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# **POLK COUNTY, IOWA**

**Comprehensive Annual Financial Report**

**For the Fiscal Year Ended June 30, 2010**

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**PREPARED BY:**

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

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Deb Anderson

# POLK COUNTY, IOWA

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(concluded)



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

JAMIE FITZGERALD  
COUNTY AUDITOR  
COMMISSIONER OF ELECTIONS

ADMINISTRATION BUILDING  
111 COURT AVE.  
286-3080

December 15, 2010

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, 2010.

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

The County's financial statements have been audited by Clifton Gunderson LLP, a firm of licensed certified public accountants. The purpose of the independent audit was to provide reasonable assurance that the financial statements of the County for the fiscal year ended June 30, 2010, 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, 2010, indicating that they were fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

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

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

### **Profile of Polk County**

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

The County currently occupies a land area of 592 square miles and serves a population of 429,439. 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 public hearings on the proposed budget and, by March 15<sup>th</sup>, certify the budget for the fiscal year beginning July 1st. If an amendment to the budget is needed after certification, the Board approves and publishes an amendment, with a final amendment approved no later than May 31<sup>st</sup> of the respective fiscal year. The State of Iowa requires passage of an annual budget of total County operating expenditures by major program service areas. Activities of the general fund, special revenue funds, capital projects funds and debt service funds are included in the annual appropriated budget. The legal level of budgetary control is at the total program service area level.

### **Factors Affecting Financial Condition**

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

## **Local Economy**

The current general economic condition of the County is growing. The population continues to grow at a moderate pace, up approximately 14.6% since 2001, to 429,439 in 2010. Unemployment is approximately 6%, same as the state level but lower than the 9% national level. Other economic indicators are also steady. The County remains the primary center of economic activity in central Iowa and the State although adjoining counties, specifically Dallas County to the west, is experiencing significant new development.

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

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

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

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

Construction continues on the Principal Riverwalk Project, a 1.2 mile recreational trail that will link the east and west sides of the Des Moines River. This \$61 million project provides a variety of amenities associated with the riverfront, including an ice rink and a pedestrian bridge made from conversion of an old railway bridge. Also completed are an Asian garden and an \$11 million signature arched suspension bridge, which spans the north end of the river. Components still under construction include a promenade and multi-use trail as well as a plaza in a major downtown area. The project is currently 75% funded and scheduled for completion in 2011.

The East Village, located on the east side of downtown Des Moines, is a progressive, pedestrian friendly neighborhood including stylish restaurants, boutiques, galleries and specialty shops. As one of the original commerce areas of Des Moines, the East Village encompasses some of Iowa's most historically significant buildings, including the State Capitol. With its restored historic properties, beautiful streetscape and urban living environment, the East Village is a hub of activity with annual festivals, street markets, a diverse dining scene, and one-of-a-kind retail shopping serving creative professionals who want to live downtown. Housing opportunities continue to expand with plans for a 75-unit apartment complex featuring ground level restaurants and a 50-unit condominium project.

In the area of economic development, the County has joined Des Moines in retaining the presence of Wellmark Blue Cross Blue Shield ("Wellmark"). Wellmark reaffirmed its commitment to remain in the County with a 500,000 square

foot corporate headquarters and 2,000 stall parking garage in the Western Gateway. The building, to be Leadership in Energy and Environmental Design (“LEED”) certified platinum, will consolidate employees who are currently dispersed throughout smaller downtown locations. Employees began relocating in October and the project will be complete by December 2010.

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

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

Additional economic development in Des Moines includes Aviva Investors, a global asset management firm which recently agreed to retain its 190 employees in Polk County and add 100 more at an average wage of \$90,000. Also, Hyatt Place Hotel is investing \$15.5 million to open a 95 room hotel in Des Moines, the first Hyatt Place presence in Iowa.

In the downtown housing market, development efforts continue mainly in the area of rental, and affordable housing units. In October 2010, the City of Des Moines approved an incentive package for redevelopment of the Younkers building, a historic landmark formerly serving as a retail location. The property, vacant since 2005, will be redeveloped into 140 housing units along with preservation of the historic Tea Room which will serve as a community facility. The project is estimated at \$45 million and will bring more than 200,000 hours of labor to the Des Moines workforce.

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

The Riverpoint West project is expected to create 1,000 jobs and increase the tax base twelve-fold from approximately \$12 million to more than \$140 million. The project will contribute to the long-term economic viability of the downtown core and serve as a national model of effective public/private cooperation.

In south Des Moines, new commercial parks are being developed near the airport. In the past five years, 20 projects worth more than \$160 million have begun. When fully developed, it is hoped private investment of \$700 million will be generated.

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

Other suburban growth is also continuing rapidly, with West Des Moines, Clive and Urbandale becoming the focus of upscale retail development. A regional mall in the Dallas County portion of West Des Moines, Jordan Creek and large

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

## **Major Initiatives**

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

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

Another part of the effort to promote balanced growth, the County is undertaking major engineering studies that will enhance the potential development of the central and northern parts of the County. \$1.53 million in Federal funding assistance has been secured to complete the NE Polk County Beltway Corridor Study and the North South Metro Parkway Corridor Study. Both projects are identified in the Des Moines Area Metropolitan Planning Organization's Long Range Transportation Plan as well as the Polk 2030 Plan. Federal matching funds have been provided by the cities of Altoona, Ankeny, Bondurant, Elkhart, Des Moines, and Polk City. An additional \$3.55 million in Federal funding assistance has also been secured for the future construction of the North South Metro Parkway.

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

With the assistance of \$9.67 million in Federal funding assistance, the County is also working on three road construction projects that are intended to enhance development and increase traffic capacity. The first project, completed in 2010 was a joint effort between Polk County and the cities of Des Moines, Altoona, and Pleasant Hill, improved the safety of the highly traveled NE 56th Street roadway. The project also provided improved access and additional traffic capacity to accommodate the rapid growth in these communities. The second project, currently underway, is a joint effort with Polk City, in the reconstruction and widening of NW Madrid Drive/West Broadway from 3<sup>rd</sup> Street to the entrance to Big Creek State Park. The project will not only increase traffic capacity, but also include construction of pedestrian and bicycle facilities. The third project is the NW 66 Avenue/Kempton Bridge Reconstruction project, which is still in the planning & design phase. It is a joint effort with the City of Johnston to increase the capacity of NW 66 Avenue by reconstructing the rural two lane roadway design to an urban 4-lane roadway with a multi-use trail. The project would also include replacing the 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.

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

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

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

In July 2005, the Wells Fargo Arena opened for business. Wells Fargo Arena and HyVee Hall provide space for sporting and entertainment attractions as well as exhibitions. In addition, Veterans Memorial Auditorium and the Convention Complex provide overflow space for Arena events and small-scale break-out rooms for conventions. The Board of Supervisors is moving forward with plans to renovate Veterans Memorial Auditorium to provide enhanced meeting and ballroom space. Construction of the project began in October, 2010 with completion expected on January 3, 2012. Once the expansion is complete, Polk County will pursue other options for the Convention Complex facility which may include space for the courts or marketing the building to be placed back on the tax rolls. Global Spectrum, professional management firm for the Iowa Events Center, provided taxpayers with another profitable year generating \$536,563 in combined profit for Polk County.

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

The Board of Supervisors continues to review possible options to address the issues of the courts. The Polk County Courthouse built in 1906 was originally designed for four courtrooms. Currently, there are 28 courtrooms in the building with Polk County providing an additional 9,000 square feet in leased space at Riverpoint West as well as 14,705 square feet of additional leased space for Clerk of Court Records. A referendum asking the voters to consider a \$130 million new court annex failed in April of 2008. The Board of Supervisors engaged the National Center for State Courts to look for alternative ways that Polk County could provide space for the courts as well as review areas that would lower costs while still delivering service. This study was completed in January, 2010. The Court Utilization Study reviewed planning assumptions and court operational issues to develop three recommendation scenarios. The

scenario's first phase of the recommendation included the purchase of the property located at 222 – 5<sup>th</sup> Avenue, renovation of the old jail facility located at 110 – 6<sup>th</sup> Avenue and the historic courthouse as well as relocate the juvenile court functions. In May 2010, the Board engaged OPN Architects, Inc., to provide architectural services for the Old Main Jail Adaptive Reuse Project and 5<sup>th</sup> Judicial District Master Plan. This is the first step in implementing the Court Utilization Study recommendation received from the National Center for State Courts.

In regard to County information technology, Polk County is continuing implementation of technological advancements including enhanced GIS and web-based mapping, electronic transmission of information, improved case management, fleet management, updated property tax administration and growing use of the internet in public communications and business transactions. A new motor vehicle registration system has allowed the County to reduce overtime and improve customer service. The County is also continuing an enterprise-wide document management initiative that greatly promotes staffing efficiencies while assisting with disaster recovery and business continuity planning. Customized on-line training is being used to supplement stand-up training and eliminate staff overtime.

The County has also implemented a centralized Project Management solution that will allow for all County entities to track and manage their projects electronically. The Project Management environment allows for greater transparency and ease in sharing project work and financial information while providing administrative oversight.

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

### **Budget Management**

The financial condition of Polk County government remains strong. Healthy reserves, moderate growth in the tax base, and continued revenue from Prairie Meadows have allowed the County to continue to reinforce its fiscal condition. Despite the economic environment, property valuations have continued to rise at least 3% per year, enabling the County to maintain its core services. Additionally, American Recovery and Reinvestment Act funding has spurred key housing programs that will improve the condition of our housing stock and provide employment to dozens of residents.

It is anticipated that during the upcoming year, fund balances will be at a level consistent with the County's adopted financial policies. These strong reserves enhance the County's ability to manage upcoming challenges and enable the County to maintain its AAA bond rating. Nonetheless, the County remains cognizant of the need to continue limiting expenditures to serve citizens in the most cost-effective manner possible. The Board of Supervisors continues to implement innovative approaches to expenditure limitation, including strategic planning and partnerships with other local governments and service agencies.

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

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

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

## Awards and Acknowledgements

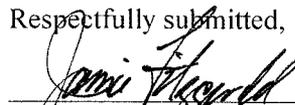
The Government Finance Officers Association of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to Polk County for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2009. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

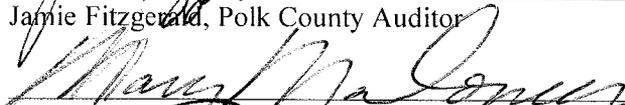
In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. A Comprehensive Annual Financial Report must satisfy both generally accepted accounting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

  
\_\_\_\_\_  
Ron Olson, County Administrator

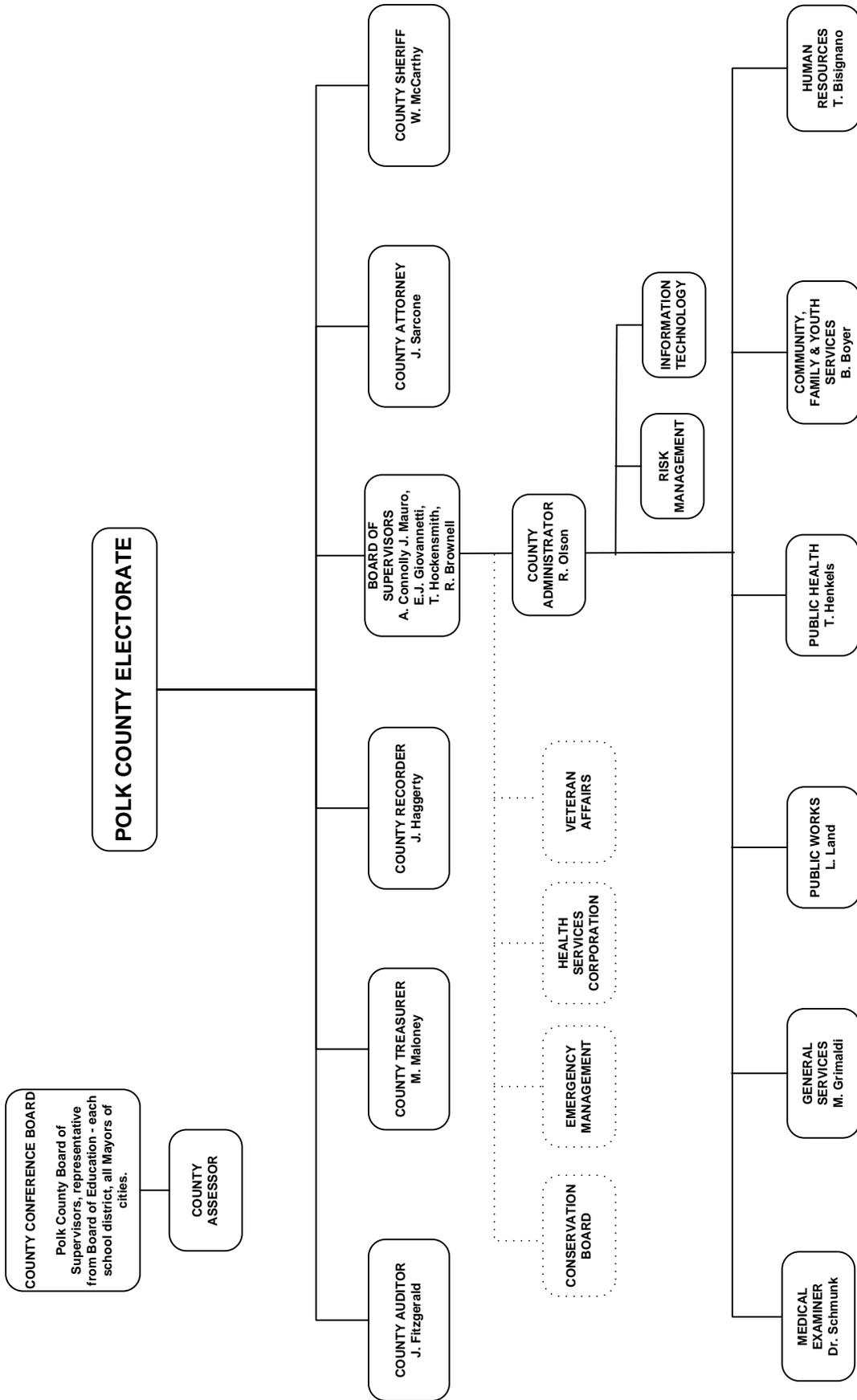
## **POLK COUNTY, IOWA**

### **OFFICIALS**

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<b>Name</b>	<b>Title</b>	<b>Term Expires</b>
Jamie Fitzgerald	County Auditor	2012
Mary Maloney	County Treasurer	2010
Julie Haggerty	County Recorder	2010
Bill McCarthy	County Sheriff	2012
John Sarcone	County Attorney	2010
Jim Maloney	County Assessor	2016
Angela Connolly	Board of Supervisors	2010
John Mauro	Board of Supervisors	2010
E.J. Giovannetti	Board of Supervisors	2012
Tom Hockensmith	Board of Supervisors	2010
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, 2009

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



A stylized, handwritten signature in black ink, appearing to be "JRE".

President

A handwritten signature in black ink that reads "Jeffrey R. Emery".

Executive Director

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## Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Polk County, Iowa as of and for the year ended June 30, 2010 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, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2010 on our consideration of Polk County, Iowa's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 18 to 25, and budgetary comparison information on pages 72 to 73, and the schedule of OPEB funding progress on page 71 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

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

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

*Clifton Henderson LLP*

West Des Moines, Iowa  
December 15, 2010

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## POLK COUNTY, IOWA

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2010

This section of Polk County's (the "County") annual financial report presents our discussion and analysis of the County's financial performance during the fiscal year that ended June 30, 2010. 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 \$2.5 million (1%) to \$293.2 million primarily due to increased expenses in physical health/social services, public safety/legal services and mental health over increased property tax revenue.
- Net assets of the County's governmental activities decreased \$3.3 million (3%) primarily due to a \$4 million loss on the sale of capital assets. Net Assets of business-type activities only increased \$.8 million (0.4%) as revenue and expense were relatively constant.
- In the County's governmental activities, total revenues increased \$9.6 million (5%) primarily due to increased federal stimulus projects and flood remediation and increased property tax revenue. Governmental activities total expenditures increased \$8.2 million (4%) primarily due to increased physical health/social services, public safety/legal services and mental health costs.
- In the County's business-type activities, total revenues increased \$1.8 million (4%) and total expenses only increased \$48,000. The increase in revenues is primarily due to a \$1.1 million hockey settlement and increased concession sales at the Iowa Event Center. Expenses were relatively constant.
- The County's actual expenditures were \$14.1 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.

#### 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, mental health, social services, county environment, roads and 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 22 governmental funds is combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

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

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

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

statements elsewhere in this report. All internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

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

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

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

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

**Net Assets.** The County’s *combined* net assets decreased \$2.5 million (1%) primarily attributed to increased expenses in public safety, mental health and roads and transportation over increased property taxes.

### Net Assets

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Current and other assets	\$ 221,316,045	\$ 216,418,678	\$ 31,441,420	\$ 29,295,935	\$ 252,757,465	\$ 245,714,613
Capital assets	154,984,877	161,856,182	282,251,474	287,344,448	437,236,351	449,200,630
<b>Total assets</b>	<u>376,300,922</u>	<u>378,274,860</u>	<u>313,692,894</u>	<u>316,640,383</u>	<u>689,993,816</u>	<u>694,915,243</u>
Long-term liabilities	116,361,229	121,400,107	118,189,946	122,790,461	234,551,175	244,190,568
Other liabilities	154,773,263	148,429,058	7,430,419	6,539,141	162,203,682	154,968,199
<b>Total liabilities</b>	<u>271,134,492</u>	<u>269,829,165</u>	<u>125,620,365</u>	<u>129,329,602</u>	<u>396,754,857</u>	<u>399,158,767</u>
Net assets						
Invested in capital assets, net of related debt	73,411,073	78,083,885	170,445,639	169,615,522	243,856,712	247,699,407
Restricted	4,843,618	5,075,110	521,536	562,387	5,365,154	5,637,497
Unrestricted (deficit)	26,911,739	25,286,700	17,105,354	17,132,872	44,017,093	42,419,572
<b>Total net assets</b>	<u>\$ 105,166,430</u>	<u>\$ 108,445,695</u>	<u>\$ 188,072,529</u>	<u>\$ 187,310,781</u>	<u>\$ 293,238,959</u>	<u>\$ 295,756,476</u>

Net assets of the County’s governmental activities decreased \$3.3 million (3%) to \$105.2 million at June 30, 2010. Approximately 70% of these assets are invested in capital assets (buildings, roads, bridges, etc).

The net assets of business-type activities increased \$.8 million (0.4%) to \$188.1 million at June 30, 2010, which relates primarily to receiving a \$1.1 million hockey settlement at the Iowa Event Center. Approximately 91% of these assets are invested in capital assets (buildings, land, infrastructure, etc).

## Changes In Net Assets

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 32,678,892	\$ 31,326,452	\$ 41,035,626	\$ 38,567,189	\$ 73,714,518	\$ 69,893,641
Operating grants and contributions	57,647,553	52,103,769	782,285	731,241	58,429,838	52,835,010
Capital grants and contributions	263,289	1,881,849	938,748	1,002,238	1,202,037	2,884,087
General revenues:						
Property taxes	119,034,717	113,294,655	-	-	119,034,717	113,294,655
Other County taxes	5,473,202	5,391,333	-	-	5,473,202	5,391,333
Interest on property taxes	1,603,084	1,591,907	-	-	1,603,084	1,591,907
State replacements	2,716,286	2,772,002	-	-	2,716,286	2,772,002
Use of money and property	2,089,257	3,194,638	109,262	815,374	2,198,519	4,010,012
Gain on sale of capital assets	-	465,490	-	-	-	465,490
Miscellaneous	1,672,209	1,589,359	312,178	288,917	1,984,387	1,878,276
<b>Total revenues</b>	<b>223,178,489</b>	<b>213,611,454</b>	<b>43,178,099</b>	<b>41,404,959</b>	<b>266,356,588</b>	<b>255,016,413</b>
<b>Expenses:</b>						
Public safety and legal services	65,461,987	61,023,060	-	-	65,461,987	61,023,060
Physical health and social services	39,210,142	32,285,044	-	-	39,210,142	32,285,044
Mental health	53,427,113	48,574,014	-	-	53,427,113	48,574,014
County environment and education	15,457,101	16,067,273	-	-	15,457,101	16,067,273
Roads and transportation	17,634,649	20,995,975	-	-	17,634,649	20,995,975
Government services to residents	7,032,880	6,414,215	-	-	7,032,880	6,414,215
Administration	29,386,862	33,816,384	-	-	29,386,862	33,816,384
Interest on long-term debt	4,250,122	4,462,810	-	-	4,250,122	4,462,810
Air Pollution	-	-	990,754	981,255	990,754	981,255
Sanitary Treatment Works	-	-	1,431,082	1,237,304	1,431,082	1,237,304
Prairie Meadows Racetrack/Casino	-	-	7,586,351	7,526,269	7,586,351	7,526,269
Jester Park Golf Course	-	-	65,896	163,573	65,896	163,573
Hamilton Urban Drainage District	-	-	330,924	390,343	330,924	390,343
Urban Sewer	-	-	212,936	220,552	212,936	220,552
Iowa Events Center	-	-	22,425,073	22,475,901	22,425,073	22,475,901
<b>Total expenses</b>	<b>231,860,856</b>	<b>223,638,775</b>	<b>33,043,016</b>	<b>32,995,197</b>	<b>264,903,872</b>	<b>256,633,972</b>
Excess (deficiency) before transfers	(8,682,367)	(10,027,321)	10,135,083	8,409,762	1,452,716	(1,617,559)
Loss on sale of capital assets	(3,970,233)	-	-	-	(3,970,233)	-
Capital transfers	250,000	-	(250,000)	-	-	-
Transfers	9,123,335	17,383,677	(9,123,335)	(17,383,677)	-	-
<b>Increase (decrease) in net assets</b>	<b>(3,279,265)</b>	<b>7,356,356</b>	<b>761,748</b>	<b>(8,973,915)</b>	<b>(2,517,517)</b>	<b>(1,617,559)</b>
Net assets - beginning	108,445,695	101,089,339	187,310,781	196,284,696	295,756,476	297,374,035
<b>Net assets - ending</b>	<b>\$ 105,166,430</b>	<b>\$ 108,445,695</b>	<b>\$ 188,072,529</b>	<b>\$ 187,310,781</b>	<b>\$ 293,238,959</b>	<b>\$ 295,756,476</b>

### Statement of Activities - Changes in Net Assets

The governmental-type change in net assets decreased \$3.3 million primarily due to a \$9.0 million increase in expenditures for public safety and social services which was offset by a \$5.6 million increase in revenue from operating grants and contributions. The business-type change in net assets increased \$.8 million primarily due to \$1.1 million hockey settlement at the Iowa Event Center.

Government-type revenues increased 5% primarily from increased property tax collections and federal contributions. The County decreased its levy rate from \$11.39/\$1,000 of taxable valuation to \$11.38/\$1,000 of taxable valuation, however, a 5% increase in taxable valuations generated a 5% increase in tax receipts.

Additionally, grants and reimbursements received through the American Recovery and Reinvestment Act as well as FEMA flood remediation increased operating grants and contributions by 11%.

The fact that 53% 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 26% and charges for services represents 15% of the total governmental revenues, respectively.

Governmental activities expenses increased 4%, including a 22% increase in county environment and education expense for weatherization, housing rehabilitation, and conservation trail projects. Mental health also increased 10% due to more clients being served as a result of increased state and federal funding.

The County's expenses cover a range of services, with the largest expenditures relating to public safety and legal services (28%), mental health (23%), and physical health & social services (17%).

**Governmental Activities** Revenues for the County's governmental activities increased \$9.6 million (5%), while expenses increased \$8.2 million (4%). Key elements of these changes include the following:

- \$5.7 million (5%) increase in property tax revenues arising from a 5% increase in taxable valuations.
- \$3.9 million (7%) increase in grants and contributions primarily due to increased federal funding for stimulus projects and flood remediation.
- \$6.9 million (21%) expenditure increase in physical health and social services primarily due to increases in weatherization and housing rehabilitation.
- \$4.9 million (10%) expenditure increase in mental health services primarily due to a broader service delivery enabled by increased state and federal funding.
- \$4.4 million (7%) expenditure increase in public safety and legal services primarily due to costs associated with annual base wage and benefit increases.
- \$4.4 million (13%) expenditure decrease in administration due to reduced community development grants and the allocation of utility and other central service expenditures to individual service areas.
- \$3.4 million (16%) expenditure decrease in roads and transportation due to the one-time purchase of a secondary roads truck fleet in FY 08/09.

**Business-type Activities** Revenues for the County's business-type activities increased \$1.8 million (4%) and expenses increased only \$48,000 (0.1%). Key elements of these changes include the following:

- Charges for services increased \$2.4 million primarily due to \$1.1 million hockey settlement and \$.5 million additional concession sales at the Iowa Event Center and \$.5 million additional revenue from Prairie Meadows racetrack/casino.
- 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 \$46.9 million at June 30, 2010, which is \$.8 million less than the prior year. Included in this year's total change in fund balance is an increase of \$1.5 million in the County's General Fund. The primary reasons for the General Fund's increase mirror those highlighted in the analysis of governmental activities. Additionally, the Mental Health fund balance increased by \$1.5 million primarily due to increased federal grant funding.

**Proprietary Funds** Prairie Meadows Racetrack/Casino net assets decreased \$3 million primarily due to transfers out of gaming monies to other funds for community betterment, capital improvements, employee insurance and the Iowa Event Center debt payments exceeded net operating income. Iowa Event Center net assets increased \$3.7 million primarily due to \$1.1 million hockey settlement, \$.5 million additional concession sales and increased transfers in from Prairie Meadows Racetrack/Casino.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

The County's capital assets for its governmental and business-type activities as of June 30, 2010, amount to \$437.2 million (net of accumulated depreciation). These capital assets include land, buildings, improvements other than buildings, leasehold improvements, infrastructure, equipment, vehicles, intangibles and construction in progress. Polk County's capital assets decreased \$12 million (3%).

Major capital asset events for the year ended June 30, 2010 are as follows:

- Construction of Rock Creek trunk sewer - \$4.5 million
- Iowa Events Center Renovations - \$1.5 million
- Lease purchase of five motor graders for the Public Works Department - \$1.5 million
- Construction of the 1907 Emergency Operation Center - \$2.3 million
- Sold the Interim Jail to the YMCA of Greater Des Moines during the fiscal year which resulted in a \$4 million loss.

Capital assets for the governmental and business-type activities at June 30, 2010 are as follows:

### Capital Assets

	Governmental Activities		Business-Type Activities		Totals	
	2010	2009	2010	2009	2010	2009
Land	\$ 11,421,932	\$ 11,658,932	\$ 14,852,969	\$ 14,852,969	\$ 26,274,901	\$ 26,511,901
Intangibles - permanent easements	-	-	366,536	-	366,536	-
Buildings	137,331,184	144,391,670	290,342,438	281,069,551	427,673,622	425,461,221
Improvements other than buildings	1,220,901	1,220,901	8,737,316	8,737,316	9,958,217	9,958,217
Leasehold improvements	-	-	37,487,588	37,487,588	37,487,588	37,487,588
Infrastructure	90,346,787	90,346,787	11,989,657	21,186,283	102,336,444	111,533,070
Equipment	14,087,633	12,910,629	712,603	666,753	14,800,236	13,577,382
Vehicles	8,265,767	7,843,241	257,501	201,295	8,523,268	8,044,536
Intangible in progress	790,667	-	-	-	790,667	-
Construction in progress	6,058,720	2,612,175	12,163,464	6,238,315	18,222,184	8,850,490
Total	<u>269,523,591</u>	<u>270,984,335</u>	<u>376,910,072</u>	<u>370,440,070</u>	<u>646,433,663</u>	<u>641,424,405</u>
Less: accumulated depreciation	<u>(114,538,714)</u>	<u>(109,128,153)</u>	<u>(94,658,598)</u>	<u>(83,095,622)</u>	<u>(209,197,312)</u>	<u>(192,223,775)</u>
Total	<u>\$ 154,984,877</u>	<u>\$ 161,856,182</u>	<u>\$ 282,251,474</u>	<u>\$ 287,344,448</u>	<u>\$ 437,236,351</u>	<u>\$ 449,200,630</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 10/11 capital budget includes spending an estimated \$1.5 million on the Polk County River Place flood wall project, \$2.1 million on the 1907 Emergency Operation Center, \$4.0 million for River Place West renovations and \$1.0 million for capital improvement projects. Capital outlays for proprietary funds will include an additional \$7.3 million for the Rock Creek Trunk Sewer construction project and \$20.7 million for the Vets Renovation construction project.

## Long-Term Debt

At June 30, 2010, the County had \$216.2 million in bonds and notes outstanding, a decrease of \$13.1 million compared to FY 08/09. The decrease in debt arose from principal repayments on existing debt, early redemption of the 1998B general obligation bonds and issuance of new capital loan notes for a sanitary sewer project.

Three large outstanding obligations pertain to the Iowa Events Center Enterprise funds. These consist of construction of a new arena and exhibit hall along with renovation of the existing Veterans Memorial Auditorium. During FY 09/10, principal repayments of \$9.4 million were made on the Iowa Events Center debt, reducing the outstanding obligation to \$99.8 million.

During FY 10/11, Polk County plans to issue \$110 million in additional general obligation debt in December 2010. The majority of this debt relates to the advance refunding of debt previously issued for the Iowa Events Center (\$51.6 million) coupled with a new debt issuance for remodeling the Veterans Memorial Auditorium within the Iowa Events Center (\$42.8 million). The remaining general obligation bonds will be utilized to finance capital improvements to county facilities and grants to housing programs.

Polk County is well below the statutory debt capacity limitation. The debt capacity is controlled by the constitutional debt limit which is an amount equal to 5% of the actual value of taxable property within the County limits. The County's unused legal debt capacity was \$1.0 billion as of June 30, 2010.

## Outstanding Debt

	Governmental Activities		Business-type Activities		Total		Percentage Change 2009-2010
	2010	2009	2010	2009	2010	2009	
G.O. bonds	\$ 97,682,876	\$ 106,164,706	\$ 107,578,031	\$ 117,607,149	\$ 205,260,907	\$ 223,771,855	-8%
Notes payable	469,000	508,000	10,470,099	4,998,010	10,939,099	5,506,010	99%
<b>Total</b>	<b>\$ 98,151,876</b>	<b>\$ 106,672,706</b>	<b>\$ 118,048,130</b>	<b>\$ 122,605,159</b>	<b>\$ 216,200,006</b>	<b>\$ 229,277,865</b>	<b>-6%</b>

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 \$14.1 million below final budget amounts. Significant variances included:

- Capital project expenditures were \$6.4 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, renovation of a county facility for health and emergency management functions, information technology upgrades, and conservation trails.
- Administration expenditures were \$2.7 million less than budgeted due to lower than budgeted community development grants being awarded and lower than budgeted utility expenditures.
- Public health and social services expenditures were \$1.9 million less than budgeted and county environment and education expenditures were \$1.5 million less than budgeted. The variance is primarily caused by lower than anticipated economic development investments.

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

The financial condition of Polk County government remains strong. Growth in the tax base and continued revenue from Prairie Meadows has allowed the County to reinforce its fiscal condition, undertake new projects and serve a key role in area development efforts.

For FY 10/11, certified taxable valuations increased 5%, resulting in a budgeted increase of \$5.5 million in net current property tax revenue.

Polk County's budget for FY 10/11 indicates statutory fund balances will increase by \$2.2 million. The largest component of this balance growth is reimbursement from bond proceeds for capital improvements and housing grants paid in the prior fiscal year. Within the general fund, balances will decline by \$1.0 million. County policy sets ending fund balances at a goal of 20%-25% of expenditures. General fund balances were estimated to exceed this range, and the budget was established to bring the general fund balances in compliance with policy.

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

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

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**POLK COUNTY, IOWA**

**Statement of Net Assets  
June 30, 2010**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	PCHS
<b>ASSETS</b>				
Cash and pooled investments	\$ 70,492,274	\$ 20,491,034	\$ 90,983,308	\$ 4,354,224
Receivables (net of allowance for uncollectibles)	16,053,092	10,386,083	26,439,175	88,379
Internal balances	730,574	(730,574)	-	-
Inventories	1,436,692	109,028	1,545,720	-
Prepaid items	328,018	207,994	536,012	23,377
Restricted assets - cash and pooled investments	-	521,536	521,536	-
Lease/debt origination costs	848,119	456,319	1,304,438	-
Succeeding year property taxes receivable	131,427,276	-	131,427,276	-
Capital assets not being depreciated	18,271,319	27,382,969	45,654,288	1,223,141
Capital assets being depreciated, net	136,713,558	254,868,505	391,582,063	3,198,947
<b>TOTAL ASSETS</b>	<b>376,300,922</b>	<b>313,692,894</b>	<b>689,993,816</b>	<b>8,888,068</b>
<b>LIABILITIES</b>				
Accounts payable and other current liabilities	22,599,588	5,951,313	28,550,901	411,499
Interest payable	315,762	419,013	734,775	-
Unearned revenues	430,637	634,211	1,064,848	336,303
Advance deposits and ticket sales	-	425,882	425,882	-
Succeeding year property taxes deferred revenue	131,427,276	-	131,427,276	-
Due within one year:				
General obligation bonds payable	7,111,830	10,544,118	17,655,948	-
Notes payable	40,000	172,000	212,000	-
Capital leases payable	581,654	-	581,654	-
Compensated absences payable	1,441,308	81,024	1,522,332	-
Termination benefits payable	110,763	-	110,763	-
Estimated liability for claims and judgments	1,935,200	-	1,935,200	-
Due in more than one year:				
General obligation bonds payable	90,571,046	97,033,913	187,604,959	-
Notes payable	429,000	10,298,099	10,727,099	-
Capital leases payable	1,737,634	-	1,737,634	-
Compensated absences payable	9,764,939	60,792	9,825,731	-
Estimated liability for claims and judgments	151,500	-	151,500	-
Termination benefits payable	85,355	-	85,355	-
Post employment liability	2,401,000	-	2,401,000	-
<b>TOTAL LIABILITIES</b>	<b>271,134,492</b>	<b>125,620,365</b>	<b>396,754,857</b>	<b>747,802</b>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	73,411,073	170,445,639	243,856,712	4,422,088
Restricted for:				
Capital improvements	71,454	521,536	592,990	-
Debt service	598,024	-	598,024	-
Enabling legislation	4,174,140	-	4,174,140	-
Foundation	-	-	-	1,029,025
Unrestricted	26,911,739	17,105,354	44,017,093	2,689,153
<b>TOTAL NET ASSETS</b>	<b>\$ 105,166,430</b>	<b>\$ 188,072,529</b>	<b>\$ 293,238,959</b>	<b>\$ 8,140,266</b>

See Notes to Basic Financial Statements

POLK COUNTY, IOWA

Statement of Activities  
For the Year Ended June 30, 2010

NET (EXPENSE) REVENUE AND  
CHANGES IN NET ASSETS

Function/Program	PROGRAM REVENUES					Primary Government			Component Unit
	Expenses	Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities		Total	PCHS
						Governmental Activities	Business-type Activities		
<b>Primary government:</b>									
Governmental activities:									
Public safety and legal services	\$ 65,461,987	\$ 14,486,324	\$ 1,852,724	\$ -	\$ (49,122,939)	\$ -	\$ (49,122,939)	\$ -	
Physical health and social services	39,210,142	1,030,279	14,406,529	-	(23,773,334)	-	(23,773,334)	-	
Mental health	53,427,113	7,622,337	32,396,814	-	(13,407,962)	-	(13,407,962)	-	
County environment and education	15,457,101	1,413,568	260,250	-	(13,783,283)	-	(13,783,283)	-	
Roads and transportation	17,634,649	524,657	4,923,471	263,289	(11,923,232)	-	(11,923,232)	-	
Government services to residents	7,032,880	6,339,744	44,180	-	(648,956)	-	(648,956)	-	
Administration	29,386,862	1,221,884	3,763,585	-	(24,401,393)	-	(24,401,393)	-	
Interest on long-term debt	4,250,122	40,099	-	-	(4,210,023)	-	(4,210,023)	-	
Total governmental activities	231,860,856	32,678,892	57,647,553	263,289	(141,271,122)	-	(141,271,122)	-	
<b>Business-type activities:</b>									
Air Pollution	990,754	245,178	765,185	-	-	19,609	19,609	-	
Sanitary Treatment Works	1,431,082	1,115,130	-	-	-	(315,952)	(315,952)	-	
Prairie Meadows Racetrack/Casino	7,586,351	27,847,963	-	-	-	20,261,612	20,261,612	-	
Jester Park Golf Course	65,896	235,021	-	-	-	169,125	169,125	-	
Hamilton Urban Drainage District	330,924	123,320	-	-	-	(207,604)	(207,604)	-	
Iowa Events Center	22,425,073	11,469,014	17,100	938,748	-	(10,000,211)	(10,000,211)	-	
Urban Sewer	212,936	-	-	-	-	(212,936)	(212,936)	-	
Total business-type activities	33,043,016	41,035,626	782,285	938,748	-	9,713,643	9,713,643	-	
Total primary government	\$ 264,903,872	\$ 73,714,518	\$ 58,429,838	\$ 1,202,037	(141,271,122)	9,713,643	(131,557,479)	-	
<b>Component unit:</b>									
PCHS	\$ 3,038,681	\$ 1,313,734	\$ 4,213,623					2,488,676	
General revenues:									
Property taxes					119,034,717	-	119,034,717	-	
Other county taxes					5,473,202	-	5,473,202	-	
Interest on property taxes					1,603,084	-	1,603,084	-	
State replacements credits against levied property taxes					2,716,286	-	2,716,286	-	
Use of money and property					2,089,257	109,262	2,198,519	67,104	
Miscellaneous					1,672,209	312,178	1,984,387	18,382	
Loss on sale of capital assets					(3,970,233)	-	(3,970,233)	-	
Capital transfers					250,000	(250,000)	-	-	
Transfers					9,123,335	(9,123,335)	-	-	
Total general revenues and transfers					137,991,857	(8,951,895)	129,039,962	85,486	
Change in net assets					(3,279,265)	761,748	(2,517,517)	2,574,162	
Net assets - beginning					108,445,695	187,310,781	295,756,476	5,566,104	
Net assets - ending					\$ 105,166,430	\$ 188,072,529	\$ 293,238,959	\$ 8,140,266	

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**POLK COUNTY, IOWA**

**Balance Sheet  
Governmental Funds  
June 30, 2010**

	<b>General</b>	<b>MH/MR/DD Services</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>				
Cash and pooled investments	\$ 34,489,235	\$ 12,441,399	\$ 12,346,324	\$ 59,276,958
Receivables (net of allowances for uncollectibles):				
Taxes	333,932	48,772	56,193	438,897
Succeeding year property taxes	97,600,435	14,254,960	19,571,881	131,427,276
Special assessments	80,135	-	4,330	84,465
Accounts	454,917	36,312	19,817	511,046
Notes	-	-	3,601,477	3,601,477
Accrued interest	14,321	-	-	14,321
Due from other funds	5,347,956	79,371	109,208	5,536,535
Due from other governments	7,653,232	1,088,963	2,449,121	11,191,316
Advances to other funds	15,400	-	8,000	23,400
Inventories	852,515	-	584,177	1,436,692
Prepaid items	328,018	-	-	328,018
<b>TOTAL ASSETS</b>	<b>\$ 147,170,096</b>	<b>\$ 27,949,777</b>	<b>\$ 38,750,528</b>	<b>\$ 213,870,401</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 1,913,448	\$ 11,953,220	\$ 3,848,747	\$ 17,715,415
Contract/retainage payable	-	-	173,444	173,444
Wages payable	2,235,096	7,419	142,541	2,385,056
Payroll taxes payable	333,733	1,089	19,844	354,666
Compensated absences payable	1,451,690	-	-	1,451,690
Termination benefit payable	196,118	-	-	196,118
Estimated liability for claims and judgments	40,000	-	-	40,000
Due to other funds	524	-	4,730,847	4,731,371
Due to other governments	402,045	-	-	402,045
Trust payable	1,438,962	-	-	1,438,962
Deferred revenues	4,368,325	385,844	1,894,160	6,648,329
Succeeding year property taxes deferred revenue	97,600,435	14,254,960	19,571,881	131,427,276
<b>TOTAL LIABILITIES</b>	<b>109,980,376</b>	<b>26,602,532</b>	<b>30,381,464</b>	<b>166,964,372</b>
Fund balances:				
Reserved for advances to other funds	15,400	-	8,000	23,400
Reserved for noncurrent notes receivable	-	-	2,903,659	2,903,659
Reserved for inventory of supplies	599,494	-	584,177	1,183,671
Reserved for supplemental levy purposes	6,784,477	-	-	6,784,477
Reserved for prepaid items	328,018	-	-	328,018
Unreserved, undesignated - general fund	29,462,331	-	-	29,462,331
Unreserved, designated - special revenue funds	-	1,347,245	9,498,782	10,846,027
Unreserved, undesignated - special revenue funds	-	-	(3,928,680)	(3,928,680)
Unreserved, undesignated - capital projects funds	-	-	(1,294,898)	(1,294,898)
Unreserved, undesignated - debt service funds	-	-	598,024	598,024
<b>TOTAL FUND BALANCES</b>	<b>37,189,720</b>	<b>1,347,245</b>	<b>8,369,064</b>	<b>46,906,029</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 147,170,096</b>	<b>\$ 27,949,777</b>	<b>\$ 38,750,528</b>	<b>\$ 213,870,401</b>

See Notes to Basic Financial Statements

## POLK COUNTY, IOWA

### Reconciliation of Fund Balances on the Balance Sheet for Governmental Funds to Net Assets of Governmental Activities on the Statement of Net Assets June 30, 2010

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Fund balances - total governmental funds		\$	46,906,029
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	269,523,591		
Accumulated depreciation	<u>(114,538,714)</u>		154,984,877
Interest payable on long-term obligations that does not require current financial resources and therefore is not reported in the funds.			
			(315,762)
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.			
			7,189,196
Deferred revenues that are not available to pay for current period expenditures in the funds			
Property taxes	420,335		
Special assessments	82,931		
Accounts receivable	121,354		
Due from other governments	4,862,498		
Due from other funds (Prairie Meadows property taxes)	<u>730,574</u>		6,217,692
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.			
General obligation bonds payable			(97,682,876)
Notes payable			(469,000)
Bond issuance costs			848,119
Capital leases payable			(2,319,288)
Compensated absences payable			(9,754,557)
Estimated liability for claims and judgments			<u>(438,000)</u>
Net assets of governmental activities		\$	<u>105,166,430</u>

**POLK COUNTY, IOWA**

**Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2010**

	<b>General</b>	<b>MH/MR/DD Services</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>REVENUES:</b>				
Property taxes	\$ 87,215,497	\$ 13,478,017	\$ 18,322,653	\$ 119,016,167
Other County taxes	4,373,306	494,086	605,810	5,473,202
Interest and penalties on delinquent taxes	1,603,084	-	-	1,603,084
Intergovernmental	30,275,287	40,326,804	9,618,636	80,220,727
Licenses and permits	387,603	-	45,174	432,777
Charges for services	10,471,771	-	574,923	11,046,694
Use of money and property	2,012,612	18,015	23,208	2,053,835
Miscellaneous	1,407,789	611,738	222,450	2,241,977
<b>TOTAL REVENUES</b>	<b>137,746,949</b>	<b>54,928,660</b>	<b>29,412,854</b>	<b>222,088,463</b>
<b>EXPENDITURES:</b>				
Current:				
Public safety and legal services	59,830,202	-	1,001,764	60,831,966
Physical health and social services	37,760,888	-	422,800	38,183,688
Mental health	-	53,427,113	-	53,427,113
County environment and education	7,413,624	-	4,414,103	11,827,727
Roads and transportation	638,382	-	12,006,357	12,644,739
Government services to residents	6,569,774	-	60,392	6,630,166
Administration	23,746,675	-	5,798,530	29,545,205
Debt service:				
Principal	-	-	8,489,000	8,489,000
Interest	-	-	4,276,689	4,276,689
Capital projects:				
Roadway construction	-	-	1,757,433	1,757,433
Conservation land acquisition and development	13,000	-	3,036,267	3,049,267
Other capital projects	-	-	5,991,436	5,991,436
<b>TOTAL EXPENDITURES</b>	<b>135,972,545</b>	<b>53,427,113</b>	<b>47,254,771</b>	<b>236,654,429</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>1,774,404</b>	<b>1,501,547</b>	<b>(17,841,917)</b>	<b>(14,565,966)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Capital transfers in	-	-	400,000	400,000
Capital transfers out	-	-	(150,000)	(150,000)
Transfers in	3,499,417	-	16,647,939	20,147,356
Transfers out	(6,282,307)	-	(4,721,714)	(11,004,021)
Issuance of capital leases	723,091	-	1,854,893	2,577,984
Insurance recovery from 2008 flood	751,906	-	-	751,906
Proceeds from sale of capital assets	796,300	-	46,874	843,174
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(511,593)</b>	<b>-</b>	<b>14,077,992</b>	<b>13,566,399</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>1,262,811</b>	<b>1,501,547</b>	<b>(3,763,925)</b>	<b>(999,567)</b>
<b>FUND BALANCE, BEGINNING</b>	<b>35,689,420</b>	<b>(154,302)</b>	<b>12,138,409</b>	<b>47,673,527</b>
Change in inventory reserve	237,489	-	(5,420)	232,069
<b>FUND BALANCE, ENDING</b>	<b>\$ 37,189,720</b>	<b>\$ 1,347,245</b>	<b>\$ 8,369,064</b>	<b>\$ 46,906,029</b>

**POLK COUNTY, IOWA**

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances  
of Governmental Funds to the Statement of Activities  
For the Year Ended June 30, 2010**

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Net change in fund balances - total governmental funds	\$ (999,567)
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 expense. The following is the detail of the amount by which capital outlays exceed depreciation in the current year:</p>	
Capital outlays, net of contributed capital	7,866,250
Contributed capital	263,289
Depreciation expense	(10,234,311)
<p>The net effect of various transactions involving capital assets is to decrease net assets.</p>	
Loss on disposal of capital assets	(3,970,233)
Proceeds from sale of capital assets	(796,300)
<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	(7,465)
<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	289,500
Change in compensated absences	(942,904)
Amortization of bond premium/(discount)	31,830
Amortization of bond issuance costs	(71,001)
<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	(2,125,043)
Payments on long-term bonds	8,450,000
Payments on long-term notes	39,000
<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	26,567
<p>Internal service funds are used by management to charge the costs of insurance. The net profit(loss) is reported with governmental activities.</p>	
	(1,330,946)
<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>	
	<u>232,069</u>
Change in net assets of governmental activities	<u>\$ (3,279,265)</u>

**POLK COUNTY, IOWA**

**Statement of Net Assets  
Proprietary Funds  
June 30, 2010**

	<b>Business-type Activities - Enterprise Funds</b>				<b>Governmental Activities- Internal Service Funds</b>
	<b>Prairie Meadows Racetrack/ Casino</b>	<b>Iowa Events Center</b>	<b>Other Enterprise Funds</b>	<b>Total</b>	
<b>ASSETS</b>					
Current assets:					
Cash and pooled investments	\$ 13,253,395	\$ 1,820,511	\$ 5,417,128	\$ 20,491,034	\$ 11,215,316
Receivables (net of allowances for uncollectibles):					
Special assessments	-	-	260,839	260,839	-
Accounts	-	2,319,349	2,445,953	4,765,302	113,580
Notes	-	-	5,080,624	5,080,624	-
Due from other governments	-	-	279,318	279,318	-
Inventories	-	109,028	-	109,028	-
Prepaid items	-	207,994	-	207,994	-
<b>Total current assets</b>	<b>13,253,395</b>	<b>4,456,882</b>	<b>13,483,862</b>	<b>31,194,139</b>	<b>11,328,896</b>
Noncurrent assets:					
Restricted assets - cash and pooled investments	-	521,536	-	521,536	-
Lease/debt origination costs	-	384,224	72,095	456,319	-
Capital assets not being depreciated	3,129,000	12,129,898	12,124,071	27,382,969	-
Capital assets being depreciated, net	47,939,565	192,187,774	14,741,166	254,868,505	-
<b>Total noncurrent assets</b>	<b>51,068,565</b>	<b>205,223,432</b>	<b>26,937,332</b>	<b>283,229,329</b>	<b>-</b>
<b>TOTAL ASSETS</b>	<b>64,321,960</b>	<b>209,680,314</b>	<b>40,421,194</b>	<b>314,423,468</b>	<b>11,328,896</b>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	-	981,852	1,019,757	2,001,609	130,000
Wages payable	-	138,068	19,124	157,192	-
Payroll taxes payable	-	10,674	2,698	13,372	-
Interest payable	-	376,955	42,058	419,013	-
Estimated liability for claims and judgments	-	-	-	-	1,608,700
Due to other funds	730,574	-	-	730,574	-
Due to other governments	3,779,140	-	-	3,779,140	-
Advance deposits and ticket sales	-	425,882	-	425,882	-
Deferred revenues	-	634,211	-	634,211	-
General obligation bonds payable	-	10,144,939	399,179	10,544,118	-
Notes payable	-	-	172,000	172,000	-
Compensated absences payable	-	71,244	9,780	81,024	-
<b>Total current liabilities</b>	<b>4,509,714</b>	<b>12,783,825</b>	<b>1,664,596</b>	<b>18,958,135</b>	<b>1,738,700</b>
Noncurrent liabilities:					
General obligation bonds payable	-	92,151,648	4,882,265	97,033,913	-
Notes payable	-	-	10,298,099	10,298,099	-
Compensated absences payable	-	-	60,792	60,792	-
Post employment liability	-	-	-	-	2,401,000
<b>Total noncurrent liabilities</b>	<b>-</b>	<b>92,151,648</b>	<b>15,241,156</b>	<b>107,392,804</b>	<b>2,401,000</b>
<b>TOTAL LIABILITIES</b>	<b>4,509,714</b>	<b>104,935,473</b>	<b>16,905,752</b>	<b>126,350,939</b>	<b>4,139,700</b>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	51,068,565	102,021,085	17,355,989	170,445,639	-
Restricted for capital improvements	-	521,536	-	521,536	-
Unrestricted (Note 12)	8,743,681	2,202,220	6,159,453	17,105,354	7,189,196
<b>TOTAL NET ASSETS</b>	<b>\$ 59,812,246</b>	<b>\$ 104,744,841</b>	<b>\$ 23,515,442</b>	<b>\$ 188,072,529</b>	<b>\$ 7,189,196</b>

**POLK COUNTY, IOWA**

**Statement of Revenues, Expenses, and Changes in Fund Net Assets  
Proprietary Funds  
For the Year Ended June 30, 2010**

	<b>Business-type Activities - Enterprise Funds</b>				<b>Governmental Activities- Internal Service Funds</b>
	<b>Prairie Meadows Racetrack/ Casino</b>	<b>Iowa Events Center</b>	<b>Other Enterprise Funds</b>	<b>Total</b>	
<b>OPERATING REVENUES:</b>					
Charges for goods and services:					
Charges for services	\$ 20,539,243	\$ 2,459,895	\$ 1,118,782	\$ 24,117,920	\$ 14,349,703
Intergovernmental revenues	-	17,100	1,130,031	1,147,131	-
Project income	7,308,720	933,333	-	8,242,053	-
Parking income	-	437,815	-	437,815	-
Concession sales	-	4,159,897	-	4,159,897	-
Commissions income	-	2,036,909	235,021	2,271,930	-
Hockey settlement	-	1,100,000	-	1,100,000	-
PFMS user fee on ticket sales	-	341,165	-	341,165	-
Miscellaneous	-	283,493	28,685	312,178	13,477
Total operating revenues	<u>27,847,963</u>	<u>11,769,607</u>	<u>2,512,519</u>	<u>42,130,089</u>	<u>14,363,180</u>
<b>OPERATING EXPENSES:</b>					
Cost of goods and services:					
Personal services	-	2,922,307	872,841	3,795,148	-
Supplies	-	250,979	57,738	308,717	55,044
Professional services	-	338,759	65,397	404,156	2,500
Other services/charges	4,509,714	2,053,886	1,009,953	7,573,553	102,284
Insurance	-	134,461	-	134,461	15,549,720
Direct event expense	-	830,388	-	830,388	-
Cost of goods sold - concession	-	2,832,113	-	2,832,113	-
Management expense	-	239,530	-	239,530	-
Miscellaneous	-	-	14,507	14,507	-
Amortization of discount (premium)	-	(215,133)	7,457	(207,676)	-
Depreciation	3,076,637	7,868,883	617,456	11,562,976	-
Total operating expenses	<u>7,586,351</u>	<u>17,256,173</u>	<u>2,645,349</u>	<u>27,487,873</u>	<u>15,709,548</u>
<b>OPERATING INCOME (LOSS)</b>	<u>20,261,612</u>	<u>(5,486,566)</u>	<u>(132,830)</u>	<u>14,642,216</u>	<u>(1,346,368)</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>					
Interest revenue	72,129	8,806	28,327	109,262	35,422
Interest expense	-	(5,168,900)	(386,243)	(5,555,143)	-
Total nonoperating revenues (expenses)	<u>72,129</u>	<u>(5,160,094)</u>	<u>(357,916)</u>	<u>(5,445,881)</u>	<u>35,422</u>
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS</b>	<u>20,333,741</u>	<u>(10,646,660)</u>	<u>(490,746)</u>	<u>9,196,335</u>	<u>(1,310,946)</u>
<b>CAPITAL CONTRIBUTIONS AND TRANSFERS:</b>					
Capital contributions from others	-	938,748	-	938,748	-
Capital transfer out	-	-	(250,000)	(250,000)	-
Transfers in	657,907	14,069,307	1,308,783	16,035,997	3,158,665
Transfers out	(24,034,425)	(657,907)	(467,000)	(25,159,332)	(3,178,665)
Total capital contributions and transfers	<u>(23,376,518)</u>	<u>14,350,148</u>	<u>591,783</u>	<u>(8,434,587)</u>	<u>(20,000)</u>
<b>CHANGE IN NET ASSETS</b>	<u>(3,042,777)</u>	<u>3,703,488</u>	<u>101,037</u>	<u>761,748</u>	<u>(1,330,946)</u>
<b>NET ASSETS - BEGINNING</b>	<u>62,855,023</u>	<u>101,041,353</u>	<u>23,414,405</u>	<u>187,310,781</u>	<u>8,520,142</u>
<b>NET ASSETS - ENDING</b>	<u>\$ 59,812,246</u>	<u>\$ 104,744,841</u>	<u>\$ 23,515,442</u>	<u>\$ 188,072,529</u>	<u>\$ 7,189,196</u>

**POLK COUNTY, IOWA**

**Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2010**

	<b>Business-type Activities-Enterprise Funds</b>		
	<b>Prairie Meadows Racetrack/Casino</b>	<b>Iowa Events Center</b>	<b>Other Enterprise Funds</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash received from customers	\$ -	\$ 11,493,205	\$ 1,737,534
Cash received from intergovernmental revenue	-	-	756,104
Cash received from racetrack/casino	27,847,963	-	-
Cash paid to suppliers for goods and services	(4,449,132)	(6,616,417)	(486,988)
Cash paid to employees	-	(2,913,564)	(925,281)
Net cash flows from operating activities	<u>23,398,831</u>	<u>1,963,224</u>	<u>1,081,369</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers in	657,907	14,069,307	1,308,783
Transfers out	(24,034,425)	(657,907)	(467,000)
Net cash flows from noncapital financing activities	<u>(23,376,518)</u>	<u>13,411,400</u>	<u>841,783</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Proceeds from general obligation debt	-	-	3,439,426
Principal paid on long-term debt	-	(9,410,000)	(557,000)
Interest paid on long-term debt	-	(5,169,538)	(362,985)
Capital contributions from others	-	938,748	-
Repayments on capital note receivable	-	-	187,963
Capital transfer out	-	-	(250,000)
Purchase of capital assets	-	(1,602,257)	(4,892,375)
Net cash flows from capital and related financing activities	<u>-</u>	<u>(15,243,047)</u>	<u>(2,434,971)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest received	87,694	8,943	28,327
Net cash flows from investing activities	<u>87,694</u>	<u>8,943</u>	<u>28,327</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>110,007</u>	<u>140,520</u>	<u>(483,492)</u>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>13,143,388</u>	<u>2,201,527</u>	<u>5,900,620</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 13,253,395</u>	<u>\$ 2,342,047</u>	<u>\$ 5,417,128</u>

<b>Total</b>	<b>Governmental Activities- Internal Service Funds</b>
\$ 13,230,739	\$ 14,371,118
756,104	-
27,847,963	-
(11,552,537)	(14,227,736)
(3,838,845)	-
<u>26,443,424</u>	<u>143,382</u>
16,035,997	3,158,665
(25,159,332)	(3,178,665)
<u>(9,123,335)</u>	<u>(20,000)</u>
3,439,426	-
(9,967,000)	-
(5,532,523)	-
938,748	-
187,963	-
(250,000)	-
(6,494,632)	-
<u>(17,678,018)</u>	<u>-</u>
124,964	35,422
<u>124,964</u>	<u>35,422</u>
(232,965)	158,804
<u>21,245,535</u>	<u>11,056,512</u>
<u>\$ 21,012,570</u>	<u>\$ 11,215,316</u>

(continued)

**POLK COUNTY, IOWA**

**Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2010**

	<b>Business-type Activities-Enterprise Funds</b>		
	<b>Prairie Meadows Racetrack/Casino</b>	<b>Iowa Events Center</b>	<b>Other Enterprise Funds</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Operating income (loss)	\$ 20,261,612	\$ (5,486,566)	\$ (132,830)
Components of operating income (loss) not included in operating activities:			
Depreciation	3,076,637	7,868,883	617,456
Amortization	-	(215,133)	7,457
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:			
(Increase) decrease in special assessments receivable	-	-	37,064
(Increase) decrease in accounts receivable	-	(329,875)	(91,113)
(Increase) decrease in due from other governments	-	-	35,168
(Increase) decrease in inventories	-	9,150	-
(Increase) decrease in prepaid items	-	(100,884)	-
Increase (decrease) in accounts payable	-	155,433	660,607
Increase (decrease) in wages payable	-	2,575	(2,904)
Increase (decrease) in payroll taxes payable	-	187	(69)
Increase (decrease) in due to other funds	3,141	-	-
Increase (decrease) in due to other governments	57,441	-	-
Increase (decrease) in advance deposits and ticket sales	-	(9,979)	-
Increase (decrease) in deferred revenue	-	63,452	-
Increase (decrease) in compensated absences payable	-	5,981	(49,467)
Increase (decrease) in estimated liability for claims and judgments	-	-	-
Increase (decrease) in post employment liability	-	-	-
Net cash flows from operating activities	<u>\$ 23,398,831</u>	<u>\$ 1,963,224</u>	<u>\$ 1,081,369</u>
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition of CIP through notes payable	\$ -	\$ -	\$ 2,199,663

See Notes to Basic Financial Statements

<b>Total</b>	<b>Governmental Activities- Internal Service Funds</b>
\$ 14,642,216	\$ (1,346,368)
11,562,976	-
(207,676)	-
37,064	-
(420,988)	2,984
35,168	-
9,150	-
(100,884)	-
816,040	4,000
(329)	-
118	-
3,141	-
57,441	4,954
(9,979)	-
63,452	-
(43,486)	-
-	416,720
-	1,061,092
<u>\$ 26,443,424</u>	<u>\$ 143,382</u>

\$ 2,199,663      \$ -  
(concluded)

# POLK COUNTY, IOWA

## Statement of Assets and Liabilities Fiduciary Funds June 30, 2010

	<b>Total Other Agency Funds</b>
<b>ASSETS</b>	
Cash and pooled investments	\$ 27,054,672
Receivables (net of allowances for uncollectibles):	
Taxes	2,313,249
Special assessments	11,417,823
Accounts	550,672
Due from other governments	216,473
	<hr/>
<b>TOTAL ASSETS</b>	<b>\$ 41,552,889</b>
	<hr/> <hr/>
<b>LIABILITIES</b>	
Accounts payable	\$ 52,510
Wages payable	97,553
Payroll taxes payable	151,434
Due to other funds	74,590
Due to other governments	40,128,379
Advances from other funds	23,400
Trusts payable	342,353
Compensated absences payable	589,670
Post employment liability	93,000
	<hr/>
<b>TOTAL LIABILITIES</b>	<b>\$ 41,552,889</b>
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See Notes to Basic Financial Statements

# POLK COUNTY, IOWA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

#### A) Financial Reporting Entity

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

**Discretely Presented Component Unit** - The combined financial data of Polk County Health Services, Inc. and Polk County Health Services Foundation, collectively referred to as "PCHS," as of and for the year ended June 30, 2010, 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 \$53 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.

Disclosure has been provided for the advances to primary government; however, other disclosures have been deemed unnecessary due to immateriality. Complete financial statements of PCHS can be obtained from their administrative offices at 218 Sixth Avenue, Des Moines, IA 50309.

**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 is 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.

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

## Proprietary Funds

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

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

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

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

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

The County reports the following major proprietary funds:

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

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

## Fiduciary Funds

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

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

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

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

**Property Taxes:** The County proposed property tax levy was approved during the Board of Supervisors' session held in March of 2009 on the assessed valuation of property located in the County as of January 1, 2008, 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, 2009. Taxes were receivable in two installments on September 30, 2009, and March 31, 2010. 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 fund balance reserve account which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation.

**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 fund balance reserve, or deferred revenues in the case of the Supplemental Foods Program commodities, which indicates that they are not available to liquidate current obligations.

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

The County’s capitalization thresholds are as follows:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The compensated absences liability has been computed based on rates of pay in effect at June 30, 2010. 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 Equity:** In the fund financial statements, governmental funds report reservations of fund balance for amounts that have been legally segregated for specific purposes or are not appropriate for expenditure. Designated fund balances represent tentative plans for financial resource utilization in a future period.

**Budgetary Policy:** As allowed by GASB Statement 41, Budgetary Comparison Schedules – Perspective Differences, 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, 2010 are as follows:

Special Revenue:	
Equipment Reserve	\$ (1,255,620)
Community Betterment	(55,233)
Secondary Roads	(2,360,545)
Housing Development	(2,500,000)
Capital Projects:	
Courthouse Annex	(29,336)
Capital Improvement Projects	(1,337,016)

The deficits of the above funds are expected to be eliminated through future transfers from other funds 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. The County's short-term investments at June 30, 2010, consist of mutual funds and certificates of deposit.

As of June 30, 2010, the cash and pooled investments of the County consist of:

Cash and cash items in vault	\$ 122,729
Cash on hand not yet deposited	41,254
Bank account deposits	8,925,927
Mutual funds	56,805,639
Mutual funds - restricted	521,536
U.S. government securities	39,991,500
Bankers acceptances	4,175,077
Commercial paper	<u>7,975,854</u>
Total cash and pooled investments	\$ <u>118,559,516</u>

The County elected to maintain a non-interest bearing certificate of deposit with Bank of America and Banker's Trust in the average total of \$9,101,543 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 unrated.

**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, however, when applying the criteria under Statement 40 only investments as defined under both Statement 3 and 40 are included. The County did not exceed the 10% and 5% limitations as set by the State of Iowa at June 30, 2010. At June 30, 2010, the County had \$4,175,077 or 4% of total investments in Bank America Bankers Acceptance, \$4,178,932 or 4% in Intesa Funding Commercial Paper and \$3,796,922 or 3% in U.S. Bank Commercial Paper.

**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, 2010, 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, 2010, 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, 2010, other than certificate of deposits. In addition, the component unit had no deposits or investments exposed to custodial credit risk.

#### **4. RESTRICTED ASSETS**

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. These funds are maintained in a segregated bank account (Renewal and Replacement Account/PFMS User Fee) to fund future capital repairs at the Iowa Events Center (WFA, Hy-Vee Hall, Veterans Memorial Auditorium, Convention Complex). As of June 30, 2010, \$132,668 is being held by the County in the Renewal Account.

In accordance with the Master Lease Agreement, approximately 3% of the gross Concession Revenues earned by Ovation Food Service at WFA shall be held by the County. These funds are maintained in a segregated bank account (Concessions Account/Concessions Upkeep) to fund future replacement, repair, updating, upgrading and installing of equipment and improvements related to food and beverage operations at the WFA. As of June 30, 2010, \$388,868 is being held by the County in the Concessions Account.

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

Amounts due from/to other funds at June 30, 2010, are as follows:

Due from	Due To			Total
	General Fund	MH/MR/DD Services	Nonmajor Governmental	
General Fund	\$ -	\$ -	\$ 524	\$ 524
Nonmajor Governmental	4,730,847	-	-	4,730,847
Prairie Meadows Racetrack/Casino	542,519	79,371	108,684	730,574
Fiduciary	<u>74,590</u>	<u>-</u>	<u>-</u>	<u>74,590</u>
Total	\$ <u>5,347,956</u>	\$ <u>79,371</u>	\$ <u>109,208</u>	\$ <u>5,536,535</u>

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

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

Cash overdrafts owed to the General Fund from other funds	\$ 4,804,136
Property taxes owed to various funds from Prairie Meadows Racetrack/Casino Enterprise Fund	730,574

**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 3.60% to 5.10%. The long-term portion of individual fund loan balances at June 30, 2010, is as follows:

Drainage District fund interfund loans payable to the following funds:	
General Fund	\$ 15,400
Special Revenue: Economic Development Fund	<u>8,000</u>
Total	\$ <u>23,400</u>

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

	Drainage Districts
During the year ending June 30:	
2011	\$ 11,700
2012	<u>11,700</u>
Total	\$ <u>23,400</u>

## 7. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2010, is as follows:

	Balance 7/1/2009	Additions	Disposals	Balance 6/30/2010
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 11,658,932	\$ 78,000	\$ (315,000)	\$ 11,421,932
Intangibles-computer software in progress	-	790,667	-	790,667
Construction in progress	2,612,175	3,614,406	(167,861)	6,058,720
Total capital assets, not being depreciated	<u>14,271,107</u>	<u>4,483,073</u>	<u>(482,861)</u>	<u>18,271,319</u>
Capital assets, being depreciated:				
Buildings	144,391,670	358,741	(7,419,227)	137,331,184
Improvements other than buildings	1,220,901	-	-	1,220,901
Infrastructure	90,346,787	-	-	90,346,787
Equipment	12,910,629	2,771,031	(1,594,027)	14,087,633
Vehicles	7,843,241	684,555	(262,029)	8,265,767
Total capital assets being depreciated	<u>256,713,228</u>	<u>3,814,327</u>	<u>(9,275,283)</u>	<u>251,252,272</u>
Less accumulated depreciation for:				
Buildings	(41,869,522)	(4,069,973)	2,967,694	(42,971,801)
Improvements other than buildings	(581,192)	(47,125)	-	(628,317)
Infrastructure	(52,462,345)	(3,903,343)	-	(56,365,688)
Equipment	(10,170,970)	(1,309,862)	1,594,027	(9,886,805)
Vehicles	(4,044,124)	(904,008)	262,029	(4,686,103)
Total accumulated depreciation	<u>(109,128,153)</u>	<u>(10,234,311)</u>	<u>4,823,750</u>	<u>(114,538,714)</u>
Total capital assets being depreciated, net	<u>147,585,075</u>	<u>(6,419,984)</u>	<u>(4,451,533)</u>	<u>136,713,558</u>
Governmental activities capital assets, net	<u>\$ 161,856,182</u>	<u>\$ (1,936,911)</u>	<u>\$ (4,934,394)</u>	<u>\$ 154,984,877</u>
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 14,852,969	\$ -	\$ -	\$ 14,852,969
Intangibles-permanent easements	-	366,536	-	366,536
Construction in progress	6,238,315	5,925,149	-	12,163,464
Total capital assets, not being depreciated	<u>21,091,284</u>	<u>6,291,685</u>	<u>-</u>	<u>27,382,969</u>
Capital assets, being depreciated:				
Buildings	281,069,551	76,261	-	281,145,812
Improvements other than buildings	8,737,316	-	-	8,737,316
Leasehold improvements	37,487,588	-	-	37,487,588
Infrastructure	21,186,283	-	-	21,186,283
Equipment	666,753	45,850	-	712,603
Vehicles	201,295	56,206	-	257,501
Total capital assets being depreciated	<u>349,348,786</u>	<u>178,317</u>	<u>-</u>	<u>349,527,103</u>
Less accumulated depreciation for:				
Buildings	(57,759,486)	(9,455,257)	-	(67,214,743)
Improvements other than buildings	(8,299,785)	(27,621)	-	(8,327,406)
Leasehold improvements	(9,746,776)	(1,499,504)	-	(11,246,280)
Infrastructure	(6,554,962)	(529,661)	-	(7,084,623)
Equipment	(604,102)	(25,637)	-	(629,739)
Vehicles	(130,511)	(25,296)	-	(155,807)
Total accumulated depreciation	<u>(83,095,622)</u>	<u>(11,562,976)</u>	<u>-</u>	<u>(94,658,598)</u>
Total capital assets being depreciated, net	<u>266,253,164</u>	<u>(11,384,659)</u>	<u>-</u>	<u>254,868,505</u>
Business-type activities capital assets, net	<u>\$ 287,344,448</u>	<u>\$ (5,092,974)</u>	<u>\$ -</u>	<u>\$ 282,251,474</u>

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

<b>Government activities:</b>	
Public safety and legal services	\$ 3,570,470
Physical health and social services	803,403
County environment and education	387,098
Roads and transportation	4,653,725
Government services to residents	277,138
Administration	<u>542,477</u>
Total depreciation expense - governmental activities	<u>\$ 10,234,311</u>
<b>Business-type activities:</b>	
Air Pollution	\$ 41,916
Sanitary Treatment Works	299,745
Prairie Meadows Racetrack/Casino	3,076,637
Jester Park Golf Course	45,879
Hamilton Urban Drainage District	229,916
Iowa Events Center	<u>7,868,883</u>
Total depreciation expense - business-type activities	<u>\$ 11,562,976</u>

The County sold the Interim Jail to the YMCA of Greater Des Moines during the fiscal year which resulted in a \$4 million loss. The intangible in progress represents a new real estate system that is still in the development stage and is expected to take three years to implement. The system will be amortized upon completion. Construction in progress for governmental activities primarily consist of ongoing construction for the 1907 Emergency Operation Center and the Northeast 56<sup>th</sup> Street Reconstruction projects and business-type activities primarily consist of a large sanitary sewer project and the Iowa Events Center renovation.

## 8. LONG-TERM LIABILITIES

The following is a summary of long-term liability activity for the year ended June 30, 2010:

	Balance		Balance		Due Within
	July 1, 2009	Additions	Deletions	June 30, 2010	One Year
<b>Governmental activities:</b>					
General obligation bonds payable	\$ 105,930,000	\$ -	\$ (8,450,000)	\$ 97,480,000	\$ 7,080,000
Add: unamortized premium (discount)	234,706	-	(31,830)	202,876	31,830
General obligation notes payable	508,000	-	(39,000)	469,000	40,000
Capital leases payable	194,245	2,577,984	(452,941)	2,319,288	581,654
Accrued compensated absences	10,474,087	8,029,960	(7,297,800)	11,206,247	1,441,308
Termination benefits payable	311,681	-	(115,563)	196,118	110,763
Post employment liability	1,339,908	1,061,092	-	2,401,000	-
Estimated liability for claims and judgements	<u>2,407,480</u>	<u>13,444,930</u>	<u>(13,765,710)</u>	<u>2,086,700</u>	<u>1,935,200</u>
<b>Total</b>	<u>\$ 121,400,107</u>	<u>\$ 25,113,966</u>	<u>\$ (30,152,844)</u>	<u>\$ 116,361,229</u>	<u>\$ 11,220,755</u>
<b>Business-type activities:</b>					
General obligation bonds payable	\$ 114,855,000	\$ -	\$ (9,800,000)	\$ 105,055,000	\$ 10,315,000
Add: unamortized premium (discount)	3,019,787	-	(262,573)	2,757,214	262,573
Less: loss on advance refunding	(267,638)	-	33,455	(234,183)	(33,455)
General obligation notes payable	4,998,010	6,639,089	(1,167,000)	10,470,099	172,000
Accrued compensated absences	<u>185,302</u>	<u>47,642</u>	<u>(91,128)</u>	<u>141,816</u>	<u>81,024</u>
<b>Total</b>	<u>\$ 122,790,461</u>	<u>\$ 6,686,731</u>	<u>\$ (11,287,246)</u>	<u>\$ 118,189,946</u>	<u>\$ 10,797,142</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
<b>Governmental activities</b>					
General Purpose	7,200,000	6/1/2001	3.8-4.625%	6/1/2012	\$ 1,695,000
General Purpose	6,200,000	12/15/2002	3-4%	6/1/2013	1,740,000
General Purpose	1,025,000	12/15/2003	2.15-3.55%	6/1/2014	685,000
General Purpose	3,770,000	7/15/2004	3-3.9%	6/1/2015	2,045,000
General Purpose	8,865,000	6/1/2006	4-4.25%	6/1/2016	6,410,000
General Purpose	6,110,000	6/1/2006	4-4.5%	6/1/2026	5,270,000
General Purpose	68,000,000	12/1/2006	4-4.125%	6/1/2026	62,675,000
General Purpose	12,915,000	12/1/2006	4-4.125%	6/1/2026	11,480,000
General Purpose	2,665,000	12/1/2007	4%	6/1/2017	2,035,000
General Purpose	3,905,000	12/1/2008	4%	6/1/2018	3,445,000
Total					\$ <u>97,480,000</u>

	Original Amount	Date Issued	Interest Rates	Due Date	Amount Outstanding
<b>Business-type activities</b>					
Sanitary Treatment	\$ 700,000	6/1/2001	3.8-4.45%	6/1/2011	\$ 70,000
Sanitary Treatment	1,230,000	12/15/2003	2.15-3.55%	6/1/2014	530,000
Iowa Events Center	73,000,000	12/15/2002	5%	6/1/2021	47,675,000
Iowa Events Center	40,900,000	12/15/2002	4-5.2%	6/1/2017	27,645,000
Iowa Events Center	27,490,000	12/1/2007	4%	6/1/2017	24,445,000
Urban Sewer	5,330,000	6/1/2006	4-4.5%	6/1/2026	4,600,000
Urban Sewer	105,000	12/1/2006	4-4.125%	6/1/2026	90,000
Total					\$ <u>105,055,000</u>

### Notes Payable

	Original Amount	Date Issued	Interest Rates	Due Date	Amount Outstanding
<b>Governmental activities</b>					
General Purpose	\$ 800,000	8/9/2000	3.53%	12/1/2019	\$ <u>469,000</u>
<b>Business-type activities</b>					
Sanitary Treatment	\$ 5,000,000	7/15/2008	3%	6/1/2028	\$ 4,119,000
Sanitary Treatment	13,000,000	6/16/2010	3%	6/1/2030	6,134,490
Sanitary Treatment	268,000	6/30/2010	0%	6/30/2013	6,330
Sanitary Treatment	997,000	6/30/2010	0%	6/30/2013	210,279
Total					\$ <u>10,470,099</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
<b>Governmental activities</b>					
During the year ending June 30:					
2011	\$ 7,080,000	\$ 3,957,712	\$ 40,000	15,850	\$ 11,093,562
2012	7,375,000	3,674,843	41,000	14,420	11,105,263
2013	6,780,000	3,377,819	43,000	12,937	10,213,756
2014	6,430,000	3,106,609	44,000	11,402	9,592,011
2015	6,505,000	2,848,591	46,000	9,813	9,409,404
2016-2020	27,050,000	10,643,959	255,000	23,210	37,972,169
2021-2025	29,535,000	5,172,250	-	-	34,707,250
2026-2030	6,725,000	279,112	-	-	7,004,112
Total	97,480,000	33,060,895	469,000	87,632	131,097,527
Add: unamortized premium	202,876	-	-	-	202,876
Total	<u>\$ 97,682,876</u>	<u>\$ 33,060,895</u>	<u>\$ 469,000</u>	<u>\$ 87,632</u>	<u>\$ 131,300,403</u>

	Bonds Payable		Notes Payable		Total
	Principal	Interest	Principal	Interest	Principal and Interest
<b>Business-type activities</b>					
During the year ending June 30:					
2011	\$ 10,315,000	\$ 4,966,589	\$ 172,000	\$ 307,605	\$ 15,761,194
2012	10,890,000	4,496,770	422,238	302,445	16,111,453
2013	11,435,000	3,995,068	651,174	289,777	16,371,019
2014	11,490,000	3,465,290	448,112	276,741	15,680,143
2015	12,030,000	2,929,570	461,885	263,297	15,684,752
2016-2020	41,365,000	6,786,448	2,535,438	1,099,705	51,786,591
2021-2025	7,120,000	604,919	2,956,888	694,873	11,376,680
2026-2030	410,000	18,412	2,822,364	232,200	3,482,976
Total	105,055,000	27,263,066	10,470,099	3,466,643	146,254,808
Add: unamortized premium	2,757,214	-	-	-	2,757,214
Less: loss on advance refunding	(234,183)	-	-	-	(234,183)
Total	<u>\$ 107,578,031</u>	<u>\$ 27,263,066</u>	<u>\$ 10,470,099</u>	<u>\$ 3,466,643</u>	<u>\$ 148,777,839</u>

There were no due and unredeemed bonds or notes at June 30, 2010. In addition, there was no special assessment debt outstanding at June 30, 2010. Management does not believe an arbitrage liability exists at June 30, 2010.

## Polk County Health Services, Inc. (PCHS) Component Unit

Changes in debt for PCHS for the year ended June 30, 2010 are as follows:

	Balance 7/1/2009	Additions	Deletions	Balance 6/30/2010	Due Within One Year
Advances from primary government	\$ <u>1,800,878</u>	\$ <u>-</u>	\$ <u>(1,800,878)</u>	\$ <u>-</u>	\$ <u>-</u>

### Early Redemption of General Obligation Bonds – PCHS

On April 1, 2010, the outstanding 1998B general obligation bonds of \$1,060,000 relating to PCHS were called and paid off. This early redemption was funded by the PCHS early payoff of \$1,800,878 advances to component unit in the Debt Service Fund. The early redemption of this debt saved the County approximately \$110,000 in future interest.

### Termination Benefits Payable

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

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

At June 30, 2010, the County has obligations to 22 participants with a total liability of \$196,118. Actual early retirement expenditures for the year ended June 30, 2010, totaled \$115,563.

## 9. CONDUIT DEBT OBLIGATIONS

As of June 30, 2010, there were various conduit debt obligations outstanding. The aggregate principal amount payable for such debt is \$4,605,000. Although these debt obligations bear the name of the County, the County has no obligation for such debt beyond the resources provided by the loan with Broadlawns Medical Center (Broadlawns) and Polk County Aviation Authority on whose behalf they are issued. Accordingly, these obligations are not recorded as liabilities in the accompanying financial statements.

### Broadlawns Medical Center

During the year ended June 30, 2001, the County issued \$4,200,000 in the form of twelve-year general obligation capital loan notes on behalf of Broadlawns to provide funds for various capital improvements.

During the year ended June 30, 2010, Broadlawns paid \$1,000,000 towards the debt obligation. In addition, the County wrote off \$585,000 from Broadlawns repayment obligation as their contribution for the remodeling and expansion of the Broadlawns' morgue facilities.

On July 1, 2010, the outstanding 2000 general obligation capital loan note of \$1,060,000 were called and paid off. The early redemption of this debt saved Broadlawns approximately \$73,000 in future interest.

## Polk County Aviation Authority

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

### Other

The County actively encourages industrial and commercial enterprises to locate and remain in the County by, among other things, the issuance of industrial development revenue bonds pursuant to the Code of Iowa Chapter 419, Municipal Support of Projects. These bonds do not constitute an indebtedness of, or a charge against, the general credit or taxing powers of the County. All issues are prepared under the direction of Polk County. The issues which have been sold as of June 30, 2010 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 \$20.2 million exist, of which \$.7 million may be available to be paid in the next fiscal year. No liability is recognized due to the fact that the agreements are conditional and the payments are to be funded by property taxes collected on the project each fiscal year.

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

## 11. LEASE COMMITMENTS

### Capital Leases

The County has entered into agreements to purchase equipment through capital lease agreements. The historical cost of equipment relating to capital leases is \$3,304,670. 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, 2010:

During the year ending June 30:		
2011	\$	609,152
2012		502,876
2013		502,875
2014		502,876
2015		462,925
Total minimum lease payments		<u>2,580,704</u>
Less: amount representing interest		<u>(261,416)</u>
Present value of total minimum lease payments	\$	<u><u>2,319,288</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, 2010 is \$951,142. Following is a schedule of minimum future rentals for non-cancelable operating leases in effect at June 30, 2010:

During the year ending June 30:	
2011	\$ 765,687
2012	390,201
2013	<u>109,833</u>
Total	\$ <u><u>1,265,721</u></u>

The above schedule represents operating leases in effect at June 30, 2010. As part of the normal course of business, the County continues to negotiate and/or renegotiate various operating leases.

## 12. RESERVES/DESIGNATIONS OF FUND BALANCES

### Reserved Fund Balances

Reservations or restrictions of equity represent amounts that are not appropriable or are legally segregated for a specific purpose.

***Reserved for advances to other funds*** - This account is used to segregate a portion of fund balance for advances to other funds, the noncurrent portion of interfund loans receivable, to indicate that they do not constitute available financial resources and, therefore, are not available for appropriation.

***Reserved for noncurrent notes receivable*** - This account is used to segregate a portion of fund balance for the noncurrent portion of notes receivable to indicate that they do not constitute available financial resources and, therefore, are not available for appropriation.

***Reserved for inventory of supplies*** - This account is used to segregate a portion of fund balance in the amount of the inventory of supplies carried as an asset, as it does not represent available and spendable resources for the fund's current operations.

***Reserved for supplemental levy purposes*** - This account is used to segregate the fund balances of the General Supplemental Fund (a sub-fund of the General Fund) and the Rural Supplemental Fund (a sub-fund of the Rural Basic Fund) in accordance with Code of Iowa Section 331.424 (1) & (2).

***Reserved for prepaid items*** - This account is used to segregate a portion of fund balance for prepaid items to indicate that they do not constitute available financial resources and, therefore, are not available for appropriation.

## Designated Fund Balances/Net Assets

Designations of fund balances represent tentative management plans for financial resource utilization in a future period. Such plans or intent are subject to change and may never be legally authorized or result in expenditures. The purpose for each designation is for equipment replacement, economic development, contingency and other post employment benefits as indicated by the appropriate fund name. The following fund balances/net assets, are designated at June 30, 2010:

Special Revenue Funds	
Economic Development Fund	\$ 1,372,339
Treasurer Banking Reserve Fund	11,420
Contingency Reserve Fund	<u>8,115,023</u>
Total	\$ <u>9,498,782</u>
Internal Service Fund	
Employee Insurance Fund -OPEB	\$ <u>2,100,000</u>

### 13. TRANSFER RECONCILIATION

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

	Transfer to						Total
	General Fund	Prairie Meadows Casino	Iowa Events Center	Nonmajor Governmental	Nonmajor Enterprise	Internal Service	
<b>Transfer from</b>							
General Fund	\$ -	\$ -	\$ -	\$ 3,123,642	\$ -	\$ 3,158,665	\$ 6,282,307
Prairie Meadows Racetrack/Casino	272,989	-	14,069,307	8,583,346	1,108,783	-	24,034,425
Iowa Events Center	-	657,907	-	-	-	-	657,907
Nonmajor Governmental	47,763	-	-	4,623,951	200,000	-	4,871,714
Nonmajor Enterprise	-	-	-	717,000	-	-	717,000
Internal Service	<u>3,178,665</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,178,665</u>
Total	\$ <u>3,499,417</u>	\$ <u>657,907</u>	\$ <u>14,069,307</u>	\$ <u>17,047,939</u>	\$ <u>1,308,783</u>	\$ <u>3,158,665</u>	\$ <u>39,742,018</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, 2010, 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.	\$ 24,034,425
General Supplemental fund made transfers to Risk Management Internal Service funds for funding of current year activities.	3,158,665
General fund and Rural Services fund made transfers to Secondary Roads fund in accordance with state statutes.	6,483,634

#### **14. 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.

#### **15. PENSION AND RETIREMENT BENEFITS**

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

Plan members are required to contribute 4.30% of their annual covered salary and the County is required to contribute 6.65% 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, 2010, 2009, and 2008 were \$5,475,966, \$4,850,540, and \$3,970,106, respectively, equal to the required contributions for each year.

#### **16. RISK MANAGEMENT**

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

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

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

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

Exposure	Policy Limits	Self-Insured Retention
Excess liability	\$ 10,000,000	\$ 2,000,000
General liability - Iowa Events Center	1,000,000/2,000,000	-
Property, fleet, law enforcement, public officials	565,817,707	100,000
Fidelity bond	5,000,000	50,000
Workers' compensation	Statutory/1,000,000	500,000
Non-owned aviation	10,000,000	-

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

There have been no significant reductions in insurance coverage during the year ended June 30, 2010. There has been one claim in excess of the insurance coverage in the last three fiscal years. This workers compensation claim exceeded the \$500,000 SIR. However, all claims that exceeded our SIR have been covered by reinsurance.

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

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

This amount was determined based on actual claim payments subsequent to year-end rather than on discounted estimates. Changes in the estimated claims liability for governmental activities (prior to the internal service fund allocation) for the years ended June 30, 2010 and 2009 are as follows:

	Year Ended	
	6/30/2010	6/30/2009
Beginning balance	\$ 1,215,500	\$ 706,592
Current year claims and changes in estimates	829,023	1,862,681
Claim payments	<u>(1,566,523)</u>	<u>(1,353,773)</u>
Ending Balance	<u>\$ 478,000</u>	<u>\$ 1,215,500</u>

### Employee Insurance Fund

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

The payment of health and dental insurance claims are processed by a third-party administrator. Excess insurance is purchased to cover individual claims that exceed \$200,000 per plan year with a lifetime maximum of \$2,000,000. Aggregate stop loss insurance coverage equals 125% of a projected amount.

Settled claims have exceeded individual limits of excess insurance during the past three fiscal years but not the aggregate limit.

Changes in the estimated liability for probable losses recorded in the Employee Insurance Fund for the years ended June 30, 2010 and 2009 are as follows:

	Year Ended	
	6/30/2010	6/30/2009
Beginning balance	\$ 1,191,980	\$ 1,228,687
Current year claims and changes in estimates	12,615,907	10,926,644
Claim payments	<u>(12,199,187)</u>	<u>(10,963,351)</u>
Ending Balance	\$ <u>1,608,700</u>	\$ <u>1,191,980</u>

## 17. COMMITMENTS AND CONTINGENCIES

### Commitments

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

Community Betterment Fund:		
Des Moines Area Community College		\$ 400,000
Des Moines City Gaming Payments		5,703,576
Link Associates Foundation		400,000
Total		\$ <u>6,503,576</u>
Economic Development Special Revenue Fund:		
Kemin Industries		\$ <u>1,250,000</u>
Capital Improvements Projects Fund:		
Emergency Operations Center		\$ 2,089,051
River Place West		4,111,716
Total		\$ <u>6,200,767</u>
Sanitary Sewer Fund:		
Rock Creek Trunk Sewer		\$ <u>1,735,541</u>
Hamilton Drain Fund:		
Hamilton Drain District Plan Improvements		\$ <u>4,058,750</u>
Iowa Events Center Fund:		
Veteran's Memorial Auditorium renovation		\$ <u>967,281</u>

### Contingencies

There are currently numerous lawsuits against the County seeking damages for various reasons. With the exception of the estimated liability for claims and judgments as discussed in Note 16, 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.

## **18. RACETRACK/CASINO**

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

The current lease provides for monthly rental payments of \$1.3 million throughout the lease term (2003-2010) and net receipt distributions of \$4.4 million per year for the first five years. During the final three years of the lease, Prairie Meadows distributes net receipts to the County only to the extent horse purses exceed the current \$15 million per year. The variable net receipt distribution was \$4.2 million in December 2008 and \$4.9 million in December 2009.

Additional receipts from Polk County's lease with Prairie Meadows includes Prairie Meadows paying Polk County one-third of the improvement in net receipts due to change in the tax rate. Pursuant to a 2002 Supreme Court case, the state of Iowa reduced the pari-mutuel gaming taxation rate from 36% to 24%. Polk County's share of the tax gain was \$7.3 million in January 2010.

## **19. IOWA EVENTS CENTER**

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

### **Managed Facilities**

The County has a Management Agreement with Global Spectrum, L.P. (Global), to manage and operate the Managed Facilities. This agreement is a ten-year contract beginning October 1, 2004. Under this agreement the County pays Global a fixed management fee. For the fiscal year ending June 30, 2010 the amount of the fixed management fee was \$200,511.

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 \$40,102 for the productivity fee for the fiscal year ending June 30, 2010.

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. Under this agreement the County pays Ovations a fixed management fee. For the fiscal year ending June 30, 2010 the amount of the fixed management fee was \$133,250.

In addition to the fixed management fee, Ovations is entitled to earn an incentive fee for each operating year of the term. The County paid Ovations \$39,019 for the incentive fee for the fiscal year ending June 30, 2010.

**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 received \$1,256,613 and Global received \$895,691 of WFA’s net operating income for the fiscal year ending June 30, 2010.

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 \$.50 to \$1.00 depending upon the nature of the event. Approximately 50% of these revenues generated are paid to the County for deposit into a restricted funds Renewal and Replacement Account (see Note 4), and the remaining 50% is retained by Global as operating revenues. The County received \$233,344 for the fiscal year ending June 30, 2010.

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 received \$100,519 for the fiscal year ending June 30, 2010.

**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, 2010, the County received the following naming rights revenue:

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

**20. 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, 2010:

Concessions and catering revenue from Ovations	\$ 4,058,739
Ticket revenue and fees received from New Era	33,044
Ticket fees paid to New Era	29,490
Due to Ovations (incentive)	39,019
Management fee paid to Ovations	133,250

## **21. 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, 2010, the County has a future commitment for approximately \$2,564,134 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.

## **22. OTHER POST EMPLOYMENT BENEFITS (OPEB)**

### **Plan Description**

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

### **Funding Policy**

The current funding policy of the County is to pay health claims as they occur. This arrangement does not qualify as OPEB plan assets under GASB for current GASB reporting. However, the County has 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 2010, the County contributed \$311,000. Retirees receiving benefits contributed \$740,000 through their required contribution of \$401 per month for single health coverage and \$1,004 per month for family health coverage.

### **Annual OPEB cost and net OPEB obligation**

The County's annual OPEB cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance to the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost

each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The following table shows the components of the County's annual OPEB cost for the year, the amount actuarially contributed to the plan, and changes in the County's annual OPEB obligation:

	County	County Assessor	Total
Annual required contribution	\$1,339,000	\$ 50,000	\$ 1,389,000
Interest on net OPEB obligation	60,000	3,000	63,000
Adjustment to annual required contribution	<u>(51,000)</u>	<u>(3,000)</u>	<u>(54,000)</u>
Annual OPEB cost (expense)	1,348,000	50,000	1,398,000
Contributions made	<u>(287,000)</u>	<u>(24,000)</u>	<u>(311,000)</u>
Increase in net OPEB obligation	1,061,000	26,000	1,087,000
Net OPEB obligation - July 1, 2009	1,340,000	67,000	1,407,000
Net OPEB obligation - June 30, 2010	<u>\$2,401,000</u>	<u>\$ 93,000</u>	<u>\$ 2,494,000</u>

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

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

### Funded Status and Funding Progress

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

	County	County Assessor	Total
Actuarial accrued liability (AAL)	\$ 11,762,000	\$ 585,000	\$ 12,347,000
Actuarial value of plan assets	-	-	-
Unfunded actuarial accrued liability (UAAL)	<u>\$ 11,762,000</u>	<u>\$ 585,000</u>	<u>\$ 12,347,000</u>
Covered payroll (active employees)	\$ 70,021,008	\$ 1,871,138	\$ 71,892,146
UAAL as a percentage of covered payroll	16.8%	31.3%	

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

### 23. 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, 2010, are as follows:

	Attorney	Auditor	Board of Supervisors - Other	Conservation Board	Recorder	Sheriff	Total Elected Officials
<b>ASSETS:</b>							
Cash and pooled investments	\$ 4,140	\$ 22,724	\$ 900	\$ 44,320	\$ 385,175	\$ 1,580,841	\$ 2,038,100
Due from other governments	-	-	-	-	7,228	-	7,228
<b>TOTAL ASSETS</b>	<b>\$ 4,140</b>	<b>\$ 22,724</b>	<b>\$ 900</b>	<b>\$ 44,320</b>	<b>\$ 392,403</b>	<b>\$ 1,580,841</b>	<b>\$ 2,045,328</b>
<b>LIABILITIES:</b>							
Due to other funds	\$ 4,140	\$ 10,055	\$ 900	\$ 44,320	\$ 2,964	\$ 141,942	\$ 204,321
Due to other governments	-	12,606	-	-	389,439	-	402,045
Trusts payable	-	63	-	-	-	1,438,899	1,438,962
<b>TOTAL LIABILITIES</b>	<b>\$ 4,140</b>	<b>\$ 22,724</b>	<b>\$ 900</b>	<b>\$ 44,320</b>	<b>\$ 392,403</b>	<b>\$ 1,580,841</b>	<b>\$ 2,045,328</b>

### 24. SUBSEQUENT EVENTS

Management evaluated subsequent events through December 15, 2010, the date the financial statements were available to be issued. Events or transactions occurring after June 30, 2010, but prior to December 15, 2010, that provided additional evidence about conditions that existed at June 30, 2010, have been recognized in the financial statements for the year ended June 30, 2010. Events or transactions that provided evidence about conditions that did not exist at June 30, 2010, 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, 2010.

In September 2010, the County authorized an amendment to the 2000 Notes Payable to reflect the interest rate reduction from 3.53% to 3.0% effective December 1, 2010.

On December 15, 2010, the County issued general obligation bonds for the following:

- Refinance and restructure 2002 Iowa Event Center bonds in the amount of \$51.1 million.
- Veterans Auditorium remodel in the amount of \$43 million.
- Housing grants, River Place capital improvements, 1907 Carpenter/Emergency Operations Center, and capital repair/replacement for a total amount of \$15.8 million.

## 25. NEW ACCOUNTING PRONOUNCEMENTS

As of June 30, 2010, the County adopted the following Governmental Accounting Standards Board (GASB) statement, which did not have a material effect on the financial statements:

- GASB Statement No. 51 (“GASB 51”), “*Accounting and Financial Reporting for Intangible Assets*”, issued July 2007, was effective for the County beginning with its fiscal year ending June 30, 2010. This Statement provides guidance regarding how to identify, account for and report intangible assets. The new standard characterizes an intangible asset as an asset that lacks physical substance, is nonfinancial in nature, and has an initial useful life extending beyond a single reporting period. Examples of intangible assets include easements, computer software, water rights, timber rights, patents and trademarks. This standard provides that intangible assets be classified as capital assets (except for those explicitly excluded from the scope of the new standard, such as capital leases). Relevant authoritative guidance for capital assets should be applied to these intangible assets.
- GASB Statement No. 53 (“GASB 53”), “*Accounting and Financial Reporting for Derivative Instruments*”, issued June 2008, was effective for the County beginning with its fiscal year ending June 30, 2010. This Statement will improve how state and local governments report information about derivative instruments in their financial statements. The Statement specifically requires governments to measure most derivative instruments at fair value in their financial statements that are prepared using the economic resources measurement focus and the accrual basis of accounting. The guidance in this Statement also addresses hedge accounting requirements.
- GASB Statement No. 58 (“GASB 58”), “*Accounting and Financial Reporting for Chapter 9 Bankruptcies*”, issued December 2009, was effective for the County beginning with its fiscal year ending June 30, 2010. The objective of this Statement is to provide accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. It requires governments to remeasure liabilities that are adjusted in bankruptcy when the bankruptcy court confirms a new payment plan.

As of June 30, 2010, 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. 54 (“GASB 54”), “*Fund Balance Reporting and Governmental Fund Type Definitions*”, issued March 2009, will be effective for the County beginning with its fiscal year ending June 30, 2011. This Statement is intended to improve the usefulness of information provided to financial report users about fund balances by providing clearer, more structured fund balance classifications, and by clarifying the definitions of existing governmental fund types. Fund balance information is among the most widely and frequently used information in state and local government financial reports. The GASB developed this standard to address the diversity of practice and the resulting lack of consistency that had evolved in fund balance reporting. To reduce confusion, the new standard establishes a hierarchy of fund balance classification based primarily on the extent to which a government is bound to observe spending constraints.

- GASB Statement No. 57 ("GASB 57"), "*OPEB Measurements by Agency Employers and Agency Multiple-Employer Plans*", issued December 2009, will be effective for the County beginning with its fiscal year ending June 30, 2012. The objective of this Statement is to address issues related to the use of the alternative use method and the frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit (OPEB) plans. In addition, this Statement clarifies that when actuarially determined OPEB measure are reported by an agency multiple-employer OPEB plan and its participating employers, those measures should be determined as of a common date and at a minimum frequency to satisfy the agency multi-employers OPEB plan's financial reporting requirements.
- GASB Statement No. 59 ("GASB 59"), "*Financial Instruments Omnibus*", issued June 2010, will be effective for the County beginning with its fiscal year ending June 30, 2011. The objective of this Statement is to update and improve existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice.

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

**POLK COUNTY, IOWA**

**Required Supplementary Information  
Schedule of Funding Progress  
For the Year Ended June 30, 2010**

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

See Note 22 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, 2010

	Original Budget	Amended Budget	Actual	Variance
<b>REVENUES:</b>				
Property taxes	\$ 118,572,008	\$ 118,427,158	\$ 119,011,709	\$ 584,551
Other County taxes	5,554,994	5,454,994	5,452,714	(2,280)
Interest and penalty on delinquent taxes	1,395,000	1,749,000	1,603,084	(145,916)
Intergovernmental	69,939,706	82,530,156	79,148,592	(3,381,564)
Licenses and permits	541,000	440,750	434,727	(6,023)
Charges for services	10,479,141	10,625,390	11,188,195	562,805
Use of money and property	5,796,780	5,003,696	5,364,725	361,029
Miscellaneous	1,968,947	3,045,817	2,356,191	(689,626)
General long-term debt proceeds	4,000,000	-	-	-
Proceeds from disposal of capital assets	165,000	1,449,230	1,376,279	(72,951)
Total receipts	<u>218,412,576</u>	<u>228,726,191</u>	<u>225,936,216</u>	<u>(2,789,975)</u>
<b>EXPENDITURES:</b>				
Current:				
Public safety and legal services	60,092,491	61,382,678	60,559,403	823,275
Physical health and social services	30,703,480	39,197,328	37,281,865	1,915,463
Mental health	51,381,904	52,444,366	52,073,559	370,807
County environment and education	15,322,769	14,041,789	12,553,196	1,488,593
Roads and transportation	9,710,380	10,376,090	10,223,201	152,889
Government services to residents	6,538,709	6,923,057	6,583,590	339,467
Administration	33,240,269	32,343,228	29,687,259	2,655,969
Nonprogram services	100,000	-	-	-
Debt service	13,173,861	13,835,135	13,835,037	98
Capital projects	11,618,918	19,777,822	13,382,154	6,395,668
Total disbursements	<u>231,882,781</u>	<u>250,321,493</u>	<u>236,179,264</u>	<u>14,142,229</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in (out)	<u>13,832,230</u>	<u>14,333,006</u>	<u>9,393,335</u>	<u>(4,939,671)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES - BUDGETARY BASIS</b>				
	<u>\$ 362,025</u>	<u>\$ (7,262,296)</u>	<u>(849,713)</u>	<u>\$ 6,412,583</u>
<b>RECONCILIATION TO GAAP BASIS:</b>				
Basis differences:				
Increase (decrease) in accrual basis assets			167,598	
(Increase) decrease in accrual basis liabilities			<u>(317,452)</u>	
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses - GAAP basis			(999,567)	
Fund balance at beginning of year - GAAP basis			47,673,527	
Changes in inventory reserves			<u>232,069</u>	
Fund balance at end of year - GAAP basis			<u>\$ 46,906,029</u>	

See Notes to Required Supplementary Information.

## POLK COUNTY, IOWA

### NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION BUDGETARY REPORTING FOR THE YEAR ENDED JUNE 30, 2010

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

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

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

A budget amendment must be prepared and adopted in the same manner as the original budget. The County budget was amended as prescribed and the original and final amended amounts are shown in the budgetary schedules. Supplemental appropriations are provided when unanticipated revenues become available or when unanticipated program expenditures are needed. During the year ended June 30, 2010 there were two supplemental appropriations resulting in an increase in total disbursements of \$18,438,712.

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 Joint Disaster Services, by the Joint Disaster Services Administration; 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.

**Sheriff Seized Property (State)** - Accounts for state proceeds of property seized through law enforcement activities.

**Sheriff Seized Property (Federal)** - Accounts for federal proceeds of property seized through law enforcement activities.

**Attorney Seized Property** - Accounts for property seized through law enforcement activities.

**Conservation Land Acquisition Trust** - Accounts for the assets held for County conservation land acquisition and capital improvements projects.

**Equipment Reserve** - Accounts for transfers from other funds earmarked for building repairs, vehicles and equipment expenditures.

**County Attorney Collection Incentive** – Accounts for state incentives for participating in the collection of fines.

**Community Betterment** - Accounts for transfers from Prairie Meadows Racetrack/Casino Enterprise Fund earmarked for family and human services.

**Secondary Roads** - Accounts for secondary road services provided by the County. Revenues are derived from State revenues and interfund transfers.

**County Recorder Records Management** - Accounts for recording fees which are earmarked for records management.

**Economic Development** - Accounts for various economic development projects.

**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.

**Treasurer Banking Reserve** – Accounts for revenue relating to the ATM machine in the Administration Building.

**REAP** - Accounts for monies received under the State Resource Enhancement and Protection Act.

**Housing Development** - Accounts for the revenues earmarked for housing development activities.

**Contingency Reserve** - Accounts for transfers from Prairie Meadows Racetrack/Casino Enterprise Fund and other revenues earmarked for future contingencies.

(continued)

## **Capital Projects Funds**

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

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

**Capital Improvements Projects** – Accounts for various capital improvements projects.

**Jail Facility** – Accounts for the construction of the new jail facility.

## **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.

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

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

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

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**POLK COUNTY, IOWA**

**Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2010**

	<b>Rural Services</b>	<b>Sheriff Seized Property (State)</b>	<b>Sheriff Seized Property (Federal)</b>	<b>Attorney Seized Property</b>	<b>Conservation Land Acquisition Trust</b>
<b>ASSETS</b>					
Cash and pooled investments	\$ 1,689,825	\$ 87,923	\$ 105,036	\$ 405,525	\$ -
Receivables (net of allowances for uncollectibles):					
Taxes	17,915	-	-	-	-
Succeeding year property taxes	6,934,344	-	-	-	-
Special assessments	-	-	-	-	-
Accounts	14,112	-	-	-	-
Notes	-	-	-	-	-
Due from other funds	38,332	-	-	-	-
Due from other governments	-	-	1,360	38,917	1,723,264
Advances to other funds	-	-	-	-	-
Inventories	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 8,694,528</b>	<b>\$ 87,923</b>	<b>\$ 106,396</b>	<b>\$ 444,442</b>	<b>\$ 1,723,264</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 18,404	\$ -	\$ 8,882	\$ -	\$ 248,644
Contract/retainage payable	-	-	-	-	-
Wages payable	9,949	-	-	1,736	-
Payroll taxes payable	19,597	-	-	247	-
Due to other funds	-	-	-	-	65,613
Deferred revenues	55,841	-	-	-	1,298,538
Succeeding year property taxes deferred revenues	6,934,344	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>7,038,135</b>	<b>-</b>	<b>8,882</b>	<b>1,983</b>	<b>1,612,795</b>
<b>FUND BALANCES</b>					
Reserved for advances to other funds	-	-	-	-	-
Reserved for noncurrent notes receivable	-	-	-	-	-
Reserved for inventory of supplies	-	-	-	-	-
Unreserved, designated (Note 12)	-	-	-	-	-
Unreserved, undesignated	1,656,393	87,923	97,514	442,459	110,469
<b>TOTAL FUND BALANCES</b>	<b>1,656,393</b>	<b>87,923</b>	<b>97,514</b>	<b>442,459</b>	<b>110,469</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 8,694,528</b>	<b>\$ 87,923</b>	<b>\$ 106,396</b>	<b>\$ 444,442</b>	<b>\$ 1,723,264</b>

Special Revenue								
Equipment Reserve	County Attorney Collection Incentive	Community Betterment	Secondary Roads	County Recorder Records Management	Economic Development	Township Fire Protection	Treasurer Banking Reserve	
\$ -	\$ 57,267	\$ -	\$ 177,716	\$ 214,291	\$ 674,521	\$ 4,388	\$ 11,420	
-	-	-	-	-	-	90	-	
-	-	-	-	-	-	656,370	-	
-	-	-	-	-	-	-	-	
3,070	-	-	2,635	-	-	-	-	
-	-	-	-	-	3,601,477	-	-	
-	-	-	-	524	-	3,608	-	
19,517	20,082	-	313,039	-	-	-	-	
-	-	-	-	-	8,000	-	-	
-	-	-	584,177	-	-	-	-	
\$ 22,587	\$ 77,349	\$ -	\$ 1,077,567	\$ 214,815	\$ 4,283,998	\$ 664,456	\$ 11,420	
\$ 136,426	\$ -	\$ 55,233	\$ 3,128,025	\$ -	\$ -	\$ -	\$ -	
-	-	-	-	-	-	-	-	
-	-	-	130,856	-	-	-	-	
-	-	-	-	-	-	-	-	
1,122,264	-	-	-	-	-	-	-	
19,517	-	-	179,231	-	-	3,691	-	
-	-	-	-	-	-	656,370	-	
1,278,207	-	55,233	3,438,112	-	-	660,061	-	
-	-	-	-	-	8,000	-	-	
-	-	-	-	-	2,903,659	-	-	
-	-	-	584,177	-	-	-	-	
-	-	-	-	-	1,372,339	-	11,420	
(1,255,620)	77,349	(55,233)	(2,944,722)	214,815	-	4,395	-	
(1,255,620)	77,349	(55,233)	(2,360,545)	214,815	4,283,998	4,395	11,420	
\$ 22,587	\$ 77,349	\$ -	\$ 1,077,567	\$ 214,815	\$ 4,283,998	\$ 664,456	\$ 11,420	

(continued)

**POLK COUNTY, IOWA**

**Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2010**

	<b>REAP</b>	<b>Housing Development</b>	<b>Contingency Reserve</b>	<b>Total Special Revenue</b>	<b>Courthouse Annex</b>
<b>ASSETS</b>					
Cash and pooled investments	\$ 135,578	\$ -	\$ 8,115,023	\$ 11,678,513	\$ -
Receivables (net of allowances for uncollectibles):					
Taxes	-	-	-	18,005	-
Succeeding year property taxes	-	-	-	7,590,714	-
Special assessments	-	-	-	-	-
Accounts	-	-	-	19,817	-
Notes	-	-	-	3,601,477	-
Due from other funds	-	-	-	42,464	-
Due from other governments	-	-	-	2,116,179	-
Advances to other funds	-	-	-	8,000	-
Inventories	-	-	-	584,177	-
<b>TOTAL ASSETS</b>	<b>\$ 135,578</b>	<b>\$ -</b>	<b>\$ 8,115,023</b>	<b>\$ 25,659,346</b>	<b>\$ -</b>
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ 3,595,614	\$ 29,336
Contract/retainage payable	-	-	-	-	-
Wages payable	-	-	-	142,541	-
Payroll taxes payable	-	-	-	19,844	-
Due to other funds	-	2,500,000	-	3,687,877	-
Deferred revenues	-	-	-	1,556,818	-
Succeeding year property taxes deferred revenues	-	-	-	7,590,714	-
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>2,500,000</b>	<b>-</b>	<b>16,593,408</b>	<b>29,336</b>
<b>FUND BALANCES</b>					
Reserved for advances to other funds	-	-	-	8,000	-
Reserved for noncurrent notes receivable	-	-	-	2,903,659	-
Reserved for inventory of supplies	-	-	-	584,177	-
Unreserved, designated (Note 12)	-	-	8,115,023	9,498,782	-
Unreserved, undesignated	135,578	(2,500,000)	-	(3,928,680)	(29,336)
<b>TOTAL FUND BALANCES</b>	<b>135,578</b>	<b>(2,500,000)</b>	<b>8,115,023</b>	<b>9,065,938</b>	<b>(29,336)</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 135,578</b>	<b>\$ -</b>	<b>\$ 8,115,023</b>	<b>\$ 25,659,346</b>	<b>\$ -</b>

Capital Projects			Debt Service				Total Debt Service	Total Nonmajor Governmental Funds
Capital Improvements Projects	Jail Facility	Total Capital Projects	NW 84th Water Main Debt Service	Hamilton Drain Debt Service	Debt Service			
\$ -	\$ 71,454	\$ 71,454	\$ 1	\$ -	\$ 596,356	\$ 596,357	12,346,324	
-	-	-	-	-	38,188	38,188	56,193	
-	-	-	-	-	11,981,167	11,981,167	19,571,881	
-	-	-	-	4,330	-	4,330	4,330	
-	-	-	-	-	-	-	19,817	
-	-	-	-	-	-	-	3,601,477	
-	-	-	-	-	66,744	66,744	109,208	
332,942	-	332,942	-	-	-	-	2,449,121	
-	-	-	-	-	-	-	8,000	
-	-	-	-	-	-	-	584,177	
\$ 332,942	\$ 71,454	\$ 404,396	\$ 1	\$ 4,330	\$ 12,682,455	\$ 12,686,786	38,750,528	
\$ 223,797	\$ -	\$ 253,133	\$ -	\$ -	\$ -	\$ -	3,848,747	
173,444	-	173,444	-	-	-	-	173,444	
-	-	-	-	-	-	-	142,541	
-	-	-	-	-	-	-	19,844	
1,042,970	-	1,042,970	-	-	-	-	4,730,847	
229,747	-	229,747	-	4,330	103,265	107,595	1,894,160	
-	-	-	-	-	11,981,167	11,981,167	19,571,881	
1,669,958	-	1,699,294	-	4,330	12,084,432	12,088,762	30,381,464	
-	-	-	-	-	-	-	8,000	
-	-	-	-	-	-	-	2,903,659	
-	-	-	-	-	-	-	584,177	
-	-	-	-	-	-	-	9,498,782	
(1,337,016)	71,454	(1,294,898)	1	-	598,023	598,024	(4,625,554)	
(1,337,016)	71,454	(1,294,898)	1	-	598,023	598,024	8,369,064	
\$ 332,942	\$ 71,454	\$ 404,396	\$ 1	\$ 4,330	\$ 12,682,455	\$ 12,686,786	38,750,528	

(concluded)

**POLK COUNTY, IOWA**

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2010**

	<b>Rural Services</b>	<b>Sheriff Seized Property (State)</b>	<b>Sheriff Seized Property (Federal)</b>	<b>Attorney Seized Property</b>	<b>Conservation Land Acquisition Trust</b>
<b>REVENUES:</b>					
Property taxes	\$ 6,406,668	\$ -	\$ -	\$ -	\$ -
Other County taxes	209,765	-	-	-	-
Intergovernmental	157,027	28,000	-	-	2,553,264
Licenses and permits	-	-	-	-	-
Charges for services	231,523	-	-	-	-
Use of money and property	-	639	1,531	2,391	251
Miscellaneous	36,771	-	17,941	133,812	2,625
<b>TOTAL REVENUES</b>	<b>7,041,754</b>	<b>28,639</b>	<b>19,472</b>	<b>136,203</b>	<b>2,556,140</b>
<b>EXPENDITURES:</b>					
Current:					
Public safety and legal services	16,308	68,984	174,634	106,587	-
Physical health and social services	-	-	-	-	-
County environment and education	937,344	-	-	-	-
Roads and transportation	1,400,922	-	-	-	-
Government services to residents	-	-	-	-	-
Administration	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Capital projects:					
Roadway construction	-	-	-	-	-
Conservation land acquisition and development	-	-	-	-	2,878,487
Other capital projects	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>2,354,574</b>	<b>68,984</b>	<b>174,634</b>	<b>106,587</b>	<b>2,878,487</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>4,687,180</b>	<b>(40,345)</b>	<b>(155,162)</b>	<b>29,616</b>	<b>(322,347)</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Capital transfer in	-	-	-	-	-
Capital transfer out	-	-	(150,000)	-	-
Transfers in	-	-	-	-	467,000
Transfers out	(4,671,656)	-	-	(47,978)	-
Issuance of capital leases	-	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(4,671,656)</b>	<b>-</b>	<b>(150,000)</b>	<b>(47,978)</b>	<b>467,000</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>15,524</b>	<b>(40,345)</b>	<b>(305,162)</b>	<b>(18,362)</b>	<b>144,653</b>
<b>FUND BALANCE, BEGINNING</b>	<b>1,640,869</b>	<b>128,268</b>	<b>402,676</b>	<b>460,821</b>	<b>(34,184)</b>
Change in inventory reserve	-	-	-	-	-
<b>FUND BALANCE, ENDING</b>	<b>\$ 1,656,393</b>	<b>\$ 87,923</b>	<b>\$ 97,514</b>	<b>\$ 442,459</b>	<b>\$ 110,469</b>

Special Revenue									
Equipment Reserve	County Attorney Collection Incentive	Community Betterment	Secondary Roads	County Recorder Records Management	Economic Development	Township Fire Protection	Treasurer Banking Reserve	REAP	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 576,086	\$ -	\$ -	
-	-	-	-	-	-	20,672	-	-	
37,539	77,349	-	5,346,194	-	-	16,891	-	178,026	
-	-	-	45,174	-	-	-	-	-	
-	-	-	256,761	85,709	-	-	930	-	
-	-	-	-	1,007	246	-	-	617	
4,235	-	-	17,290	-	-	-	-	-	
41,774	77,349	-	5,665,419	86,716	246	613,649	930	178,643	
-	19,406	-	-	-	-	615,845	-	-	
-	-	422,800	-	-	-	-	-	-	
-	-	-	-	-	976,759	-	-	-	
-	-	-	10,605,435	-	-	-	-	-	
-	-	-	-	60,392	-	-	-	-	
-	-	5,795,006	-	-	-	-	3,524	-	
-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	
-	-	-	1,757,433	-	-	-	-	-	
-	-	-	-	-	-	-	-	157,780	
2,592,035	-	-	-	-	-	-	-	-	
2,592,035	19,406	6,217,806	12,362,868	60,392	976,759	615,845	3,524	157,780	
(2,550,261)	57,943	(6,217,806)	(6,697,449)	26,324	(976,513)	(2,196)	(2,594)	20,863	
-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	
1,039,720	-	6,415,589	6,483,634	-	1,125,000	-	-	-	
-	-	-	-	-	-	-	-	-	
-	-	-	1,854,893	-	-	-	-	-	
17,227	-	-	29,647	-	-	-	-	-	
1,056,947	-	6,415,589	8,368,174	-	1,125,000	-	-	-	
(1,493,314)	57,943	197,783	1,670,725	26,324	148,487	(2,196)	(2,594)	20,863	
237,694	19,406	(253,016)	(4,025,850)	188,491	4,135,511	6,591	14,014	114,715	
-	-	-	(5,420)	-	-	-	-	-	
\$ (1,255,620)	\$ 77,349	\$ (55,233)	\$ (2,360,545)	\$ 214,815	\$ 4,283,998	\$ 4,395	\$ 11,420	\$ 135,578	

(continued)

**POLK COUNTY, IOWA**

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2010**

			Capital Projects		
	Housing Development	Contingency Reserve	Total Special Revenues	Courthouse Annex	Capital Improvements Projects
<b>REVENUES:</b>					
Property taxes	\$ -	\$ -	\$ 6,982,754	\$ -	\$ -
Other County taxes	-	-	230,437	-	-
Intergovernmental	-	-	8,394,290	-	944,893
Licenses and permits	-	-	45,174	-	-
Charges for services	-	-	574,923	-	-
Use of money and property	-	-	6,682	-	-
Miscellaneous	-	-	212,674	-	1,299
<b>TOTAL REVENUES</b>	-	-	16,446,934	-	946,192
<b>EXPENDITURES:</b>					
Current:					
Public safety and legal services	-	-	1,001,764	-	-
Physical health and social services	-	-	422,800	-	-
County environment and education	2,500,000	-	4,414,103	-	-
Roads and transportation	-	-	12,006,357	-	-
Government services to residents	-	-	60,392	-	-
Administration	-	-	5,798,530	-	-
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Capital projects:					
Roadway construction	-	-	1,757,433	-	-
Conservation land acquisition and development	-	-	3,036,267	-	-
Other capital projects	-	-	2,592,035	29,336	3,179,185
<b>TOTAL EXPENDITURES</b>	2,500,000	-	31,089,681	29,336	3,179,185
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(2,500,000)	-	(14,642,747)	(29,336)	(2,232,993)
<b>OTHER FINANCING SOURCES (USES):</b>					
Capital transfer in	-	-	-	-	400,000
Capital transfer out	-	-	(150,000)	-	-
Transfers in	-	1,111,879	16,642,822	-	3,037
Transfers out	-	-	(4,719,634)	-	-
Issuance of capital leases	-	-	1,854,893	-	-
Proceeds from sale of capital assets	-	-	46,874	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	-	1,111,879	13,674,955	-	403,037
<b>NET CHANGE IN FUND BALANCES</b>	(2,500,000)	1,111,879	(967,792)	(29,336)	(1,829,956)
<b>FUND BALANCE, BEGINNING</b>	-	7,003,144	10,039,150	-	492,940
Change in inventory reserve	-	-	(5,420)	-	-
<b>FUND BALANCE, ENDING</b>	\$ (2,500,000)	\$ 8,115,023	\$ 9,065,938	\$ (29,336)	\$ (1,337,016)

Jail Facility	Total Capital Projects	Debt Service			Total Debt Service	Total Nonmajor Governmental Funds
		NW 84th Water Main Debt Service	Hamilton Drain Debt Service	Debt Service		
\$ -	\$ -	\$ -	\$ -	\$ 11,339,899	\$ 18,322,653	
-	-	-	-	375,373	605,810	
-	944,893	40,074	-	239,379	9,618,636	
-	-	-	-	-	45,174	
-	-	-	-	-	574,923	
1,208	1,208	29	-	15,289	23,208	
165	1,464	8,186	126	-	222,450	
1,373	947,565	48,289	126	11,969,940	29,412,854	
-	-	-	-	-	1,001,764	
-	-	-	-	-	422,800	
-	-	-	-	-	4,414,103	
-	-	-	-	-	12,006,357	
-	-	-	-	-	60,392	
-	-	-	-	-	5,798,530	
-	-	39,000	-	8,450,000	8,489,000	
-	-	16,073	-	4,260,616	4,276,689	
-	-	-	-	-	1,757,433	
-	-	-	-	-	3,036,267	
190,880	3,399,401	-	-	-	5,991,436	
190,880	3,399,401	55,073	-	12,710,616	47,254,771	
(189,507)	(2,451,836)	(6,784)	126	(740,676)	(17,841,917)	
-	400,000	-	-	-	400,000	
-	-	-	-	-	(150,000)	
-	3,037	-	-	2,080	16,647,939	
(1,954)	(1,954)	-	(126)	-	(4,721,714)	
-	-	-	-	-	1,854,893	
-	-	-	-	-	46,874	
(1,954)	401,083	-	(126)	2,080	14,077,992	
(191,461)	(2,050,753)	(6,784)	-	(738,596)	(3,763,925)	
262,915	755,855	6,785	-	1,336,619	12,138,409	
-	-	-	-	-	(5,420)	
\$ 71,454	\$ (1,294,898)	\$ 1	\$ -	\$ 598,023	\$ 8,369,064	

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## NONMAJOR ENTERPRISE FUNDS

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

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

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

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

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

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

**POLK COUNTY, IOWA**

**Combining Statement of Net Assets  
Nonmajor Enterprise Funds  
June 30, 2010**

	<b>Air Pollution</b>	<b>Sanitary Treatment Works</b>	<b>Jester Park Golf Course</b>	<b>Hamilton Urban Drainage District</b>	<b>Urban Sewer</b>	<b>Total Nonmajor Enterprise Funds</b>
<b>ASSETS</b>						
Current assets:						
Cash and pooled investments	\$ 364,124	\$ 589,930	\$ 698,550	\$ 1,313,831	\$ 2,450,693	\$ 5,417,128
Receivables (net of allowances for uncollectibles):						
Special assessments	-	260,839	-	-	-	260,839
Accounts	-	2,401,672	44,281	-	-	2,445,953
Notes	-	-	-	-	5,080,624	5,080,624
Due from other governments	203,050	76,268	-	-	-	279,318
Total current assets	567,174	3,328,709	742,831	1,313,831	7,531,317	13,483,862
Noncurrent assets:						
Lease/debt origination costs	-	9,210	-	-	62,885	72,095
Capital assets not being depreciated	-	11,050,925	76,593	996,553	-	12,124,071
Capital assets being depreciated, net	170,625	8,968,415	468,881	5,133,245	-	14,741,166
Total noncurrent assets	170,625	20,028,550	545,474	6,129,798	62,885	26,937,332
<b>TOTAL ASSETS</b>	737,799	23,357,259	1,288,305	7,443,629	7,594,202	40,421,194
<b>LIABILITIES</b>						
Current liabilities:						
Accounts payable	-	1,019,757	-	-	-	1,019,757
Wages payable	19,124	-	-	-	-	19,124
Payroll taxes payable	2,698	-	-	-	-	2,698
Interest payable	-	26,064	-	-	15,994	42,058
General obligation bonds payable	-	194,695	-	-	204,484	399,179
Notes payable	-	172,000	-	-	-	172,000
Compensated absences payable	9,780	-	-	-	-	9,780
Total current liabilities	31,602	1,412,516	-	-	220,478	1,664,596
Noncurrent liabilities:						
General obligation bonds payable	-	405,000	-	-	4,477,265	4,882,265
Notes payable	-	10,298,099	-	-	-	10,298,099
Compensated absences payable	60,792	-	-	-	-	60,792
Total noncurrent liabilities	60,792	10,703,099	-	-	4,477,265	15,241,156
<b>TOTAL LIABILITIES</b>	92,394	12,115,615	-	-	4,697,743	16,905,752
<b>NET ASSETS</b>						
Invested in capital assets, net of related debt	170,625	10,510,092	545,474	6,129,798	-	17,355,989
Unrestricted	474,780	731,552	742,831	1,313,831	2,896,459	6,159,453
<b>TOTAL NET ASSETS</b>	\$ 645,405	\$ 11,241,644	\$ 1,288,305	\$ 7,443,629	\$ 2,896,459	\$ 23,515,442

**POLK COUNTY, IOWA**

**Combining Statement of Revenues, Expenses, and Changes in Net Assets  
Nonmajor Enterprise Funds  
For the Year Ended June 30, 2010**

	<b>Air Pollution</b>	<b>Sanitary Treatment Works</b>	<b>Jester Park Golf Course</b>	<b>Hamilton Urban Drainage District</b>	<b>Urban Sewer</b>	<b>Total Nonmajor Enterprise Funds</b>
<b>OPERATING REVENUES:</b>						
Charges for goods and services:						
Charges for services	\$ 245,178	\$ 750,284	\$ -	\$ 123,320	\$ -	\$ 1,118,782
Intergovernmental revenues	765,185	364,846	-	-	-	1,130,031
Commissions income	-	-	235,021	-	-	235,021
Miscellaneous	-	22,571	1,451	4,663	-	28,685
Total operating revenues	<u>1,010,363</u>	<u>1,137,701</u>	<u>236,472</u>	<u>127,983</u>	<u>-</u>	<u>2,512,519</u>
<b>OPERATING EXPENSES:</b>						
Cost of goods and services:						
Personal services	820,329	29,213	4,020	19,279	-	872,841
Supplies	47,561	-	10,177	-	-	57,738
Professional services	-	-	19	65,378	-	65,397
Other services/charges	80,948	911,490	5,801	11,714	-	1,009,953
Miscellaneous	-	9,870	-	4,637	-	14,507
Amortization of discount (premium)	-	3,011	-	-	4,446	7,457
Depreciation	41,916	299,745	45,879	229,916	-	617,456
Total operating expenses	<u>990,754</u>	<u>1,253,329</u>	<u>65,896</u>	<u>330,924</u>	<u>4,446</u>	<u>2,645,349</u>
<b>OPERATING INCOME (LOSS)</b>	<u>19,609</u>	<u>(115,628)</u>	<u>170,576</u>	<u>(202,941)</u>	<u>(4,446)</u>	<u>(132,830)</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>						
Interest revenue	2,788	549	4,559	6,578	13,853	28,327
Interest expense	-	(177,753)	-	-	(208,490)	(386,243)
Total nonoperating revenues (expenses)	<u>2,788</u>	<u>(177,204)</u>	<u>4,559</u>	<u>6,578</u>	<u>(194,637)</u>	<u>(357,916)</u>
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS</b>	<u>22,397</u>	<u>(292,832)</u>	<u>175,135</u>	<u>(196,363)</u>	<u>(199,083)</u>	<u>(490,746)</u>
<b>CAPITAL CONTRIBUTIONS AND TRANSFERS:</b>						
Capital transfer out	(250,000)	-	-	-	-	(250,000)
Transfers in	-	1,308,783	-	-	-	1,308,783
Transfers out	-	-	(467,000)	-	-	(467,000)
Total capital contributions and transfers	<u>(250,000)</u>	<u>1,308,783</u>	<u>(467,000)</u>	<u>-</u>	<u>-</u>	<u>591,783</u>
<b>CHANGE IN NET ASSETS</b>	<u>(227,603)</u>	<u>1,015,951</u>	<u>(291,865)</u>	<u>(196,363)</u>	<u>(199,083)</u>	<u>101,037</u>
<b>TOTAL NET ASSETS - BEGINNING</b>	<u>873,008</u>	<u>10,225,693</u>	<u>1,580,170</u>	<u>7,639,992</u>	<u>3,095,542</u>	<u>23,414,405</u>
<b>TOTAL NET ASSETS - ENDING</b>	<u>\$ 645,405</u>	<u>\$ 11,241,644</u>	<u>\$ 1,288,305</u>	<u>\$ 7,443,629</u>	<u>\$ 2,896,459</u>	<u>\$ 23,515,442</u>

**POLK COUNTY, IOWA**

**Combining Statement of Cash Flows  
Nonmajor Enterprise Funds  
For the Year Ended June 30, 2010**

	<b>Air Pollution</b>	<b>Sanitary Treatment Works</b>	<b>Jester Park Golf Course</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash received from customers	\$ 245,178	\$ 1,107,691	\$ 237,313
Cash received from intergovernmental revenues	756,104	-	-
Cash paid to suppliers for goods and services	(128,509)	(260,753)	(15,997)
Cash paid to employees	(814,908)	(29,213)	(61,881)
Net cash flows from operating activities	<u>57,865</u>	<u>817,725</u>	<u>159,435</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Transfers in	-	1,308,783	-
Transfers out	-	-	(467,000)
Net cash flows from noncapital financing activities	<u>-</u>	<u>1,308,783</u>	<u>(467,000)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Proceeds from general obligation debt	-	3,439,426	-
Principal paid on long-term debt	-	(362,000)	-
Interest paid on long-term debt	-	(153,875)	-
Repayments on capital note receivable	-	-	-
Capital transfers out	(250,000)	-	-
Purchase of capital assets	(102,056)	(4,765,689)	-
Net cash flows from capital and related financing activities	<u>(352,056)</u>	<u>(1,842,138)</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest received	2,788	549	4,559
Net cash flows from investing activities	<u>2,788</u>	<u>549</u>	<u>4,559</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(291,403)</b>	<b>284,919</b>	<b>(303,006)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>655,527</b>	<b>305,011</b>	<b>1,001,556</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 364,124</b>	<b>\$ 589,930</b>	<b>\$ 698,550</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Operating income (loss)	\$ 19,609	\$ (115,628)	\$ 170,576
Components of operating income (loss) not included in operating activities			
Depreciation	41,916	299,745	45,879
Amortization	-	3,011	-
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:			
(Increase) decrease in special assessments receivable	-	37,064	-
(Increase) decrease in accounts receivable	-	(91,954)	841
(Increase) decrease in due from other governments	(9,081)	24,880	-
Increase (decrease) in accounts payable	-	660,607	-
Increase (decrease) in wages payable	(1,039)	-	(1,865)
Increase (decrease) in payroll taxes payable	198	-	(267)
Increase (decrease) in compensated absences payable	6,262	-	(55,729)
Net cash flows from operating activities	<u>\$ 57,865</u>	<u>\$ 817,725</u>	<u>\$ 159,435</u>
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Acquisition of CIP through notes payable	\$ -	\$ 2,199,663	\$ -

<b>Hamilton Urban Drainage District</b>	<b>Urban Sewer</b>	<b>Total Nonmajor Enterprise Funds</b>
\$ 147,352	\$ -	\$ 1,737,534
-	-	756,104
(81,729)	-	(486,988)
(19,279)	-	(925,281)
<u>46,344</u>	<u>-</u>	<u>1,081,369</u>
-	-	1,308,783
-	-	(467,000)
<u>-</u>	<u>-</u>	<u>841,783</u>
-	-	3,439,426
-	(195,000)	(557,000)
-	(209,110)	(362,985)
-	187,963	187,963
-	-	(250,000)
-	(24,630)	(4,892,375)
<u>-</u>	<u>(240,777)</u>	<u>(2,434,971)</u>
6,578	13,853	28,327
<u>6,578</u>	<u>13,853</u>	<u>28,327</u>
52,922	(226,924)	(483,492)
<u>1,260,909</u>	<u>2,677,617</u>	<u>5,900,620</u>
<u>\$ 1,313,831</u>	<u>\$ 2,450,693</u>	<u>\$ 5,417,128</u>

\$ (202,941)	\$ (4,446)	\$ (132,830)
229,916	-	617,456
-	4,446	7,457
-	-	37,064
-	-	(91,113)
19,369	-	35,168
-	-	660,607
-	-	(2,904)
-	-	(69)
-	-	(49,467)
<u>\$ 46,344</u>	<u>\$ -</u>	<u>\$ 1,081,369</u>

\$ - \$ - \$ 2,199,663

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## **INTERNAL SERVICE FUNDS**

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

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

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

**POLK COUNTY, IOWA**

**Combining Statement of Net Assets  
Internal Service Funds  
June 30, 2010**

	<b>Employee Insurance</b>	<b>Risk Management</b>	<b>Total</b>
<b>ASSETS:</b>			
Current assets:			
Cash and pooled investments	\$ 7,415,316	\$ 3,800,000	\$ 11,215,316
Accounts receivables	113,580	-	113,580
<b>TOTAL ASSETS</b>	<b>7,528,896</b>	<b>3,800,000</b>	<b>11,328,896</b>
<b>LIABILITIES:</b>			
Current liabilities:			
Accounts payable	130,000	-	130,000
Estimated liability for claims and judgments	1,608,700	-	1,608,700
Total current liabilities	1,738,700	-	1,738,700
Noncurrent liabilities:			
Post employment liability	2,401,000	-	2,401,000
Total noncurrent liabilities	2,401,000	-	2,401,000
<b>TOTAL LIABILITIES</b>	<b>4,139,700</b>	<b>-</b>	<b>4,139,700</b>
<b>NET ASSETS</b>			
Unrestricted (Note 12)	3,389,196	3,800,000	7,189,196
<b>TOTAL NET ASSETS</b>	<b>\$ 3,389,196</b>	<b>\$ 3,800,000</b>	<b>\$ 7,189,196</b>

**POLK COUNTY, IOWA**

**Combining Statement of Revenues, Expenses, and  
Changes in Net Assets  
Internal Service Funds  
For the Year Ended June 30, 2010**

	<b>Employee Insurance</b>	<b>Risk Management</b>	<b>Total</b>
<b>REVENUES:</b>			
Charges for services	\$ 14,349,703	\$ -	\$ 14,349,703
Miscellaneous	13,477	-	13,477
Total revenues	<u>14,363,180</u>	-	<u>14,363,180</u>
<b>EXPENSES:</b>			
Supplies	55,044	-	55,044
Professional services	2,500	-	2,500
Other services/charges	102,284	-	102,284
Insurance	15,549,720	-	15,549,720
Total expenses	<u>15,709,548</u>	-	<u>15,709,548</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(1,346,368)</u>	-	<u>(1,346,368)</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>			
Interest revenue	35,422	-	35,422
Total nonoperating revenues (expenses)	<u>35,422</u>	-	<u>35,422</u>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<u>(1,310,946)</u>	-	<u>(1,310,946)</u>
<b>TRANSFERS:</b>			
Transfers in	-	3,158,665	3,158,665
Transfers out	(20,000)	(3,158,665)	(3,178,665)
Total transfers	<u>(20,000)</u>	-	<u>(20,000)</u>
<b>CHANGE IN NET ASSETS</b>	<u>(1,330,946)</u>	-	<u>(1,330,946)</u>
<b>NET ASSETS, BEGINNING</b>	<u>4,720,142</u>	<u>3,800,000</u>	<u>8,520,142</u>
<b>NET ASSETS, ENDING</b>	<u>\$ 3,389,196</u>	<u>\$ 3,800,000</u>	<u>\$ 7,189,196</u>

**POLK COUNTY, IOWA**

**Combining Statement of Cash Flows  
Internal Service Funds  
For the Year Ended June 30, 2010**

	<b>Employee Insurance</b>	<b>Risk Management</b>	<b>Total</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash received from customers	\$ 14,371,118	\$ -	\$ 14,371,118
Cash paid to suppliers for goods and services	(14,227,736)	-	(14,227,736)
Net cash flows from operating activities	<u>143,382</u>	<u>-</u>	<u>143,382</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Transfers in	-	3,158,665	3,158,665
Transfers out	(20,000)	(3,158,665)	(3,178,665)
Net cash flows from noncapital financing activities	<u>(20,000)</u>	<u>-</u>	<u>(20,000)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest received	35,422	-	35,422
Net cash flows from investing activities	<u>35,422</u>	<u>-</u>	<u>35,422</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	158,804	-	158,804
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>7,256,512</u>	<u>3,800,000</u>	<u>11,056,512</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 7,415,316</u>	<u>\$ 3,800,000</u>	<u>\$ 11,215,316</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Operating income (loss)	\$ (1,346,368)	\$ -	\$ (1,346,368)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:			
(Increase) decrease in accounts receivable	2,984	-	2,984
(Increase) decrease in due from other governments	4,954	-	4,954
Increase (decrease) in accounts payable	4,000	-	4,000
Increase (decrease) in estimated liability for claims and judgments	416,720	-	416,720
Increase (decrease) in post employment liability	1,061,092	-	1,061,092
Net cash flows from operating activities	<u>\$ 143,382</u>	<u>\$ -</u>	<u>\$ 143,382</u>

## **AGENCY FUNDS**

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

- Trust & Agency Treasurer
- Trust & Agency Trust Funds Held
- County Assessor Expense
- County Assessor Special Appraisal
- E911 Service
- GIMS Implementation
- Joint Disaster Services
- Employee Activities
- Seized Funds Unforfeited
- Mine Task Force

**POLK COUNTY, IOWA**

**Combining Statement of Assets and Liabilities  
Agency Funds  
June 30, 2010**

	<b>Trust &amp; Agency Treasurer</b>	<b>Trust &amp; Agency Trust Funds Held</b>	<b>County Assessor Expense</b>	<b>County Assessor Special Appraisal</b>	<b>E911 Service</b>
<b>ASSETS:</b>					
Cash and pooled investments	\$ 18,018,199	\$ 703,781	\$ 2,403,041	\$ 428,655	\$ 3,990,445
Receivables (net of allowances for uncollectibles):					
Taxes	2,295,442	646	15,396	1,765	-
Special assessments	11,412,543	5,280	-	-	-
Accounts	-	-	1,470	-	544,842
Due from other governments	-	7,758	-	-	80,481
<b>TOTAL ASSETS</b>	<b>\$ 31,726,184</b>	<b>\$ 717,465</b>	<b>\$ 2,419,907</b>	<b>\$ 430,420</b>	<b>\$ 4,615,768</b>
<b>LIABILITIES:</b>					
Accounts payable	\$ 892	\$ -	\$ -	\$ 32,110	\$ -
Wages payable	-	-	91,567	-	-
Payroll taxes payable	137,645	-	12,954	-	-
Due to other funds	1,301	-	-	-	-
Due to other governments	31,586,346	357,633	1,655,189	398,310	4,615,768
Advances from other funds	-	23,400	-	-	-
Trusts payable	-	336,432	-	-	-
Compensated absences payable	-	-	567,197	-	-
Post employment liability	-	-	93,000	-	-
<b>TOTAL LIABILITIES</b>	<b>\$ 31,726,184</b>	<b>\$ 717,465</b>	<b>\$ 2,419,907</b>	<b>\$ 430,420</b>	<b>\$ 4,615,768</b>

<b>GIMS Implementation</b>	<b>Joint Disaster Services</b>	<b>Employee Activities</b>	<b>Seized Funds Unforfeited</b>	<b>Mine Task Force</b>	<b>Total Agency Funds</b>
\$ 686,185	\$ -	\$ 5,921	\$ 228,873	\$ 589,572	\$ 27,054,672
-	-	-	-	-	2,313,249
-	-	-	-	-	11,417,823
-	4,360	-	-	-	550,672
-	128,234	-	-	-	216,473
<b>\$ 686,185</b>	<b>\$ 132,594</b>	<b>\$ 5,921</b>	<b>\$ 228,873</b>	<b>\$ 589,572</b>	<b>\$ 41,552,889</b>

\$ -	\$ 19,508	\$ -	\$ -	\$ -	\$ 52,510
-	5,986	-	-	-	97,553
-	835	-	-	-	151,434
-	73,289	-	-	-	74,590
686,185	10,503	-	228,873	589,572	40,128,379
-	-	-	-	-	23,400
-	-	5,921	-	-	342,353
-	22,473	-	-	-	589,670
-	-	-	-	-	93,000
<b>\$ 686,185</b>	<b>\$ 132,594</b>	<b>\$ 5,921</b>	<b>\$ 228,873</b>	<b>\$ 589,572</b>	<b>\$ 41,552,889</b>

# POLK COUNTY, IOWA

## Combining Statement of Changes in Assets and Liabilities Agency Funds For the Year Ended June 30, 2010

	Balance July 1, 2009	Additions	Deductions	Balance June 30, 2010
<b>AGENCY FUNDS:</b>				
<b>ASSETS:</b>				
Cash and pooled investments	\$ 29,222,507	\$ -	\$ 2,167,835	\$ 27,054,672
Receivables:				
Taxes	2,196,002	117,247	-	2,313,249
Special assessments	10,379,126	1,038,697	-	11,417,823
Accounts	595,199	-	44,527	550,672
Due from other governments	411,542	-	195,069	216,473
<b>TOTAL ASSETS</b>	<b>\$ 42,804,376</b>	<b>\$ 1,155,944</b>	<b>\$ 2,407,431</b>	<b>\$ 41,552,889</b>
<b>LIABILITIES:</b>				
Accounts payable	\$ 36,603	\$ 15,907	\$ -	\$ 52,510
Wages payable	87,353	10,200	-	97,553
Payroll taxes payable	11,884	139,550	-	151,434
Due to other funds	289,543	-	214,953	74,590
Due to other governments	41,412,421	-	1,284,042	40,128,379
Advances from other funds	35,100	-	11,700	23,400
Trusts payable	342,353	-	-	342,353
Compensated absences payable	522,027	67,643	-	589,670
Post employment liability	67,092	25,908	-	93,000
<b>TOTAL LIABILITIES</b>	<b>\$ 42,804,376</b>	<b>\$ 259,208</b>	<b>\$ 1,510,695</b>	<b>\$ 41,552,889</b>

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# POLK COUNTY, IOWA

## Capital Assets Used in the Operation of Governmental Funds Capital Assets by Source June 30, 2010

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### GOVERNMENTAL FUNDS CAPITAL ASSETS

Land	\$ 11,421,932
Buildings	137,331,184
Improvements other than buildings	1,220,901
Infrastructure	90,346,787
Equipment	14,087,633
Vehicles	8,265,767
Intangibles in progress	790,667
Construction in progress	6,058,720

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TOTAL \$ 269,523,591

### INVESTMENT IN GOVERNMENTAL FUNDS CAPITAL ASSETS BY SOURCE:

General fund	\$ 25,077,345
Special revenue funds	88,363,084
Capital projects funds	22,590,976
General obligation bond proceeds	99,769,268
Federal and state grants	7,858,288
Donated funds	5,502,404
Iowa Department of Transportation - Farm-to-Market	20,362,226

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TOTAL \$ 269,523,591

# POLK COUNTY, IOWA

## Capital Assets Used in the Operation of Governmental Funds Schedule of Changes by Function For the Year Ended June 30, 2010

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	<b>Governmental Funds Capital Assets</b>			
	<b>July 1, 2009</b>	<b>Additions</b>	<b>Deductions</b>	<b>June 30, 2010</b>
Public safety and legal services	\$ 110,536,573	\$ 550,962	\$ (8,201,687)	\$ 102,885,848
Physical health and social services	11,654,917	17,264,876	-	28,919,793
County environment and education	8,941,718	666,539	(49,456)	9,558,801
Roads and transportation	101,450,520	2,292,696	-	103,743,216
Governmental services to residents	3,947,498	15,040	(1,305,582)	2,656,956
Administration	34,453,109	(12,660,574)	(33,558)	21,758,977
<b>TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS</b>	<b>\$ 270,984,335</b>	<b>\$ 8,129,539</b>	<b>\$ (9,590,283)</b>	<b>\$ 269,523,591</b>

# POLK COUNTY, IOWA

## Capital Assets Used in the Operation of Governmental Funds Schedule by Function June 30, 2010

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	<b>Land</b>	<b>Buildings</b>	<b>Improvements Other Than Buildings</b>
Public safety and legal services	\$ 1,867,903	\$ 96,725,661	\$ 376,945
Physical health and social services	268,991	25,028,979	-
County environment and education	1,080,839	3,044,947	625,956
Roads and transportation	48,200	2,563,512	218,000
Governmental services to residents	356,568	-	-
Administration	7,799,431	9,968,085	-
<b>TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS</b>	<b>\$ 11,421,932</b>	<b>\$ 137,331,184</b>	<b>\$ 1,220,901</b>

<b>Infrastructure</b>	<b>Equipment</b>	<b>Vehicles</b>	<b>Intangibles in Progress</b>	<b>Construction in Progress</b>	<b>Total</b>
\$ -	\$ 885,924	\$ 3,029,415	\$ -	\$ -	\$ 102,885,848
-	105,669	189,418	-	3,326,736	28,919,793
2,519,173	910,797	1,322,516	-	54,573	9,558,801
87,827,614	7,066,780	3,341,699	-	2,677,411	103,743,216
-	2,300,388	-	-	-	2,656,956
-	2,818,075	382,719	790,667	-	21,758,977
<b>\$ 90,346,787</b>	<b>\$ 14,087,633</b>	<b>\$ 8,265,767</b>	<b>\$ 790,667</b>	<b>\$ 6,058,720</b>	<b>\$ 269,523,591</b>

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## STATISTICAL SECTION

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

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

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

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

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

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

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

## POLK COUNTY, IOWA

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

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

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

**POLK COUNTY, IOWA**

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

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

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

## POLK COUNTY, IOWA

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

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

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

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

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

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

(concluded)

# POLK COUNTY, IOWA

## Fund Balances, Governmental Funds Last Nine Fiscal Years (modified accrual basis of accounting)

	Fiscal Year			
	2002	2003	2004	2005
<b>General Fund:</b>				
Reserved:				
Advances to other funds	\$ 165,834	\$ 69,300	\$ 61,600	\$ 53,900
Inventory of supplies	318,767	267,170	270,277	251,187
Supplemental levy purposes	8,550,079	7,447,969	10,289,216	7,763,378
Prepaid items	349,398	480,372	325,794	326,591
Unreserved:				
Undesignated, reported in:				
General Fund	18,016,729	15,845,457	19,786,798	20,772,957
<b>Total General Fund</b>	<b>\$ 27,400,807</b>	<b>\$ 24,110,268</b>	<b>\$ 30,733,685</b>	<b>\$ 29,168,013</b>
<b>MH/MR/DD Services:</b>				
Reserved:				
Advances to component unit	\$ 1,148,689	\$ 1,096,391	\$ 1,040,786	\$ 983,501
Unreserved:				
Designated, reported in:				
Special revenue funds	-	-	-	-
Undesignated, reported in:				
Special revenue funds	(683,048)	48,504	4,634,376	(651,661)
<b>Total MH/MR/DD Services</b>	<b>\$ 465,641</b>	<b>\$ 1,144,895</b>	<b>\$ 5,675,162</b>	<b>\$ 331,840</b>
<b>Jail Facility Fund:</b>				
Unreserved:				
Undesignated, reported in:				
Capital projects funds	N/A	N/A	N/A	N/A
<b>Total Jail Facility Fund</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>All other governmental funds:</b>				
Reserved for:				
Advances to other funds	\$ -	\$ -	\$ -	\$ 44,000
Advances to component unit	5,969,792	5,476,341	4,964,293	4,422,240
Noncurrent notes receivable	3,951,637	3,439,245	2,691,781	2,281,459
Inventory of supplies	1,424,436	834,381	771,964	604,354
Supplemental levy purposes	1,310,692	1,367,051	1,436,719	1,539,791
Unreserved:				
Designated, reported in:				
Special revenue funds	16,861,344	14,390,087	16,920,295	15,491,382
Undesignated, reported in:				
Special revenue funds	-	2,568,905	(2,293,373)	(1,830,588)
Capital projects funds	6,006,338	4,070,063	3,592,801	3,149,526
Debt service funds	656,237	836,776	993,781	789,769
<b>Total all other governmental funds</b>	<b>\$ 36,180,476</b>	<b>\$ 32,982,849</b>	<b>\$ 29,078,261</b>	<b>\$ 26,491,933</b>

Fiscal Year				
2006	2007	2008	2009	2010
\$ 46,200	\$ 38,500	\$ 30,800	\$ 23,100	\$ 15,400
226,889	270,940	342,694	362,005	599,494
5,747,249	4,527,232	8,030,308	7,567,666	6,784,477
205,061	170,936	155,950	170,520	328,018
27,458,434	31,554,143	29,777,926	27,566,129	29,462,331
<u>\$ 33,683,833</u>	<u>\$ 36,561,751</u>	<u>\$ 38,337,678</u>	<u>\$ 35,689,420</u>	<u>\$ 37,189,720</u>

\$ 924,486	\$ 863,685	\$ 801,046	\$ 736,515	\$ -
-	-	-	-	1,347,245
(1,323,681)	(3,180,810)	(3,515,264)	(890,817)	-
<u>\$ (399,195)</u>	<u>\$ (2,317,125)</u>	<u>\$ (2,714,218)</u>	<u>\$ (154,302)</u>	<u>\$ 1,347,245</u>

N/A	18,559,904	N/A	N/A	N/A
<u>\$ -</u>	<u>\$ 18,559,904</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

\$ 2,000	\$ -	\$ -	\$ 12,000	\$ 8,000
3,859,193	3,270,132	2,651,067	1,064,363	-
1,809,930	3,604,943	3,166,510	2,863,153	2,903,659
514,769	578,060	539,149	589,597	584,177
1,417,869	164,896	217,530	-	-
15,901,830	8,116,722	7,879,428	8,501,196	9,498,782
1,246,346	(795,114)	(3,282,050)	(1,926,796)	(3,928,680)
(5,727,117)	9,597,713	2,798,519	755,855	(1,294,898)
936,163	417,138	366,009	279,041	598,024
<u>\$ 19,960,983</u>	<u>\$ 24,954,490</u>	<u>\$ 14,336,162</u>	<u>\$ 12,138,409</u>	<u>\$ 8,369,064</u>

POLK COUNTY, IOWA

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

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

		Fiscal Year							
		2006	2007	2008	2009	2010			
\$	88,444,351	\$	95,065,943	\$	106,659,293	\$	113,193,055	\$	119,016,167
	4,793,069		4,539,835		5,307,751		5,391,333		5,473,202
	1,153,332		1,147,313		1,388,689		1,591,907		1,603,084
	59,121,302		59,267,106		66,353,718		73,882,316		80,220,727
	600,980		481,516		516,733		387,609		432,777
	10,717,919		10,734,667		10,297,290		10,587,827		11,046,694
	5,039,230		8,147,428		6,642,171		3,071,457		2,053,835
	-		-		-		-		-
	2,443,924		1,763,992		1,990,742		2,869,983		2,241,977
	172,314,107		181,147,800		199,156,387		210,975,487		222,088,463
	46,600,339		48,709,314		51,056,103		57,336,497		60,831,966
	26,453,593		27,175,301		29,584,279		32,058,737		38,183,688
	44,253,468		47,580,948		50,448,588		48,574,015		53,427,113
	21,369,155		16,670,606		11,561,165		13,291,947		11,827,727
	9,176,185		8,731,835		10,658,344		12,989,856		12,644,739
	5,192,084		5,717,290		6,008,426		6,158,143		6,630,166
	28,141,913		29,266,591		30,909,966		32,513,299		29,545,205
	193,374		709,229		46,304		58,294		-
	2,749,893		3,791,808		4,662,698		8,492,464		8,489,000
	714,235		2,895,372		4,501,088		4,478,202		4,276,689
	3,484,215		4,003,795		5,352,558		4,688,457		1,757,433
	1,187,487		853,962		3,237,269		3,482,675		3,049,267
	12,605,065		48,382,141		30,098,666		8,774,114		5,991,436
	202,121,006		244,488,192		238,125,454		232,896,700		236,654,429
	(29,806,899)		(63,340,392)		(38,969,067)		(21,921,213)		(14,565,966)
	-		-		-		-		400,000
	-		-		-		-		(150,000)
	39,867,947		99,924,310		25,876,454		32,540,326		20,147,356
	(28,344,717)		(93,360,608)		(18,435,839)		(17,836,649)		(11,004,021)
	-		-		930,000		-		-
	-		-		-		-		-
	-		-		-		-		-
	14,975,000		80,915,000		2,665,000		3,905,000		-
	77,543		24,675		32,656		95,085		-
	-		-		-		323,766		751,906
	557,766		168,920		-		-		2,577,984
	41,078		74,152		68,555		537,831		843,174
	27,174,617		87,746,449		11,136,826		19,565,359		13,566,399
\$	(2,632,282)	\$	24,406,057	\$	(27,832,241)	\$	(2,355,854)	\$	(999,567)
\$	202,121,006	\$	244,488,192	\$	238,125,454	\$	232,896,700	\$	236,654,429
	(15,244,167)		(49,469,518)		(30,051,875)		(10,191,039)		(7,866,250)
\$	186,876,839	\$	195,018,674	\$	208,073,579	\$	222,705,661	\$	228,788,179
	1.85%		3.43%		4.40%		5.82%		5.58%

## 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		
2001	\$ 12,380,092,744	\$ 4,852,939,650	\$ 332,230,057	\$ 176,524,720	\$ 69,973,080	\$ 157,018,188	\$ (40,004,442)	\$ 17,928,773,997	\$ 6.35	
2002	12,762,231,179	5,113,030,508	330,155,953	175,130,730	22,802,745	167,252,805	(39,460,588)	18,531,143,332	6.35	
2003	14,638,527,938	5,464,460,568	336,451,459	121,726,940	24,988,015	143,937,792	(38,666,548)	20,691,426,164	6.35	
2004	15,240,749,267	5,650,708,433	333,764,600	120,506,340	26,017,475	151,005,921	(37,963,717)	21,484,788,319	6.35	
2005	17,199,501,990	6,091,367,498	347,505,667	118,207,210	26,095,792	162,418,793	(37,737,570)	23,907,359,380	6.35	
2006	17,989,044,550	6,323,324,900	360,678,980	118,019,020	24,874,251	138,971,954	(37,507,856)	24,917,405,799	6.35	
2007	19,792,218,240	6,611,496,480	371,734,980	146,593,080	28,112,835	135,387,079	(36,944,652)	27,048,598,042	6.84	
2008	20,554,841,950	6,735,360,000	373,831,230	145,600,810	28,944,652	135,013,575	(36,493,914)	27,937,098,303	6.84	
2009	21,232,362,500	6,942,121,730	398,829,620	229,832,970	32,444,466	136,696,518	(35,928,562)	28,936,359,242	6.83	
<b>2010</b>	N/A (b)	N/A (b)	N/A (b)	N/A (b)	N/A (b)	N/A (b)	N/A (b)	N/A (b)	-	

**Source:** 2009 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) 2010 Calendar Year Assessment is for taxes due in fiscal year 2010/2011 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**

<b>Taxpayer</b>	<b>2010</b>			<b>2001</b>		
	<b>2008 Taxable Assessed Value</b>	<b>Rank</b>	<b>Percentage of Total County Taxable Assessed Value</b>	<b>1999 Taxable Assessed Value</b>	<b>Rank</b>	<b>Percentage of Total County Taxable Assessed Value</b>
Principal Life Insurance Co.	\$ 245,144,410	1	1.5%	\$ 227,220,403	1	2.1%
Nationwide Mutual Insurance	178,392,010	2	1.1%	-		-
R & R Investors	169,090,880	3	1.0%	86,417,470	3	0.8%
Wells Fargo	123,463,250	4	0.7%	-		-
Prairie Meadows	107,717,400	5	0.6%	-		-
Mid America Investment	99,705,520	6	0.6%	62,227,370	7	0.6%
Hubbell Interests	78,354,900	7	0.5%	-		-
Mercy Hospital	76,722,270	8	0.5%	63,116,670	6	0.6%
Pioneer Hi-Bred	76,296,410	9	0.5%	53,985,218	10	0.5%
Target	57,121,500	10	0.3%	-		-
Valley West Mall	-		-	991,904,500	2	9.1%
William Knapp	-		-	70,737,690	4	0.7%
Polk County	-		-	63,857,000	5	0.6%
Ruan, Inc.	-		-	57,509,589	8	0.5%
Merle Hay Mall	-		-	54,109,800	9	0.5%
<b>Total</b>	<b>\$ 1,212,008,550</b>		<b>7.3%</b>	<b>\$ 1,731,085,710</b>		<b>15.9%</b>

Source: Polk County Tax/GIS Department

# POLK COUNTY, IOWA

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

Fiscal Year Ended June 30	Property Taxes Levied for the Fiscal Year	Property Taxes Collected Within the Fiscal Year of the Levy (a)		Property Tax Collections In Subsequent Years (b)	Property Tax Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2001	\$ 73,826,332	\$ 73,606,134	99.7%	\$ 69,996	\$ 73,676,130	99.8%
2002	77,002,424	76,663,227	99.6%	38,366	76,701,593	99.6%
2003	79,465,301	79,087,899	99.5%	63,924	79,151,823	99.6%
2004	82,823,976	82,559,416	99.7%	119,750	82,679,166	99.8%
2005	87,950,229	87,623,125	99.6%	58,083	87,681,208	99.7%
2006	91,360,000	91,060,220	99.7%	10,946	91,071,166	99.7%
2007	98,107,703	97,654,105	99.5%	27,061	97,681,166	99.6%
2008	109,708,680	109,344,353	99.7%	43,323	109,387,676	99.7%
2009	116,311,807	115,868,918	99.6%	51,627	115,920,545	99.7%
<b>2010</b>	121,940,768	121,631,575	99.7%	56,774	121,688,349	99.8%

**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				
	2001	2002	2003	2004	2005
Countywide service rates:					
General Basic	\$ 3.50	\$ 3.50	\$ 3.50	\$ 3.50	\$ 3.50
General Supplemental	1.53	1.59	1.56	1.61	1.59
MH/DD Service	1.26	1.21	1.18	1.13	1.06
Debt Service	0.05	0.05	0.11	0.11	0.20
<b>Total Countywide Rate</b>	<b>6.35</b>	<b>6.35</b>	<b>6.35</b>	<b>6.35</b>	<b>6.35</b>
Rural service rates	4.79	4.71	4.59	4.59	4.59
<b>Total Rural Rate</b>	<b>11.14</b>	<b>11.06</b>	<b>10.94</b>	<b>10.94</b>	<b>10.95</b>
City rates:					
Alleman	7.00	6.71	6.92	7.81	8.07
Altoona	8.90	8.90	8.89	8.89	8.89
Ankeny	9.65	9.65	9.90	9.90	10.39
Bondurant	14.90	14.36	14.21	14.56	14.45
Carlisle	12.39	12.38	12.92	12.89	12.92
Clive	7.91	8.45	8.97	8.92	8.93
Des Moines	16.57	17.05	17.05	17.05	17.06
Elkhart	8.10	8.10	10.82	8.10	11.70
Granger	-	10.39	11.31	11.52	12.20
Grimes	11.61	11.73	12.77	12.82	12.84
Johnston	9.94	11.19	10.89	10.89	10.81
Mitchellville	14.19	13.15	13.62	13.87	13.34
Norwalk	-	-	-	12.43	12.43
Pleasant Hill	11.61	11.78	11.60	11.48	11.48
Polk City	8.15	8.01	8.09	7.90	7.90
Runnells	8.10	8.10	8.10	8.10	8.83
Sheldahl	3.28	2.86	2.79	2.71	2.63
Urbandale	8.97	8.96	8.97	9.07	9.07
Windsor Heights	10.92	11.03	11.59	12.35	12.63
West Des Moines	10.90	10.90	11.60	11.60	11.73
School District Rates:					
North Polk	14.60	14.63	14.94	15.12	16.04
Southeast Polk	15.31	15.13	15.42	17.37	17.28
Bondurant-Farrar	14.57	14.60	15.43	15.28	16.26
Ankeny	17.09	17.01	17.25	17.10	16.90
Carlisle	17.06	16.33	17.96	18.88	18.37
West Des Moines	13.50	13.49	13.50	13.50	13.50
Des Moines Independent	16.95	17.14	17.10	17.36	18.03
Saydel	16.76	14.78	14.86	14.80	14.67
Johnston	14.84	15.10	15.65	16.73	17.21
Woodward-Granger	-	13.92	14.83	15.95	17.02
Dallas	18.35	17.82	17.49	17.50	17.51
Dallas	-	-	14.46	14.74	14.88
Urbandale	12.34	12.91	13.44	12.96	12.13
Urbandale	-	-	13.02	12.61	11.99
Other:					
State	0.01	0.01	0.00	0.00	0.00
Area XI Community College	0.55	0.54	0.55	0.58	0.60
Broadlawns County Hospital	2.56	2.91	2.99	3.06	3.26
Ag. Extension	0.04	0.04	0.04	0.04	0.04
Assessor	0.31	0.34	0.34	0.32	0.32

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

**Year Taxes are Payable**

	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
\$	3.50	\$ 3.50	\$ 3.50	\$ 3.50	\$ 3.50
	1.57	1.64	1.97	1.86	1.87
	1.03	0.96	0.93	0.87	0.83
	0.24	0.24	0.45	0.61	0.63
	6.35	6.35	6.84	6.84	6.83
	4.59	4.59	4.59	4.55	4.55
	10.94	10.94	11.44	11.39	11.38
	7.89	8.05	8.23	7.16	8.32
	8.79	8.64	8.64	8.64	8.64
	10.39	10.34	10.29	10.53	11.18
	14.39	14.38	14.34	14.29	14.23
	13.99	13.97	13.97	13.81	13.81
	9.11	9.25	9.54	9.54	9.54
	16.52	16.45	16.59	16.58	16.58
	11.55	11.69	10.98	10.49	10.26
	12.99	12.65	12.34	13.03	14.17
	12.83	12.75	12.93	12.96	12.92
	10.74	11.31	11.30	11.30	11.30
	13.47	12.45	12.82	13.59	14.37
	12.43	13.92	14.98	14.37	14.60
	11.48	11.48	11.48	11.48	11.65
	7.90	7.90	7.90	7.90	7.90
	9.02	9.08	9.06	8.97	11.01
	2.55	3.43	3.59	3.60	3.43
	9.07	9.07	9.22	9.22	9.22
	12.63	12.22	12.40	14.79	13.76
	11.73	11.95	12.05	12.05	12.05
	16.42	16.13	17.46	17.77	17.39
	17.99	20.99	21.96	21.85	21.83
	16.71	17.23	17.32	20.00	19.89
	16.70	16.71	17.91	19.58	19.84
	18.37	17.21	20.00	19.86	19.47
	13.50	13.70	13.70	13.69	13.64
	18.01	18.02	17.94	17.79	17.64
	13.13	13.39	13.63	13.68	13.98
	17.35	17.35	17.35	17.34	17.35
	16.76	17.52	17.52	20.02	19.85
	17.51	17.50	17.50	17.50	17.50
	14.96	15.68	15.90	16.08	-
	13.70	13.48	15.72	15.51	16.27
	13.51	13.48	15.72	16.27	16.27
	0.00	0.00	0.00	0.00	0.00
	0.68	0.69	0.60	0.56	0.57
	3.20	3.49	2.97	2.92	2.80
	0.04	0.04	0.04	0.04	0.04
	0.35	0.30	0.31	0.33	0.30

## 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	General Obligation Bonds Payable	Notes Payable				
2001	\$ 18,967,369	\$ 772,000	\$ 583,571	\$ 6,212,001	\$ 5,223,681	\$ 31,758,622	0.25%	\$ 84.78			
2002	17,804,107	743,000	1,460,564	50,689,273	4,613,174	75,310,118	0.56%	196.83			
2003	22,235,306	713,000	972,395	162,855,294	3,999,006	190,775,001	1.37%	498.62			
2004	20,869,657	682,000	793,822	158,849,951	3,386,366	184,581,796	1.24%	472.54			
2005	22,162,437	650,000	483,525	147,618,237	-	170,914,199	1.08%	430.35			
2006	34,491,195	616,000	687,403	144,921,169	-	180,715,767	1.08%	448.28			
2007	111,657,091	581,000	550,926	136,562,443	-	249,351,460	1.42%	609.83			
2008	110,646,911	545,000	371,163	127,016,267	678,932	239,258,273	1.31%	571.92			
2009	106,164,706	508,000	194,245	117,607,149	4,998,010	229,472,110	1.26%	540.22			
<b>2010</b>	<b>97,682,876</b>	<b>469,000</b>	<b>2,319,288</b>	<b>107,578,031</b>	<b>10,470,099</b>	<b>218,519,294</b>	<b>1.20%</b>	<b>508.85</b>			

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

**Notes:** 2009 and 2010 percentages calculated using 2008 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		
2001	\$ 25,179,370	\$ 416,572	\$ 24,762,798	0.14%	\$ 66.10
2002	68,493,380	656,237	67,837,143	0.37%	177.30
2003	185,090,600	836,776	184,253,824	0.89%	481.57
2004	179,719,608	993,781	178,725,827	0.83%	457.55
2005	169,780,674	789,769	168,990,905	0.71%	425.51
2006	179,412,364	936,163	178,476,201	0.72%	442.72
2007	248,219,534	417,138	247,802,396	0.92%	606.04
2008	237,663,178	366,009	237,297,169	0.85%	567.24
2009	223,771,855	279,041	223,492,814	0.77%	526.14
<b>2010</b>	205,260,907	598,024	204,662,883	N/A (a)	476.58

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

**Note:** (a) 2010 Calendar Year Assessment is for taxes due in fiscal year 2010/2011 and is not yet available.

**POLK COUNTY, IOWA**

**Direct and Overlapping Governmental Activities Debt  
As of June 30, 2010**

<b>Governmental Unit</b>	<b>Taxable Valuation</b>	<b>Debt Outstanding</b>	<b>Totals</b>
County direct debt	\$ 16,644,277,033	\$ 100,471,164	\$ <u>100,471,164</u>
City debt:			
Alleman	18,883,231	135,000	
Altoona	446,044,448	36,400,000	
Ankeny	1,834,563,133	107,795,000	
Bondurant	85,300,535	5,315,000	
Clive	855,425,271	35,420,000	
Des Moines	6,039,275,007	342,000,000	
Elkhart	8,671,946	790,000	
Grimes	344,175,708	8,470,000	
Johnston	961,450,796	40,375,000	
Mitchellville	40,985,907	1,040,000	
Pleasant Hill	274,034,167	9,585,000	
Polk City	96,950,945	-	
Runnells	9,056,563	-	
Sheldahl	3,010,184	-	
Urbandale	1,926,500,940	47,995,000	
Windsor Heights	184,890,389	12,260,000	
West Des Moines	2,584,768,250	95,570,733	
<b>Subtotal, City debt</b>		<u>743,150,733</u>	
School district debt:			
Ankeny Community	2,041,628,301	90,570,000	
Bondurant-Farrar	202,296,269	12,295,000	
Carlisle	64,208,134	4,647,250	
Dallas	423,239,513	22,605,000	
Des Moines Independent	6,008,502,744	-	
Johnston Community	1,622,124,410	54,030,000	
North Polk Community	231,320,477	1,460,000	
Saydel	599,358,782	3,000,000	
Southeast Polk	1,013,001,875	55,625,000	
Urbandale Community	1,034,353,094	47,335,000	
West Des Moines Community	3,925,184,809	1,190,000	
<b>Subtotal, school district debt</b>		<u>292,757,250</u>	
Other:			
Urbandale Sanitary Sewer		2,196,000	
<b>Subtotal, other</b>		<u>2,196,000</u>	
<b>Total, overlapping debt</b>			<u>1,038,103,983</u>
<b>Total direct and overlapping debt:</b>			\$ <u><u>1,138,575,147</u></u>

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

**Note:** Fiscal year 2010 is matched to 2008 assessment year

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**POLK COUNTY, IOWA**

**Legal Debt Margin Information  
As of June 30, 2010**

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	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>
Debt limit	\$ 789,920,762	\$ 811,598,813	\$ 896,438,700	\$ 926,557,167	\$ 1,034,571,308
Total net debt applicable to limit	173,524,083	193,242,685	315,568,208	317,765,656	313,142,908
Legal debt margin	\$ 616,396,679	\$ 618,356,128	\$ 580,870,492	\$ 608,791,511	\$ 721,428,400
<b>Total net debt applicable to the limit as a percentage of debt limit</b>	21.97%	23.81%	35.20%	34.30%	30.27%

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

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Legal Debt Margin Calculation for Fiscal Year 2010 Assessed Value	\$	<b>27,937,098,303</b>
Debt limit (5% of assessed value)		<b>1,396,854,915</b>
Less: Debt applicable to debt limit; Outstanding County indebtedness (a)		<u><b>396,754,857</b></u>
Legal debt margin	\$	<u><b>1,000,100,058</b></u>

	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
\$	1,074,239,416	\$ 1,195,367,969	\$ 1,245,870,290	\$ 1,352,429,902	\$ 1,396,854,915
	327,914,085	419,214,286	407,803,252	399,158,767	396,754,857
\$	<u>746,325,331</u>	<u>\$ 776,153,683</u>	<u>\$ 838,067,038</u>	<u>\$ 953,271,135</u>	<u>\$ 1,000,100,058</u>
	30.53%	35.07%	32.73%	29.51%	28.40%

# 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	
2001	374,601	\$ 12,735,942	\$ 33,487	212,900	2.0%	2.6%
2002	382,609	13,421,332	34,858	216,400	2.6%	3.3%
2003	382,609	13,960,668	35,852	228,700	3.5%	4.0%
2004	390,615	14,918,628	37,862	225,000	4.0%	4.5%
2005	397,152	15,754,629	39,215	224,900	4.8%	4.8%
2006	403,132	16,755,221	40,764	232,200	4.3%	4.6%
2007	408,888	17,538,839	41,992	234,900	3.4%	3.7%
2008	418,339	18,225,740	43,098	237,000	3.6%	3.8%
2009	424,778	*	*	241,000	4.0%	4.1%
<b>2010</b>	429,439	*	*	242,200	5.7%	6.0%

**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	2010			2001		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Wells Fargo & Co.	11,600	1	5.04%	-		-
State of Iowa	8,900	2	3.87%	-		-
Principal Financial Group	8,169	3	3.55%	7,900	1	2.78%
Iowa Health Des Moines	6,470	4	2.81%	4,750	3	1.67%
Des Moines Public Schools	4,745	5	2.06%	4,875	2	1.72%
Mercy Hospital Medical Center	4,650	6	2.02%	4,500	4	1.58%
Nationwide/Allied Insurance	4,402	7	1.91%	1,675	10	0.59%
MidAmerican Energy Holdings Co.	3,653	8	1.59%	-		-
CDS Global	3,000	9	1.30%	-		-
City of Des Moines	2,211	10	0.96%	2,200	7	0.77%
Hy-Vee Food Stores	-		-	4,475	5	1.57%
Postal Service Center	-		-	2,925	6	1.03%
Wal-Mart Inc.	-		-	2,050	8	0.72%
United Parcel Service	-		-	1,800	9	0.63%
<b>Total</b>	<u>57,800</u>		<u>25.10%</u>	<u>37,150</u>		<u>13.07%</u>

**Source:** Greater Des Moines Chamber of Commerce Federation.

## POLK COUNTY, IOWA

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

Function / Program	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Public safety	342	344	349	349	351	358	361	386	457	458
Human services	198	194	168	166	159	159	163	165	177	178
Roads and engineering	78	73	74	74	72	72	68	69	68	67
Administration	172	165	148	148	151	151	149	153	158	158
Other	388	387	383	376	344	347	351	357	374	378
<b>Total</b>	<b>1,178</b>	<b>1,163</b>	<b>1,122</b>	<b>1,113</b>	<b>1,077</b>	<b>1,087</b>	<b>1,092</b>	<b>1,130</b>	<b>1,234</b>	<b>1,239</b>

Source: County Budget Office

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**POLK COUNTY, IOWA**

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

<b>Function / Program</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
Public safety and legal services:										
Sheriff:										
# of E911 calls	30,236	40,394	46,075	45,257	47,550	42,474	45,866	54,107	53,531	53,743
# of civil papers served	34,294	35,123	42,875	37,303	42,154	46,164	45,488	37,055	40,916	44,145
# of average daily jail population	649	778	772	834	959	993	995	968	980	930
# of bookings	14,018	14,275	12,990	14,454	17,234	17,377	17,978	17,917	17,848	17,469
Medical Examiner:										
# of death investigations	768	920	800	876	939	995	996	1,133	1,267	1,024
# of autopsies	123	172	150	187	235	212	169	164	204	261
Physical health and social services:										
Health Department:										
# of patient visits to STD clinic	3,916	4,269	4,424	4,698	4,435	4,074	4,752	5,347	5,688	4,571
Public Works:										
# of septic/well inspections	*	*	646	824	811	795	817	662	321	315
# of food inspections	2,296	2,448	2,974	2,481	2,787	N/A (a)				
Veteran Affairs:										
# of clients interviewed	5,729	5,376	6,882	6,001	4,164	6,213	5,726	5,446	5,268	4,911
# of vouchers issued	4,351	5,328	3,069	2,585	2,876	3,548	3,516	3,362	3,358	2,914
Mental Health:										
# of individuals served	5,820	6,764	7,125	7,033	7,487	7,282	7,224	7,768	8,245	8,668
# of individuals receiving ongoing/intensive svc	2,758	2,887	2,895	2,983	3,174	3,225	3,399	3,607	3,711	3,065
County environment and education:										
Public Works:										
# of requests of service for weed eradication	1,446	1,964	4,463	2,538	4,342	3,994	3,781	3,516	4,963	4,462
# of lots cleaned up	85	82	67	38	46	33	28	35	23	34

**POLK COUNTY, IOWA**

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

Function / Program	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Roads and transportation:										
Public Works:										
# of gravel miles maintained	269	244	226	218	201	187	182	177	172	172
# of paved miles maintained	492	513	517	548	548	582	570	573	551	550
Governmental services to residents,										
Treasurer:										
# of titles	156,228	168,828	162,770	169,846	172,545	146,641	134,329	137,707	146,550	145,543
# of registrations	404,897	417,345	405,811	416,446	494,924	593,767	569,082	552,415	627,409	631,981
Auditor / Elections:										
# of registered voters	240,000	240,000	245,000	250,000	265,000	253,400	275,511	292,803	281,233	264,425

\*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			
	2001 (a)	2002	2003	2004
Public safety and legal services	\$ 3,364,761	\$ 41,622,924	\$ 41,803,545	\$ 41,798,054
Physical health and social services	101,066	8,042,448	9,936,678	10,085,394
Mental health	-	54,768	54,768	54,768
County environment and education	2,345,624	4,653,147	5,071,794	5,303,553
Roads and transportation	8,117,117	67,830,894	76,407,203	86,828,497
Governmental services to residents	2,224,430	1,417,453	1,417,453	1,417,453
Administration	-	22,036,438	22,254,209	20,596,001
Interprogram	18,908,064	-	-	-
Nonprogram-financing/capital projects	62,526,700	-	-	-

**Notes:** (a) Function/Program for these years is before the GASB34 conversion.

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		<b>Fiscal Year</b>									
		<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>				
\$	42,377,518	\$	49,107,367	\$	91,968,820	\$	107,014,496	\$	110,536,573	\$	102,885,848
	10,111,029		10,950,861		12,668,272		11,692,242		11,654,917		28,919,793
	-		-		-		-		-		-
	5,317,890		6,369,054		6,066,861		7,852,059		8,941,718		9,558,801
	91,571,796		96,256,517		96,853,889		98,759,779		101,450,520		103,743,216
	1,448,189		2,546,321		2,517,342		2,509,217		3,947,498		2,656,956
	20,352,004		21,221,297		21,502,376		33,889,089		34,453,109		21,758,977
	-		-		-		-		-		-
	-		-		-		-		-		-

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**POLK COUNTY, IOWA**

**Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2010**

<b>Grantor/Program</b>	<b>CFDA Number</b>	<b>Contract Number</b>	<b>Total Federal Expenditures For Fiscal Year 2010</b>
<b>OFFICE OF NATIONAL DRUG CONTROL POLICY</b>			
Direct Program - Iowa Enforcement Initiative (HIDTA) Grant	07.Unknown	I8PMWP556Z	\$ 4,174
Direct Program - Iowa Enforcement Initiative (HIDTA) Grant	07.Unknown	G09MW0002A	82,098
Direct Program - Iowa Enforcement Initiative (HIDTA) Grant	07.Unknown	G10MW0002A	58,428
Total Office of National Drug Control Policy			<u>144,700</u>
<b>DEPARTMENT OF AGRICULTURE</b>			
Direct Program - Commodity Supplemental Food Distribution	10.565	N/A	710,910
Passed through Iowa Department of Human Services:			
Local Administration Expense Reimbursement	10.561	N/A	300,660
Commodity Supplemental Food Program	10.565	FHWS 09-19	208,236
Passed through Iowa Department of Education:			
National School Breakfast Program	10.553	77-8810	18,959
National School Lunch Program	10.555	77-8810	26,376
Child Care Food Program	10.558	77-8050	1,791,602
Total Department of Agriculture			<u>3,056,743</u>
<b>DEPARTMENT OF COMMERCE</b>			
Passed through Iowa Homeland Security & Emergency Mgmt Divison:			
Public Safety Interoperable Communications (PSIC) Grant	11.555	2007-GS-H7-0042-8	140,500
Total Department of Commerce			<u>140,500</u>
<b>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			
Direct Program - ARRA - Lead Hazard Mitigation Control Grant	14.907	IALHB0410-08	685,665
Passed through Iowa Institute for Community Alliances:			
Emergency Shelter Grant Program	14.231	09-II-77027	11,000
Passed through the City of Des Moines:			
ARRA - Homelessness Prevention and Rapid Re-Housing Program (HPRP)	14.257	N/A	270,499
Total Department of Housing and Urban Development			<u>967,164</u>
<b>DEPARTMENT OF JUSTICE</b>			
Direct Program - Bullet Proof Vest Partnership Program	16.607	N/A	1,804
Passed through Iowa Department of Human Rights:			
Juvenile Accountability Incentive Block Grant	16.523	JAB-S10-45	17,276
Juvenile Accountability Incentive Block Grant	16.523	Casey10-Polk	1,389
Title V Delinquency Prevention Program	16.548	Casey10-Polk	11,426
Title V Delinquency Prevention Program	16.548	Casey09-Polk	5,256
Passed through Iowa Department of Justice:			
Crime Victim Assistance (VOCA)	16.575	VA-10-22	107,634
Violence Against Women Formula Grants	16.588	VW-10-22	9,900
ARRA - Violence Against Women Formula Grants	16.588	VWS-10-22	10,000
ARRA - Crime Victim Assistance (VOCA)	16.801	VAS-10-22	15,530
Passed through Governor's Office of Drug Control Policy:			
Drug Endangered Children	16.541	09-DEC-3155	150
ARRA - Edward Byrne Justice Assistance Grant (JAG) Program	16.803	09JAG/ARRA-247	671,136
Passed through the City of Des Moines:			
Public Safety Partnership and Community Policing Grants	16.710	09-HotSpots/Enforcement-3	3,921
Edward Byrne Justice Assistance Grant (JAG) LLEBG 09B	16.738	2009-DJ-BX-0141	19,954
ARRA - Edward Byrne Justice Assistance Grant (JAG) LLEBG 09A	16.804	2009-SB-B9-0580	65,265
Total Department of Justice			<u>940,641</u>
<b>DEPARTMENT OF TRANSPORTATION</b>			
Passed through Iowa Department of Transportation:			
Highway Planning and Construction - High Trestle Trail	20.205	04-STPES-114	968,440
Highway Planning and Construction	20.205	2007-16-013	149,077
Highway Planning and Construction	20.205	1-07-HRRR-013	-
Highway Planning and Construction	20.205	1-08-HBRRS-020	-
Highway Planning and Construction	20.205	1-10-HBRRS-005	-
Recreational Trails Program - Des Moines River Water Trail	20.219	2006-NT-008	9,775
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, 2010**

Grantor/Program	CFDA Number	Contract Number	Total Federal Expenditures For Fiscal Year 2010
Passed through Iowa Department of Public Safety/Governor's Traffic Safety Bureau:			
Alcohol Incentive Grant	20.601	PAP 09-410 Task 63	\$ 48,149
Alcohol Incentive Grant	20.601	PAP 10-410 Task 63	17,592
Passed through Iowa Department of Public Defense:			
2009 HMEP - Training	20.703	N/A	1,800
2010 Hazmat Symposium	20.703	N/A	5,000
Total Department of Transportation			<u>1,199,833</u>
<b>ENVIRONMENTAL PROTECTION AGENCY</b>			
Direct Program-Research, Development, Monitoring, Public Education, Training, Demonstrations, and Studies (Three Strikes Against Lead)	66.716	X8-98785701-0	2,695
Direct Program-Environmental Education Grant Program - Green Arts Pilot Project	66.951	98794601	6,722
Passed through Iowa Department of Natural Resources:			
Air Pollution Control Implementation Plan Agreement	66.001	2010-7230-02	191,038
Total Environmental Protection Agency			<u>200,455</u>
<b>DEPARTMENT OF ENERGY</b>			
Passed through Iowa Department of Human Rights:			
Weatherization Assistance for Low-Income Persons	81.042	DOE-09-20S	246,626
ARRA - Weatherization Assistance for Low-Income Persons	81.042	DOE-ARRA-09-20S	2,631,955
Direct Program - ARRA - Energy Efficiency and Conservation Block Grant	81.128	DE-SC0003126	19,517
Total Department of Energy			<u>2,898,098</u>
<b>DEPARTMENT OF EDUCATION</b>			
Passed through Iowa Department of Education and DMACC:			
Iowa New Choices	84.048	N/A	1,398
Passed through Iowa Department of Human Services:			
AARA - State Fiscal Stabilizatioin Fund - Government Services, Recovery Act	84.397	N/A	7,252,894
Passed through Iowa Department of Transportation:			
AARA - State Fiscal Stabilizatioin Fund - Government Services, Recovery Act	84.397	S397A090016A	-
Total Department of Education			<u>7,254,292</u>
<b>U.S. ELECTION ASSISTANCE COMMISSION</b>			
Direct Program - Help America Vote Mock Election Program	90.402	E4064415B	25,000
Total U.S. Election Assistance Commission			<u>25,000</u>
<b>DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
Passed through University of Iowa:			
National Children's Study	93.000	HHSN275200800025C	65,400
Passed through Aging Resource of Central Iowa:			
Title IIIB - Transportation	93.044	N/A	127,250
Title IIIB - Well Elderly Clinic	93.044	N/A	15,000
Title IIIB - Advocacy/Counseling	93.044	N/A	18,600
Title IIIC-1 - Nutrition	93.045	N/A	252,387
Special Program for the Aging - Title IV and Title II Discretionary Projects	93.048	29707E22	2,800
Nutrition Services Incentive Program	93.053	N/A	87,546
Passed through Iowa Department of Human Rights:			
Family Development and Self Sufficiency	93.558	FaDSS-10-20-FS	209,878
Low-Income Home Energy Assistance	93.568	HEAP-09-20S	597,517
Low-Income Home Energy Assistance	93.568	HEAP-10-20S	424,878
Passed through Iowa Department of Human Services:			
Local Purchase Allocation Social Services Block Grant	93.667	N/A	1,494,986
Local Administration Expense Reimbursement-TANF	93.558	N/A	153,629
Local Administration Expense Reimbursement	93.566	N/A	846
Local Administration Expense Reimbursement	93.596	N/A	78,765
Local Administration Expense Reimbursement	93.658	N/A	161,496
Local Administration Expense Reimbursement	93.659	N/A	40,195
Local Administration Expense Reimbursement	93.667	N/A	159,483
Local Administration Expense Reimbursement	93.767	N/A	1,831
Local Administration Expense Reimbursement-Medical Assistance Program	93.778	N/A	340,417

**POLK COUNTY, IOWA**

**Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2010**

Grantor/Program	CFDA Number	Contract Number	Total Federal Expenditures For Fiscal Year 2010
Passed through Iowa Department of Public Health:			
Public Health Emergency Preparedness	93.069	5889BT01	\$ 58,949
Public Health Emergency Preparedness	93.069	5880BT77	1,386,663
Public Health Emergency Preparedness - City Readiness Initiative	93.069	5889BT16	34,591
Tuberculosis Elimination	93.116	MOU-2010-TB01	9,204
Tuberculosis Elimination	93.116	MOU-2009-TB01	8,157
Childhood Lead Poisoning	93.197	5880LP03	38,100
Healthy Homes Assessment and Outreach	93.240	5880HH03	9,380
Healthy Homes Assessment and Outreach	93.240	5881HH03	2,184
Project Launch	93.243	5880SM01	347,907
I-4 Project	93.268	5880I464	6,580
I-4 Project	93.268	5889I464	21,001
Care for Yourself Program	93.283	5880NB20	146,178
Harkin Wellness Grant Program-Healthy Communities Initiative	93.283	5880OB15	38,628
Local Public Health Services (SSBG)	93.667	5880C077	48,428
HIV Counseling, Testing and Referral	93.940	5889AP10	3,888
HIV-CTR & Hepatitis	93.940	5889AP22	2,226
HIV-CTR & Hepatitis	93.940	5880AP10	14,634
Passed through Iowa Secretary of State:			
Voting Access for Individuals with Disabilities Grants to States	93.617	077-09-001	2,280
Total Department of Health and Human Services			<u>6,411,882</u>
<b>DEPARTMENT OF HOMELAND SECURITY</b>			
Passed through United Way:			
Emergency Food and Shelter Program - FEMA	97.024	Phase XXVII	20,899
Passed through City of Des Moines:			
Law Enforcement Terrorism Prevention Program	97.067	2008-GE-T8-2008-015	84,428
Passed through Iowa Department of Public Defense:			
FEMA	97.036	DR-1763-IA	51,355
FEMA - Polk County Conservation Board	97.036	DR-1763-IA	187,486
Emergency Management Performance Grant (EMPG)	97.042	N/A	39,000
Homeland Security Grant Program - IMT	97.067	2007-GE-T7-0032-017A	295
Homeland Security Grant Program - MMRS	97.067	2007-GE-T7-0032-013A	116,443
Homeland Security Grant Program - MMRS	97.067	2006-GE-T6-0065-020A	73,053
Total Department of Homeland Security			<u>572,959</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u><u>\$ 23,812,267</u></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, 2010**

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**Note 1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Polk County, Iowa and its discretely presented component unit, Polk County Health Services, Inc., for the year ended June 30, 2010. 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 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	\$ 17,276
Edward Byrne Justice Assistance Grant (JAG) Program	16.738	\$ 364,980

**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 and Title IIIB, Title IIIC-1, and Nutrition Services Incentive Programs as part of the Aging Cluster.

**Note 5. Noncash Assistance**

The Commodity Supplemental Food Distribution Program - Direct – CFDA No.10.565 does not involve cash awards. This award is received in donated commodities. The value of the commodities distributed during the fiscal year ended June 30, 2010, was \$710,910. As of June 30, 2010, the County had commodities on hand with a value of \$253,021.

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

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

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of Polk County, Iowa as of and for the year ended June 30, 2010, and have issued our report thereon dated December 15, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

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

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

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

## Compliance and Other Matters

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

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2010 are based exclusively on knowledge obtained from procedures performed during our audit of the basic financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters presented in the accompanying schedule of findings and questioned costs are not intended to constitute a legal interpretation of those statutes.

We noted certain matters that we reported to management of Polk County, Iowa in a separate letter dated December 15, 2010.

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

*Clifton Henderson LLP*

West Des Moines, Iowa  
December 15, 2010

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

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

**Compliance**

We have audited the compliance of Polk County, Iowa with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010. Polk County, Iowa's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Polk County, Iowa's management. Our responsibility is to express an opinion on Polk County, Iowa's compliance based on our audit.

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

In our opinion, Polk County, Iowa complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

## Internal Control Over Compliance

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

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

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

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

*Clifton Gunderson LLP*

West Des Moines, Iowa  
December 15, 2010

Polk County, Iowa

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2010

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**I. Summary of the Independent Auditor's Report**

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified?  Yes  No
- Significant deficiencies identified that are not considered to be material weaknesses?  Yes  None Reported
- Noncompliance material to financial statements noted?  Yes  No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified?  Yes  No
- Significant deficiencies identified that are not considered to be material weaknesses?  Yes  None Reported

Type of auditor's report issued on compliance for major programs: Unqualified

- Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?  Yes  No

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
10.565	Commodity Supplemental Food Program
14.907	ARRA - Lead Hazard Mitigation Control Grant
16.803	ARRA - Edward Byrne Justice Assistance Grant
81.042	ARRA - Weatherization Assistance for Low-Income Persons
84.397	ARRA - State Fiscal Stabilization Fund - Government Services Recovery Act
93.069	Public Health Emergency Preparedness
93.568	Low-Income Home Energy Assistance Program
93.667	Social Services Block Grant

Dollar threshold used to distinguish between type A and type B programs: \$714,368

Auditee qualified as low-risk auditee?  Yes  No

(Continued)

Polk County, Iowa

Schedule of Findings and Questioned Costs (Continued)  
Year Ended June 30, 2010

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**II. Findings Related to the Basic Financial Statements**

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

**III. Findings and Questioned Costs for Federal Awards**

There were no findings reported related to federal awards

**IV. Other Findings Related to Required State Statutory Reporting**

- A. Certified Budget:** Disbursements during the year ended June 30, 2010 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, 2010 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, 2010.
- D. Business Transactions:** No business transactions between the County and County officials or employees were noted for the year ended June 30, 2010.
- E. Bond Coverage:** Surety bond coverage of County officials and employees is in accordance with statutory provisions.
- F. Board Minutes:** No transactions were found that we believe should have been approved in the Board minutes but were not.
- G. Deposits and Investments:** No instances of noncompliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the County's investment policy were noted.
- H. Resource Enhancement and Protection Certification:** The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).
- I. County Assessor:** We determined reimbursements from the Special Appraisal Fund were limited to employment of appraisers or other technical expert help to assist in the valuation of property not under the direction of the County Assessor in accordance with Chapter 441.50 of the Code of Iowa and an Attorney General's letter of advice dated January 4, 2006.

(Continued)

**Polk County, Iowa**

**Schedule of Findings and Questioned Costs (Continued)  
Year Ended June 30, 2010**

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

**Receipts:**

Allocation from County	\$	626,523
Interest/receipts from other sources		390,914
		1,017,437

**Disbursements:**

Salaries		318,956
FICA, IPERS, and insurance benefits		75,971
Professional/contracted services		40,133
Travel		16,909
Facility costs		168,686
Office supplies		7,082
Communications		3,387
Marketing/advertising		26,605
Equipment/repair		14,005
Project activity exp		5,301
Cost share		22,750
Fee programs exp		126,845
Resale		1,989
Grant and contract programs		139,297
Other exp		9,260
		977,176
Excess of receipts over disbursements		40,261
Cash balance, beg of year		38,285
Cash balance, end of year	\$	78,546

(Continued)

Polk County, Iowa

Schedule of Findings and Questioned Costs (Continued)  
Year Ended June 30, 2010

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J. Total expenditures during the year ended June 30, 2010 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>
Salaries	\$ 318,956	\$ 238,677
FICA, IPERS, and insurance	75,971	63,292
Professional/contracted services	40,133	12,775
Travel	16,909	8,630
Facility costs	168,686	154,341
Office supplies	7,082	6,443
Communications	26,605	21,800
Project activity expense	5,301	5,211
Other expense	9,260	1,550

K. **Joint Disaster Services Office:** The Joint Disaster Services Office serves as the Emergency Management Services Agency for the County. The Office is under the control of a separate Polk County Emergency Management Board, and is reported as an agency fund in the County's basic financial statements. The disbursements for the Joint Disaster Services Office during the year ended June 30, 2010 did not exceed the amounts budgeted.

(Continued)

Polk County, Iowa

Summary Schedule of Prior Audit Findings  
Year Ended June 30, 2010

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Number	Comment	Status	Corrective Action or Other Explanation
<b>Findings Related to the Basic Financial Statements</b>			
No findings were reported for the year ended June 30, 2009.			
<b>Findings and Questioned Costs for Federal Awards</b>			
09-III-A	The County is not properly maintaining records that verify the participants' age or maintaining signed applications for all participants in the Commodity Supplemental Food Distribution Program.	Corrected	N/A

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Board of Supervisors  
Polk County, Iowa  
Des Moines, Iowa

We have completed our audit of the financial statements of Polk County, Iowa (the County) as of and for the year ended June 30, 2010 and have issued our report thereon dated December 15, 2010. In connection with our audit engagement, we noted the following matters which we would like to bring to your attention.

#### Special Assessments

Currently, the Treasurer's office has a special assessment report that is broken down by tax year and type, however, this report does not have a total for each type that is outstanding at year end. This information is manually input into a spreadsheet at year end. We noticed a data input error of \$621,263 in special assessments receivable and deferred revenue in an agency fund.

We recommend that the special assessment report be reprogrammed to include totals of each special assessment that is outstanding at year end to ensure accuracy when preparing year-end financial statements.

#### *Management response*

Management agrees with the recommendation for reprogramming of the special assessment report. Such reprogramming would provide an additional means to verify amounts reported in the County's financial statements.

#### Internal Audit – Sheriff's Department

The County performs internal audits for the various departments within the County. However, the last internal audit for the Sheriff's confidential account and MINE Task Force confidential accounts was performed in February 2005. These accounts should be subject to a more frequent internal audit schedule as these accounts are subject to higher inherent risk due to the nature of the transactions and the level of confidentiality. Infrequent internal audit procedures for these accounts could result in improper payments being made and improper authorizations. We recommend the Sheriff's Office subject their confidential accounts to internal audits on a more frequent basis.

#### *Management response*

This procedure will be added to our annual internal audit plan.

## Information Technology Matters

### 1. Disaster Recovery Planning

Polk County does not maintain an approved, documented disaster recovery plan. While the County has taken steps to assist in recovery efforts that could be necessary following a disaster (such as performing system backups and acquiring a generator), a structured guide to recovery efforts has not been developed or approved. The problems of not having a documented disaster recovery plan include possible lost data, longer time to recovery from a system disabling event, no plans for contingent procedures while recovery is attempted, damage to County reputation from not being able to meet stakeholder needs, downtime for County employees/citizens, and reliance on a few key people who know layout of entire system.

We recommend that the County establish a formal, written disaster recovery plan. The plan should include the following components:

- A Hardware Priority List - (i.e. servers that need to be running and in what order.)
- Recovery Time Objectives that indicate when specific systems need to be restored
- Recovery Point Objectives that indicate at what point the systems must be recovered from
- A Software Inventory and Priority List
- A Contact list for key employees and vendors needed to execute the plan
- A step-by-step recovery procedure list that could be directed by any member of the recovery team (i.e. if a T-1 line needs to be acquired, how is it done and who do we contact?)
- Periodic testing of the plan components and the plan as a whole to ensure it is effective

#### *Management response*

The County has an approved and funded initiative for FY11/12 to establish a redundant data center at the 1907 Carpenter Emergency Operations Center. This project is the first phase in an internal disaster recovery initiative.

### 2. Password and Security Parameters

Better control over workstations could be achieved through implementation of system policies. Active Directory controls the network password security parameters and can be used to centrally define settings for default screensaver timeouts, restrictions on user access to high-level machine utilities, control over Internet Explorer settings, and other items. Screensavers are not currently implemented through Active Directory. Management should ensure that screensavers are configured to be enabled after fifteen minutes of inactivity and require a password to unlock the workstation. In addition, the following chart illustrates the primary password and security parameters and their recommended settings for employees utilizing the Windows network:

<u>Password and Security Parameters</u>	<u>Current</u>	<u>Recommended</u>
Minimum length of password	5 characters; Complexity is not required	8 characters; Complexity required
Minimum password age	0 days	2 days
Maximum password age	42 days	90 days or less
Number of unsuccessful signon attempts allowed before account is "suspended" or "locked out"	3 invalid attempts	3 invalid attempts
Period of time that account is "locked out", after designated unsuccessful signon attempts	60 minutes	Until administrator unlocks

The above chart identifies that the County's policies and practices in some areas are equal to or better than the recommended practices. However, some of the items could be improved.

*Management response*

The County restricts user rights currently with the Active Directory and users are restricted from writing to the registry or installing programs.

3. Timely Deletion of Terminated Employee User Accounts

Management has established a process to remove access rights for the network and the JD Edwards core financial application from County employees who are separated or terminated. The Chief Information Officer indicated that terminations are handled immediately but that separations may be processed several days after the employee has separated from the County. We recommend that management establish a documented process to remove a separated and terminated employee that ensures that all employees' access is removed in a timely manner, no later than the effective date of the termination or separation.

*Management response*

Currently, notification of terminations is forwarded to the Technology Department monthly from the Human Resources Department. Department and office constraints limit the Technology Department's knowledge of terminations. The Technology Department will work with the Human Resources Department to modify the notification process.

#### 4. Network Security Events Review

Management currently maintains and reviews logs for the County's firewall and IDS/IPS. Logging has been instituted on both the Microsoft network and the JD Edwards core financial application, however, these logs are reviewed only when the County suspects malicious activity or a violation has occurred. We recommend that a more formal process of log review be instituted, involving at least weekly review of critical logs (server security logs, JD Edwards activity logs, etc.) An online checklist to initial when specific logs were reviewed, with notes on items of concern, would be sufficient.

There are commercial products to assist in the log review process, helping to consolidate logs from different devices and highlight items of note. GFI's EventsManager ([www.gfi.com](http://www.gfi.com)), Consul ([www.consul.com](http://www.consul.com)), and Prism's EventTracker ([www.eventlogmanager.com](http://www.eventlogmanager.com)) are a few commercial products that are available.

##### *Management Response*

Polk County IT currently has a project queued up to implement a Consul solution for weekly event log review. We should be live prior to July 1, 2011.

#### 5. Use of Generic Accounts

Networking device authentication is handled at the device level (RADIUS or TACACS is not used). Generic enable passwords are used for the County's networking devices. Management indicated that two employees share the enable password. Utilizing a single generic enable password increases the difficulty in providing accountability to an employee for actions taken on a device. We recommend that unique accounts with dissimilar user-defined passwords be created for each employee whose responsibilities include support of networking devices in order to support a strong audit trail between actions on a user account and a particular employee.

##### *Management Response*

This is not a standard practice and is applied to only two employees to facilitate unavoidable circumstances.

#### 6. Backup Tape Inventory Audits

The County utilizes a third-party to provide off-site storage for backup tapes. The third party's website indicates that the company is ISO 9001 certified assisting in ensuring that the company maintains appropriate controls over the County's backup tapes. Management periodically visits the company to determine what tapes are maintained off-site. We recommend that the County perform an annual audit of the County's inventory of backup tapes (including those maintained on-site and off-site) in order to ensure that all tapes are accounted for.

##### *Management Response*

IT management will begin an annual audit with MDS beginning July 1, 2011.

## 7. PCI Compliance Requirements

In general, any entity that stores, processes, or transmits cardholder data regardless of the transaction volume, is required to comply with the PCI requirements. Failure to comply with the PCI security standard may result in substantial fines or permanent expulsion from card acceptance programs. Recent studies on financial fraud have indicated that hackers are increasingly targeting small, commercial web sites, increasing the need for all merchants and service providers to become fully compliant with the Payment Card Industry (PCI) Data Security Standard (DSS).

All acquiring banks (merchant banks) are also required to have received certified proof of PCI compliance from merchants with more than 20,000 transactions per year. Many banks are already requiring all merchants, regardless of transaction volume, to produce this certification of PCI Compliance.

The PCI standard comprises two basic steps:

- Pass quarterly remote vulnerability scans conducted by a Visa and MasterCard "Qualified Independent Scan Vendor." Scans are required for all Internet connection points whether they are office networks or home/office connections (dial-up, DSL, cable or wireless) or permanent Internet servers such as your web site and email server, etc.
- Successful completion of a security self-assessment questionnaire annually. The self assessment questionnaire asks specific questions about your internal security practices, both on your web site and in your office.

There are many aspects to penalties that can be incurred as the result of non-compliance. First, there are financial penalties. In addition, possible restrictions up to permanent prohibition of the merchant's participation in credit card programs could be applied to a non-compliance merchant who has a security breach. This all leads to a public lack of consumer trust due to confidential data disclosures.

The County accepts credit card payments through two payment gateways for its various services. The Treasurer's Office utilizes Iowa Interactive as its payment gateway and accepts both swipe and e-commerce (online) payments. The remaining County departments process only swipe transactions through Cybersource payment gateway. Management has determined that these gateways are PCI compliant.

The County has not completed an annual Self-Assessment Questionnaire, has not had quarterly vulnerability scans performed by an approved scanning vendor, and does not maintain PCI DSS policies or procedures outside of the agreements made with the payment gateways. We recommend that management ensure that the County has taken appropriate actions and maintains the appropriate policies to comply with PCI DSS.

### *Management Response*

IT management will work toward ensuring that we are meeting all PCI DSS conditions for our roles with the identified payment gateways. We will acquire and complete the self-assessment questionnaire as part of this process.

8. Availability and Acknowledgement of Computer Use Policy

The County currently uses a splash screen during the workstation login process to inform employees of usage policies. We recommend that detailed, documented computer use policies be distributed to all employees at least annually, with some form of an acknowledgement required by the employee. This would help keep staff educated on County policies, and help protect the County by having proof of employee acceptance of policy and a trail of attempting to keep employees educated.

*Management Response*

A copy of the policy is given to each new employee at orientation and is also available on the County's intranet for review at any time.

This communication is intended solely for the information and use of management and members of the County Board, and is not intended to be and should not be used by anyone other than these specified parties.

*Clifton Henderson LLP*

West Des Moines, Iowa  
December 15, 2010