilities. This agreement is a ten-year contract beginning October 1, 2004. Under this agreement the County pays Global a fixed management fee. For the fiscal year ending June 30, 2012 the amount of the fixed management fee was \$210,831.

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 \$52,181 for the productivity fee for the fiscal year ending June 30, 2012.

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, 2012 the amount of the fixed management fee was \$141,000.

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 \$55,561 for the incentive fee for the fiscal year ending June 30, 2012.

Leased Facility

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

Under this agreement the County receives 80% of the first one million dollars of net operating income for such fiscal year in excess of the operator's share, plus 70% of all net operating income in excess of the operator's share plus one million dollars for such year. The operator's share is \$500,000 per fiscal year. The County earned \$840,286 and Global earned \$717,265 of WFA's net operating income for the fiscal year ending June 30, 2012.

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 \$368,882 for the fiscal year ending June 30, 2012.

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 \$106,730 for the fiscal year ending June 30, 2012.

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, 2012, the County received the following naming rights revenue:

Hy-Vee Hall	\$	375,000
Wells Fargo Arena		1,949,505
Principal River's Edge restaurant		58,333

19. RELATED PARTY TRANSACTIONS

The Iowa Events Center is managed by Global Spectrum, L.P. which is a subsidiary of Philadelphia-based Comcast-Spectacor. The Comcast-Spectacor Group includes Ovations Food Services and New Era Tickets. The following is a summary of transactions and balances with affiliates as of and for the year ended June 30, 2012:

Concessions and catering revenue from Ovations	\$	4,393,700
Ticket revenue and fees received from New Era		6,928
Ticket fees paid to New Era		5,296
Management fee paid to Ovations		141,000

20. JOINT VENTURE

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

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

Although debt of the WRA is to be paid solely and only from WRA revenues, the participating communities in the joint venture cannot withdraw from the joint venture while any of the bonds issued during the time the entity was a participating community are still outstanding. Polk County retains an ongoing financial responsibility to the WRA since it is obligated in some manner for the debts of the joint venture through the annual allocation of wastewater reclamation flows. The allocation to all participating communities is based on operations, maintenance, debt service and reserve requirements. Allocations are based on wastewater reclamation facility flows and adjusted prospectively for differences in budgeted flows and actual flows. As of June 30, 2012, the County has a future commitment for approximately \$870,020 for future principal payment requirements payable through the allocation of wastewater reclamation flows.

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

21. OTHER POST EMPLOYMENT BENEFITS (OPEB)

Plan Description

The County sponsors a single-employer defined post-employment benefit plan that provides a continuation option to retirees to purchase health benefits under the County's group health plan. Retirees have the option to purchase health coverage for themselves and their eligible dependents. Eligible retirees receive health care coverage through a self funded medical plan, administered through Wellmark. Full-time Sheriff and Sheriff Deputies may retire with the election to continue health coverage at age 50 with 22 or more years of service or 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. 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 2012, the County contributed \$357,000. Retirees receiving benefits contributed \$1,386,000 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	\$ 878,000	\$ 26,000	\$ 904,000
Interest on net OPEB obligation	156,000	5,000	161,000
Adjustment to annual required contribution	<u>(132,000)</u>	<u>(5,000)</u>	<u>(137,000)</u>
Annual OPEB cost (expense)	902,000	26,000	928,000
Contributions made	<u>(358,000)</u>	<u>1,000</u>	<u>(357,000)</u>
Increase in net OPEB obligation	544,000	27,000	571,000
Net OPEB obligation - July 1, 2011	<u>3,459,000</u>	<u>120,000</u>	<u>3,579,000</u>
Net OPEB obligation - June 30, 2012	<u>\$4,003,000</u>	<u>\$ 147,000</u>	<u>\$ 4,150,000</u>

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

Fiscal Year Ended	<u>Annual OPEB Cost</u>		<u>% of Annual OPEB Cost Contributed</u>		<u>Net OPEB Obligation</u>	
	County	County Assessor	County	County Assessor	County	County Assessor
6/30/2010	\$ 1,348,000	\$ 50,000	21%	48%	\$ 2,401,000	\$ 93,000
6/30/2011	1,432,000	59,000	20%	41%	3,459,000	120,000
6/30/2012	902,000	26,000	32%	92%	4,003,000	147,000

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)	\$ 73,552,000	\$ 2,006,000	\$ 75,558,000
UAAL as a percentage of covered payroll	11.5%	13.3%	

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.

22. ELECTED OFFICIALS

The elected officials funds (which are sub-funds of the General Fund) account for the activity of various cash accounts maintained by elected officials and other County departments which have not been remitted to the County Treasurer (who acts as trustee for all pooled cash and investments of the County) or to other individuals and private entities or governments. The elected official's balances at June 30, 2012, are as follows:

	Attorney	Auditor	Board of Supervisors Other	Conservation Board	Recorder	Sheriff	Total Elected Officials
ASSETS:							
Cash and pooled investments	\$ 4,671	\$ 22,736	\$ 550	\$ 13,454	\$ 357,620	\$ 1,653,717	\$ 2,052,748
Due from other governments	-	-	-	-	3,267	-	3,267
TOTAL ASSETS	\$ 4,671	\$ 22,736	\$ 550	\$ 13,454	\$ 360,887	\$ 1,653,717	\$ 2,056,015
LIABILITIES:							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,733	\$ 23,733
Due to other funds	4,671	10,130	550	13,454	2,864	75,105	106,774
Due to other governments	-	12,606	-	-	358,023	1,393,095	1,763,724
Trusts payable	-	-	-	-	-	161,784	161,784
TOTAL LIABILITIES	\$ 4,671	\$ 22,736	\$ 550	\$ 13,454	\$ 360,887	\$ 1,653,717	\$ 2,056,015

23. FUND BALANCES

	General Fund	Major Special Revenue Mental Health	Nonmajor Governmental Funds	Total
Nonspendable:				
Inventory	\$ 466,839	\$ -	\$ 925,036	\$ 1,391,875
Prepays	634,806	-	-	634,806
Advances	7,000	-	-	7,000
Restricted for:				
Rural services	-	-	1,953,606	1,953,606
Sheriff seized property	-	-	117,292	117,292
Attorney seized property	-	-	417,958	417,958
Recorder records management	-	-	299,378	299,378
Township fire protection	-	-	8,619	8,619
REAP	-	-	78,808	78,808
Debt service	-	-	405,753	405,753
Committed to:				
Economic development	3,700,119	-	-	3,700,119
Attorney collection incentive	-	-	485,776	485,776
Treasurer's banking reserve	-	-	7,076	7,076
Contingency reserve	-	-	9,326,778	9,326,778
Unassigned:	28,872,644	(4,132,905)	(3,939,663)	20,800,076
Total Fund Balances	\$ 33,681,408	\$ (4,132,905)	\$ 10,086,417	\$ 39,634,920

24. SUBSEQUENT EVENTS

Management evaluated subsequent events through November 30, 2012, the date the financial statements were available to be issued. Events or transactions occurring after June 30, 2012, but prior to November 30, 2012, that provided additional evidence about conditions that existed at June 30, 2012, have been recognized in the financial statements for the year ended June 30, 2012. Events or transactions that provided evidence about conditions that did not exist at June 30, 2012, 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, 2012.

2012 General Obligation Debt

In August 2012, the County issued the following bonds:

- 2012A \$6.9 million in general obligation debt. This debt will fund two years of grants to housing programs and two years of the County's asset repair and replacement program.
- 2012B \$20.935 million of taxable general obligation bonds to refund 2002B taxable general obligation debt related to the Iowa Event Center enterprise fund.
- 2012C \$73.235 million of general obligation bonds to refund 2006ABCD general obligation bonds related to governmental activities.

2012 General Obligation Capital Loan Note

In October 2012, the County approved the issuance of \$10 million general obligation capital loan note for the Rock Creek Project from the Iowa Finance Authority for the Sanitary Treatment Works enterprise fund.

Conservation Bond Referendum

In November 2012, voters passed a bond referendum to issue \$50 million to fund park and trail improvements, land acquisition and other conservation measures including lakes and rivers with Polk County.

Convention Complex Building Exchange

In November 2012, the County supervisors approved an intent to proceed with a plan that includes a series of property exchanges in downtown Des Moines that would move the YMCA into the Convention Complex, move County courts into a building just north of the courthouse at 222 Fifth Ave. and leave the old YMCA property along the Des Moines River open for redevelopment. The first step of the plan would involve the County trading the Convention Complex to Wellmark for \$500,000 in exchange for the 222 Fifth Ave. property.

25. NEW ACCOUNTING PRONOUNCEMENTS

As of June 30, 2012, 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. 57 ("GASB 57"), *"OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans"*, issued December 2009, was implemented for the County beginning with its fiscal year ending June 30, 2012. This Statement addresses issues related to the use of the alternative measurement method and the frequency and timing of measurement by employers that participate in agent multiple-employer other postemployment benefit (OPEB) plans.
- GASB Statement No. 62 ("GASB 62"), *"Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1998 FASB and AICPA Pronouncements"*, issued December 2010, was early implemented for the County beginning with its fiscal year ending June 30, 2013. This Statement will improve financial reporting by contributing to efforts to codify all sources of generally accepted accounting principles for state and local governments so that they derive from a single source. It will result in a more consistent application of applicable guidance in financial statements of state and local governments.
- GASB Statement No. 64 ("GASB 64"), *"Derivative Instruments: Application of Hedge Accounting Termination Provisions – An Amendment of GASB Statement No. 53"*, issued June 2011, was implemented for the County beginning with its fiscal year ending June 30, 2012. This Statement's objective is to clarify whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider.

As of June 30, 2012, 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. 60 ("GASB 60"), *"Accounting and Financial Reporting for Service Concession Arrangements"*, issued November 2010, will be effective for the County beginning with its fiscal year ending June 30, 2013. This Statement provides accounting and reporting guidance by establishing recognition, measurement, and disclosure requirements for service concession arrangements for both transferors and governmental operators, requiring governments to account for and report service concession arrangements in the same manner.

- GASB Statement No. 61 ("GASB 61"), *"The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34"*, issued November 2010, will be effective for the County beginning with its fiscal year ending June 30, 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, will be effective 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.
- 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.

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, 2012**

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	2010	7/1/2009	\$ -	\$ 11,762,000	\$ 11,762,000	0.0%	\$ 70,021,008	16.8%
County Assessor	2010	7/1/2009	-	585,000	585,000	0.0%	1,871,138	31.3%
Polk County	2011	7/1/2009	-	11,762,000	11,762,000	0.0%	72,579,000	16.2%
County Assessor	2011	7/1/2009	-	585,000	585,000	0.0%	1,950,000	30.0%
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%

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

POLK COUNTY, IOWA

Required Supplementary Information Budgetary Comparison Schedule All Governmental Funds For the Year Ended June 30, 2012

	Original Budget	Amended Budget	Actual	Variance
REVENUES:				
Property taxes	\$ 128,101,692	\$ 128,101,692	\$ 128,308,789	\$ 207,097
Other County taxes	5,541,668	5,541,668	5,538,826	(2,842)
Interest and penalty on delinquent taxes	1,580,000	1,598,000	1,308,418	(289,582)
Intergovernmental	72,839,115	82,113,955	79,173,103	(2,940,852)
Licenses and permits	540,900	751,300	862,407	111,107
Charges for services	11,783,124	12,772,523	12,385,983	(386,540)
Use of money and property	3,423,512	3,344,589	3,090,402	(254,187)
Miscellaneous	2,029,307	2,498,264	2,190,525	(307,739)
Total receipts	<u>225,839,318</u>	<u>236,721,991</u>	<u>232,858,453</u>	<u>(3,863,538)</u>
EXPENDITURES:				
Current:				
Public safety and legal services	64,383,438	66,049,790	64,726,796	1,322,994
Physical health and social services	39,264,114	37,767,532	36,066,369	1,701,163
Mental health	51,559,012	59,933,085	58,075,965	1,857,120
County environment and education	14,006,066	13,941,544	12,479,717	1,461,827
Roads and transportation	10,675,976	10,741,076	10,569,008	172,068
Government services to residents	7,562,923	7,354,431	6,961,088	393,343
Administration	31,061,816	32,801,556	30,964,389	1,837,167
Debt service	13,204,943	12,964,943	12,964,857	86
Capital projects	10,771,022	15,587,636	12,201,654	3,385,982
Total disbursements	<u>242,489,310</u>	<u>257,141,593</u>	<u>245,009,843</u>	<u>12,131,750</u>
OTHER FINANCING SOURCES (USES):				
General long-term debt proceeds	3,800,000	-	-	-
Proceeds from disposal of capital assets	153,000	174,998	114,331	(60,667)
Transfers in (out)	8,496,201	12,240,181	6,813,923	(5,426,258)
Total other financing sources (uses)	<u>12,449,201</u>	<u>12,415,179</u>	<u>6,928,254</u>	<u>(5,486,925)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES - BUDGETARY BASIS				
	<u>\$ (4,200,791)</u>	<u>\$ (8,004,423)</u>	<u>(5,223,136)</u>	<u>\$ 2,781,287</u>
RECONCILIATION TO GAAP BASIS:				
Basis differences:				
Increase (decrease) in accrual basis assets			(1,521,442)	
(Increase) decrease in accrual basis liabilities			<u>(4,659,624)</u>	
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses - GAAP basis			(11,404,202)	
Fund balance at beginning of year - GAAP basis			50,969,075	
Changes in inventory reserves			<u>70,047</u>	
Fund balance at end of year - GAAP basis			<u>\$ 39,634,920</u>	

See Notes to Required Supplementary Information.

POLK COUNTY, IOWA

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION BUDGETARY REPORTING FOR THE YEAR ENDED JUNE 30, 2012

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, 2012 there were two supplemental appropriations resulting in an increase in total disbursements of \$14,652,283.

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

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

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

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

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

County Recorder Records Management - Accounts for recording fees which are earmarked for records management. This account is restricted in accordance with the Iowa Code Section 331.604.2a.

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.

(continued)

Capital Projects Funds

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

Conservation Land Acquisition & Development - Accounts for the assets held for County conservation land acquisition and capital improvements projects. This account is restricted in accordance with the Iowa Code Section 350.6.

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

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

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.

Debt Service - Accounts for debt service for general obligation bond issues supported by County-wide tax levies. 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, 2012**

	Rural Services	Sheriff Seized Property (State)	Sheriff Seized Property (Federal)	Attorney Seized Property	County Attorney Collection Incentive
ASSETS					
Cash and pooled investments	\$ 2,068,783	\$ 80,472	\$ 36,820	\$ 420,831	\$ 457,218
Receivables (net):					
Taxes	25,466	-	-	-	-
Succeeding year property taxes	7,106,060	-	-	-	-
Special assessments	-	-	-	-	-
Accounts	55,485	-	-	-	-
Due from other funds	36,237	-	-	-	-
Due from other governments	42,232	-	-	-	28,558
Inventories	-	-	-	-	-
TOTAL ASSETS	\$ 9,334,263	\$ 80,472	\$ 36,820	\$ 420,831	\$ 485,776
LIABILITIES					
Accounts payable	\$ 129,991	\$ -	\$ -	\$ 305	\$ -
Wages payable	10,395	-	-	2,210	-
Payroll taxes payable	29,727	-	-	358	-
Due to other funds	-	-	-	-	-
Deferred revenues	104,484	-	-	-	-
Succeeding year property taxes deferred revenues	7,106,060	-	-	-	-
TOTAL LIABILITIES	7,380,657	-	-	2,873	-
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	1,953,606	80,472	36,820	417,958	-
Committed	-	-	-	-	485,776
Unassigned	-	-	-	-	-
TOTAL FUND BALANCES	1,953,606	80,472	36,820	417,958	485,776
TOTAL LIABILITIES AND FUND BALANCES	\$ 9,334,263	\$ 80,472	\$ 36,820	\$ 420,831	\$ 485,776

Special Revenue							
Secondary Roads	County Recorder Records Management	Township Fire Protection	Treasurer Banking Reserve	REAP	Contingency Reserve	Total Special Revenue	
\$ -	\$ 298,916	\$ 8,619	\$ 7,076	\$ 76,850	\$ 9,326,778	\$ 12,782,363	
-	-	1,094	-	-	-	26,560	
-	-	735,624	-	-	-	7,841,684	
-	-	-	-	-	-	-	
-	-	-	-	-	-	55,485	
-	462	3,883	-	-	-	40,582	
531,922	-	-	-	1,958	-	604,670	
925,036	-	-	-	-	-	925,036	
\$ 1,456,958	\$ 299,378	\$ 749,220	\$ 7,076	\$ 78,808	\$ 9,326,778	\$ 22,276,380	
\$ 3,233,087	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,363,383	
200,073	-	-	-	-	-	212,678	
-	-	-	-	-	-	30,085	
-	-	-	-	-	-	-	
174,531	-	4,977	-	-	-	283,992	
-	-	735,624	-	-	-	7,841,684	
3,607,691	-	740,601	-	-	-	11,731,822	
925,036	-	-	-	-	-	925,036	
-	299,378	8,619	-	78,808	-	2,875,661	
-	-	-	7,076	-	9,326,778	9,819,630	
(3,075,769)	-	-	-	-	-	(3,075,769)	
(2,150,733)	299,378	8,619	7,076	78,808	9,326,778	10,544,558	
\$ 1,456,958	\$ 299,378	\$ 749,220	\$ 7,076	\$ 78,808	\$ 9,326,778	\$ 22,276,380	

(continued)

POLK COUNTY, IOWA

**Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2012**

	Capital Projects			Debt Service	
	Conservation	Capital Improvements Projects	Total Capital Projects	Hamilton	Debt Service
	Land Acquisition & Development			Drain Debt Service	
ASSETS					
Cash and pooled investments	\$ -	\$ -	\$ -	\$ -	\$ 452,538
Receivables (net):					
Taxes	-	-	-	-	49,203
Succeeding year property taxes	-	-	-	-	12,210,269
Special assessments	-	-	-	4,618	-
Accounts	-	-	-	-	-
Due from other funds	-	-	-	-	62,552
Due from other governments	377,789	70,607	448,396	-	-
Inventories	-	-	-	-	-
TOTAL ASSETS	\$ 377,789	\$ 70,607	\$ 448,396	\$ 4,618	\$ 12,774,562
LIABILITIES					
Accounts payable	\$ 212,665	\$ 136,114	\$ 348,779	\$ -	\$ 47,000
Wages payable	-	-	-	-	-
Payroll taxes payable	-	-	-	-	-
Due to other funds	107,081	470,547	577,628	-	-
Deferred revenues	377,789	8,094	385,883	4,618	111,540
Succeeding year property taxes deferred revenues	-	-	-	-	12,210,269
TOTAL LIABILITIES	697,535	614,755	1,312,290	4,618	12,368,809
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	405,753
Committed	-	-	-	-	-
Unassigned	(319,746)	(544,148)	(863,894)	-	-
TOTAL FUND BALANCES	(319,746)	(544,148)	(863,894)	-	405,753
TOTAL LIABILITIES AND FUND BALANCES	\$ 377,789	\$ 70,607	\$ 448,396	\$ 4,618	\$ 12,774,562

Total Debt Service	Total Nonmajor Governmental Funds
\$ 452,538	\$ 13,234,901
49,203	75,763
12,210,269	20,051,953
4,618	4,618
-	55,485
62,552	103,134
-	1,053,066
-	925,036
<u>\$ 12,779,180</u>	<u>\$ 35,503,956</u>

\$ 47,000	\$ 3,759,162
-	212,678
-	30,085
-	577,628
116,158	786,033
12,210,269	20,051,953
<u>12,373,427</u>	<u>25,417,539</u>
-	925,036
405,753	3,281,414
-	9,819,630
-	(3,939,663)
<u>405,753</u>	<u>10,086,417</u>
<u>\$ 12,779,180</u>	<u>\$ 35,503,956</u>

(concluded)

POLK COUNTY, IOWA

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2012**

	Rural Services	Sheriff Seized Property (State)	Sheriff Seized Property (Federal)	Attorney Seized Property
REVENUES:				
Property taxes	\$ 6,810,035	\$ -	\$ -	\$ -
Other County taxes	217,009	-	-	-
Intergovernmental	298,661	10,000	-	-
Licenses and permits	-	-	-	-
Charges for services	255,999	-	-	-
Use of money and property	-	50	34	397
Miscellaneous	90,049	41,680	19,564	98,651
TOTAL REVENUES	7,671,753	51,730	19,598	99,048
EXPENDITURES:				
Current:				
Public safety and legal services	13,016	13,965	17,000	95,697
County environment and education	1,363,798	-	-	-
Roads and transportation	1,443,512	-	-	-
Government services to residents	-	-	-	-
Administration	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Capital projects:				
Roadway construction	-	-	-	-
Conservation land acquisition and development	-	-	-	-
Other capital projects	-	-	-	-
TOTAL EXPENDITURES	2,820,326	13,965	17,000	95,697
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	4,851,427	37,765	2,598	3,351
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	(4,645,342)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(4,645,342)	-	-	-
NET CHANGE IN FUND BALANCES	206,085	37,765	2,598	3,351
FUND BALANCE, BEGINNING	1,747,521	42,707	34,222	414,607
Change in inventory reserve	-	-	-	-
FUND BALANCE, ENDING	\$ 1,953,606	\$ 80,472	\$ 36,820	\$ 417,958

Special Revenue								Total Special Revenues
County Attorney Collection Incentive	Secondary Roads	County Recorder Records Management	Township Fire Protection	Treasurer Banking Reserve	REAP	Contingency Reserve		
\$ -	\$ -	\$ -	\$ 688,683	\$ -	\$ -	\$ -	\$ 7,498,718	
-	-	-	25,397	-	-	280,693	523,099	
284,741	6,199,309	-	17,304	-	107,985	-	6,918,000	
-	60,737	-	-	-	-	-	60,737	
-	283,493	92,067	-	1,741	-	-	633,300	
-	-	273	-	-	109	-	863	
-	32,303	-	-	-	275	-	282,522	
284,741	6,575,842	92,340	731,384	1,741	108,369	280,693	15,917,239	
50,440	-	-	729,313	-	-	-	919,431	
-	-	-	-	-	-	-	1,363,798	
-	8,386,296	-	-	-	-	-	9,829,808	
-	-	73,705	-	-	-	-	73,705	
-	-	-	-	5,207	-	-	5,207	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
-	5,715,542	-	-	-	-	-	5,715,542	
-	-	-	-	-	162,686	-	162,686	
-	-	-	-	-	-	-	-	
50,440	14,101,838	73,705	729,313	5,207	162,686	-	18,070,177	
234,301	(7,525,996)	18,635	2,071	(3,466)	(54,317)	280,693	(2,152,938)	
-	7,561,069	-	-	-	-	209,000	7,770,069	
-	-	-	-	-	-	-	(4,645,342)	
-	7,561,069	-	-	-	-	209,000	3,124,727	
234,301	35,073	18,635	2,071	(3,466)	(54,317)	489,693	971,789	
251,475	(2,333,664)	280,743	6,548	10,542	133,125	8,837,085	9,424,911	
-	147,858	-	-	-	-	-	147,858	
\$ 485,776	\$ (2,150,733)	\$ 299,378	\$ 8,619	\$ 7,076	\$ 78,808	\$ 9,326,778	\$ 10,544,558	

(continued)

POLK COUNTY, IOWA

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2012**

	Capital Projects			
	Conservation Land Acquisition & Development	Courthouse Annex	Capital Improvements Projects	Total Capital Projects
REVENUES:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Other County taxes	-	-	-	-
Intergovernmental	1,372,202	-	383,370	1,755,572
Licenses and permits	-	-	-	-
Charges for services	-	-	-	-
Use of money and property	-	-	-	-
Miscellaneous	456,521	-	54,256	510,777
TOTAL REVENUES	1,828,723	-	437,626	2,266,349
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	1,245,113	-	-	1,245,113
Other capital projects	-	47,852	4,242,507	4,290,359
TOTAL EXPENDITURES	1,245,113	47,852	4,242,507	5,535,472
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	583,610	(47,852)	(3,804,881)	(3,269,123)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	68,031	2,609,775	2,677,806
Transfers out	(65,864)	-	-	(65,864)
TOTAL OTHER FINANCING SOURCES (USES)	(65,864)	68,031	2,609,775	2,611,942
NET CHANGE IN FUND BALANCES	517,746	20,179	(1,195,106)	(657,181)
FUND BALANCE, BEGINNING	(837,492)	(20,179)	650,958	(206,713)
Change in inventory reserve	-	-	-	-
FUND BALANCE, ENDING	\$ (319,746)	\$ -	\$ (544,148)	\$ (863,894)

Debt Service			
NW 84th Water Main Debt Service	Debt Service	Total Debt Service	Total Nonmajor Governmental Funds
\$ -	\$ 11,460,273	\$ 11,460,273	\$ 18,958,991
-	356,897	356,897	879,996
14,471	208,112	222,583	8,896,155
-	-	-	60,737
-	-	-	633,300
30	8,780	8,810	9,673
-	-	-	793,299
14,501	12,034,062	12,048,563	30,232,151
-	-	-	919,431
-	-	-	1,363,798
-	-	-	9,829,808
-	-	-	73,705
-	47,000	47,000	52,207
41,000	8,310,000	8,351,000	8,351,000
12,470	4,182,542	4,195,012	4,195,012
-	-	-	5,715,542
-	-	-	1,407,799
-	-	-	4,290,359
53,470	12,539,542	12,593,012	36,198,661
(38,969)	(505,480)	(544,449)	(5,966,510)
-	-	-	10,447,875
-	(700,000)	(700,000)	(5,411,206)
-	(700,000)	(700,000)	5,036,669
(38,969)	(1,205,480)	(1,244,449)	(929,841)
38,969	1,611,233	1,650,202	10,868,400
-	-	-	147,858
\$ -	\$ 405,753	\$ 405,753	\$ 10,086,417

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NONMAJOR ENTERPRISE FUNDS

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

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

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

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 Iowa TaxandTags.gov program relating to a online property tax and vehicle tag payments.

POLK COUNTY, IOWA

**Combining Statement of Net Assets
Nonmajor Enterprise Funds
June 30, 2012**

	Air Pollution	Sanitary Treatment Works	Jester Park Golf Course	Hamilton Urban Drainage District	Urban Sewer
ASSETS					
Current assets:					
Cash and pooled investments	\$ 232,391	\$ 2,521,500	\$ 699,896	\$ 1,259,160	\$ 2,051,898
Receivables (net):					
Accounts	-	164,438	49,323	-	-
Notes	-	-	-	-	173,363
Due from other governments	232,379	120,409	-	-	-
Total current assets	<u>464,770</u>	<u>2,806,347</u>	<u>749,219</u>	<u>1,259,160</u>	<u>2,225,261</u>
Noncurrent assets:					
Special assessments	-	108,663	-	6,424	-
Notes	-	-	-	-	4,501,022
Lease/debt origination costs	-	4,335	-	-	55,025
Capital assets not being depreciated	-	24,300,879	76,593	996,553	-
Capital assets being depreciated, net	276,984	8,867,899	392,912	4,673,413	-
Total noncurrent assets	<u>276,984</u>	<u>33,281,776</u>	<u>469,505</u>	<u>5,676,390</u>	<u>4,556,047</u>
TOTAL ASSETS	<u>741,754</u>	<u>36,088,123</u>	<u>1,218,724</u>	<u>6,935,550</u>	<u>6,781,308</u>
LIABILITIES					
Current liabilities:					
Accounts payable	2,672	694,846	-	2,428	-
Contract/retainage payable	-	172,494	-	-	-
Wages payable	26,097	-	-	-	-
Payroll taxes payable	4,109	-	-	-	-
Interest payable	-	30,600	-	-	14,659
General obligation bonds payable	-	135,000	-	-	224,484
Due to other funds	-	-	-	-	-
Notes payable	-	1,774,132	-	-	-
Compensated absences payable	10,177	-	-	-	-
Total current liabilities	<u>43,055</u>	<u>2,807,072</u>	<u>-</u>	<u>2,428</u>	<u>239,143</u>
Noncurrent liabilities:					
General obligation bonds payable	-	140,000	-	-	4,038,297
Notes payable	-	20,529,000	-	-	-
Compensated absences payable	63,802	-	-	-	-
Total noncurrent liabilities	<u>63,802</u>	<u>20,669,000</u>	<u>-</u>	<u>-</u>	<u>4,038,297</u>
TOTAL LIABILITIES	<u>106,857</u>	<u>23,476,072</u>	<u>-</u>	<u>2,428</u>	<u>4,277,440</u>
NET ASSETS					
Invested in capital assets, net of related debt	276,984	10,590,646	469,505	5,669,966	-
Unrestricted	357,913	2,021,405	749,219	1,263,156	2,503,868
TOTAL NET ASSETS	<u>\$ 634,897</u>	<u>\$ 12,612,051</u>	<u>\$ 1,218,724</u>	<u>\$ 6,933,122</u>	<u>\$ 2,503,868</u>

Iowa Tax & Tags	Total Nonmajor Enterprise Funds
\$ -	\$ 6,764,845
-	213,761
-	173,363
-	352,788
-	<u>7,504,757</u>
-	115,087
-	4,501,022
-	59,360
-	25,374,025
-	14,211,208
-	<u>44,260,702</u>
-	<u>51,765,459</u>
3,738	703,684
-	172,494
3,331	29,428
539	4,648
-	45,259
-	359,484
45,172	45,172
-	1,774,132
-	10,177
<u>52,780</u>	<u>3,144,478</u>
-	4,178,297
-	20,529,000
-	63,802
-	<u>24,771,099</u>
<u>52,780</u>	<u>27,915,577</u>
-	17,007,101
<u>(52,780)</u>	<u>6,842,781</u>
<u>\$ (52,780)</u>	<u>\$ 23,849,882</u>

POLK COUNTY, IOWA

**Combining Statement of Revenues, Expenses, and Changes in Net Assets
Nonmajor Enterprise Funds
For the Year Ended June 30, 2012**

	Air Pollution	Sanitary Treatment Works	Jester Park Golf Course	Hamilton Urban Drainage District	Urban Sewer
OPERATING REVENUES:					
Charges for goods and services:					
Charges for services	\$ 270,256	\$ 884,718	\$ -	\$ 120,850	\$ -
Intergovernmental revenues	880,126	-	-	409,747	-
Commissions income	-	-	209,111	-	-
Miscellaneous	30,948	8,278	16,100	6,354	-
Total operating revenues	<u>1,181,330</u>	<u>892,996</u>	<u>225,211</u>	<u>536,951</u>	<u>-</u>
OPERATING EXPENSES:					
Cost of goods and services:					
Personal services	892,305	33,918	-	17,323	-
Supplies	48,148	-	3,031	-	-
Professional services	55	3,100	1,742	422,910	-
Other services/charges	160,264	563,415	1,282	10,189	-
Miscellaneous	2,792	15,219	-	4,639	-
Amortization of discount (premium)	-	2,169	-	-	4,446
Depreciation	69,857	312,539	35,856	229,916	-
Total operating expenses	<u>1,173,421</u>	<u>930,360</u>	<u>41,911</u>	<u>684,977</u>	<u>4,446</u>
OPERATING INCOME (LOSS)	<u>7,909</u>	<u>(37,364)</u>	<u>183,300</u>	<u>(148,026)</u>	<u>(4,446)</u>
NONOPERATING REVENUES (EXPENSES):					
Interest revenue	218	2,380	536	1,179	2,117
Interest expense	-	(18,413)	-	-	(192,426)
Total nonoperating revenues (expenses)	<u>218</u>	<u>(16,033)</u>	<u>536</u>	<u>1,179</u>	<u>(190,309)</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>8,127</u>	<u>(53,397)</u>	<u>183,836</u>	<u>(146,847)</u>	<u>(194,755)</u>
TRANSFERS:					
Transfers in	-	1,045,226	-	-	-
Transfers out	-	(140,000)	-	(140,000)	-
Total transfers	<u>-</u>	<u>905,226</u>	<u>-</u>	<u>(140,000)</u>	<u>-</u>
CHANGE IN NET ASSETS	<u>8,127</u>	<u>851,829</u>	<u>183,836</u>	<u>(286,847)</u>	<u>(194,755)</u>
TOTAL NET ASSETS - BEGINNING	<u>626,770</u>	<u>11,760,222</u>	<u>1,034,888</u>	<u>7,219,969</u>	<u>2,698,623</u>
TOTAL NET ASSETS - ENDING	<u>\$ 634,897</u>	<u>\$ 12,612,051</u>	<u>\$ 1,218,724</u>	<u>\$ 6,933,122</u>	<u>\$ 2,503,868</u>

Iowa Tax & Tags	Total Nonmajor Enterprise Funds
------------------------------------	----------------------------------------------------

\$ 7,502	\$ 1,283,326
-	1,289,873
-	209,111
-	61,680
<u>7,502</u>	<u>2,843,990</u>

34,843	978,389
300	51,479
20,065	447,872
5,074	740,224
-	22,650
-	6,615
-	648,168
<u>60,282</u>	<u>2,895,397</u>

<u>(52,780)</u>	<u>(51,407)</u>
-----------------	-----------------

-	6,430
-	(210,839)
-	(204,409)

<u>(52,780)</u>	<u>(255,816)</u>
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-	1,045,226
-	(280,000)
-	765,226

(52,780)	509,410
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-	23,340,472
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<u>\$ (52,780)</u>	<u>\$ 23,849,882</u>
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POLK COUNTY, IOWA

**Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2012**

	Air Pollution	Sanitary Treatment Works	Jester Park Golf Course
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ 301,204	\$ 1,348,798	\$ 220,509
Cash received from intergovernmental revenues	846,957	-	-
Cash paid to suppliers for goods and services	(208,684)	(649,929)	(6,055)
Cash paid to employees	(897,189)	(33,918)	-
Net cash flows from operating activities	<u>42,288</u>	<u>664,951</u>	<u>214,454</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Negative cash balance implicitly financed	-	-	-
Transfers in	-	1,045,226	-
Transfers out	-	(140,000)	-
Net cash flows from noncapital financing activities	<u>-</u>	<u>905,226</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Proceeds from general obligation debt	-	4,870,544	-
Principal paid on long-term debt	-	(813,000)	-
Interest paid on long-term debt	-	(13,853)	-
Repayments on capital note receivable	-	-	-
Purchase of capital assets	(98,611)	(5,781,493)	-
Net cash flows from capital and related financing activities	<u>(98,611)</u>	<u>(1,737,802)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received	218	2,380	536
Net cash flows from investing activities	<u>218</u>	<u>2,380</u>	<u>536</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(56,105)	(165,245)	214,990
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	288,496	2,686,745	484,906
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 232,391</u>	<u>\$ 2,521,500</u>	<u>\$ 699,896</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES:			
Operating income (loss)	\$ 7,909	\$ (37,364)	\$ 183,300
Components of operating income (loss) not included in operating activities			
Depreciation	69,857	312,539	35,856
Amortization	-	2,169	-
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:			
(Increase) decrease in special assessments receivable	-	17,227	-
(Increase) decrease in accounts receivable	-	(58,471)	(4,702)
(Increase) decrease in due from other governments	(33,169)	497,046	-
Increase (decrease) in accounts payable	2,575	(68,195)	-
Increase (decrease) in wages payable	(2,304)	-	-
Increase (decrease) in payroll taxes payable	276	-	-
Increase (decrease) in compensated absences payable	(2,856)	-	-
Net cash flows from operating activities	<u>\$ 42,288</u>	<u>\$ 664,951</u>	<u>\$ 214,454</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:			
Disposal of fully depreciated capital assets	\$ (19,630)	\$ -	\$ -
Acquisition of capital assets through accounts payable	(53,563)	(507,863)	-
Acquisition of capital assets through contract/retainage payable	-	(201,458)	-

Hamilton Urban Drainage District	Urban Sewer	Iowa Tax & Tags	Total Nonmajor Enterprise Funds
\$ 578,680	\$ -	\$ 7,502	\$ 2,456,693
-	-	-	846,957
(496,270)	-	(21,701)	(1,382,639)
(17,323)	-	(30,973)	(979,403)
65,087	-	(45,172)	941,608

-	-	45,172	45,172
-	-	-	1,045,226
(140,000)	-	-	(280,000)
(140,000)	-	45,172	810,398

-	-	-	4,870,544
-	(215,000)	-	(1,028,000)
-	(193,110)	-	(206,963)
-	218,583	-	218,583
-	-	-	(5,880,104)
-	(189,527)	-	(2,025,940)

1,179	2,117	-	6,430
1,179	2,117	-	6,430

(73,734)	(187,410)	-	(267,504)
1,332,894	2,239,308	-	7,032,349
\$ 1,259,160	\$ 2,051,898	\$ -	\$ 6,764,845

\$ (148,026)	\$ (4,446)	\$ (52,780)	\$ (51,407)
229,916	-	-	648,168
-	4,446	-	6,615
(1,750)	-	-	15,477
-	-	-	(63,173)
43,479	-	-	507,356
(58,532)	-	3,738	(120,414)
-	-	3,331	1,027
-	-	539	815
-	-	-	(2,856)
\$ 65,087	\$ -	\$ (45,172)	\$ 941,608

\$ -	\$ -	\$ -	\$ (19,630)
-	-	-	(561,426)
-	-	-	(201,458)

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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 Assets Internal Service Funds June 30, 2012

	Employee Insurance	Risk Management	Total
ASSETS:			
Current assets:			
Cash and pooled investments	\$ 9,177,826	\$ 3,800,000	\$ 12,977,826
Accounts receivables	104,546	-	104,546
TOTAL ASSETS	9,282,372	3,800,000	13,082,372
LIABILITIES:			
Current liabilities:			
Accounts payable	273,909	-	273,909
Estimated liability for claims and judgments	1,340,300	-	1,340,300
Total current liabilities	1,614,209	-	1,614,209
Noncurrent liabilities:			
Post employment liability	4,003,000	-	4,003,000
Total noncurrent liabilities	4,003,000	-	4,003,000
TOTAL LIABILITIES	5,617,209	-	5,617,209
NET ASSETS			
Unrestricted (Note 21)	3,665,163	3,800,000	7,465,163
TOTAL NET ASSETS	\$ 3,665,163	\$ 3,800,000	\$ 7,465,163

POLK COUNTY, IOWA

**Combining Statement of Revenues, Expenses, and
Changes in Net Assets
Internal Service Funds
For the Year Ended June 30, 2012**

	Employee Insurance	Risk Management	Total
OPERATING REVENUES:			
Charges for services	\$ 16,965,747	\$ -	\$ 16,965,747
Miscellaneous	55,771	-	55,771
Total operating revenues	<u>17,021,518</u>	<u>-</u>	<u>17,021,518</u>
OPERATING EXPENSES:			
Professional services	2,500	-	2,500
Other services/charges	71,363	-	71,363
Insurance	15,769,157	-	15,769,157
Total operating expenses	<u>15,843,020</u>	<u>-</u>	<u>15,843,020</u>
OPERATING INCOME (LOSS)	<u>1,178,498</u>	<u>-</u>	<u>1,178,498</u>
NONOPERATING REVENUES (EXPENSES):			
Interest revenue	7,683	-	7,683
Total nonoperating revenues (expenses)	<u>7,683</u>	<u>-</u>	<u>7,683</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>1,186,181</u>	<u>-</u>	<u>1,186,181</u>
TRANSFERS:			
Transfers in	-	2,976,179	2,976,179
Transfers out	(20,000)	(2,976,179)	(2,996,179)
Total transfers	<u>(20,000)</u>	<u>-</u>	<u>(20,000)</u>
CHANGE IN NET ASSETS	1,166,181	-	1,166,181
NET ASSETS, BEGINNING	<u>2,498,982</u>	<u>3,800,000</u>	<u>6,298,982</u>
NET ASSETS, ENDING	<u>\$ 3,665,163</u>	<u>\$ 3,800,000</u>	<u>\$ 7,465,163</u>

POLK COUNTY, IOWA

Combining Statement of Cash Flows Internal Service Funds For the Year Ended June 30, 2012

	Employee Insurance	Risk Management	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ 17,120,245	\$ -	\$ 17,120,245
Cash paid to suppliers for goods and services	(15,232,525)	-	(15,232,525)
Net cash flows from operating activities	1,887,720	-	1,887,720
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers in	-	2,976,179	2,976,179
Transfers out	(20,000)	(2,976,179)	(2,996,179)
Net cash flows from noncapital financing activities	(20,000)	-	(20,000)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received	7,683	-	7,683
Net cash flows from investing activities	7,683	-	7,683
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,875,403	-	1,875,403
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	7,302,423	3,800,000	11,102,423
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 9,177,826	\$ 3,800,000	\$ 12,977,826
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES:			
Operating income (loss)	\$ 1,178,498	\$ -	\$ 1,178,498
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:			
(Increase) decrease in accounts receivable	98,727	-	98,727
Increase (decrease) in accounts payable	50,895	-	50,895
Increase (decrease) in estimated liability for claims and judgments	15,600	-	15,600
Increase (decrease) in post employment liability	544,000	-	544,000
Net cash flows from operating activities	\$ 1,887,720	\$ -	\$ 1,887,720

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, 2012**

	Trust & Agency Treasurer	Trust & Agency Trust Funds Held	County Assessor Expense	County Assessor Special Appraisal	Recorder's E-Commerce Clearing
ASSETS:					
Cash and pooled investments	\$ 16,967,840	\$ 646,031	\$ 1,809,950	\$ 533,527	\$ 10
Receivables (net):					
Taxes	3,028,377	-	19,524	-	-
Special assessments	12,467,753	658	-	-	-
Accounts	-	-	-	-	-
Due from other governments	-	43,576	-	-	-
TOTAL ASSETS	\$ 32,463,970	\$ 690,265	\$ 1,829,474	\$ 533,527	\$ 10
LIABILITIES:					
Accounts payable	\$ -	\$ -	\$ 5,625	\$ -	\$ -
Wages payable	-	-	118,994	-	-
Payroll taxes payable	141,963	-	19,065	-	-
Due to other funds	11,628	-	-	-	-
Due to other governments	32,310,379	338,383	890,384	533,527	10
Advances from other funds	-	7,000	-	-	-
Trusts payable	-	344,882	-	-	-
Compensated absences payable	-	-	642,323	-	-
Termination benefits payable	-	-	6,083	-	-
Post employment liability	-	-	147,000	-	-
TOTAL LIABILITIES	\$ 32,463,970	\$ 690,265	\$ 1,829,474	\$ 533,527	\$ 10

E911 Service	GIMS Implementation	Emergency Management	Employee Activities	Seized Funds Unforfeited	Mine Task Force	Total Agency Funds
\$ 3,851,015	\$ 686,202	\$ -	\$ 5,921	\$ 545,080	\$ 492,535	\$ 25,538,111
-	-	-	-	-	-	3,047,901
-	-	-	-	-	-	12,468,411
458,623	-	-	-	-	1,576	460,199
83,607	-	363,081	-	-	-	490,264
\$ 4,393,245	\$ 686,202	\$ 363,081	\$ 5,921	\$ 545,080	\$ 494,111	\$ 42,004,886

\$ -	\$ -	\$ 21,344	\$ -	\$ -	\$ -	\$ 26,969
-	-	10,048	-	-	-	129,042
-	-	1,593	-	-	-	162,621
-	-	304,525	-	-	-	316,153
4,393,245	686,202	-	-	545,080	494,111	40,191,321
-	-	-	-	-	-	7,000
-	-	-	5,921	-	-	350,803
-	-	25,571	-	-	-	667,894
-	-	-	-	-	-	6,083
-	-	-	-	-	-	147,000
\$ 4,393,245	\$ 686,202	\$ 363,081	\$ 5,921	\$ 545,080	\$ 494,111	\$ 42,004,886

POLK COUNTY, IOWA

**Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2012**

	Balance July 1, 2011	Additions	Deductions	Balance June 30, 2012
TRUST & AGENCY TREASURER:				
ASSETS:				
Cash and pooled investments	\$ 19,535,288	\$ -	\$ 2,567,448	\$ 16,967,840
Taxes receivable	2,396,214	632,163	-	3,028,377
Special assessments receivable	11,689,471	778,282	-	12,467,753
TOTAL ASSETS	\$ 33,620,973	\$ 1,410,445	\$ 2,567,448	\$ 32,463,970
LIABILITIES:				
Payroll taxes payable	\$ 136,140	\$ 5,823	\$ -	\$ 141,963
Due to other funds	667	10,961	-	11,628
Due to other governments	33,484,166	-	1,173,787	32,310,379
TOTAL LIABILITIES	\$ 33,620,973	\$ 16,784	\$ 1,173,787	\$ 32,463,970

	Balance July 1, 2011	Additions	Deductions	Balance June 30, 2012
TRUST & AGENCY TRUST FUNDS HELD:				
ASSETS:				
Cash and pooled investments	\$ 830,142	\$ -	\$ 184,111	\$ 646,031
Special assessments receivable	129,909	-	129,251	658
Due from other governments	726,823	-	683,247	43,576
TOTAL ASSETS	\$ 1,686,874	\$ -	\$ 996,609	\$ 690,265
LIABILITIES:				
Due to other funds	\$ 438,350	\$ -	\$ 438,350	\$ -
Due to other governments	749,531	-	411,148	338,383
Advances from other funds	21,000	-	14,000	7,000
Trusts payable	477,993	-	133,111	344,882
TOTAL LIABILITIES	\$ 1,686,874	\$ -	\$ 996,609	\$ 690,265

POLK COUNTY, IOWA

**Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2012**

	Balance July 1, 2011	Additions	Deductions	Balance June 30, 2012
COUNTY ASSESSOR EXPENSE:				
ASSETS:				
Cash and pooled investments	\$ 2,532,443	\$ -	\$ 722,493	\$ 1,809,950
Taxes receivable	13,394	6,130	-	19,524
Accounts receivable	2,100	-	2,100	-
TOTAL ASSETS	\$ 2,547,937	\$ 6,130	\$ 724,593	\$ 1,829,474
LIABILITIES:				
Accounts payable	\$ 17,050	\$ -	\$ 11,425	\$ 5,625
Wages payable	135,627	-	16,633	118,994
Payroll taxes payable	18,530	535	-	19,065
Due to other governments	1,676,859	-	786,475	890,384
Compensated absences payable	579,871	62,452	-	642,323
Termination benefits payable	-	6,083	-	6,083
Post employment liability	120,000	27,000	-	147,000
TOTAL LIABILITIES	\$ 2,547,937	\$ 96,070	\$ 814,533	\$ 1,829,474

	Balance July 1, 2011	Additions	Deductions	Balance June 30, 2012
COUNTY ASSESSOR SPECIAL APPRAISAL:				
ASSETS:				
Cash and pooled investments	\$ 451,993	\$ 81,534	\$ -	\$ 533,527
Taxes receivable	2,113	-	2,113	-
TOTAL ASSETS	\$ 454,106	\$ 81,534	\$ 2,113	\$ 533,527
LIABILITIES:				
Accounts payable	\$ 39,258	\$ -	\$ 39,258	\$ -
Due to other governments	414,848	118,679	-	533,527
TOTAL LIABILITIES	\$ 454,106	\$ 118,679	\$ 39,258	\$ 533,527

POLK COUNTY, IOWA

**Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2012**

	Balance July 1, 2011	Additions	Deductions	Balance June 30, 2012
RECORDER'S E-COMMERCE CLEARING:				
ASSETS:				
Cash and pooled investments	\$ 64	\$ -	\$ 54	\$ 10
TOTAL ASSETS	\$ 64	\$ -	\$ 54	\$ 10
LIABILITIES:				
Due to other governments	\$ 64	\$ -	\$ 54	\$ 10
TOTAL LIABILITIES	\$ 64	\$ -	\$ 54	\$ 10

	Balance July 1, 2011	Additions	Deductions	Balance June 30, 2012
E911 SERVICE:				
ASSETS:				
Cash and pooled investments	\$ 3,891,979	\$ -	\$ 40,964	\$ 3,851,015
Accounts receivable	497,931	-	39,308	458,623
Due from other governments	81,231	2,376	-	83,607
TOTAL ASSETS	\$ 4,471,141	\$ 2,376	\$ 80,272	\$ 4,393,245
LIABILITIES:				
Due to other governments	\$ 4,471,141	\$ -	\$ 77,896	\$ 4,393,245
TOTAL LIABILITIES	\$ 4,471,141	\$ -	\$ 77,896	\$ 4,393,245

POLK COUNTY, IOWA

**Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2012**

	Balance July 1, 2011	Additions	Deductions	Balance June 30, 2012
GIMS IMPLEMENTATION:				
ASSETS:				
Cash and pooled investments	\$ 686,199	\$ 3	\$ -	\$ 686,202
TOTAL ASSETS	\$ 686,199	\$ 3	\$ -	\$ 686,202
LIABILITIES:				
Due to other governments	\$ 686,199	\$ 3	\$ -	\$ 686,202
TOTAL LIABILITIES	\$ 686,199	\$ 3	\$ -	\$ 686,202

	Balance July 1, 2011	Additions	Deductions	Balance June 30, 2012
EMERGENCY MANAGEMENT:				
ASSETS:				
Cash and pooled investments	\$ 38,634	\$ -	\$ 38,634	\$ -
Accounts receivable	2,402	-	2,402	-
Due from other governments	48,392	314,689	-	363,081
TOTAL ASSETS	\$ 89,428	\$ 314,689	\$ 41,036	\$ 363,081
LIABILITIES:				
Accounts payable	\$ 39,080	\$ -	\$ 17,736	\$ 21,344
Wages payable	9,247	801	-	10,048
Payroll taxes payable	1,241	352	-	1,593
Due to other funds	-	304,525	-	304,525
Due to other governments	15,506	-	15,506	-
Compensated absences payable	24,354	1,217	-	25,571
TOTAL LIABILITIES	\$ 89,428	\$ 306,895	\$ 33,242	\$ 363,081

POLK COUNTY, IOWA

**Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2012**

	Balance July 1, 2011	Additions	Deductions	Balance June 30, 2012
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, 2011	Additions	Deductions	Balance June 30, 2012
SEIZED FUNDS UNFORFEITED:				
ASSETS:				
Cash and pooled investments	\$ 158,236	\$ 386,844	\$ -	\$ 545,080
TOTAL ASSETS	\$ 158,236	\$ 386,844	\$ -	\$ 545,080
LIABILITIES:				
Due to other governments	\$ 158,236	\$ 386,844	\$ -	\$ 545,080
TOTAL LIABILITIES	\$ 158,236	\$ 386,844	\$ -	\$ 545,080

	Balance July 1, 2011	Additions	Deductions	Balance June 30, 2012
MINE TASK FORCE:				
ASSETS:				
Cash and pooled investments	\$ 610,862	\$ -	\$ 118,327	\$ 492,535
Accounts receivable	-	1,576	-	1,576
TOTAL ASSETS	\$ 610,862	\$ 1,576	\$ 118,327	\$ 494,111
LIABILITIES:				
Due to other governments	\$ 610,862	\$ -	\$ 116,751	\$ 494,111
TOTAL LIABILITIES	\$ 610,862	\$ -	\$ 116,751	\$ 494,111

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

	Fiscal Year			
	2003	2004	2005	2006
Governmental activities:				
Invested in capital assets, net of related debt	\$ 81,063,142	\$ 85,216,029	\$ 83,433,110	\$ 88,986,810
Restricted	24,563,223	26,088,234	17,401,988	18,604,872
Unrestricted	15,803,414	19,388,897	20,846,704	4,975,529
Total governmental activities net assets	\$ 121,429,779	\$ 130,693,160	\$ 121,681,802	\$ 112,567,211
Business-type activities:				
Invested in capital assets, net of related debt	\$ (11,198,177)	\$ 74,864,786	\$ 166,183,976	\$ 171,295,876
Restricted	-	-	-	250,665
Unrestricted	151,686,535	96,387,965	18,902,368	19,441,422
Total business-type activities net assets	\$ 140,488,358	\$ 171,252,751	\$ 185,086,344	\$ 190,987,963
Primary government:				
Invested in capital assets, net of related debt	\$ 69,864,965	\$ 160,080,815	\$ 249,617,086	\$ 260,282,686
Restricted	24,563,223	26,088,234	17,401,988	18,855,537
Unrestricted	167,489,949	115,776,862	39,749,072	24,416,951
Total primary government net assets	\$ 261,918,137	\$ 301,945,911	\$ 306,768,146	\$ 303,555,174

Fiscal Year						
2007	2008	2009	2010	2011	2012	
\$ 88,071,556	\$ 79,083,042	\$ 78,083,885	\$ 73,411,073	\$ 70,770,518	\$ 72,748,920	
21,722,629	16,109,702	5,075,110	4,843,618	5,726,045	3,281,414	
(5,283,556)	5,896,595	25,286,700	26,911,739	21,606,897	17,192,311	
<hr/>						
\$ 104,510,629	\$ 101,089,339	\$ 108,445,695	\$ 105,166,430	\$ 98,103,460	\$ 93,222,645	
<hr/>						
\$ 171,678,408	\$ 168,328,097	\$ 169,615,522	\$ 170,445,639	\$ 240,462,094	\$ 237,474,012	
575,235	452,485	562,387	521,536	518,126	769,038	
20,941,711	27,504,114	17,132,872	17,105,354	21,991,857	24,470,612	
<hr/>						
\$ 193,195,354	\$ 196,284,696	\$ 187,310,781	\$ 188,072,529	\$ 262,972,077	\$ 262,713,662	
<hr/>						
\$ 259,749,964	\$ 247,411,139	\$ 247,699,407	\$ 243,856,712	\$ 311,232,612	\$ 310,222,932	
22,297,864	16,562,187	5,637,497	5,365,154	6,244,171	4,050,452	
15,658,155	33,400,709	42,419,572	44,017,093	43,598,754	41,662,923	
<hr/>						
\$ 297,705,983	\$ 297,374,035	\$ 295,756,476	\$ 293,238,959	\$ 361,075,537	\$ 355,936,307	
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POLK COUNTY, IOWA

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

	Fiscal Year			
	2003	2004	2005	2006
Expenses:				
Governmental activities:				
Public safety and legal services	\$ 40,411,107	\$ 41,242,228	\$ 43,906,960	\$ 49,691,718
Physical health and social services	27,708,547	26,343,547	25,528,316	27,479,491
Mental health	37,951,234	35,871,973	44,893,946	44,253,468
County environment and education	18,158,228	13,851,729	13,611,135	21,791,609
Roads and transportation	14,406,203	15,469,578	15,429,274	15,662,237
Governmental services to residents	4,892,851	5,079,335	5,625,475	5,702,700
Administration	23,077,505	21,325,551	27,880,553	29,651,306
Interest on long-term debt	663,719	715,335	778,112	755,602
Total governmental activities expenses	167,269,394	159,899,276	177,653,771	194,988,131
Business-type activities:				
Air Pollution	792,979	824,969	868,170	890,104
Convention Complex	2,791,366	3,046,810	-	-
Veterans Memorial Auditorium	4,766,112	4,824,978	-	-
Sanitary Treatment Works	573,753	663,311	1,327,274	1,021,679
Prairie Meadows Racetrack/Casino	5,849,793	6,322,144	6,379,323	5,796,602
Jester Park Golf Course	1,269,480	1,527,129	1,343,601	1,404,849
Hamilton Urban Drainage District	259,788	256,019	257,173	259,674
Iowa Events Center	212,541	1,450,814	11,052,531	15,317,370
Wells Fargo Arena	-	-	511,976	9,134,360
Urban Sewer	-	-	-	18,025
Iowa Tax & Tags	-	-	-	-
Total business-type activities expenses	16,515,812	18,916,174	21,740,048	33,842,663
Total government expenses	\$ 183,785,206	\$ 178,815,450	\$ 199,393,819	\$ 228,830,794
Program revenues:				
Governmental activities:				
Charges for services:				
Public safety and legal services	\$ 6,268,827	\$ 6,572,418	\$ 7,729,226	\$ 9,881,061
Physical health and social services	1,275,959	1,311,539	1,229,497	1,156,011
Mental health	4,708,156	5,199,260	4,730,128	6,454,464
County environment and education	853,103	744,504	995,812	1,074,961
Roads and transportation	361,106	446,904	463,326	325,313
Governmental services to residents	7,528,152	7,717,311	6,918,675	7,413,659
Administration	1,004,028	1,264,511	1,186,472	1,111,113
Interest on long-term debt	-	-	7	16
Operating grants and contributions	34,395,431	34,724,045	33,588,436	38,376,764
Capital grants and contributions	8,602,189	7,919,206	4,397,521	2,379,801
Total governmental activities program revenues	64,996,951	65,899,698	61,239,100	68,173,163
Business-type activities:				
Charges for services:				
Air Pollution	162,708	267,758	216,107	306,972
Convention Complex	2,504,334	2,753,773	-	-
Veterans Memorial Auditorium	3,169,810	3,100,190	-	-
Sanitary Treatment Works	492,986	490,660	516,014	535,978
Prairie Meadows Racetrack/Casino	22,803,430	24,840,877	26,314,007	27,130,384
Jester Park Golf Course	1,319,134	1,301,554	1,388,515	1,489,001
Hamilton Urban Drainage District	137,926	122,750	129,326	138,401
Iowa Events Center	-	-	6,446,233	6,039,145
Wells Fargo Arena	-	-	260,000	2,150,216
Iowa Tax & Tags	-	-	-	-
Operating grants and contributions	654,205	624,372	660,817	710,464
Capital grants and contributions	49,816,143	16,364,366	20,367,596	10,756,874
Total business-type activities program revenues	81,060,676	49,866,300	56,298,615	49,257,435
Total government program revenues	\$ 146,057,627	\$ 115,765,998	\$ 117,537,715	\$ 117,430,598

		Fiscal Year					
		2007	2008	2009	2010	2011	2012
\$	50,943,331	\$ 54,586,369	\$ 61,023,060	\$ 65,461,987	\$ 68,350,314	\$ 67,744,452	
	27,939,503	30,701,720	32,285,044	39,210,142	41,244,404	37,511,827	
	47,580,948	50,448,588	48,574,014	53,427,113	50,553,729	59,804,417	
	17,911,180	12,988,528	16,067,273	15,457,101	14,837,634	13,238,065	
	14,384,813	18,924,908	20,995,975	17,634,649	22,090,050	18,363,729	
	6,068,908	6,444,220	6,414,215	7,032,880	7,118,535	7,242,640	
	31,230,881	34,835,609	33,816,384	29,386,862	30,581,581	33,049,043	
	3,143,577	4,497,886	4,462,810	4,250,122	4,206,456	4,169,828	
	199,203,141	213,427,828	223,638,775	231,860,856	238,982,703	241,124,001	
	773,893	892,991	981,255	990,754	1,079,530	1,173,421	
	-	-	-	-	-	-	
	-	-	-	-	-	-	
	896,815	901,149	1,237,304	1,431,082	1,056,837	948,773	
	6,589,760	7,469,240	7,526,269	7,586,351	9,083,738	10,402,872	
	1,367,187	775,308	163,573	65,896	42,543	41,911	
	269,147	259,856	390,343	330,924	411,290	684,977	
	14,584,039	23,475,886	22,475,901	22,425,073	20,735,311	22,844,444	
	8,390,198	-	-	-	-	-	
	234,327	227,968	220,552	212,936	205,105	196,872	
	-	-	-	-	-	60,282	
	33,105,366	34,002,398	32,995,197	33,043,016	32,614,354	36,353,552	
\$	232,308,507	\$ 247,430,226	\$ 256,633,972	\$ 264,903,872	\$ 271,597,057	\$ 277,477,553	
\$	11,186,397	\$ 12,544,883	\$ 13,748,833	\$ 14,486,324	\$ 13,788,614	\$ 13,041,721	
	1,115,878	1,117,024	1,216,302	1,030,279	1,185,162	1,418,367	
	5,848,459	6,952,878	7,172,445	7,622,337	7,756,232	9,390,080	
	1,241,881	1,331,272	1,264,129	1,413,568	1,411,631	1,865,141	
	566,269	486,994	460,647	524,657	473,411	470,974	
	7,041,509	6,606,559	6,061,786	6,339,744	6,259,696	6,900,219	
	1,123,749	1,779,178	1,402,285	1,221,884	1,658,836	1,598,869	
	8	13	25	40,099	9,946	14,487	
	40,462,381	44,384,526	52,103,769	57,647,553	55,560,468	55,514,496	
	340,200	1,049,053	1,881,849	263,289	392,162	700,644	
	68,926,731	76,252,380	85,312,070	90,589,734	88,496,158	90,914,998	
	256,331	217,265	241,834	245,178	254,186	270,256	
	-	-	-	-	-	-	
	-	-	-	-	-	-	
	588,771	753,576	598,383	1,115,130	558,604	884,718	
	27,183,708	28,131,768	27,397,093	27,847,963	27,084,294	26,393,924	
	1,390,168	934,594	414,992	235,021	191,808	209,111	
	131,245	130,273	129,686	123,320	140,369	120,850	
	7,176,134	10,195,585	9,785,201	11,469,014	8,982,061	12,542,142	
	2,170,233	-	-	-	-	-	
	-	-	-	-	-	7,502	
	648,292	694,812	731,241	782,285	827,478	1,304,873	
	1,537,235	1,730,846	1,002,238	938,748	76,576,666	723,977	
	41,082,117	42,788,719	40,300,668	42,756,659	114,615,466	42,457,353	
\$	110,008,848	\$ 119,041,099	\$ 125,612,738	\$ 133,346,393	\$ 203,111,624	\$ 133,372,351	

(continued)

POLK COUNTY, IOWA

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

	Fiscal Year			
	2003	2004	2005	2006
Net (expense)/revenue:				
Governmental activities	\$ (102,272,443)	\$ (93,999,578)	\$ (116,414,671)	\$ (126,814,968)
Business-type activities	64,544,864	30,950,126	34,558,567	15,414,772
Total government net expense	\$ (37,727,579)	\$ (63,049,452)	\$ (81,856,104)	\$ (111,400,196)
General revenues and other changes in net assets:				
Governmental activities:				
Taxes:				
Property taxes	\$ 76,388,149	\$ 80,195,570	\$ 85,283,346	\$ 88,765,727
Other county taxes	4,522,965	5,007,702	4,809,582	4,793,069
Interest on property taxes	1,036,820	1,050,605	1,061,401	1,153,332
State replacements	4,248,944	2,982,019	2,746,785	2,670,946
Use of money and property	2,007,490	1,709,951	3,210,740	5,197,356
Miscellaneous	2,581,325	2,102,807	2,401,601	3,346,717
Loss on sale of capital assets	-	-	-	-
Gain on sale of capital assets	-	-	-	270,000
Capital transfers	-	-	-	-
Transfers	5,590,123	10,214,305	7,889,858	11,503,230
Total governmental activities	96,375,816	103,262,959	107,403,313	117,700,377
Business-type activities:				
Use of money and property	1,282,188	1,343,852	1,679,914	1,558,005
Miscellaneous	674,307	8,684,720	185,513	432,072
Special item - contribution expense WRA Sewer	-	-	(14,700,543)	-
Capital transfers	-	-	-	-
Transfers	(5,590,123)	(10,214,305)	(7,889,858)	(11,503,230)
Total business-type activities	(3,633,628)	(185,733)	(20,724,974)	(9,513,153)
Total government	\$ 92,742,188	\$ 103,077,226	\$ 86,678,339	\$ 108,187,224
Change in net assets:				
Governmental activities	\$ (5,896,627)	\$ 9,263,381	\$ (9,011,358)	\$ (9,114,591)
Business-type activities	60,911,236	30,764,393	13,833,593	5,901,619
Total primary government	\$ 55,014,609	\$ 40,027,774	\$ 4,822,235	\$ (3,212,972)

Fiscal Year					
2007	2008	2009	2010	2011	2012
\$ (130,276,410)	\$ (137,175,448)	\$ (138,326,705)	\$ (141,271,122)	\$ (150,486,545)	\$ (150,209,003)
7,976,751	8,786,321	7,305,471	9,713,643	82,001,112	6,103,801
<u>\$ (122,299,659)</u>	<u>\$ (128,389,127)</u>	<u>\$ (131,021,234)</u>	<u>\$ (131,557,479)</u>	<u>\$ (68,485,433)</u>	<u>\$ (144,105,202)</u>

\$ 95,414,667	\$ 105,846,177	\$ 113,294,655	\$ 119,034,717	\$ 124,436,158	\$ 128,391,593
4,539,835	5,307,751	5,391,333	5,473,202	5,278,538	5,590,186
1,147,313	1,388,689	1,591,907	1,603,084	1,819,683	1,326,266
2,658,239	2,773,895	2,772,002	2,716,286	2,522,012	2,507,895
8,347,209	6,864,291	3,194,638	2,089,257	286,009	227,504
2,068,863	4,152,740	1,589,359	1,672,209	1,562,930	490,821
-	-	-	(3,970,233)	-	-
-	-	465,490	-	-	-
-	-	-	250,000	-	-
8,043,702	7,420,615	17,383,677	9,123,335	7,518,245	6,793,923
<u>122,219,828</u>	<u>133,754,158</u>	<u>145,683,061</u>	<u>137,991,857</u>	<u>143,423,575</u>	<u>145,328,188</u>

1,854,206	1,373,373	815,374	109,262	95,835	49,145
420,136	350,263	288,917	312,178	320,846	382,562
-	-	-	-	-	-
-	-	-	(250,000)	-	-
<u>(8,043,702)</u>	<u>(7,420,615)</u>	<u>(17,383,677)</u>	<u>(9,123,335)</u>	<u>(7,518,245)</u>	<u>(6,793,923)</u>
<u>(5,769,360)</u>	<u>(5,696,979)</u>	<u>(16,279,386)</u>	<u>(8,951,895)</u>	<u>(7,101,564)</u>	<u>(6,362,216)</u>
<u>\$ 116,450,468</u>	<u>\$ 128,057,179</u>	<u>\$ 129,403,675</u>	<u>\$ 129,039,962</u>	<u>\$ 136,322,011</u>	<u>\$ 138,965,972</u>

\$ (8,056,582)	\$ (3,421,290)	\$ 7,356,356	\$ (3,279,265)	\$ (7,062,970)	\$ (4,880,815)
2,207,391	3,089,342	(8,973,915)	761,748	74,899,548	(258,415)
<u>\$ (5,849,191)</u>	<u>\$ (331,948)</u>	<u>\$ (1,617,559)</u>	<u>\$ (2,517,517)</u>	<u>\$ 67,836,578</u>	<u>\$ (5,139,230)</u>

(concluded)

POLK COUNTY, IOWA

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

	Fiscal Year			
	2003	2004	2005	2006
General Fund:				
Reserved	\$ 8,264,811	\$ 10,946,887	\$ 8,395,056	\$ 6,225,399
Unreserved	15,845,457	19,786,798	20,772,957	27,458,434
Total General Fund	\$ 24,110,268	\$ 30,733,685	\$ 29,168,013	\$ 33,683,833
MH/MR/DD Services:				
Reserved	\$ 1,096,391	\$ 1,040,786	\$ 983,501	\$ 924,486
Unreserved	48,504	4,634,376	(651,661)	(1,323,681)
Total MH/MR/DD Services	\$ 1,144,895	\$ 5,675,162	\$ 331,840	\$ (399,195)
Jail Facility Fund:				
Unreserved	\$ N/A	\$ N/A	\$ N/A	\$ N/A
Total Jail Facility Fund	\$ -	\$ -	\$ -	\$ -
All other governmental funds:				
Reserved	\$ 11,117,018	\$ 9,864,757	\$ 8,891,844	\$ 7,603,761
Unreserved, reported in:				
Special revenue funds	16,958,992	14,626,922	13,660,794	17,148,176
Capital projects funds	4,070,063	3,592,801	3,149,526	(5,727,117)
Debt service funds	836,776	993,781	789,769	936,163
Total all other governmental funds	\$ 32,982,849	\$ 29,078,261	\$ 26,491,933	\$ 19,960,983
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	\$ -	\$ -	\$ -	\$ -
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						
2007	2008	2009	2010	2011	2012	
\$ 5,007,608	\$ 8,559,752	\$ 8,123,291	\$ 7,727,389	\$ N/A	\$ N/A	
31,554,143	29,777,926	27,566,129	29,462,331	N/A	N/A	
\$ 36,561,751	\$ 38,337,678	\$ 35,689,420	\$ 37,189,720	\$ -	\$ -	
\$ 863,685	\$ 801,046	\$ 736,515	\$ -	\$ N/A	\$ N/A	
(3,180,810)	(3,515,264)	(890,817)	1,347,245	N/A	N/A	
\$ (2,317,125)	\$ (2,714,218)	\$ (154,302)	\$ 1,347,245	\$ -	\$ -	
\$ 18,559,904	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	
\$ 18,559,904	\$ -	\$ -	\$ -	\$ -	\$ -	
\$ 7,618,031	\$ 6,574,256	\$ 4,529,113	\$ 3,495,836	\$ N/A	\$ N/A	
7,321,608	4,597,378	6,574,400	5,570,102	N/A	N/A	
9,597,713	2,798,519	755,855	(1,294,898)	N/A	N/A	
417,138	366,009	279,041	598,024	N/A	N/A	
\$ 24,954,490	\$ 14,336,162	\$ 12,138,409	\$ 8,369,064	\$ -	\$ -	
\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ 835,122	\$ 1,108,645	
N/A	N/A	N/A	N/A	3,989,810	3,700,119	
N/A	N/A	N/A	N/A	34,510,331	28,872,644	
\$ -	\$ -	\$ -	\$ -	\$ 39,335,263	\$ 33,681,408	
\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ 765,412	\$ -	
N/A	N/A	N/A	N/A	-	(4,132,905)	
\$ -	\$ -	\$ -	\$ -	\$ 765,412	\$ (4,132,905)	
\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ 777,178	\$ 925,036	
N/A	N/A	N/A	N/A	4,960,633	3,281,414	
N/A	N/A	N/A	N/A	9,099,102	9,819,630	
N/A	N/A	N/A	N/A	(3,968,513)	(3,939,663)	
\$ -	\$ -	\$ -	\$ -	\$ 10,868,400	\$ 10,086,417	

POLK COUNTY, IOWA

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

	Fiscal Year			
	2003	2004	2005	2006
Revenues:				
Property taxes	\$ 76,432,075	\$ 80,073,560	\$ 84,979,971	\$ 88,444,351
Other County taxes	4,522,965	5,007,702	4,809,582	4,793,069
Interest and penalties on delinquent taxes	1,036,820	1,050,605	1,061,401	1,153,332
Intergovernmental	49,871,180	50,386,963	48,116,800	59,121,302
Licenses and permits	966,497	890,166	943,081	600,980
Charges for service	9,533,000	9,516,163	9,619,485	10,717,919
Use of money and property	1,879,148	1,688,882	3,145,534	5,039,230
Fines, forfeitures and defaults	478,546	-	-	-
Miscellaneous	2,067,715	2,785,644	1,824,317	2,443,924
Total revenues	146,787,946	151,399,685	154,500,171	172,314,107
Expenditures:				
Public safety and legal services	38,159,485	38,605,232	41,340,119	46,600,339
Physical health and social services	27,385,372	25,901,227	24,781,328	26,453,593
Mental health	37,943,410	35,871,973	44,893,946	44,253,468
County environment and education	17,288,250	13,181,319	13,086,191	21,369,155
Roads and transportation	7,579,979	9,263,306	7,881,246	9,176,185
Governmental services to residents	4,599,552	4,831,067	5,243,386	5,192,084
Administration	21,119,416	19,064,885	25,221,121	28,141,913
Nonprogram services	30,565	30,110	70,697	193,374
Debt service:				
Principal	1,854,176	2,416,089	2,526,980	2,749,893
Interest and fiscal charges	653,421	720,409	776,022	714,235
Capital Projects:				
Roadway construction	2,432,847	4,459,987	2,768,779	3,484,215
Conservation land acquisition and development	220,017	114,419	195,324	1,187,487
Other capital projects	4,719,875	2,709,348	3,270,594	12,605,065
Total expenditures	163,986,365	157,169,371	172,055,733	202,121,006
Excess of revenues over (under) expenditures	(17,198,419)	(5,769,686)	(17,555,562)	(29,806,899)
Other financing sources (uses):				
Transfers in	20,005,619	20,962,438	23,278,866	39,867,947
Transfers out	(14,320,997)	(8,928,133)	(18,869,008)	(28,344,717)
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
Issuance of bonds	6,258,387	1,025,000	3,770,000	14,975,000
Premium (discount) on bonds issued	-	-	25,652	77,543
Insurance recovery from 2008 flood	-	-	-	-
Proceeds from sale of capital assets	88,150	-	41,430	41,078
Total other financing sources (uses)	12,031,159	13,078,092	8,246,940	27,174,617
Net change in fund balances	\$ (5,167,260)	\$ 7,308,406	\$ (9,308,622)	\$ (2,632,282)
Total expenditures	\$ 163,986,365	\$ 157,169,371	\$ 172,055,733	\$ 202,121,006
Less: capital expenditures	(3,468,316)	(4,735,036)	(2,259,466)	(15,244,167)
Total non capital expenditures	\$ 160,518,049	\$ 152,434,335	\$ 169,796,267	\$ 186,876,839
Debt service as % of noncapital expenditures	1.56%	2.06%	1.95%	1.85%

		Fiscal Year					
		2007	2008	2009	2010	2011	2012
\$	95,065,943	\$ 106,659,293	\$ 113,193,055	\$ 119,016,167	\$ 124,413,365	\$ 128,308,790	
	4,539,835	5,307,751	5,391,333	5,473,202	5,278,538	5,590,186	
	1,147,313	1,388,689	1,591,907	1,603,084	1,819,683	1,326,266	
	59,267,106	66,353,718	73,882,316	80,220,727	76,304,288	77,268,575	
	481,516	516,733	387,609	432,777	757,224	861,128	
	10,734,667	10,297,290	10,587,827	11,046,694	11,456,931	12,437,290	
	8,147,428	6,642,171	3,071,457	2,053,835	2,247,819	2,179,875	
	-	-	-	-	-	-	
	1,763,992	1,990,742	2,869,983	2,241,977	2,028,618	2,263,643	
	181,147,800	199,156,387	210,975,487	222,088,463	224,306,466	230,235,753	
	48,709,314	51,056,103	57,336,497	60,831,966	63,358,077	64,519,393	
	27,175,301	29,584,279	32,058,737	38,183,688	39,832,954	36,865,531	
	47,580,948	50,448,588	48,574,015	53,427,113	50,553,729	59,804,417	
	16,670,606	11,561,165	13,291,947	11,827,727	12,074,726	12,465,007	
	8,731,835	10,658,344	12,989,856	12,644,739	12,565,672	10,569,001	
	5,717,290	6,008,426	6,158,143	6,630,166	6,712,037	6,960,701	
	29,266,591	30,909,966	32,513,299	29,545,205	30,370,108	33,214,441	
	709,229	46,304	58,294	-	-	-	
	3,791,808	4,662,698	8,492,464	8,489,000	7,510,000	8,351,000	
	2,895,372	4,501,088	4,478,202	4,276,689	4,397,923	4,195,012	
	4,003,795	5,352,558	4,688,457	1,757,433	4,960,179	5,715,542	
	853,962	3,237,269	3,482,675	3,049,267	3,352,335	1,503,474	
	48,382,141	30,098,666	8,774,114	5,991,436	9,470,498	4,290,359	
	244,488,192	238,125,454	232,896,700	236,654,429	245,158,238	248,453,878	
	(63,340,392)	(38,969,067)	(21,921,213)	(14,565,966)	(20,851,772)	(18,218,125)	
	99,924,310	25,876,454	32,540,326	20,547,356	20,475,572	19,575,415	
	(93,360,608)	(18,435,839)	(17,836,649)	(11,154,021)	(12,937,327)	(12,761,492)	
	-	-	-	-	392,162	-	
	-	930,000	-	-	-	-	
	-	-	-	-	-	-	
	-	-	-	-	-	-	
	168,920	-	-	2,577,984	669,366	-	
	80,915,000	2,665,000	3,905,000	-	15,485,000	-	
	24,675	32,656	95,085	-	298,790	-	
	-	-	323,766	751,906	112,066	-	
	74,152	68,555	537,831	843,174	281,032	-	
	87,746,449	11,136,826	19,565,359	13,566,399	24,776,661	6,813,923	
\$	24,406,057	\$ (27,832,241)	\$ (2,355,854)	\$ (999,567)	\$ 3,924,889	\$ (11,404,202)	
\$	244,488,192	\$ 238,125,454	\$ 232,896,700	\$ 236,654,429	\$ 245,158,238	\$ 248,453,878	
	(49,469,518)	(30,051,875)	(10,191,039)	(7,866,250)	(10,231,060)	(7,053,056)	
\$	195,018,674	\$ 208,073,579	\$ 222,705,661	\$ 228,788,179	\$ 234,927,178	\$ 241,400,822	
	3.43%	4.40%	5.82%	5.58%	5.07%	5.20%	

POLK COUNTY, IOWA

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

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

Source: 2011 Valuation workpaper from Polk County Tax/GIS Department.

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

(b) 2012 Calendar Year Assessment is for taxes due in fiscal year 2013/2014 and is not yet available

(c) Tax rates are per \$1,000 of assessed value.

POLK COUNTY , IOWA

Principal Property Taxpayers Current Year and Nine Years Ago

Taxpayer	2012			2003		
	2010 Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value	2001 Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value
Principal Life Insurance Co.	\$ 229,703,280	1	1.3%	\$ 266,799,540	1	2.3%
Nationwide Mutual Insurance	189,201,310	2	1.1%	-		0.0%
R & R Investors	156,999,290	3	0.9%	101,973,480	2	0.9%
Wells Fargo	123,896,560	4	0.7%	-		0.0%
Prairie Meadows	107,717,400	5	0.6%	-		0.0%
Mid America Investment	91,614,240	6	0.5%	78,622,190	5	0.7%
Mercy Hospital	78,074,120	7	0.4%	-		0.0%
Pioneer Hi-Bred	76,600,990	8	0.4%	-		0.0%
Hubbell Interests	72,585,890	9	0.4%	63,100,890	9	0.5%
Valley West Mall	67,710,000	10	0.4%	97,279,500	3	0.8%
Qwest	-		-	92,693,744	4	0.8%
William Knapp	-		-	75,272,600	6	0.6%
Ruan, Inc.	-		-	66,721,340	7	0.6%
Polk County	-		-	63,815,540	8	0.5%
Wal-Mart Stores	-		-	58,382,360	10	0.5%
Total	\$ 1,194,103,080		6.7%	\$ 964,661,184		8.2%

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
2003	\$ 79,465,301	\$ 79,087,899	99.5%	\$ 63,924	\$ 79,151,823	99.6%
2004	82,823,976	82,559,416	99.7%	119,750	82,679,166	99.8%
2005	87,950,229	87,623,125	99.6%	58,083	87,681,208	99.7%
2006	91,360,000	91,060,220	99.7%	10,946	91,071,166	99.7%
2007	98,107,703	97,654,105	99.5%	27,061	97,681,166	99.6%
2008	109,708,680	109,344,353	99.7%	43,323	109,387,676	99.7%
2009	116,311,807	115,868,918	99.6%	51,627	115,920,545	99.7%
2010	121,940,768	121,631,575	99.7%	56,774	121,688,349	99.8%
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%

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				
	2003	2004	2005	2006	2007
Countywide service rates:					
General Basic	\$ 3.50	\$ 3.50	\$ 3.50	\$ 3.50	\$ 3.50
General Supplemental	1.56	1.61	1.59	1.57	1.64
MH/DD Service	1.18	1.13	1.06	1.03	0.96
Debt Service	0.11	0.11	0.20	0.24	0.24
Total Countywide Rate	6.35	6.35	6.35	6.35	6.35
Rural service rates	4.59	4.59	4.59	4.59	4.59
Total Rural Rate	10.94	10.94	10.95	10.94	10.94
City rates:					
Alleman	6.92	7.81	8.07	7.89	8.05
Altoona	8.89	8.89	8.89	8.79	8.64
Ankeny	9.90	9.90	10.39	10.39	10.34
Bondurant	14.21	14.56	14.45	14.39	14.38
Carlisle	12.92	12.89	12.92	13.99	13.97
Clive	8.97	8.92	8.93	9.11	9.25
Des Moines	17.05	17.05	17.06	16.52	16.45
Elkhart	10.82	8.10	11.70	11.55	11.69
Granger	11.31	11.52	12.20	12.99	12.65
Grimes	12.77	12.82	12.84	12.83	12.75
Johnston	10.89	10.89	10.81	10.74	11.31
Mitchellville	13.62	13.87	13.34	13.47	12.45
Norwalk	-	12.43	12.43	12.43	13.92
Pleasant Hill	11.60	11.48	11.48	11.48	11.48
Polk City	8.09	7.90	7.90	7.90	7.90
Runnells	8.10	8.10	8.83	9.02	9.08
Sheldahl	2.79	2.71	2.63	2.55	3.43
Urbandale	8.97	9.07	9.07	9.07	9.07
Windsor Heights	11.59	12.35	12.63	12.63	12.22
West Des Moines	11.60	11.60	11.73	11.73	11.95
School District Rates:					
North Polk	14.94	15.12	16.04	16.42	16.13
Southeast Polk	15.42	17.37	17.28	17.99	20.99
Bondurant-Farrar	15.43	15.28	16.26	16.71	17.23
Ankeny	17.25	17.10	16.90	16.70	16.71
Carlisle	17.96	18.88	18.37	18.37	17.21
West Des Moines	13.50	13.50	13.50	13.50	13.70
Des Moines Independent	17.10	17.36	18.03	18.01	18.02
Saydel	14.86	14.80	14.67	13.13	13.39
Johnston	15.65	16.73	17.21	17.35	17.35
Woodward-Granger	14.83	15.95	17.02	16.76	17.52
Dallas	17.49	17.50	17.51	17.51	17.50
Dallas	14.46	14.74	14.88	14.96	15.68
Urbandale	13.44	12.96	12.13	13.70	13.48
Urbandale	13.02	12.61	11.99	13.51	13.48
Other:					
Area XI Community College	0.55	0.58	0.60	0.68	0.69
Broadlawns County Hospital	2.99	3.06	3.26	3.20	3.49
Ag. Extension	0.04	0.04	0.04	0.04	0.04
Assessor	0.34	0.32	0.32	0.35	0.30

Source: 2010/2011 Tax Rates Payable Fiscal Year Ended June 30, 2012 obtained from Polk County Tax/GIS Department

Year Taxes are Payable

2008		2009		2010		2011		2012	
\$	3.50	\$	3.50	\$	3.50	\$	3.50	\$	3.50
	1.97		1.86		1.87		1.92		1.95
	0.93		0.87		0.83		0.79		0.77
	0.45		0.61		0.63		0.61		0.59
	6.84		6.84		6.83		6.82		6.81
	4.59		4.55		4.55		4.55		4.55
	11.44		11.39		11.38		11.37		11.36

8.23	7.16	8.32	8.77	10.23
8.64	8.64	8.64	9.14	9.14
10.29	10.53	11.18	11.18	11.18
14.34	14.29	14.23	14.18	14.13
13.97	13.81	13.81	13.81	13.80
9.54	9.54	9.54	9.54	9.54
16.59	16.58	16.58	16.58	16.58
10.98	10.49	10.26	10.04	9.90
12.34	13.03	14.17	15.42	15.99
12.93	12.96	12.92	12.91	12.90
11.30	11.30	11.30	11.27	11.10
12.82	13.59	14.37	14.73	14.73
14.98	14.37	14.60	14.60	16.35
11.48	11.48	11.65	11.65	11.65
7.90	7.90	7.90	7.90	7.90
9.06	8.97	11.01	10.89	10.90
3.59	3.60	3.43	3.18	3.20
9.22	9.22	9.22	9.32	9.52
12.40	14.79	13.76	13.31	13.31
12.05	12.05	12.05	12.05	12.05

17.46	17.77	17.39	18.27	19.85
21.96	21.85	21.83	21.81	21.66
17.32	20.00	19.89	19.99	19.83
17.91	19.58	19.84	22.35	21.07
20.00	19.86	19.47	20.97	20.65
13.70	13.69	13.64	13.94	13.85
17.94	17.79	17.64	17.64	18.35
13.63	13.68	13.98	13.98	13.98
17.35	17.34	17.35	17.35	17.35
17.52	20.02	19.85	19.78	19.75
17.50	17.50	17.50	17.50	17.50
15.90	16.08	-	-	-
15.72	15.51	16.27	17.64	18.35
15.72	16.27	16.27	17.64	17.64

0.60	0.56	0.57	0.56	0.59
2.97	2.92	2.80	2.92	2.92
0.04	0.04	0.04	0.04	0.04
0.31	0.33	0.30	0.28	0.25

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					
2003	\$ 22,235,306	\$ 713,000	\$ 972,395	\$	\$ 162,855,294	\$ 3,999,006	\$	190,775,001	1.37%	\$ 498.62	
2004	20,869,657	682,000	793,822		158,849,951	3,386,366		184,581,796	1.24%	472.54	
2005	22,162,437	650,000	483,525		147,618,237	-		170,914,199	1.08%	430.35	
2006	34,491,195	616,000	687,403		144,921,169	-		180,715,767	1.08%	448.28	
2007	111,657,091	581,000	550,926		136,562,443	-		249,351,460	1.42%	609.83	
2008	110,646,911	545,000	371,163		127,016,267	678,932		239,258,273	1.31%	571.92	
2009	106,164,706	508,000	194,245		117,607,149	4,998,010		229,472,110	1.26%	540.22	
2010	97,682,876	469,000	2,319,288		107,578,031	10,470,099		218,519,294	1.20%	508.85	
2011	105,954,533	429,000	2,047,367		140,495,304	18,115,588		267,041,792	1.47%	620.10	
2012	97,592,097	388,000	1,340,199		131,001,771	22,303,132		252,625,199	1.37%	577.56	

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

Notes: 2011 and 2012 percentages calculated using 2010 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		
2003	\$ 185,090,600	\$ 836,776	\$ 184,253,824	0.89%	\$ 481.57
2004	179,719,608	993,781	178,725,827	0.83%	457.55
2005	169,780,674	789,769	168,990,905	0.71%	425.51
2006	179,412,364	936,163	178,476,201	0.72%	442.72
2007	248,219,534	417,138	247,802,396	0.92%	606.04
2008	237,663,178	366,009	237,297,169	0.85%	567.24
2009	223,771,855	279,041	223,492,814	0.77%	526.14
2010	205,260,907	598,024	204,662,883	0.70%	476.58
2011	246,449,837	1,650,202	244,799,635	0.86%	568.46
2012	228,593,868	405,753	228,188,115	N/A (a)	521.69

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

Note: (a) 2012 Calendar Year Assessment is for taxes due in fiscal year 2013/2014 and is not yet available.

POLK COUNTY, IOWA

**Direct and Overlapping Governmental Activities Debt
As of June 30, 2012**

Governmental Unit	Taxable Valuation	Debt Outstanding	Totals
County direct debt	\$ 17,784,735,443	\$ 99,320,296	\$ <u>99,320,296</u>
City debt:			
Alleman	20,024,063	117,000	
Altoona	495,031,660	39,520,000	
Ankeny	2,031,448,146	110,908,000	
Bondurant	99,973,929	5,970,000	
Clive	879,894,720	42,550,000	
Des Moines	6,576,204,587	335,075,000	
Elkhart	14,429,843	535,000	
Grimes	398,417,596	16,310,000	
Johnston	1,037,570,988	37,180,000	
Mitchellville	41,809,290	890,000	
Pleasant Hill	346,318,220	6,870,000	
Polk City	109,588,158	-	
Runnells	9,856,466	-	
Sheldahl	3,398,585	-	
Urbandale	2,007,953,638	44,750,000	
Windsor Heights	192,447,307	12,820,000	
West Des Moines	2,727,845,752	97,750,733	
Subtotal, City debt		<u>751,245,733</u>	
School district debt:			
Ankeny Community	2,250,864,972	75,745,000	
Bondurant-Farrar	231,221,724	11,180,000	
Carlisle	79,043,701	4,090,750	
Dallas	481,854,909	31,340,000	
Des Moines Independent	6,496,698,854	-	
Johnston Community	1,744,339,727	46,710,000	
North Polk Community	261,780,739	10,755,000	
Saydel	633,819,571	1,855,000	
Southeast Polk	1,168,871,887	51,460,000	
Urbandale Community	1,072,748,723	56,895,000	
West Des Moines Community	4,097,457,951	-	
Subtotal, school district debt		<u>290,030,750</u>	
Other:			
Urbandale Sanitary Sewer		<u>706,000</u>	
Subtotal, other		<u>706,000</u>	
Total, overlapping debt			<u>1,041,982,483</u>
Total direct and overlapping debt:			<u>\$ 1,141,302,779</u>

Source: Cities and school districts within Polk County

Note: Fiscal year 2012 is matched to 2010 assessment year

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POLK COUNTY, IOWA

Legal Debt Margin Information Last Ten Fiscal Years

	2003	2004	2005	2006
Debt limit	\$ 896,438,700	\$ 926,557,167	\$ 1,034,571,308	\$ 1,074,239,416
Less: Total net debt applicable to limit	(315,568,208)	(317,765,656)	(313,142,908)	(327,914,085)
Legal debt margin	<u>\$ 580,870,492</u>	<u>\$ 608,791,511</u>	<u>\$ 721,428,400</u>	<u>\$ 746,325,331</u>
Total net debt applicable to the limit as a percentage of debt limit	35.20%	34.30%	30.27%	30.53%

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

Legal Debt Margin Calculation for Fiscal Year 2012 Assessed Value	\$ 28,936,359,242
Debt limit (5% of assessed value)	1,446,817,962
Less: Debt applicable to debt limit; Outstanding County indebtedness (a)	<u>(448,152,913)</u>
Legal debt margin	<u>\$ 998,665,049</u>

2007	2008	2009	2010	2011	2012
\$ 1,195,367,969	\$ 1,245,870,290	\$ 1,352,429,902	\$ 1,396,854,915	\$ 1,446,817,962	\$ 1,446,817,962
(419,214,286)	(407,803,252)	(399,158,767)	(396,754,857)	(460,916,297)	(448,152,913)
<u>\$ 776,153,683</u>	<u>\$ 838,067,038</u>	<u>\$ 953,271,135</u>	<u>\$ 1,000,100,058</u>	<u>\$ 985,901,665</u>	<u>\$ 998,665,049</u>
35.07%	32.73%	29.51%	28.40%	31.86%	30.98%

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	
2003	382,609	\$ 13,960,668	\$ 35,852	228,700	3.5%	4.0%
2004	390,615	14,918,628	37,862	225,000	4.0%	4.5%
2005	397,152	15,754,629	39,215	224,900	4.8%	4.8%
2006	403,132	16,755,221	40,764	232,200	4.3%	4.6%
2007	408,888	17,538,839	41,992	234,900	3.4%	3.7%
2008	418,339	18,225,740	43,098	237,000	3.6%	3.8%
2009	424,778	18,199,886	42,381	241,000	4.0%	4.1%
2010	429,439	18,462,461	42,712	242,200	5.7%	6.0%
2011	430,640	*	*	241,600	6.1%	6.1%
2012	437,399	*	*	240,300	5.4%	5.1%

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

*Information not available

POLK COUNTY, IOWA

Principal Employers Current Year and Nine Years Ago

Employer	2012			2003		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
State of Iowa	18,000	1	6.70%	-		0.00%
Wells Fargo & Co.	12,900	2	4.80%	1,935	10	0.74%
Mercy Hospital Medical Center	6,900	3	2.57%	4,260	4	1.63%
Principal Financial Group	6,547	4	2.44%	7,700	1	2.95%
Iowa Health Systems	4,505	5	1.68%	-		0.00%
Nationwide/Allied Insurance	4,396	6	1.64%	1,940	9	0.74%
Des Moines Public Schools	4,000	7	1.49%	5,225	2	2.00%
Pioneer Hi-Bred International Inc.	3,166	8	1.18%	-		0.00%
Wal-Mart	2,380	9	0.89%	2,380	7	0.91%
Hy-Vee Food Stores	2,200	10	0.82%	4,000	5	1.53%
City of Des Moines	-		0.00%	2,240	8	0.86%
Central Iowa Hospital Corporation	-		0.00%	5,210	3	1.99%
Minneapolis Postal Service Center	-		0.00%	2,630	6	1.01%
Total	64,994		24.18%	37,520		14.36%

Source: Piper Jaffray & Co. (bonding agent)

POLK COUNTY, IOWA

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

Function / Program	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Public safety	349	349	351	358	361	386	457	458	472	461
Human services	168	166	159	159	163	165	177	178	171	151
Roads and engineering	74	74	72	72	68	69	68	67	67	61
Administration	148	148	151	151	149	153	158	158	157	151
Other	383	376	344	347	351	357	374	378	379	356
Total	1,122	1,113	1,077	1,087	1,092	1,130	1,234	1,239	1,246	1,180

Source: County Budget Office

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POLK COUNTY, IOWA

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

Function / Program	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Public safety and legal services:										
Sheriff:										
# of E911 calls	46,075	45,257	47,550	42,474	45,866	54,107	53,531	53,743	54,517	49,335
# of civil papers served	42,875	37,303	42,154	46,164	45,488	37,055	40,916	44,145	45,583	50,148
# of average daily jail population	772	834	959	993	995	968	980	930	929	942
# of bookings	12,990	14,454	17,234	17,377	17,978	17,917	17,848	17,469	18,347	19,607
Medical Examiner:										
# of death investigations	800	876	939	995	996	1,133	1,267	1,024	1,056	1,148
# of autopsies	150	187	235	212	169	164	204	261	224	275
Physical health and social services:										
Health Department:										
# of patient visits to STD clinic	4,424	4,698	4,435	4,074	4,752	5,347	5,688	4,571	3,890	3,543
Public Works:										
# of septic/well inspections	646	824	811	795	817	662	321	315	352	303
# of food inspections	2,974	2,481	2,787	N/A (a)						
Veteran Affairs:										
# of clients interviewed	6,882	6,001	4,164	6,213	5,726	5,446	5,268	4,911	5,706	4,233
# of vouchers issued	3,069	2,585	2,876	3,548	3,516	3,362	3,358	2,914	4,329	3,087
Mental Health:										
# of individuals served	7,125	7,033	7,487	7,282	7,224	7,768	8,245	8,668	9,643	10,662
# of individuals receiving ongoing/intensive svc	2,895	2,983	3,174	3,225	3,399	3,607	3,711	3,065	3,681	3,143
County environment and education:										
Public Works:										
# of requests of service for weed eradication	4,463	2,538	4,342	3,994	3,781	3,516	4,963	4,462	4,298	2,672
# of lots cleaned up	67	38	46	33	28	35	23	34	42	5

POLK COUNTY, IOWA

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

Function / Program	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Roads and transportation:										
Public Works:										
# of gravel miles maintained	226	218	201	187	182	177	172	172	168	168
# of paved miles maintained	517	548	548	582	570	573	551	550	536	548
Governmental services to residents:										
Treasurer:										
# of titles	162,770	169,846	172,545	146,641	134,329	137,707	146,550	145,543	147,011	149,262
# of registrations	405,811	416,446	494,924	593,767	569,082	552,415	627,409	631,981	646,533	645,576
Auditor / Elections:										
# of registered voters	245,000	250,000	265,000	253,400	275,511	292,803	281,233	264,425	260,800	270,386

*Information not available

Source: County records

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

POLK COUNTY, IOWA

Capital Asset Statistics by Function/Program Last Ten Fiscal Years

Function / Program	Fiscal Year			
	2003	2004	2005	2006
Public safety and legal services	\$ 41,803,545	\$ 41,798,054	\$ 42,377,518	\$ 49,107,367
Physical health and social services	9,936,678	10,085,394	10,111,029	10,950,861
Mental health	54,768	54,768	-	-
County environment and education	5,071,794	5,303,553	5,317,890	6,369,054
Roads and transportation	76,407,203	86,828,497	91,571,796	96,256,517
Governmental services to residents	1,417,453	1,417,453	1,448,189	2,546,321
Administration	22,254,209	20,596,001	20,352,004	21,221,297

Fiscal Year						
2007	2008	2009	2010	2011	2012	
\$ 91,968,820	\$ 107,014,496	\$ 110,536,573	\$ 102,885,848	\$ 102,749,009	\$ 103,174,561	
12,668,272	11,692,242	11,654,917	28,919,793	35,556,329	36,105,331	
-	-	-	-	-	-	
6,066,861	7,852,059	8,941,718	9,558,801	10,518,265	11,891,737	
96,853,889	98,759,779	101,450,520	103,743,216	102,852,662	105,747,811	
2,517,342	2,509,217	3,947,498	2,656,956	2,656,956	2,639,312	
21,502,376	33,889,089	34,453,109	21,758,977	22,632,129	23,817,862	

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POLK COUNTY, IOWA

**Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2012**

Grantor/Program	CFDA Number	Contract Number	Total Federal Expenditures For Fiscal Year 2012
DEPARTMENT OF AGRICULTURE			
Direct Program - Commodity Supplemental Food Distribution	10.565	N/A	\$ 769,087
Passed through Iowa Department of Human Services:			
Local Administration Expense Reimbursement	10.561	N/A	467,951
Commodity Supplemental Food Program	10.565	FHWS 09-19	192,297
Passed through Iowa Department of Education:			
National School Breakfast Program	10.553	77-8810	16,073
National School Lunch Program	10.555	77-8810	30,168
Child Care Food Program	10.558	77-8050	2,113,151
Total Department of Agriculture			<u>3,588,727</u>
DEPARTMENT OF COMMERCE			
Passed through Iowa Homeland Security & Emergency Mgmt Divison:			
Public Safety Interoperable Communications (PSIC) Grant	11.555	2007-GS-H7-0042-8	41,950
Total Department of Commerce			<u>41,950</u>
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Direct Program - Lead Based Paint Hazard Control in Privately-Owned Housing	14.900	IALHB0499-11	144,104
Direct Program - ARRA - Lead Hazard Mitigation Control Grant	14.907	IALHB0410-08	865,938
Passed through Iowa Department of Economic Development:			
Community Development Block Grants	14.228	10-HSG-050	154,635
Passed through the City of Des Moines:			
ARRA - Homelessness Prevention and Rapid Re-Housing Program (HPRP)	14.257	N/A	228,473
Total Department of Housing and Urban Development			<u>1,393,150</u>
DEPARTMENT OF INTERIOR			
Passed through Iowa Department of Natural Resources:			
Bison/Elk Exhibit	15.916	19-01276	38,109
Total Department of Interior			<u>38,109</u>
DEPARTMENT OF JUSTICE			
Direct Program - Bullet Proof Vest Partnership Program	16.607	N/A	7,966
Passed through Iowa Department of Human Rights:			
Juvenile Accountability Incentive Block Grant	16.523	JAB-F12-45	13,768
Title V Delinquency Prevention Program	16.548	Casey11-Polk	5,930
Title V Delinquency Prevention Program	16.548	Casey12-Polk	10,083
Passed through Iowa Department of Justice:			
Crime Victim Assistance (VOCA)	16.575	VA-12-29	100,000
Violence Against Women Formula Grants	16.588	VW-12-29	28,922
Passed through Governor's Office of Drug Control Policy:			
Public Safety Partnership and Community Policing Grants	16.710	09-HotSpots/Enforcement-3	1,035
Public Safety Partnership and Community Policing Grants	16.710	09-HotSpots/Interdiction-08	23,259
Public Safety Partnership and Community Policing Grants	16.710	10-HotSpots/Interdiction-09	33,072
Edward Byrne Justice Assistance Grant (JAG) LLEBG 09B	16.738	2009-DJ-BX-0141	1,966
ARRA - Edward Byrne Justice Assistance Grant (JAG) Program	16.803	08-09JAG/ARRA-16168C	676,784
ARRA - Edward Byrne Justice Assistance Grant (JAG) LLEBG 09A	16.804	2009-SB-B9-0580	25,035
Total Department of Justice			<u>927,820</u>
DEPARTMENT OF TRANSPORTATION			
Passed through Iowa Department of Transportation:			
Highway Planning and Construction - Scenic Overlook High Trestle Trail Bridge	20.205	10-STPES-124	11,712
Highway Planning and Construction - Gay Lea Wilson Trail	20.205	09-STPES-140	18,495
Highway Planning and Construction	20.205	2007-16-013	1,467
Highway Planning and Construction	20.205	1-07-HRRR-013, 1-08-HBRRS-020, and 1-10-HBRRS-005	1,058,465
Recreational Trails Program - Equestrian Center Trail	20.219	2011-NRT-001	-

(continued)

POLK COUNTY, IOWA

**Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2012**

Grantor/Program	CFDA Number	Contract Number	Total Federal Expenditures For Fiscal Year 2012
Passed through Iowa Department of Public Health I-WALK/Safe Routes to School	20.205	5881OB47	\$ 1,000
Passed through Iowa Department of Public Safety/Governor's Traffic Safety Bureau: Alcohol Incentive Grant	20.601	PAP 11-410 Task 63	7,523
Alcohol Incentive Grant	20.601	PAP 12-04 Task 20	31,319
Passed through Iowa Department of Public Defense: 2012 HMEP - Training	20.703	HM-HMP-0214-11-01-00	3,326
2011 HMEP - Training	20.703	N/A	4,050
2011 Hazmat Symposium	20.703	N/A	5,000
Total Department of Transportation			<u>1,142,357</u>
ENVIRONMENTAL PROTECTION AGENCY			
Passed through Iowa Department of Natural Resources: Air Pollution Control Implementation Plan Agreement	66.001	ESD7230Claims110002	31,968
Air Pollution Control Implementation Plan Agreement	66.001	ESD7230Claims120003	118,797
Capitalization Grants for Clean Water State Revolving Funds	66.458	C0298G, C0391G	716,023
Total Environmental Protection Agency			<u>866,788</u>
DEPARTMENT OF ENERGY			
Passed through Iowa Department of Human Rights: Weatherization Assistance for Low-Income Persons	81.042	DOE-11-20S	23,188
Weatherization Assistance for Low-Income Persons	81.042	DOE-12-20S	251,184
ARRA - Weatherization Assistance for Low-Income Persons	81.042	DOE-ARRA-09-20S	2,423,002
Direct Program - ARRA - Energy Efficiency and Conservation Block Grant	81.128	DE-SC0003126	2,063
Total Department of Energy			<u>2,699,437</u>
U.S. ELECTION ASSISTANCE COMMISSION			
Direct Program - Help America Vote Mock Election Program	90.402	E4064415B	10,461
Total U.S. Election Assistance Commission			<u>10,461</u>
DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through University of Iowa: National Children's Study	93.000	HHSN275200800025C	123,880
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	214,325
Nutrition Services Incentive Program	93.053	N/A	104,881
Passed through Iowa Department of Human Rights: Family Development and Self Sufficiency	93.558	FaDSS-12-20-FS	322,969
Low-Income Home Energy Assistance	93.568	HEAP-12-20S	252,950
Low-Income Home Energy Assistance	93.568	HEAP-11-20S	125,868
Passed through Iowa Department of Human Services: Local Purchase Allocation Social Services Block Grant	93.667	N/A	1,531,248
Local Administration Expense Reimbursement	93.566	N/A	871
Local Administration Expense Reimbursement	93.596	N/A	103,016
Local Administration Expense Reimbursement	93.658	N/A	171,838
Local Administration Expense Reimbursement	93.659	N/A	51,737
Local Administration Expense Reimbursement	93.667	N/A	151,441
Local Administration Expense Reimbursement	93.767	N/A	1,601
Local Administration Expense Reimbursement-Medical Assistance Program	93.778	N/A	444,192
Crisis Counseling Services	93.982	MHD-11-099	70,526

(continued)

POLK COUNTY, IOWA

**Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2012**

Grantor/Program	CFDA Number	Contract Number	Total Federal Expenditures For Fiscal Year 2012
Passed through Iowa Department of Public Health:			
Public Health Emergency Preparedness	93.069	5881BT377	\$ 64,924
Public Health Emergency Preparedness - City Readiness Initiative	93.069	5881BT77	98,291
Public Health Emergency Preparedness - City Readiness Initiative	93.069	5882BT77	303,733
Healthy Homes and Childhood Lead Poisoning Prevention	93.070	5882LP06	28,411
Tuberculosis Elimination	93.116	MOU-2012-TB06	7,500
Project Launch	93.243	5881PL01	17,789
Project Launch	93.243	5882PL01	55,670
I-4 Project	93.268	5881I464	17,187
I-4 Project	93.268	5882I464	-
Care for Yourself Program	93.283	5882NB20	163,263
Iowa Get Screened	93.283	5882CRC02	4,575
Community Transformation	93.531	5882HP17	10,124
HIV-CTR & Hepatitis	93.940	5881AP10	9,821
HIV-CTR & Hepatitis	93.940	5882AP10	11,809
Total Department of Health and Human Services			<u>4,580,040</u>
OFFICE OF NATIONAL DRUG CONTROL POLICY			
Direct Program - Iowa Enforcement Initiative (HIDTA) Grant	95.001	G11MW0002A	27,808
Direct Program - Iowa Enforcement Initiative (HIDTA) Grant	95.001	G12MW0002A	57,960
Total Office of National Drug Control Policy			<u>85,768</u>
DEPARTMENT OF HOMELAND SECURITY			
Passed through City of Des Moines:			
Law Enforcement Terrorism Prevention Program	97.067	2009-SS-G9-0034-11	25
Law Enforcement Terrorism Prevention Program	97.067	2010-SS-T0-0031-16	42,639
Law Enforcement Terrorism Prevention Program	97.067	2011-SS-00071-S01-22	47,563
Passed through Iowa Department of Public Defense:			
FEMA	97.036	DR-1763-IA	5,307
FEMA - 2010 Floods	97.036	DR-1930-IA	75,834
FEMA - 2010 Floods	97.036	DR-1930-IA	3,062
FEMA	97.039	DR-1763-77-01	315,780
Emergency Management Performance Grant (EMPG)	97.042	EMPG-11-PT-77	39,000
Homeland Security Grant Program - IMT	97.067	2009-SS-T9-34-IMT	10,366
Homeland Security Grant Program - MMRS	97.067	2009-SS-T9-0034 MMRS	320,371
Total Department of Homeland Security			<u>859,947</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 16,234,554</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, 2012**

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, 2012. All federal financial assistance received directly from federal agencies, as well as federal financial assistance passed through other government agencies expended during the year, is included in the schedule. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*.

Note 2. Significant Accounting Policies

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

Note 3. Subrecipients

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

Program Title	Federal CFDA Number	Amount Provided to Subrecipients
Juvenile Accountability Incentive Block Grant	16.523	\$ 13,768
Public Safety Partnership and Community Policing Grants	16.710	8,374
ARRA - Edward Byrne Justice Assistance Grant (JAG) Program	16.803	244,565

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, Recovery Act – Edward Byrne memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories and Recovery Act – Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government 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, 2012, was \$769,087. As of June 30, 2012, the County had commodities on hand with a value of \$259,752.

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

Board of Supervisors
Polk County, Iowa
Des Moines, Iowa

We have audited the financial statements of the governmental activities, business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of Polk County, Iowa as of and for the year ended June 30, 2012, and have issued our report thereon dated November 30, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2012 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.

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

CliftonLarsonAllen LLP

West Des Moines, Iowa
November 30, 2012

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

Board of Supervisors
Polk County, Iowa
Des Moines, Iowa

Compliance

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

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

In our opinion, Polk County, Iowa complied, in all material respects, with the 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, 2012. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2012-01, 2012-02, 2012-03 and 2012-04.

Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as items 2012-01, 2012-02, 2012-03 and 2012-04. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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



West Des Moines, Iowa
November 30, 2012

POLK COUNTY, IOWA

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2012**

Section I - Summary of Auditor's Results

Financial Statements

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

Federal Awards

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.257	ARRA - Homelessness Prevention and Rapid Re-Housing Program
14.907	Lead Hazard Control Cluster ARRA – Lead Hazard Mitigation Control Grant
16.738	Justice Assistance Cluster
16.803	Edward Byrne Justice Assistance Grant
16.804	ARRA – Edward Byrne Justice Assistance Grant ARRA – Edward Byrne Justice Assistance Grant
20.205	Highway Planning and Construction Cluster Highway Planning and Construction
66.458	Capitalization Grants for Clean Water State Revolving Funds
81.042	ARRA – Weatherization Assistance for Low-Income Persons
81.042	Weatherization Assistance for Low-Income Persons
97.067	Homeland Security Grant Program – IMT and MMRS and Law Enforcement Terrorism Prevention Program

POLK COUNTY, IOWA

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2012**

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

Dollar threshold used to distinguish between Type A and type B programs:	\$ 487,037
Auditee qualified as low-risk auditee?	Yes

Section II - Financial Statement Findings

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

POLK COUNTY, IOWA

Schedule of Findings and Questioned Costs
Year Ended June 30, 2012

Section III - Federal Award Findings and Questioned Costs

Finding 2012- 01

CFDA Number - 14.257

Program Name - ARRA - Homelessness Prevention and Rapid Re-Housing Program

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

Compliance requirement - Allowable costs, allowable activities

Finding - Significant deficiency in internal control, noncompliance

Criteria

OMB Circular A-87 requires that wages, whether direct or indirect, that are charged to a federal grant program be for actual time spent on allowable grant activities. OMB Circular A-87 also requires that grantees maintain specific documentation supporting hours charged to the program, including personnel activity reports or equivalent documentation for employees charged to more than one funding source.

Condition

The three payroll transactions tested in the ARRA - Homelessness Prevention and Rapid Re-Housing Program were not supported with the proper documentation.

Questioned Costs

The amount of questioned costs could not be determined.

Cause

Personnel activity reports or equivalent documentation were not completed for employees for whom a portion of their wages was allocated to the programs.

Effect

Ineligible time could be charged to the program.

Recommendation

We recommend that the County design and implement a procedure for collecting and personnel activity reports or equivalent documentation for all employees for whom a portion of their wages was allocated to the programs. The documentation should be reviewed by a person who is knowledgeable about the employee's activities. Evidence of this review should be retained with the required documentation.

Management's Response

In order to resolve future issues with billing for grants utilizing federal money, the person or persons administering the funds will document the hours spent on the grant. The Community Family & Youth Services Program Administrator will review the document quarterly to ensure the time designated to the grant is what was outlined in the RFP. The documents will be sent to Central Accounting and maintained in the grant file.

POLK COUNTY, IOWA

Schedule of Findings and Questioned Costs
Year Ended June 30, 2012

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

Finding 2012- 02

CFDA Number - 81.042

Program Name - ARRA-Weatherization for Low-Income Persons & Weatherization for Low-Income Persons

Funding Agency - U.S. Department of Energy

Compliance requirement - Davis-Bacon Act

Finding - Significant deficiency in internal control, noncompliance

Criteria

OMB Circular A-133 requires that all laborers and mechanics employed by contractors or subcontractors to work on construction contracts in excess of \$2,000 financed by Federal assistance funds must be paid wages not less than those established for the locality of the project (prevailing wage rates) by the DOL (40 USC 3141-3144, 3146, and 3147). This includes a requirement for the contractor or subcontractor to submit to the non-Federal entity weekly, for each week in which any contract work is performed, a copy of the payroll and a statement of compliance (certified payrolls) (29 CFR sections 5.5 and 5.6).

Condition

Of 25 contractors selected, the County was not able to demonstrate that they retained documentation of the required weekly certified payrolls for one of the contractors. Once the missing documentation was brought to the County's attention, in order to expedite the request for paperwork, the County contacted its contractor and obtained the missing documentation.

Questioned Costs

No questioned costs were identified.

Cause

The County did not follow its policy to retain the required payroll records and certifications from one its contractors.

Effect

The County could not demonstrate full compliance with the requirement to obtain payroll records and certifications from all of its contractors.

Recommendation

We recommend that the County add Davis-Bacon Act requirements to the existing compliance checklist to assist in the proper completion of the project files. We also recommend that both the state inspector and the individual that is initially responsible for recordkeeping sign off on the checklist indicating that it is complete.

Management's Response

The Public Works Department believes that its policy to retain the required payroll records and certifications from its contractors was followed but in this one case the paper work was misfiled. The Public Works Department believes that we did demonstrate compliance with the requirement to obtain payroll records and certifications from its contractors except for this one isolated case. The Public Works Department will add the Davis-Bacon Act requirement to the existing compliance checklist.

POLK COUNTY, IOWA

Schedule of Findings and Questioned Costs
Year Ended June 30, 2012

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

Finding 2012- 03

CFDA Number - 97.067

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

Funding Agency - U.S. Department of Homeland Security

Compliance requirement - Reporting

Finding - Significant deficiency in internal control, noncompliance

Criteria

The grant contract between Iowa Homeland Security and Emergency Management stipulates the requirement that the grantee submit quarterly status reports by the 15th day following the end of the quarter to the grantor.

Condition

Of the 4 quarterly status reports we tested, 3 of the quarterly reports to the State of Iowa were filed outside the time frame set forth in the grant agreement.

Questioned Costs

No questioned costs were identified.

Cause

Emergency Management has not designed and implemented a proper system of controls over the required reporting requirements of the grant.

Effect

Emergency Management did not submit timely reports to granting agencies.

Recommendation

We recommend that Emergency Management design and implement proper controls over reporting requirements of their grant programs.

Management's Response

Emergency Management will implement proper controls over grant reporting so that our reports are submitted on a timely basis to the granting agencies. Reporting deadlines have been added to official calendars of both the Emergency Management Office Specialist and the Emergency Management Director. These reports and their associated deadline dates will also be included in the list of deliverables to the grantee. These actions will better guarantee report submission requirements are met in a timely manner.

POLK COUNTY, IOWA

Schedule of Findings and Questioned Costs
Year Ended June 30, 2012

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

Finding 2012- 04

CFDA Number -14.907

Program Name - ARRA - Lead Hazard Mitigation Control Program

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

Compliance requirement - Reporting

Finding - Significant deficiency in internal control, noncompliance

Criteria

The program contract between Polk County and the U.S. Department of Housing and Urban Development stipulates that the County shall only be reimbursed up to the total amount of the grant for costs incurred during the grant period and for allowable activities.

Condition

As a part of our testing, we reconcile expenditures in the trial balance to grant reports. During this process, we inquired of County staff regarding these reconciliations. In response to our inquiry, the County discovered that the final reimbursement request was submitted in excess of the grant amount by \$9,820. The County properly followed up with HUD to resolve the overpayment and have refunded HUD in the amount of \$9,820.

Questioned Costs

Questioned costs of \$9,820 were identified related to the improper filing noted above. The County refunded the questioned amount to the granting agency.

Cause

The County has not designed and implemented a proper system of controls over the required reporting requirements of the grant.

Effect

The County submitted reports to granting agencies that were in excess of the approved amount.

Recommendation

We recommend that the County design and implement proper controls over reporting requirements of the programs.

Management's Response

The Health Department will implement a procedure to send reimbursement requests to Central Accounting for review prior to submitting them to the granting agency to ensure the request is accurate and all costs are properly being reported.

POLK COUNTY, IOWA

Schedule of Findings and Questioned Costs
Year Ended June 30, 2012

Section IV - Other Findings Related to Required State Statutory Reporting

- A. **Certified Budget:** Disbursements during the year ended June 30, 2012 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, 2012 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, 2012.
- D. **Business Transactions:** No business transactions between the County and County officials or employees were noted for the year ended June 30, 2012.
- E. **Bond Coverage:** Surety bond coverage of County officials and employees is in accordance with statutory provisions.
- F. **Board Minutes:** No transactions were found that we believe should have been approved in the Board minutes but were not.
- G. **Deposits and Investments:** No instances of noncompliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the County's investment policy were noted.
- H. **Resource Enhancement and Protection Certification:** The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).

POLK COUNTY, IOWA

Schedule of Findings and Questioned Costs
Year Ended June 30, 2012

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

- 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	\$ 675,242
Interest/receipts from other sources	231,683
	<u>906,924</u>
Disbursements:	
Salaries	320,728
FICA, IPERS, and insurance benefits	84,569
Professional/contracted services	1,330
Travel	14,970
Facility costs	158,368
Office supplies	4,557
Communications	30,543
Marketing/advertising	478
Equipment/repair	4,060
Project activity exp	7,873
Cost share	7,425
Fee programs exp	158,883
Resale	3,607
Grant and contract programs	19,515
Other exp	1,684
	<u>818,590</u>
Excess of receipts over disbursements	88,334
Cash balance, beginning of year	140,911
Cash balance, end of year	<u>\$ 229,245</u>

Total expenditures during the year ended June 30, 2012 for the County Extension Office did not exceed the total amount budgeted. However, on an individual line item basis, the following items were identified:

	<u>Actual</u>	<u>Budget</u>
Travel	\$ 1,330	\$ 550
Facility costs	14,970	12,200
Communications	30,543	27,000
Project activity exp	7,873	7,500
Resale	3,607	2,700

POLK COUNTY, IOWA

Summary Schedule of Prior Audit Findings
Year Ended June 30, 2012

Findings Related to the Basic Financial Statements

There were no findings reported for the year ended June 30, 2011.

Findings Related to Federal Awards

Finding 2011-01: This finding has been resolved in the Lead Hazard Mitigation Control Grant. However, a similar finding was reported as Finding 2012-01 relative to the ARRA - Homelessness Prevention Grant and Rapid Re-Housing Program.

Finding 2011-02: Finding has been resolved.

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