

**Polk County Auditor and Commissioner of Elections**

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Polk County, Iowa  
2002 Auditor's Report  
For the Fiscal Year Ended June 30, 2002

**Michael A. Mauro**

Polk County Auditor and  
Commissioner of Elections

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# **POLK COUNTY, IOWA**

**Comprehensive Annual Financial Report**

**For the Fiscal Year Ended June 30, 2002**

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**PREPARED BY:**

**AUDITOR'S OFFICE  
CENTRAL ACCOUNTING DIVISION**

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**Other Staff  
Deb Anderson**

# POLK COUNTY, IOWA

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

MICHAEL A. MAURO  
COUNTY AUDITOR  
COMMISSIONER OF ELECTIONS

ADMINISTRATION BUILDING  
111 COURT AVE.  
286-3076

May 16, 2003

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

State law requires that all general-purpose 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, 2002.

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 Deloitte & Touche, 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, 2002, 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, 2002, 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 382,609. Polk County is empowered to levy a property tax on both real and personal properties located within its boundaries.

At the end of the current fiscal year, the County operated under a Board of Supervisors/County Manager form of government. The County Manager was responsible for carrying out policies, ordinances and overseeing the day-to-day operations of government. The County Manager was also responsible for the appointment of department heads to various County departments. The Board of Supervisors (the "Board") is the policy-making body for Polk County government. 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 the County. There are five members on the Board, 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. In January of 2003, the Board eliminated the County Manager function. The duties previously assigned to the County Manager are now being performed by the Board and its professional staff.

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 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 department 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 to adopt the final budget by no later than March 15 for the fiscal year beginning the following July first. The appropriated budget is prepared by fund and program. Department heads may make transfers of appropriations within a department. Transfers of appropriations between departments, however, require special approval of the Board. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated budget has been adopted. For the general fund and major special revenue funds this comparison is presented as required supplementary information. For governmental funds with appropriated annual budgets, other than the general fund and major special revenue funds, this comparison is presented in the other supplementary information section of this report.

## 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 healthy. The population continues to grow at a moderate pace, up approximately 14.5% since 1990, to 382,609 in 2002. Unemployment is approximately 3%, lower than state and national levels. Other economic indicators are also strong although effects of the national recession are being felt. The County remains the primary center of economic activity in central Iowa and the State although adjoining counties, especially Dallas County to the west, are also experiencing significant new development.

A series of major projects are planned or underway in Des Moines totaling over \$1.6 billion in public and private investment. Most of these projects are located in the downtown area and represent a tremendous stage in the revitalization of Des Moines. The Capital City Vision Project composed of the Iowa Events Center/Iowa Hall of Pride and the Science Center of Iowa, Des Moines downtown library, Higher Learning Center, and the World Food Prize, which total approximately \$340 million, are a central component of this development.

In downtown Des Moines, a new housing development in the Court Avenue area is under construction. The City is near completion in the clearing of land in the Gateway West project area downtown. While some older structures are being retained, and a new downtown library is planned, a number of square blocks of open space will be created. The renovated Temple for the Performing Arts recently opened and a commercial/residential development just broke ground in the nearby Sherman Hill historic district. The new approximately \$137 million corporate headquarters and parking facilities for Allied Insurance Company is nearly complete. Construction of the new approximately \$70 million headquarters of Wells Fargo Financial is close to completion as well. Other development projects in this area are also under active consideration.

In the Gateway East area of downtown, two new office buildings have recently opened and other buildings are being renovated. A renewal of activity in this older section of downtown will bring new life at the foot of the Capitol. The State is also constructing a new parking garage and a new State Justice building is preparing to open.

Principal Financial Group (the "Principal") has started planning for a new Riverwalk development linking the Iowa Events Center on the north to Sec Taylor baseball stadium on the south (approximately 8 blocks). This approximately \$20 million project will provide a variety of amenities associated with the riverfront and further connect the east and west sides of the river. Improvements include walkways, lighting, benches, pedestrian bridges and other enhancements. This project is in the planning stages and, with the Principal's financial commitment of about \$10 million, is sure to happen.

In southern Des Moines, new commercial parks near the airport are attracting businesses. In the past five years, 20 projects worth more than \$160 million have begun. When fully developed, private investment of \$700 million is hoped for in this area. The Des Moines International Airport is constructing a new runway and related facilities.

Suburban growth is also continuing rapidly. John Deere Credit completed its new \$30 million headquarters in Johnston. West Des Moines and Clive are becoming the focus of upscale retail development in central Iowa. A new regional mall is under construction in the Dallas County portion of West Des Moines, located near a new suburban campus of the Des Moines Area Community College. Large retail operations with supportive restaurants and other commercial activity are making the western County suburbs among the fastest growing areas in the state. Ankeny is seeing significant commercial growth along the I-35 corridor and Altoona and Pleasant Hill have steady growth in retail and housing developments.

Numerous transportation improvements are underway in the area. Construction of relocated Highway 5 on the southern edge of the County was completed in 2002. This highway provides a continuous loop around the Des Moines metropolitan area. Des Moines has started construction of the new downtown M L King bypass that will link major central arteries and is expected to improve the potential of the downtown core area. The State is progressing in the reconstruction of I-235 that runs through the heart of the metropolitan area. This approximately \$450 million project will expand the vehicle lanes, make many safety improvements and is expected to be completed in 2006. A new I-35 interchange is under construction between Des Moines and Ankeny. The County is constructing a new highway in the northwest, connecting Grimes and Polk City.

At the Ankeny Airport, the construction of a cross-wind runway and other improvements will help this facility continue its development. This airport is among the fastest growing general aviation airports in the Midwest. This airport is now ranked fourth in the State in terms of number of flights.

In the spring of 2000, County voters approved a local option sales tax for schools. Over ten years, it is projected to raise about \$700 million that will be allocated to the school districts within the County for new construction and remodeling of existing facilities. This plan will help make the local school facilities among the best in the country.

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

The County completed construction of an approximately \$11 million, 70 bed juvenile detention center in early 2002 to replace its aging detention facility. A combination of gaming revenue, tax funds, and debt was used to fund the construction. The County is constructing a new senior center in the Beavertdale area in conjunction with the City of Des Moines' construction of a new library.

In August 2001, the County started work on the construction the Iowa Events Center (see Note 18) which consists of a new arena, exhibit hall and improvements to Veterans Memorial Auditorium. This major project is estimated to cost about \$217 million and is the largest public project ever undertaken by the County. This project is expected to expand the recreational opportunities for central Iowa, improve Des Moines' competitiveness for conventions and trade shows as well as provide a major enhancement for the downtown area.

The County has retained a consultant to develop plans, options, and cost projections for new jail and court facilities. A preliminary plan was submitted to the Board and consideration is being given to how to proceed.

The County has partially implemented a new financial management/human resources software system (see Note 19). This application is expected to greatly improve operational efficiency and increase the quality of available information. Other strides in the use of technology are taking place throughout the County including growing use of the internet in public communications and business transactions.

Operationally, the County is continuing to develop strategies for improving service quality and efficiency. The Board is committed to the development and implementation of long term fiscal planning. The Board has embarked upon a strategic planning process that includes the establishment of a strategic planning committee, identifying mandated functions and defining core services. The compatibility of individual programs is being objectively evaluated with our mission. The Board continues to improve efficiency by enhancing intergovernmental communications through its membership in the Metropolitan Advisory Council. This 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.

A City/County merger proposal is under consideration by a Charter Commission. The proposal provides for the City of Des Moines and Polk County to be merged into one government. The Commission has the authority to recommend a form of merged government for consideration by the voters. Public hearings on the proposal are being held and a final recommendation is expected in 2003. Proponents would like for a plan to be on the ballot prior to November 2004.

## **Cash Management Policies and Practices**

Cash temporarily idle during the year was invested in commercial paper, certificates of deposit, authorized money market mutual funds, discount notes, and a Unit Investment Trust. Maturities of investments may range from 1 day to 13 months for operating funds and range from 1 day upward in the case of bond funds according to when cash is needed for the project. The average yield on investments was 2.46%. The investment policy adopted by the County stresses the safety and preservation of principal as the foremost investment objective. Maintaining the necessary liquidity to match expected liabilities is the second investment objective. The third objective is obtaining a reasonable rate of return, after meeting the first two objectives. The policy directives intend on minimizing the credit and market risks while maintaining a reasonable rate of return.

When investing assets in excess of \$100,000 for a term longer than one month, the County Treasurer requests competitive investment proposals for comparable credit and term investments from a minimum of three investment providers. All deposits up to \$100,000 per institution are FDIC insured and held in a financial institution approved by the Board. Amounts in excess of FDIC insurance are covered by the State of Iowa's sinking fund pool. All investments are subject to the County's investment policy quality guidelines and diversification goals.

Assets of Polk County may be invested in: a) Interest bearing savings accounts, money market accounts, and interest bearing checking accounts that meet the State of Iowa code requirements b) U.S. Government securities c) Certificate of deposits approved and secured by FDIC depository institutions d) Prime bankers' acceptances that are eligible for purchase by the federal reserve bank e) Commercial paper that is rated with a classification (A1,P1) f) Open-end management investment company registered with the SEC (money market mutual fund) g) 28E Joint Investment Trusts rated within the two highest classifications or registered with the SEC h) Repurchase agreements provided the pledged collateral consists of obligations of the U.S. Government and the County takes delivery of collateral either directly or through an authorized custodian. Collateral shall be marked-to-market daily to cover the cash value of the investment. i) Investment contracts or tax exempt bonds, as authorized by Iowa Code Section 12C.9.

All assets subject to Iowa Code Section 12B.10C shall be secured and held by a third party custodian pursuant to a public funds custodial agreement. The agreement shall require delivery versus payment.

The County Treasurer will compile the monthly performance evaluation report which will summarize the current portfolio in terms of investment type, maturity, rate of return, average daily assets invested, and will reflect a weighted rate of return for the reporting period. The County Treasurer will compile the daily diversification report that will summarize the current portfolio by investment type within each financial institution and investment type overall.

## **Awards and Acknowledgements**

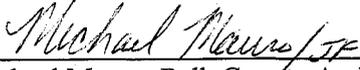
The Government Finance Officers Association of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to Polk County for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2001. The Certificate of Achievement is a prestigious 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.

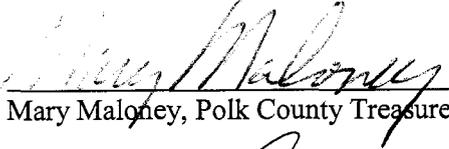
A Certificate of Achievement is valid for a period of one year only. Polk County has received a Certificate of Achievement for the last eight consecutive years. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA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

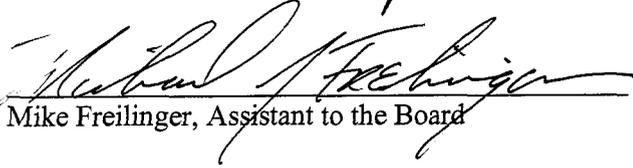
Respectfully submitted,



Michael Mauro, Polk County Auditor



Mary Maloney, Polk County Treasurer



Mike Freilinger, Assistant to the Board

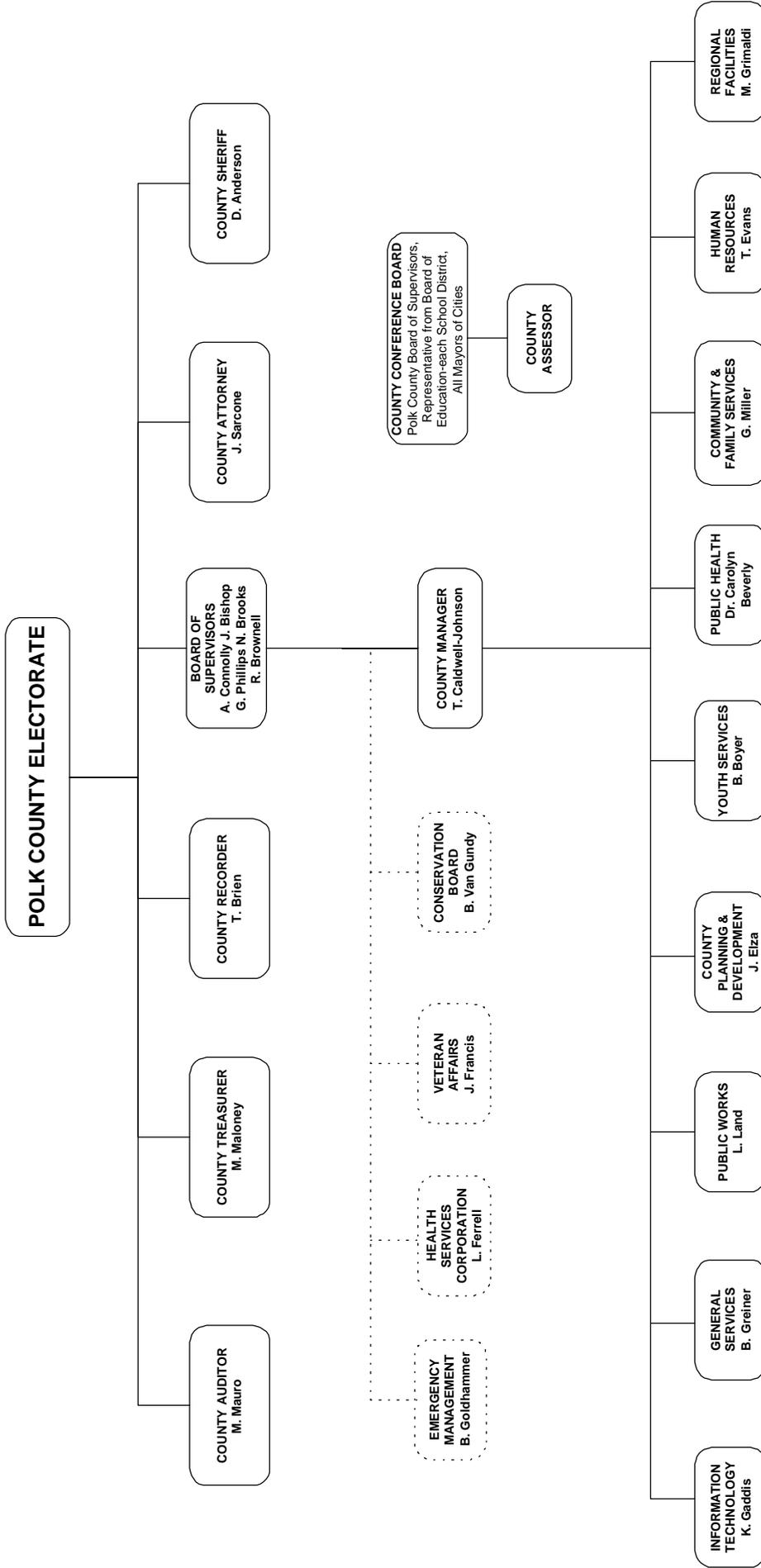
# POLK COUNTY, IOWA

## OFFICIALS

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<b>Name</b>	<b>Title</b>	<b>Term Expires</b>
Jack R. Bishop	Board of Supervisors	2002
Angela Connolly	Board of Supervisors	2002
Gene Phillips	Board of Supervisors	2002
Robert Brownell	Board of Supervisors	2004
Nathan Brooks	Board of Supervisors	2004
Michael Mauro	County Auditor	2004
Mary Maloney	County Treasurer	2002
Tim Brien	County Recorder	2002
Dennis Anderson	County Sheriff	2004
John Sarcone	County Attorney	2002
Jim Maloney	County Assessor	2004
Teree Caldwell-Johnson	County Manager	Appointed

# 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, 2001

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.



*William Robert Pate*  
President

*Jeffrey L. Esser*  
Executive Director

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## INDEPENDENT AUDITORS' REPORT

Board of Supervisors  
Polk County, 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, (County) as of and for the year ended June 30, 2002, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with 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 Chapter 11 of the Code of Iowa. Those standards and Chapter 11 of the Code of Iowa 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 the County as of June 30, 2002, 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.

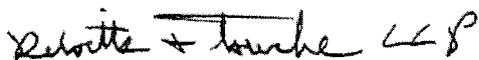
As described in Note 20 to the basic financial statements, in fiscal year 2002 the County adopted Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, GASB Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*, and GASB Statement No. 38, *Certain Financial Statement Note Disclosures*.

As discussed in Notes 22 and 23 to the basic financial statements, in fiscal year 2002 the County reclassified expendable trust funds to special revenue funds, changed its capitalization threshold for fixed assets, and added infrastructure to enterprise funds as well as restated July 1, 2001 net asset balances.

The management's discussion and analysis on pages 16 through 23 and the budgetary comparison schedules and notes thereto on pages 69 through 71 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. 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 the County's basic financial statements. The introductory section, combining nonmajor fund financial statements, additional budgetary comparison schedules, statistical tables and capital assets used in the operation of governmental funds section 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 as listed in the table of contents 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 Non-Profit Organizations*, and is not a required part of the financial statements. These financial statements, schedules and supplementary information are also the responsibility of the management of the County. The combining nonmajor fund financial statements, additional budgetary comparison schedules, and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section, statistical tables and capital assets used in the operation of governmental funds section 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 16, 2003 on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Handwritten signature in cursive script, appearing to read "Robert J. Touche" followed by a stylized flourish.

Des Moines, Iowa  
May 16, 2003

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## POLK COUNTY, IOWA

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2002

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, 2002. 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. With the first year implementation of Governmental Accounting Standards Board ("GASB") Statement No. 34, (see Note 20) the County is not presenting comparable columns in all of the various discussions and analysis for the previous year. Comparative information will be available in subsequent years. All amounts, unless indicated otherwise, are rounded to the nearest million dollars.

#### FINANCIAL HIGHLIGHTS

- Net assets of the County's governmental activities decreased \$3.6 million (3%) and business-type activities decreased \$2.3 million (3%).
- In the County's governmental funds, revenues increased \$3.5 million (2%) while expenditures decreased \$13.9 million (8%).
- In the County's business-type activities, operating revenues decreased \$3.0 million (8%) while operating expenses stayed virtually unchanged. The decrease in revenues is primarily due to \$3 million less funding from Prairie Meadows Racetrack/Casino.
- In the County's governmental funds, expenditures were 5% lower than the final amended budgeted expenditures primarily due to delaying major capital improvement projects that had been budgeted.
- The County's total net assets are \$206.9 million.

#### 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 interprogram services. Property taxes and state and federal grants finance the majority of these activities.
- **Business-Type Activities** – The County charges fees to customers to help it cover the costs of certain services. The County's sanitary treatment projects, racetrack/casino, and events center are included here.
- **Component Unit** – The County includes Polk County Health Services, Inc ("PCHS") in its report. Although legally separate, this "component unit" is included as the County is financially accountable for it.

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

The **Statement of Activities** presents information showing how the County's net assets changed during the fiscal year. All changes in net assets are reported when the underlying event giving rise to the change occurs,

regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (such as uncollected taxes and earned but unused vacation leave).

## Fund Financial Statements

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

The County has three kinds of funds:

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

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

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

The County adopts an annual appropriated budget for 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 Note 2 in the notes to the financial statements.

- **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, sanitary treatment, casino, golf course, and 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 benefit both the governmental activities and business-type activities and have been apportioned accordingly in the government-wide financial statements.

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 the Sanitary Treatment Works, Prairie Meadows Racetrack/Casino, and Iowa Events Center, all of which are considered to be major funds of the County. Data from the other 5 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. We exclude these activities from the County’s government-wide financial statements because the County cannot use these assets to finance its operations. The accounting used for fiduciary funds is similar to that used for proprietary funds. 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 schedules for the general fund and major special revenue 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 3% or \$5.9 million primarily due to expenditures exceeding revenues in the fiscal year ended June 30, 2002. This decrease can be attributed to \$5 million less in interest revenue and \$3 million less in funding from Prairie Meadows Racetrack/Casino.

### Net Assets

	<b>Governmental Activities 2002</b>	<b>Business-type Activities 2002</b>	<b>Total 2002</b>
Current and other assets	\$ 176,814,726	\$ 44,798,683	\$ 221,613,409
Capital assets, net of accumulated depreciation	<u>83,070,703</u>	<u>95,462,101</u>	<u>178,532,804</u>
<b>Total assets</b>	259,885,429	140,260,784	400,146,213
Long-term debt outstanding	<u>26,929,550</u>	<u>55,766,445</u>	82,695,995
Other liabilities	<u>105,629,473</u>	<u>4,917,217</u>	<u>110,546,690</u>
<b>Total liabilities</b>	132,559,023	60,683,662	193,242,685
Net assets			
Invested in capital assets, net of related debt	71,943,687	45,210,083	117,153,770
Restricted	23,212,962	-	23,212,962
Unrestricted	<u>32,169,757</u>	<u>34,367,039</u>	66,536,796
<b>Total net assets</b>	\$ <u>127,326,406</u>	\$ <u>79,577,122</u>	\$ <u>206,903,528</u>

Net assets of the County’s governmental activities decreased 3% or \$3.6 million to \$127.3 million at June 30, 2002. Approximately 75% of these assets are invested in capital assets (buildings, roads, bridges, etc) or restricted as to the purposes they can be used for.

The net assets of business-type activities decreased by 3% or \$2.3 million to \$79.6 million at June 30, 2002. Approximately 57% of these assets are invested in capital assets (buildings, land, infrastructure, etc). The remaining resources cannot be used to fund governmental activities. The County generally can only use these net assets to finance the continuing operations of the sewer, racetrack/casino, events center and the other proprietary functions.

## Changes In Net Assets

	Governmental Activities 2002	Business-type Activities 2002	Total 2002
<b>Revenues:</b>			
Program revenues:			
Charges for services	\$ 19,635,362	\$ 32,566,389	\$ 52,201,751
Operating grants and contributions	35,693,214	573,345	36,266,559
Capital grants and contributions	-	881,403	881,403
General revenues:			
Property taxes	73,778,899	-	73,778,899
Other County taxes	4,628,658	-	4,628,658
Penalties and interest	1,013,007	-	1,013,007
State replacements	4,617,424	-	4,617,424
Use of money and property	3,369,631	658,468	4,028,099
Miscellaneous	2,201,141	242,821	2,443,962
<b>Total revenues</b>	<b>144,937,336</b>	<b>34,922,426</b>	<b>179,859,762</b>
<b>Expenses:</b>			
Public safety	34,162,934	-	34,162,934
Court services	3,359,296	-	3,359,296
Physical health and education	4,627,867	-	4,627,867
Mental health	40,844,075	-	40,844,075
Social services	23,930,282	-	23,930,282
County environment	17,523,366	-	17,523,366
Roads and transportation	12,649,752	-	12,649,752
State and local government services	4,981,368	-	4,981,368
Interprogram services	25,917,979	-	25,917,979
Interest on long-term debt	883,677	-	883,677
Air Pollution	-	764,247	764,247
Convention Complex	-	3,169,241	3,169,241
Veterans Memorial Auditorium	-	5,073,306	5,073,306
Sanitary Treatment Works	-	632,937	632,937
Prairie Meadows Racetrack/Casino	-	5,363,846	5,363,846
Jester Park Golf Course	-	1,262,156	1,262,156
Hamilton Urban Drainage District	-	262,158	262,158
Iowa Events Center	-	314,542	314,542
<b>Total expenses</b>	<b>168,880,596</b>	<b>16,842,433</b>	<b>185,723,029</b>
Excess(deficiency)before transfers	(23,943,260)	18,079,993	(5,863,267)
Transfers	20,371,722	(20,371,722)	-
<b>Increase(decrease) in net assets</b>	<b>\$ (3,571,538)</b>	<b>\$ (2,291,729)</b>	<b>\$ (5,863,267)</b>

**Statement of Activities - Changes in Net Assets.** The County's total revenues remained relatively unchanged at approximately \$179.9 million. The fact that 51% of total governmental revenues are derived from property taxes illustrates the County's continued dependence on property taxes to finance its general functions. State and federal funding represents 25% and charges for services represents 14% of the total governmental revenues, respectively.

The total cost of all governmental programs and services (excluding depreciation) increased 2.5% or \$3.9 million primarily due to increases in public safety and mental health service areas. The County's expenses cover a range of services, with about 59% relating to public safety, mental health, and social services activities.

**Governmental Activities.** Revenues for the County’s governmental activities increased 2.5%, while total expenses decreased 7.6%. The need for net transfers in and balance utilization decreased 38.7% compared to fiscal year (“FY”) 00/01. This narrowing of the gap between revenues and expenditures resulted largely from the following activities:

- The County decreased property tax rates an average of 0.7%, however, a 4.1% increase in property valuations resulted in a \$3.1 million increase in property tax revenues.
- Intergovernmental revenues increased \$2.5 million primarily due to the opening of a new juvenile detention facility and receipt of related Department of Human Services reimbursements. Increased intergovernmental revenues also included tobacco settlement proceeds and a variety of new grants for health, public safety, and conservation.
- Charges for services revenue increased \$2.1 million mainly due to low interest rates which spurred mortgage refinancings and caused a greater number of mortgage documents filed with the Recorder’s Office. In contrast, the 59% decline in investment earning rates also reduced the County’s interest income by \$4.9 million.
- Contributions to economic development programs were scaled back, resulting in a \$2.9 million decline in County environment expenditures.

## **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 \$64 million at June 30, 2002, which is \$8.9 million less than the prior year. Included in this year’s total change in fund balance is a decrease of \$7.6 million in the County’s General Fund. The primary reasons for the general fund’s decrease mirror those highlighted in the analysis of governmental activities. In addition, the General Fund made a one-time transfer out of \$5.0 million to establish a new risk management internal service fund. Additional changes of note include:

- Major and nonmajor special revenue fund balances increased \$1.6 million due to transfers in for capital improvement projects that did not materialize in FY 01/02.
- The capital projects fund balance fell \$3.1 million due to planned balance utilization for completion of the juvenile detention facility and various capital improvement projects.

**Proprietary Funds.** Operating revenues of the County’s business-type activities *decreased* 8% or \$3.0 million to \$33.4 million, and operating expenses remained flat at \$16.2 million. Revenues decreased primarily due to \$3.0 million less revenue available from Prairie Meadows Racetrack/Casino funding sources.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### **Capital Assets**

The County’s investment in capital assets for its governmental and business-type activities as of June 30, 2002, amounts to \$178.5 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, infrastructure, equipment, vehicles and construction in progress.

Capital assets for the governmental and business-type activities at June 30, 2002, were as follows:

### Capital Assets

	Governmental Activities	Business-type Activities	Totals
Land	\$ 8,043,580	\$ 13,743,956	\$ 21,787,536
Buildings	58,893,799	54,661,029	113,554,828
Improvements other than buildings	566,703	8,907,909	9,474,612
Infrastructure	57,429,697	15,654,235	73,083,932
Equipment	14,217,376	2,718,025	16,935,401
Vehicles	6,506,917	123,025	6,629,942
Construction in progress	-	25,745,447	25,745,447
Total	145,658,072	121,553,626	267,211,698
Less: accumulated depreciation	(62,587,369)	(26,091,525)	(88,678,894)
Total	\$ 83,070,703	\$ 95,462,101	\$ 178,532,804

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

#### **This year's major capital asset additions included (in millions of dollars):**

- Completion of the Juvenile Detention Facility financed from bond proceeds - \$2.0
- Acquisition of five Secondary Roads motor graders financed through capital leases - \$1.0
- Acquisition of land relating to the construction of the Iowa Events Center - \$9.3
- Construction in progress of the Iowa Events Center - \$20.4
- Expansion of Sanitary Sewer infrastructure - \$1.0

The County's FY 02/03 capital budget projects spending another \$8.3 million for capital projects, principally for the completion of two senior centers, purchase of vehicles, and the purchase of information technology upgrades and replacements.

#### **Long-Term Debt**

At June 30, 2002, the County had \$73.8 million in bonds and notes outstanding, an increase of \$42.8 million compared to FY 00/01. The increase in debt resulted from an issuance of \$45.0 million in general obligation bonds. The bonds were issued to finance a portion of the renovation and expansion of Veterans Memorial Auditorium and attached Exhibit Hall. The renovation and expansion are components of the larger Iowa Events Center project which also includes construction of a new arena.

During FY 02/03, Polk County plans to issue \$120.1 million in additional general obligation debt. This includes \$73.0 million in tax-exempt bonds for the Iowa Events Center, \$40.9 million in taxable bonds for the Iowa Events Center, and \$6.2 million for housing and capital improvement projects.

Despite the sizeable increase in bonds and notes outstanding, the 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 debt limit as of January 2003 was \$984.5 million whereas debt outstanding (including tax increment financing district values) was \$205.0 million.

**Outstanding Debt**  
(In millions of dollars)

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>		<b>Percentage Change 2001-2002</b>
	<b>2002</b>	<b>2001</b>	<b>2002</b>	<b>2001</b>	<b>2002</b>	<b>2001</b>	
General obligation bonds	\$17.8	\$18.9	\$50.7	\$6.2	\$68.5	\$25.1	172.9%
Notes payable	0.7	0.7	4.6	5.2	5.3	5.9	-10.2%
<b>Total</b>	<b>\$18.5</b>	<b>\$19.6</b>	<b>\$55.3</b>	<b>\$11.4</b>	<b>\$73.8</b>	<b>\$31.0</b>	<b>138.1%</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 from governmental funds were \$8.1 million below final budget amounts. Significant variances included:

- Capital projects appropriations totaling \$1.7 million were carried forward to FY 02/03 to continue various improvements that were not completed during FY 01/02. The projects included implementation of a new financial management/human resource system and information technology improvements.
- Expenditures of \$1.1 million for planning, developing, and acquiring land for a courthouse annex were included in the amended budget but not expended. Discussions on the annex are ongoing, and a sufficient appropriation was maintained in the event plans were finalized.
- Expenditures for social services grants were \$679,000 less than budgeted. \$500,000 was included in the budget for projects that were not acted upon. The money was carried forward to FY 02/03 to fund subsequent projects.

In the general fund, actual expenditures were \$3.3 million below budget primarily due to lower than anticipated caseloads for social services programs, decreased personnel services expenses because of a hiring freeze imposed midway through the current fiscal year, and lower than anticipated costs for information technology services, insurance, and workman’s compensation. Actual revenues also fell short of budget by \$1.3 million. The shortfall included reductions and delays in state, federal, and grant funding.

**ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES**

The financial condition of the County remains strong. Growth in the tax base and continued revenues from Prairie Meadows Racetrack and Casino has allowed the County to avoid many of the financial problems facing local governments. Fiscal pressures are increasing, however, with reductions in state aid and growth in certain County expenditures. The Board of Supervisors is continuing to address fiscal problems and is increasing efforts to restrict expenses.

The Board of Supervisors approved a new eight year lease with the Racing Association of Central Iowa for Prairie Meadows Racetrack and Casino. This lease provides for \$15.6 million in annual payments to the County plus another \$4.4 million annually for the first five years. In November, 2002, the voters approved the

continuation of slot machine games at Prairie Meadows through 2010. Most gaming revenue from the new lease is contractually committed to funding the Iowa Events Center.

In the 2002-2003 certified budget, governmental fund revenues excluding transfers are budgeted to increase 0.5% compared to actual revenues in 2001-2002 with net current property taxes comprising 47.2% of revenues and other sources. Certified assessed valuations increased 3.0% over the preceding year, and the tax levy rate decreased 1.0% compared to FY 2001-2002. Budgeted increases of \$2.8 million in property tax revenues and \$1.4 million in intergovernmental revenues are largely offset by a \$2.2 million decrease in charges for services and a \$0.8 million decline in interest revenues.

Expenditures are budgeted to decline 5.0% to \$163.9 million. The largest reductions are \$5.0 million in capital expenditures and \$6.1 million in County environment expenditures. Personal services expenditures were certified to increase \$5.8 million, however, recent restructuring will significantly reduce actual 2002-2003 employee expenditures compared to budget.

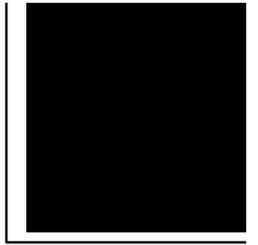
With FY 02/03 revenues and transfers in certified at \$161.9 million and expenditures and transfers out certified at \$175.2 million, the County anticipates a balance utilization of \$13.4 million from governmental funds. Nonetheless, ending fund balances are estimated to exceed 20% of expenditures and other uses.

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

This financial report is designed to provide our citizens, taxpayers, customers, and 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.

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# Basic Financial Statements



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**POLK COUNTY, IOWA**

**Statement of Net Assets  
June 30, 2002**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	PCHS
<b>ASSETS</b>				
Cash and investments	\$ 70,702,904	\$ 24,802,149	\$ 95,505,053	\$ 2,794,130
Receivables (net of allowance for uncollectibles)	12,427,746	1,522,377	13,950,123	116,904
Advances to component unit	7,118,481	-	7,118,481	-
Internal balances	787,100	3,154	790,254	-
Inventories	2,158,023	133,771	2,291,794	-
Prepaid items	615,347	3,678	619,025	20,838
Lease/debt origination costs	-	579,647	579,647	58,048
Succeeding year property taxes receivable	83,005,125	-	83,005,125	-
Net investment in direct financing lease	-	-	-	3,644,107
Investment in joint venture	-	17,753,907	17,753,907	-
Capital assets:				
Land	8,043,580	13,743,956	21,787,536	1,222,828
Buildings	58,893,799	54,661,029	113,554,828	4,277,795
Improvements other than buildings	566,703	8,907,909	9,474,612	-
Infrastructure	57,429,697	15,654,235	73,083,932	-
Equipment	14,217,376	2,718,025	16,935,401	16,156
Vehicles	6,506,917	123,025	6,629,942	-
Construction in progress	-	25,745,447	25,745,447	-
Less: accumulated depreciation	(62,587,369)	(26,091,525)	(88,678,894)	-
Capital assets, net	83,070,703	95,462,101	178,532,804	5,516,779
<b>TOTAL ASSETS</b>	259,885,429	140,260,784	400,146,213	12,150,806
<b>LIABILITIES</b>				
Accounts payable and other current liabilities	18,982,803	3,693,077	22,675,880	282,419
Internal balances	3,154	787,100	790,254	-
Interest payable	66,121	186,246	252,367	60,246
Deferred revenues	414,820	-	414,820	297,656
Advance deposits and ticket sales	-	250,794	250,794	-
Succeeding year property taxes deferred revenue	83,005,125	-	83,005,125	-
Due within one year:				
General obligation bonds payable	1,824,176	3,563,495	5,387,671	105,000
Notes payable	30,000	614,168	644,168	-
Capital leases payable	491,198	-	491,198	-
Compensated absences payable	680,560	43,440	724,000	-
Estimated liability for claims and judgements	1,237,510	-	1,237,510	-
Advances from primary government	-	-	-	568,771
Due in more than one year:				
General obligation bonds payable	15,979,931	47,125,778	63,105,709	2,500,000
Notes payable	713,000	3,999,006	4,712,006	-
Capital leases payable	969,366	-	969,366	-
Compensated absences payable	6,241,319	420,558	6,661,877	-
Estimated liability for claims and judgements	1,919,940	-	1,919,940	-
Advances from primary government	-	-	-	6,549,710
<b>TOTAL LIABILITIES</b>	132,559,023	60,683,662	193,242,685	10,363,802

**POLK COUNTY, IOWA**

**Statement of Net Assets  
June 30, 2002**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	PCHS
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	71,943,687	45,210,083	117,153,770	1,763,091
Restricted for:				
Debt service	6,626,029	-	6,626,029	733,837
Capital improvements	6,006,338	-	6,006,338	-
Other purposes	10,580,595	-	10,580,595	-
Unrestricted	32,169,757	34,367,039	66,536,796	(709,924)
<b>TOTAL NET ASSETS</b>	\$ 127,326,406	\$ 79,577,122	\$ 206,903,528	\$ 1,787,004

The notes to the financial statements are an integral part of this statement.

**POLK COUNTY, IOWA**

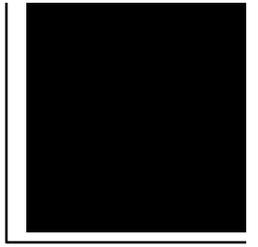
Statement of Activities  
For the Year Ended June 30, 2002

**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	
<b>Primary government:</b>								
Governmental activities:								
Public safety	\$ 34,162,934	\$ 4,076,252	\$ 1,014,241	\$ -	\$ (29,072,441)	\$ -	\$ (29,072,441)	\$ -
Court services	3,359,296	729,587	199,317	-	(2,430,392)	-	(2,430,392)	-
Physical health and education	4,627,867	978,894	478,076	-	(3,170,897)	-	(3,170,897)	-
Mental health	40,844,075	4,472,828	19,615,346	-	(16,755,901)	-	(16,755,901)	-
Social services	23,930,282	658,117	8,245,065	-	(15,027,100)	-	(15,027,100)	-
County environment	17,523,366	544,958	795,947	-	(16,182,461)	-	(16,182,461)	-
Roads and transportation	12,649,752	396,537	4,431,652	-	(7,821,563)	-	(7,821,563)	-
State and local government services	4,981,368	6,833,081	-	-	1,851,713	-	1,851,713	-
Interprogram services	25,917,979	945,108	913,570	-	(24,059,301)	-	(24,059,301)	-
Interest on long-term debt	883,677	-	-	-	(883,677)	-	(883,677)	-
Total governmental activities	168,880,596	19,635,362	35,693,214	-	(113,552,020)	-	(113,552,020)	-
<b>Business-type activities:</b>								
Air Pollution	764,247	194,453	573,345	-	-	3,551	3,551	-
Convention Complex	3,169,241	2,853,152	-	-	-	(316,089)	(316,089)	-
Veterans Memorial Auditorium	5,073,306	3,569,299	-	-	-	(1,504,007)	(1,504,007)	-
Sanitary Treatment Works	632,937	290,057	-	881,403	-	538,523	538,523	-
Prairie Meadows Racetrack/Casino	5,363,846	24,230,693	-	-	-	18,866,847	18,866,847	-
Jester Park Golf Course	1,262,156	1,303,564	-	-	-	41,408	41,408	-
Hamilton Urban Drainage District	262,158	125,171	-	-	-	(136,987)	(136,987)	-
Iowa Events Center	314,542	-	-	-	-	(314,542)	(314,542)	-
Total business-type activities	16,842,433	32,566,389	573,345	881,403	-	17,178,704	17,178,704	-
Total primary government	\$ 185,723,029	\$ 52,201,751	\$ 36,266,559	\$ 881,403	(113,552,020)	17,178,704	(96,373,316)	-
<b>Component unit:</b>								
PCHS	\$ 3,376,717	\$ 1,535,767	\$ 1,789,155	-	-	-	-	(51,795)
General revenues:								
Property taxes					73,778,899	-	73,778,899	-
Other county taxes					4,628,658	-	4,628,658	-
Penalties and interest					1,013,007	-	1,013,007	-
State replacements					4,617,424	-	4,617,424	-
Use of money and property					3,369,631	658,468	4,028,099	63,412
Miscellaneous					2,201,141	242,821	2,443,962	32,592
Transfers					20,371,722	(20,371,722)	-	-
Total general revenues and transfers					109,980,482	(19,470,433)	90,510,049	96,004
Change in net assets					(3,571,538)	(2,291,729)	(5,863,267)	44,209
Net assets - beginning, as restated					130,897,944	81,868,851	212,766,795	1,742,795
Net assets - ending					\$ 127,326,406	\$ 79,577,122	\$ 206,903,528	\$ 1,787,004

The notes to the financial statements are an integral part of this statement.

# Fund Financial Statements



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**POLK COUNTY, IOWA**

**Balance Sheet  
Governmental Funds  
June 30, 2002**

	<b>General</b>	<b>MH/MR/DD Services</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>				
Cash and investments	\$ 25,538,562	\$ 7,515,039	\$ 29,202,962	\$ 62,256,563
Receivables (net of allowances for uncollectibles):				
Taxes	349,617	81,425	42,360	473,402
Succeeding year property taxes	61,997,413	14,439,159	6,568,553	83,005,125
Special assessments	17,452	-	136,556	154,008
Accounts	31,570	27,897	-	59,467
Notes	-	-	4,848,612	4,848,612
Accrued interest	171,719	-	2,238	173,957
Due from other funds	1,305,772	67,412	579	1,373,763
Due from other governments	4,551,575	891,595	504,240	5,947,410
Advances to other funds	165,834	-	-	165,834
Advances to component unit	-	1,148,689	5,969,792	7,118,481
Inventories	733,587	-	1,424,436	2,158,023
Prepaid items	349,398	-	-	349,398
<b>TOTAL ASSETS</b>	<b>\$ 95,212,499</b>	<b>\$ 24,171,216</b>	<b>\$ 48,700,328</b>	<b>\$ 168,084,043</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Vouchers payable	\$ 2,128,164	\$ 8,873,187	\$ 5,508,445	\$ 16,509,796
Wages payable	1,818,643	7,418	138,382	1,964,443
Payroll taxes payable	472,627	1,807	34,130	508,564
Interest payable	-	-	2,084	2,084
Estimated liability for claims and judgments	133,895	-	-	133,895
Due to other funds	3,154	-	-	3,154
Advances from other funds	-	-	88,000	88,000
Deferred revenues	1,257,796	384,004	180,258	1,822,058
Succeeding year property taxes deferred revenue	61,997,413	14,439,159	6,568,553	83,005,125
<b>TOTAL LIABILITIES</b>	<b>67,811,692</b>	<b>23,705,575</b>	<b>12,519,852</b>	<b>104,037,119</b>
Fund balances:				
Reserved for advances to other funds	165,834	-	-	165,834
Reserved for advances to component unit	-	1,148,689	5,969,792	7,118,481
Reserved for noncurrent notes receivable	-	-	3,951,637	3,951,637
Reserved for inventory of supplies	318,767	-	1,424,436	1,743,203
Reserved for supplemental levy purposes	8,550,079	-	1,310,692	9,860,771
Reserved for prepaid items	349,398	-	-	349,398
Unreserved reported in general fund	18,016,729	-	-	18,016,729
Unreserved reported in special revenue funds	-	(683,048)	16,861,344	16,178,296
Unreserved reported in capital projects funds	-	-	6,006,338	6,006,338
Unreserved reported in debt service funds	-	-	656,237	656,237
<b>TOTAL FUND BALANCES</b>	<b>27,400,807</b>	<b>465,641</b>	<b>36,180,476</b>	<b>64,046,924</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 95,212,499</b>	<b>\$ 24,171,216</b>	<b>\$ 48,700,328</b>	<b>\$ 168,084,043</b>

The notes to the financial statements are an integral part of this statement.

**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, 2002**

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Fund balances - total governmental funds	\$ 64,046,924
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets, net of accumulated depreciation of \$62,587,369, used in governmental activities are not financial resources and therefore are not reported in the funds.	83,070,703
Interest expense on long-term obligations that does not require current financial resources and therefore is not reported in the funds.	(64,037)
Deferred revenues that are not available to pay for current period expenditures in the funds	
Property taxes	435,458
Special assessments	152,242
Accounts receivable	900
Due from other governments	461,780
Due from other funds (Prairie Meadows property taxes)	356,858
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 allocated between the governmental activities and business-type activities according to their proportion of usage. A portion of these assets and liabilities are included in governmental activities in the statement of net assets.	6,422,233
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
General obligation bonds payable	(17,804,107)
Notes payable	(743,000)
Capital leases payable	(1,460,564)
Compensated absences payable	(6,921,879)
Estimated liability for claims and judgements	(627,105)
Net assets of governmental activities	\$ <u>127,326,406</u>

The notes to the financial statements are an integral part of this statement.

**POLK COUNTY, IOWA**

**Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2002**

	<b>General</b>	<b>MH/MR/DD Services</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>REVENUES:</b>				
Property taxes	\$ 55,325,737	\$ 13,200,209	\$ 5,169,047	\$ 73,694,993
Other County taxes	3,805,884	627,409	195,365	4,628,658
Interest and penalties on delinquent taxes	1,013,007	-	-	1,013,007
Intergovernmental	20,193,299	24,633,032	5,774,957	50,601,288
Licenses and permits	509,947	-	2,405	512,352
Charges for services	8,141,019	-	307,803	8,448,822
Use of money and property	2,905,525	15,004	343,261	3,263,790
Fines, forfeitures and defaults	18,360	-	111,977	130,337
Miscellaneous	1,011,985	301,484	864,054	2,177,523
<b>TOTAL REVENUES</b>	<b>92,924,763</b>	<b>38,777,138</b>	<b>12,768,869</b>	<b>144,470,770</b>
<b>EXPENDITURES:</b>				
Current:				
Public safety	32,191,377	-	128,204	32,319,581
Court services	2,686,863	-	-	2,686,863
Physical health and education	3,841,547	-	616,994	4,458,541
Mental health	-	40,836,250	-	40,836,250
Social services	22,283,388	-	1,133,933	23,417,321
County environment	5,221,159	-	11,668,814	16,889,973
Roads and transportation	-	-	9,400,596	9,400,596
State and local government services	4,463,006	-	422,436	4,885,442
Interprogram services	21,140,411	-	198	21,140,609
Debt service:				
Principal	-	-	1,192,262	1,192,262
Interest	-	-	887,963	887,963
Capital projects:				
Roadway construction	-	-	2,252,262	2,252,262
Conservation land acquisition and development	-	-	417,267	417,267
Other capital projects	363,464	-	9,419,304	9,782,768
<b>TOTAL EXPENDITURES</b>	<b>92,191,215</b>	<b>40,836,250</b>	<b>37,540,233</b>	<b>170,567,698</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>733,548</b>	<b>(2,059,112)</b>	<b>(24,771,364)</b>	<b>(26,096,928)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	2,024,090	-	28,683,083	30,707,173
Transfers out	(10,705,804)	-	(4,609,647)	(15,315,451)
Capital leases	298,764	-	1,016,590	1,315,354
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(8,382,950)</b>	<b>-</b>	<b>25,090,026</b>	<b>16,707,076</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(7,649,402)</b>	<b>(2,059,112)</b>	<b>318,662</b>	<b>(9,389,852)</b>
<b>FUND BALANCE, BEGINNING OF YEAR, AS RESTATED (SEE NOTE 22)</b>	<b>35,035,934</b>	<b>2,524,753</b>	<b>35,369,796</b>	<b>72,930,483</b>
Change in inventory reserve	14,275	-	492,018	506,293
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 27,400,807</b>	<b>\$ 465,641</b>	<b>\$ 36,180,476</b>	<b>\$ 64,046,924</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, 2002**

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Net change in fund balances - total governmental funds	\$ (9,389,852)
Amounts reported for governmental activities in the statement of net assets are different because:	
Governmental funds report capital outlay as expenditures. In the government-wide statement of activities and changes in net assets, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets, net of disposals of \$14,928, recorded in the current period.	9,717,478
Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net assets but does not require the use of current financial resources. Depreciation expense is not reported as an expenditure in governmental funds.	(8,325,180)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. Deferred revenue	375,653
Long-term estimated liabilities and claims are reported in the government-wide statement of activities . They do not require the use of current financial resources and are not reported as expenditures in governmental funds.	(429,346)
Long-term employee benefits are reported in the government-wide statement of activities. They do not require the use of current financial resources and are not reported as expenditures in governmental funds.	(301,243)
Capital lease 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. Capital lease proceeds Payments on long-term debt	(876,993) 1,192,262
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. Interest payable on general obligation bonds at year end	4,286
Internal service funds are used by management to charge the costs of insurance. The revenues and expenses of the internal service funds are allocated between the governmental activities and business-type activities according to their proportion of usage. Portion of net profit (loss) of internal service funds	3,955,104
Inventory in the governmental funds has been recorded as an expenditure when paid, however, the statement of activities will not report these items as expenditures until the period when the corresponding net asset is exhausted.	<u>506,293</u>
Change in net assets of governmental activities	\$ <u><u>(3,571,538)</u></u>

POLK COUNTY, IOWA

Statement of Net Assets  
Proprietary Funds  
June 30, 2002

	Business-type Activities-Enterprise Funds					Internal Service Funds
	Sanitary Treatment Works	Prairie Meadows Racetrack/Casino	Iowa Events Center	Other Enterprise Funds	Total	
<b>ASSETS</b>						
Current assets:						
Cash and investments	\$ 1,699,178	\$ 8,447,890	\$ 12,227,287	\$ 2,427,794	\$ 24,802,149	\$ 8,446,341
Receivables (net of allowances for uncollectibles):						
Special assessments	627,502	-	-	-	627,502	-
Accounts	15,740	-	-	102,279	118,019	28,853
Accrued interest	2,655	12,442	19,370	4,302	38,769	5,366
Due from other funds	-	-	-	63,776	63,776	-
Due from other governments	8,993	505,693	-	172,259	686,945	-
Inventories	-	-	-	124,778	124,778	-
Prepaid items	-	-	-	3,678	3,678	265,949
Total current assets	2,354,068	8,966,025	12,246,657	2,898,866	26,465,616	8,746,509
Investment in joint venture	17,753,907	-	-	-	17,753,907	-
Lease/debt origination costs	4,833	379,775	146,235	48,804	579,647	-
Capital assets:						
Land	-	3,129,000	9,335,324	1,279,632	13,743,956	-
Buildings	-	47,313,986	-	7,347,043	54,661,029	-
Improvements other than buildings	-	7,712,588	-	1,195,321	8,907,909	-
Infrastructure	6,457,609	-	-	9,196,626	15,654,235	-
Equipment	-	-	-	2,718,025	2,718,025	-
Vehicles	-	-	-	123,025	123,025	-
Construction in progress	-	-	25,745,447	-	25,745,447	-
Less accumulated depreciation	(1,147,245)	(18,636,960)	-	(6,307,320)	(26,091,525)	-
Capital assets, net	5,310,364	39,518,614	35,080,771	15,552,352	95,462,101	-
Total noncurrent assets	23,069,104	39,898,389	35,227,006	15,601,156	113,795,655	-
<b>TOTAL ASSETS</b>	<b>25,423,172</b>	<b>48,864,414</b>	<b>47,473,663</b>	<b>18,500,022</b>	<b>140,261,271</b>	<b>8,746,509</b>
<b>LIABILITIES</b>						
Current liabilities:						
Vouchers payable	2,007	6,500	1,467,830	228,103	1,704,440	-
Wages payable	-	-	-	138,613	138,613	-
Payroll taxes payable	-	-	-	33,042	33,042	-
Interest payable	18,483	-	167,763	-	186,246	-
Estimated liability for claims and judgements	-	-	-	-	-	2,396,450
Due to other funds	-	356,858	-	358,555	715,413	-
Due to other governments	-	1,816,982	-	-	1,816,982	-
Advance deposits and ticket sales	-	-	-	250,794	250,794	-
Total current liabilities	20,490	2,180,340	1,635,593	1,009,107	4,845,530	2,396,450
Noncurrent liabilities:						
General obligation bonds payable	627,255	-	45,539,977	4,522,041	50,689,273	-
Notes payable	4,613,174	-	-	-	4,613,174	-
Compensated absences payable	-	-	-	463,998	463,998	-
Total noncurrent liabilities	5,240,429	-	45,539,977	4,986,039	55,766,445	-
<b>TOTAL LIABILITIES</b>	<b>5,260,919</b>	<b>2,180,340</b>	<b>47,175,570</b>	<b>5,995,146</b>	<b>60,611,975</b>	<b>2,396,450</b>
<b>NET ASSETS</b>						
Invested in capital assets, net of related debt	5,120,364	39,518,614	(10,459,206)	11,030,311	45,210,083	-
Unrestricted	15,041,889	7,165,460	10,757,299	1,474,565	34,439,213	6,350,059
<b>TOTAL NET ASSETS</b>	<b>\$ 20,162,253</b>	<b>\$ 46,684,074</b>	<b>\$ 298,093</b>	<b>\$ 12,504,876</b>	<b>79,649,296</b>	<b>\$ 6,350,059</b>
Adjustment to reflect the consolidation of internal service fund activities related to business-type activities					(72,174)	
Net assets of business-type activities					\$ 79,577,122	

**POLK COUNTY, IOWA**

**Statement of Revenues, Expenses, and Changes in Fund Net Assets  
Proprietary Funds  
For the Year Ended June 30, 2002**

	Business-type Activities-Enterprise Funds					Internal Service Funds
	Sanitary Treatment Works	Prairie Meadows Racetrack/Casino	Iowa Events Center	Other Enterprise Funds	Total	
<b>OPERATING REVENUES:</b>						
Charges for goods and services:						
Charges for services	\$ 290,057	\$ 24,230,693	\$ -	\$ 4,033,745	\$ 28,554,495	\$ 7,690,139
Grant revenue, operating	-	-	-	573,345	573,345	-
Parking income	-	-	-	739,018	739,018	-
Concession sales	-	-	-	2,816,610	2,816,610	-
Commissions income	-	-	-	337,786	337,786	-
PFMS user fee on ticket sales	-	-	-	118,480	118,480	-
Miscellaneous	115,982	1,074	95,690	105,489	318,235	106
Total operating revenues	406,039	24,231,767	95,690	8,724,473	33,457,969	7,690,245
<b>OPERATING EXPENSES:</b>						
Cost of goods and services:						
Personal services	44,971	-	-	4,941,544	4,986,515	-
Supplies	376	-	322,039	598,422	920,837	-
Professional services	62,278	53,667	-	332,155	448,100	-
Other services/charges	77,638	2,202,240	7,900	1,468,390	3,756,168	183,531
Insurance	-	-	-	-	-	8,709,625
Direct event expense	-	-	-	584,299	584,299	-
Cost of goods sold - concession	-	-	-	528,512	528,512	-
Fine Host management expense	-	-	-	697,770	697,770	-
Miscellaneous	7,892	-	-	118,123	126,015	-
Amortization of discount (premium)	842	759,547	(15,397)	19,192	764,184	-
Depreciation	161,771	2,348,392	-	919,552	3,429,715	-
Total operating expenses	355,768	5,363,846	314,542	10,207,959	16,242,115	8,893,156
<b>OPERATING INCOME (LOSS)</b>	50,271	18,867,921	(218,852)	(1,483,486)	17,215,854	(1,202,911)
<b>NONOPERATING REVENUES (EXPENSES):</b>						
Interest revenue	50,024	116,336	400,413	91,695	658,468	105,841
Interest expense	(277,169)	-	-	(250,975)	(528,144)	-
Net joint venture activity	(75,414)	-	-	-	(75,414)	-
Total nonoperating revenues (expenses)	(302,559)	116,336	400,413	(159,280)	54,910	105,841
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS</b>	(252,288)	18,984,257	181,561	(1,642,766)	17,270,764	(1,097,070)
<b>CAPITAL CONTRIBUTIONS AND TRANSFERS:</b>						
Capital contributions from developers	881,403	-	-	-	881,403	-
Capital contributions from other funds	-	-	424,274	-	424,274	-
Capital transfers out	-	(424,274)	-	-	(424,274)	-
Transfers in	650,361	5,190,360	-	1,500,000	7,340,721	5,000,000
Transfers out	-	(22,651,422)	(5,000,000)	(61,021)	(27,712,443)	(20,000)
Total capital contributions and transfers	1,531,764	(17,885,336)	(4,575,726)	1,438,979	(19,490,319)	4,980,000
<b>CHANGE IN NET ASSETS</b>	1,279,476	1,098,921	(4,394,165)	(203,787)	(2,219,555)	3,882,930
<b>NET ASSETS - BEGINNING OF YEAR AS RESTATED (SEE NOTE 23)</b>	18,882,777	45,585,153	4,692,258	12,708,663	81,868,851	2,467,129
<b>NET ASSETS - END OF YEAR</b>	\$ 20,162,253	\$ 46,684,074	\$ 298,093	\$ 12,504,876	79,649,296	\$ 6,350,059
Adjustment to reflect the consolidation of internal service fund activities related to business-type activities					(72,174)	
Net assets of business-type activities					<u>\$ 79,577,122</u>	

**POLK COUNTY, IOWA**

**Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2002**

	<b>Sanitary Treatment Works</b>	<b>Prairie Meadows Racetrack/ Casino</b>	<b>Iowa Events Center</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash received from customers	\$ 419,593	\$ 1,074	\$ 111,430
Cash received from air pollution control permits	-	-	-
Cash received from operating grants	-	-	-
Cash received from racetrack/casino	-	26,825,000	-
Cash paid to suppliers for goods and services	(182,483)	(2,287,108)	(704,273)
Cash paid to employees	(44,971)	-	-
Net cash flows from operating activities	<u>192,139</u>	<u>24,538,966</u>	<u>(592,843)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Transfers in	650,361	5,190,360	-
Transfers out	-	(22,651,422)	(5,000,000)
Cash paid to other funds	-	26,831	-
Cash received from other funds	-	-	-
Net cash flows from noncapital financing activities	<u>650,361</u>	<u>(17,434,231)</u>	<u>(5,000,000)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Proceeds of general obligation debt (net of discount/premium)	-	-	45,561,093
Issuance costs paid on long-term debt	-	-	(151,954)
Principal paid on long-term debt	(680,507)	-	-
Interest paid on long-term debt	(279,635)	-	167,763
Capital contributions from other funds	-	-	424,274
Capital transfers out	-	(424,274)	-
Purchase of capital assets	(141,552)	-	(29,871,061)
Net cash flows from capital and related financing activities	<u>(1,101,694)</u>	<u>(424,274)</u>	<u>16,130,115</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest received	49,973	116,184	383,243
Net cash flows from investing activities	<u>49,973</u>	<u>116,184</u>	<u>383,243</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(209,221)</b>	<b>6,796,645</b>	<b>10,920,515</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b><u>1,908,399</u></b>	<b><u>1,651,245</u></b>	<b><u>1,306,772</u></b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 1,699,178</b>	<b>\$ 8,447,890</b>	<b>\$ 12,227,287</b>

<b>Other Enterprise Funds</b>	<b>Total</b>	<b>Internal Service Funds</b>
\$ 7,989,049	\$ 8,521,146	\$ 7,764,314
194,453	194,453	-
565,483	565,483	-
-	26,825,000	-
(4,504,636)	(7,678,500)	(7,902,750)
(4,919,226)	(4,964,197)	-
<u>(674,877)</u>	<u>23,463,385</u>	<u>(138,436)</u>
1,500,000	7,340,721	5,000,000
(61,021)	(27,712,443)	(20,000)
309,319	336,150	-
192,845	192,845	47,831
<u>1,941,143</u>	<u>(19,842,727)</u>	<u>5,027,831</u>
-	45,561,093	-
-	(151,954)	-
(1,000,000)	(1,680,507)	-
(250,975)	(362,847)	-
-	424,274	-
-	(424,274)	-
(106,509)	(30,119,122)	-
<u>(1,357,484)</u>	<u>13,246,663</u>	<u>-</u>
91,528	640,928	108,251
<u>91,528</u>	<u>640,928</u>	<u>108,251</u>
310	17,508,249	4,997,646
<u>2,427,484</u>	<u>7,293,900</u>	<u>3,448,695</u>
<u>\$ 2,427,794</u>	<u>\$ 24,802,149</u>	<u>\$ 8,446,341</u>

(continued)

**POLK COUNTY, IOWA**

**Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2002**

	<b>Sanitary Treatment Works</b>	<b>Prairie Meadows Racetrack/ Casino</b>	<b>Iowa Events Center</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Operating income (loss)	\$ 50,271	\$ 18,867,921	\$ (218,852)
Components of operating income (loss) not included in operating activities:			
Depreciation	161,771	2,348,392	-
Amortization	842	759,547	(15,397)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:			
(Increase) decrease in special assessments receivable	9,897	-	-
(Increase) decrease in accounts receivable	9,451	-	15,740
(Increase) decrease in due from other governments	(5,794)	2,594,307	-
(Increase) decrease in inventories	-	-	-
(Increase) decrease in prepaid items	-	-	-
Increase (decrease) in warrants payable	(119)	-	(85,340)
Increase (decrease) in estimated liability for claims and judgements	-	-	-
Increase (decrease) in vouchers payable	(34,180)	6,500	(288,994)
Increase (decrease) in due to other governments	-	(37,701)	-
Increase (decrease) in wages payable	-	-	-
Increase (decrease) in payroll taxes payable	-	-	-
Increase (decrease) in compensated absences payable	-	-	-
Increase (decrease) in advance deposits and ticket sales	-	-	-
Net cash flows from operating activities	<u>\$ 192,139</u>	<u>\$ 24,538,966</u>	<u>\$ (592,843)</u>
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Net joint venture activity	\$ (75,414)	\$ -	\$ -
Disposal of fully depreciated capital assets	-	-	-
Capital contributions from developers	881,403	-	-

The notes to the financial statements are an integral part of this statement.

Other Enterprise Funds	Total	Internal Service Funds
\$ (1,483,486)	\$ 17,215,854	\$ (1,202,911)
919,552	3,429,715	-
19,192	764,184	-
-	9,897	-
25,939	51,130	74,069
(6,034)	2,582,479	-
34,857	34,857	-
7,816	7,816	-
(164,753)	(250,212)	(21,278)
-	-	1,011,684
(55,223)	(371,897)	-
-	(37,701)	-
22	22	-
(1,623)	(1,623)	-
24,257	24,257	-
4,607	4,607	-
<u>\$ (674,877)</u>	<u>\$ 23,463,385</u>	<u>(138,436)</u>

\$ -	\$ (75,414)	\$ -
29,664	29,664	-
-	881,403	-

(concluded)

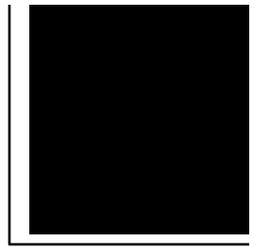
**POLK COUNTY, IOWA**

**Statement of Net Assets  
Fiduciary Funds  
June 30, 2002**

	<b>Elected Officials</b>	<b>Other Agency Funds</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and investments	\$ 1,105,926	\$ 19,345,436	\$ 20,451,362
Receivables (net of allowances for uncollectibles):	.		
Taxes	-	2,385,587	2,385,587
Special assessments	-	6,669,654	6,669,654
Accounts	-	14,829	14,829
Accrued interest	-	4,832	4,832
Due from other funds	-	761,698	761,698
Due from other governments	4,750	27,067	31,817
Inventories	-	8,323	8,323
Prepaid items	-	2,592	2,592
<b>TOTAL ASSETS</b>	<b>1,110,676</b>	<b>29,220,018</b>	<b>30,330,694</b>
<b>LIABILITIES</b>			
Vouchers payable	-	464,148	464,148
Wages payable	-	106,455	106,455
Payroll taxes payable	-	25,634	25,634
Estimated liability for claims and judgements	-	299,420	299,420
Due to other funds	680,114	800,556	1,480,670
Due to other governments	401,985	26,763,012	27,164,997
Advances from other funds	-	77,834	77,834
Trusts payable	28,577	213,326	241,903
Compensated absences payable	-	469,633	469,633
<b>TOTAL LIABILITIES</b>	<b>1,110,676</b>	<b>29,220,018</b>	<b>30,330,694</b>
<b>NET ASSETS</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

The notes to the financial statements are an integral part of this statement.

# Footnotes



## POLK COUNTY, IOWA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2002

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#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Polk County (the "County") was formed in 1846 and operates under a plural executive-administrator 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 units, legally separate entities for which the County is financially accountable. Each discretely presented component unit is reported in a separate column in the County's government-wide financial statements (see note below for description) to emphasize they are legally separate from the County.

**Discretely Presented Component Units** - Based on the foregoing criteria, 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, 2002, 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 \$41 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 notes payable 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.

#### 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.

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, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

The County has not allocated indirect costs separately in the government-wide statement of activities because the allocation is automatic. Certain indirect costs are included in the program expense reported for the individual functions, programs, and activities.

**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 fund and fiduciary fund financial statements. 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. Fiduciary funds are reported by fund type.

## **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.

**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 (expenses, including depreciation) 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 on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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 to follow subsequent private-sector guidance.

The County reports the following major proprietary funds:

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

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

**Iowa Events Center** – Accounts for activity of the Iowa Events Center currently under construction.

### **Fiduciary Funds**

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and agency funds. Fiduciary funds are used to account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The County's only fiduciary funds are agency funds. Agency funds are custodial in nature and do not involve measurement of results of operations. Fiduciary funds are excluded from the government-wide financial statements.

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

**Cash and Cash Equivalents:** 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. The County maintains a cash and investment pool that is available for use by all funds. Each fund's portion of this commingled pool is displayed on the combined balance sheet as "Cash and Investments." 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 enterprise funds and where specifically required by law to be recorded in other funds.

**Investments:** Investments are shown at quoted market value, except for investments which have a remaining maturity at time of purchase of one year or less, which are shown at amortized cost.

**Property Taxes:** The County proposed property tax levy was approved during the Board of Supervisors' session held in March of 2001 on the assessed valuation of property located in the County as of January 1, 2000, 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, 2001. Taxes were receivable in two installments on September 30, 2001, and March 31, 2002. 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.

In accordance with Governmental Accounting Standards Board Statement No. 33, "Accounting and Financial Reporting for Non-exchange Transactions," effective in fiscal year 2001, the succeeding year property tax receivable (including utility excise 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, short-term interfund loans and the current portion of long-term interfund loans are also included in these line items. At year end, all interfund receivables and payables, and the related revenues and expenditures, are recorded.

**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 state tax credits due from the State of Iowa, various shared revenues, grants and reimbursements.

**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. The County maintains material inventory balances in its proprietary funds.

**Capital Assets:** Capital assets, which include buildings, improvements other than buildings, equipment, and infrastructure assets (e.g., 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 is 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
Buildings	\$ 100,000	\$ 100,000
Improvements other than buildings	25,000	N/A
Infrastructure	200,000	100,000
Equipment	10,000	10,000

Assets are depreciated over the following estimated useful lives using the straight-line method:

Buildings	30 years
Improvements other than buildings	20-40 years
Infrastructure other than roads	40-50 years
Infrastructure - roads:	
Developer projects	20 years
Full depth	16 years
Resurfacing	12 years
Seal Coats	5 years
Equipment	3-7 years
Vehicles	7 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/Ticket Sales:** Advance deposits represent rent deposits, advance payments for electric and telephone usage and ticket sales paid by customers for future events.

**Deferred Revenues:** Deferred revenue arises when assets are recognized before the revenue recognition criteria have been satisfied. On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred.

Deferred revenues also occur when resources are received before they have been earned, as when grant monies are received prior to the incurrence of qualifying expenditures. 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.

**Bond Discounts (Premiums)/Issuance Costs:** For governmental funds, bond discounts (premiums) are recognized as an expenditure (revenue) during the current period. Bond proceeds are reported as other financing sources. For proprietary fund types, bond discounts (premiums) as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line amortization method since the results are not significantly different from the effective interest method. Unamortized bond discounts (premiums) are reported as a deduction from (addition to) long-term debt. Issuance costs are reported as deferred charges.

**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 1,500 hours. Payment of sick leave is limited to 20% to 40% of the accumulation on termination of employment based on length of service. Upon termination, an employee must have at least four years of service in order to be paid for sick leave. The current portion of accrued leave is based upon a last-in, first-out (LIFO) method: thus, the time used in July represents time earned in June. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2002. A liability is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements.

**Accrued Liabilities and Long-term Obligations:** In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligation of the funds. However, claims and judgments, compensated absences, special termination benefits and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are normally due for payment within one year. Bonds, long-term notes, and capital leases that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

**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, 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 either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors, laws, or regulations of other governments.

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

**Operating Revenues and Expenses:** Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the County, these revenues are charges for services for water distribution, waste water treatment, vehicle maintenance, telephone service and self-insurance programs. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund.

**Interfund Activity:** Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

**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 appropriable for expenditure. Designated fund balances represent tentative plans for financial resource utilization in a future period.

**Use of Estimates:** The preparation of general purpose 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. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

**Budgetary and Appropriation Data:** In accordance with the Code of Iowa and provisions of the Iowa Administrative Code, annual budgets are adopted 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. These supplemental appropriations were not material in relation to the originally adopted amounts.

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 12 major classes of expenditures known as program service areas. These 12 program service areas are: public safety, court services, physical health and education, mental health, social services, County environment, roads and transportation, state and local government services, interprogram services, non-program, 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.

The following table, which includes all General, Special Revenue, Capital Projects, and Debt Service Funds, demonstrates legal compliance:

Program Service Area	Amended Budget	Expenditures (Budgetary Basis)	Favorable (Unfavorable) Variance
Public Safety	\$ 32,499,276	\$ 32,301,275	\$ 198,001
Court Services	2,997,962	2,719,037	278,925
Physical Health and Education	4,394,122	4,362,758	31,364
Mental Health	39,633,141	39,429,150	203,991
Social Services	24,806,813	22,826,227	1,980,586
County Environment	19,585,381	19,110,235	475,146
Roads and Transportation	8,843,896	8,718,430	125,466
State and Local Government Services	4,849,432	4,849,410	22
Interprogram Services	21,952,706	20,794,965	1,157,741
Non-program	45,000	44,406	594
Debt Service	3,765,120	3,764,609	511
Capital Projects	<u>16,906,640</u>	<u>13,229,453</u>	<u>3,677,187</u>
Total	\$ <u>180,279,489</u>	\$ <u>172,149,955</u>	\$ <u>8,129,534</u>

### FUND BALANCE DEFICITS

Individual fund balance deficits for the year ended June 30, 2002 are as follows:

Special Revenue:	
Secondary Roads	\$ (1,387,878)
County Recorder Records Management	(71,106)

The deficit of the Secondary Roads Fund and the County Recorder Records Management Fund is expected to be eliminated through future operating transfers from other funds.

### 3. CASH AND 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 has not invested in any derivative financial instruments.

The County maintains a cash and investment pool that is available for use by all funds. Each fund's portion of this commingled pool is displayed on the combined balance sheet as "Cash and Investments." Monies that are not required for immediate obligations are invested under the management of the County Treasurer.

As of June 30, 2002, the cash and investments of the County consisted of:

Cash and cash items in vault	\$	37,892
Cash on hand not yet deposited		78,386
Bank account deposits		30,256,159
Investments		<u>85,583,978</u>
Total	\$	<u><u>115,956,415</u></u>

**Deposits:**

The County's deposits at June 30, 2002, had a bank balance of \$30,364,809, which excludes \$108,650 in outstanding checks. The bank balance at June 30, 2002, was entirely covered by Federal depository insurance, collateralized with securities or letters of credit held by the County or the County's agent in the County's name, or by a multiple financial institution collateral pool in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The County elected to maintain a non-interest bearing certificate of deposit with Bank of America and Wells Fargo in the average total of \$3,037,054 in order to avoid banking service charges. This is considered a compensating balance.

**Investments:**

For reporting purposes, the carrying amount of investments are classified in these categories of credit risk:

- (1) Insured or registered, or securities held by the County or its agents in the County's name.
- (2) Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the County's name.
- (3) Uninsured and unregistered, with securities held by the counterparty or by its trust department or agent, but not in the County's name.

	Category			Carrying	Fair
	1	2	3	Amount	Value
Annuity	\$ -	\$ -	\$ -	\$ 48,562	\$ 48,562
Open-end Mutual Funds	-	-	-	<u>85,535,416</u>	<u>85,535,416</u>
Total				<u><u>\$ 85,583,978</u></u>	<u><u>\$ 85,583,978</u></u>

Because the County's annuity investment and open-ended mutual funds do not meet the definition of a security in accordance with GASB Statement No. 3, they are exempt from categorization.

#### 4. DUE FROM/TO OTHER FUNDS

Amounts due from/to other funds at June 30, 2002, were as follows:

	Due From Other Funds	Due To Other Funds
Major Funds:		
General	\$ 1,305,772	\$ 3,154
MH/MR/DD Services	67,412	-
Prairie Meadows Racetrack/Casino	-	356,858
Nonmajor Funds:		
Nonmajor governmental	579	-
Nonmajor enterprise	63,776	358,555
Fiduciary	<u>761,698</u>	<u>1,480,670</u>
Total	<u>\$ 2,199,237</u>	<u>\$ 2,199,237</u>

#### 5. 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 0% to 6%. The long-term portion of individual fund loan balances at June 30, 2002, were as follows:

General fund interfund loans receivable from the following funds:		
County Recorder Records Management	\$	88,000
Drainage Districts		<u>77,834</u>
Total	\$	<u>165,834</u>

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

	County Recorder Records Management	Drainage Districts	Total
During the year ending June 30:			
2003	\$ 88,000	\$ 8,534	\$ 96,534
2004	-	7,700	7,700
2005	-	7,700	7,700
2006	-	7,700	7,700
2007	-	7,700	7,700
2008-2012	<u>-</u>	<u>38,500</u>	<u>38,500</u>
Total	<u>\$ 88,000</u>	<u>\$ 77,834</u>	<u>\$ 165,834</u>

## 6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2002, was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 7,396,966	\$ 661,542	\$ (14,928)	\$ 8,043,580
Total capital assets, not being depreciated	<u>7,396,966</u>	<u>661,542</u>	<u>(14,928)</u>	<u>8,043,580</u>
Capital assets, being depreciated:				
Buildings	54,470,068	4,423,731	-	58,893,799
Improvements other than buildings	566,703	-	-	566,703
Infrastructure	56,127,937	1,301,760	-	57,429,697
Equipment	12,038,051	2,816,078	(636,753)	14,217,376
Vehicles	6,389,170	529,295	(411,548)	6,506,917
Total capital assets being depreciated	<u>129,591,929</u>	<u>9,070,864</u>	<u>(1,048,301)</u>	<u>137,614,492</u>
Less accumulated depreciation for:				
Buildings	(25,280,525)	(1,773,671)	-	(27,054,196)
Improvements other than buildings	(339,759)	(17,435)	-	(357,194)
Infrastructure	(20,332,032)	(3,491,508)	-	(23,823,540)
Equipment	(5,981,770)	(2,193,332)	636,753	(7,538,349)
Vehicles	(3,376,404)	(849,234)	411,548	(3,814,090)
Total accumulated depreciation	<u>(55,310,490)</u>	<u>(8,325,180)</u>	<u>1,048,301</u>	<u>(62,587,369)</u>
Total capital assets being depreciated, net	<u>74,281,439</u>	<u>745,684</u>	<u>-</u>	<u>75,027,123</u>
Governmental activities capital assets, net	<u>\$ 81,678,405</u>	<u>\$ 1,407,226</u>	<u>\$ (14,928)</u>	<u>\$ 83,070,703</u>
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 4,414,632	\$ 9,329,324	\$ -	\$ 13,743,956
Construction in progress	5,203,710	20,541,737	-	25,745,447
Total capital assets, not being depreciated	<u>9,618,342</u>	<u>29,871,061</u>	<u>-</u>	<u>39,489,403</u>
Capital assets, being depreciated:				
Buildings	54,661,029	-	-	54,661,029
Improvements other than buildings	8,900,279	7,630	-	8,907,909
Infrastructure	14,631,280	1,022,955	-	15,654,235
Equipment	2,648,810	98,879	(29,664)	2,718,025
Vehicles	123,025	-	-	123,025
Total capital assets being depreciated	<u>80,964,423</u>	<u>1,129,464</u>	<u>(29,664)</u>	<u>82,064,223</u>
Less accumulated depreciation for:				
Buildings	(12,810,380)	(1,821,561)	-	(14,631,941)
Improvements other than buildings	(5,258,742)	(823,464)	-	(6,082,206)
Infrastructure	(2,979,611)	(391,687)	-	(3,371,298)
Equipment	(1,570,076)	(377,268)	29,664	(1,917,680)
Vehicles	(72,665)	(15,735)	-	(88,400)
Total accumulated depreciation	<u>(22,691,474)</u>	<u>(3,429,715)</u>	<u>29,664</u>	<u>(26,091,525)</u>
Total capital assets being depreciated, net	<u>58,272,949</u>	<u>(2,300,251)</u>	<u>-</u>	<u>55,972,698</u>
Business-type activities capital assets, net	<u>\$ 67,891,291</u>	<u>\$ 27,570,810</u>	<u>\$ -</u>	<u>\$ 95,462,101</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

<b>Government activities:</b>	
Public safety	\$ 1,336,590
Court services	399,757
Physical health and education	72,721
Mental health	7,824
Social services	223,044
County environment	250,735
Roads and transportation	4,369,960
State and local government services	202,493
Interprogram services	<u>1,462,056</u>
 Total depreciation expense - governmental activities	 \$ <u><u>8,325,180</u></u>
 <b>Business-type activities:</b>	
Air Pollution	\$ 18,137
Convention Complex	93,266
Veterans Memorial Auditorium	452,404
Sanitary Treatment Works	161,771
Prairie Meadows Racetrack/Casino	2,348,392
Jester Park Golf Course	125,829
Hamilton Urban Drainage District	<u>229,916</u>
 Total depreciation expense - business-type activities	 \$ <u><u>3,429,715</u></u>

## 7. INVESTMENT IN JOINT VENTURE

Polk County is a participating member of a joint venture with the City of Des Moines whereby the City issued general obligation bonds to finance construction and operation of a Wastewater Reclamation Authority ("WRA") sewer system to serve the greater Des Moines metropolitan area. The County is responsible for the costs of the WRA project associated with serving the unincorporated area of the County. A user charge system has been established by the County to provide funds to construct and maintain the County's sanitary treatment works. Complete financial statements of the WRA can be obtained from the City of Des Moines, East First and Locust, Des Moines, Iowa 50309.

At June 30, 2002, WRA's equity in the project was \$266,575,176, of which 6.66% or \$17,753,907 is the County's equity portion in the project. The financial statements of the Sanitary Treatment Works Enterprise Fund of the County include the County's interest in the joint venture.

The County also has WRA related debt outstanding as part of the joint venture. A supplement to the original underlying WRA agreements approved by the constituent communities during the year ended June 30, 1998 approved the County's utilization of gaming enterprise revenues to fund WRA obligations. This action converted previously deferred debt into outstanding debt for a variety of outstanding WRA debt issues. It is anticipated that gaming revenues from the Prairie Meadows Racetrack/Casino Enterprise Fund will be utilized to service the majority of the debt in future years.

The County's share of WRA principal outstanding at June 30, 2002 totaled \$4,423,174. At June 30, 2002, the County's share of combined annual debt maturities for all WRA issues is as follows:

	Principal	Interest
During the year ending June 30:		
2003	\$ 521,783	\$ 208,470
2004	513,942	181,744
2005	353,202	157,967
2006	369,107	141,740
2007	385,488	124,658
2008-2012	1,978,827	338,362
2013-2017	275,645	38,865
2018	25,180	13,347
	<u>                    </u>	<u>                    </u>
Total	<u>\$ 4,423,174</u>	<u>\$ 1,205,153</u>

## 8. LONG-TERM LIABILITIES

The following is a summary of long-term liability activity for the year ended June 30, 2002:

	Balance July 1, 2001	Additions	Deletions	Balance June 30, 2002	Due Within One Year
<b>Governmental activities:</b>					
General obligation bonds payable	\$ 18,967,369	\$ -	\$ (1,163,262)	\$ 17,804,107	\$ 1,824,176
Notes payable	772,000	-	(29,000)	743,000	30,000
Capital leases payable	583,571	1,315,354	(438,361)	1,460,564	491,198
Accrued compensated absences	6,620,636	5,045,718	(4,744,475)	6,921,879	680,560
Estimated liability for claims and judgements	<u>1,592,911</u>	<u>8,264,716</u>	<u>(6,700,177)</u>	<u>3,157,450</u>	<u>1,237,510</u>
<b>Total</b>	<u>\$ 28,536,487</u>	<u>\$ 14,625,788</u>	<u>\$ (13,075,275)</u>	<u>\$ 30,087,000</u>	<u>\$ 4,263,444</u>
<b>Business-type activities:</b>					
General obligation bonds payable	\$ 6,250,000	\$ 45,000,000	\$ (1,070,000)	\$ 50,180,000	\$ 3,520,000
Less: unamortized (discount) premium	(37,999)	561,093	(13,821)	509,273	43,495
Notes payable	5,223,681	-	(610,507)	4,613,174	614,168
Accrued compensated absences	<u>439,741</u>	<u>322,210</u>	<u>(297,953)</u>	<u>463,998</u>	<u>43,440</u>
<b>Total</b>	<u>\$ 11,875,423</u>	<u>\$ 45,883,303</u>	<u>\$ (1,992,281)</u>	<u>\$ 55,766,445</u>	<u>\$ 4,221,103</u>

## General Obligation Bonds Payable

Details of bonds payable at June 30, 2002 are as follows:

	Original Amount	Date Issued	Interest Rates	Due Date	Amount Outstanding
<b>Governmental activities</b>					
General Purpose	\$ 3,225,000	3/15/1993	3.30-5.75%	6/1/2003	\$ 150,000
General Purpose	2,715,000	12/1/1994	5.50-5.75%	6/1/2005	515,000
General Purpose	5,065,000	5/1/1998	4.5-4.875%	6/1/2011	3,644,107
General Purpose	2,850,000	5/1/1998	4.625-5%	6/1/2014	2,300,000
General Purpose	4,780,000	12/1/1999	4.3-5%	6/1/2010	3,995,000
General Purpose	7,200,000	6/1/2001	3.8-4.625%	6/1/2012	<u>7,200,000</u>
Total					\$ <u><u>17,804,107</u></u>
<b>Business-type activities</b>					
Convention Complex	\$ 2,033,306	12/1/1996	4.3-4.6%	6/1/2006	\$ 911,504
Veterans Auditorium	7,996,694	12/1/1996	4.3-4.6%	6/1/2006	3,638,496
Sanitary Treatment	700,000	6/1/2001	3.8-4.45%	6/1/2011	630,000
Iowa Events Center	45,000,000	12/1/2001	4-5%	6/1/2017	<u>45,000,000</u>
Total					\$ <u><u>50,180,000</u></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><u>743,000</u></u>
<b>Business-type activities</b>					
Sanitary Treatment	\$ 1,300,000	5/1/1993	2.25-5.2%	12/1/2003	\$ 190,000
Sanitary Treatment WRA	N/A	12/1/1984	Various	6/1/2018	<u>4,423,174</u>
Total					\$ <u><u>4,613,174</u></u>

Sanitary Treatment WRA represents debt relating to the County's investment in joint venture. Note 7 further describes the County's investment in joint venture and illustrates the annual debt maturities at June 30, 2002.

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

	Bonds Payable		Notes Payable		Total Principal and Interest
	Principal	Interest	Principal	Interest	
<b>Governmental activities</b>					
During the year ending June 30:					
2003	\$ 1,824,176	\$ 804,961	\$ 30,000	\$ 25,698	\$ 2,684,835
2004	1,735,089	723,794	31,000	24,622	2,514,505
2005	1,829,985	647,164	32,000	23,510	2,532,659
2006	1,710,893	565,974	34,000	22,345	2,333,212
2007	1,786,807	492,108	35,000	21,127	2,335,042
2008-2012	8,522,157	1,194,088	193,000	85,973	9,995,218
2013-2017	395,000	27,250	229,000	48,802	700,052
2018-2022	-	-	159,000	8,560	167,560
Total	<u>\$ 17,804,107</u>	<u>\$ 4,455,339</u>	<u>\$ 743,000</u>	<u>\$ 260,637</u>	<u>\$ 23,263,083</u>
<b>Business-type activities</b>					
During the year ending June 30:					
2003	\$ 3,520,000	\$ 2,342,955	\$ 614,168	\$ 230,138	\$ 6,707,261
2004	3,570,000	2,197,045	594,320	198,923	6,560,288
2005	3,745,000	2,048,885	350,565	170,737	6,315,187
2006	3,795,000	1,893,350	368,194	152,949	6,209,493
2007	2,670,000	1,734,340	386,042	134,262	4,924,644
2008-2012	14,880,000	6,738,950	2,000,141	361,010	23,980,101
2013-2017	18,000,000	2,780,000	275,645	38,423	21,094,068
2018-2022	-	-	24,099	1,010	25,109
Total	50,180,000	19,735,525	4,613,174	1,287,452	75,816,151
Less: Unamortized discount(premium)	<u>509,273</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>509,273</u>
Total	<u>\$ 50,689,273</u>	<u>\$ 19,735,525</u>	<u>\$ 4,613,174</u>	<u>\$ 1,287,452</u>	<u>\$ 76,325,424</u>

There were no due and unredeemed bonds or notes at June 30, 2002. In addition, there was no special assessment debt outstanding at June 30, 2002. Management does not believe an arbitrage liability exists at June 30, 2002.

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

Changes in bonds and notes payable for PCHS for the year ended June 30, 2002 are as follows:

	Balance 7/1/2001	Additions	Deletions	Balance 6/30/2002	Due Within One Year
Notes payable	\$ 2,705,000	\$ -	\$ (100,000)	\$ 2,605,000	\$ 105,000
Due to primary government	<u>6,940,220</u>	<u>669,714</u>	<u>(491,453)</u>	<u>7,118,481</u>	<u>568,771</u>
Total	<u>\$ 9,645,220</u>	<u>\$ 669,714</u>	<u>\$ (591,453)</u>	<u>\$ 9,723,481</u>	<u>\$ 673,771</u>

## Due to Primary Government

At June 30, 2002, Polk County Health Services, Inc. (PCHS) a component unit of the County has six notes payable totaling \$7,118,481 to the County, the primary government. The notes consist of the following:

- A note payable issued on May 1, 1998, in the amount of \$2,850,000 with principal payments being made annually and interest payments being made semi-annually through 2014, bearing an interest rate of 4.625% to 5.0%. This note refinanced the PCHS Residential Care Facility Revenue Bonds, Series 1991.
- A note payable issued on May 1, 1998 in the amount of \$4,030,000 with principal payments being made annually and interest payments being made semi-annually through 2011, bearing an interest rate of 4.250% to 4.875%. This note refinanced a portion of the 1992 General Obligation Notes issued by the County.
- A note payable issued on December 8, 1999 in the amount of \$331,635 due in semi-annual installments through 2014, bearing an interest rate of 3%. This note relates to the homes purchased by PCHS for the Convalescent Home for Children.
- A note payable issued on June 24, 1999 in the amount of \$281,829 due in semi-annual installments through 2019, bearing an interest rate of 3%. This note relates to homes purchased for Link Associates.
- A note payable issued on June 30, 2000 in the amount of \$125,335 due in semi-annual installments through 2020, bearing an interest rate of 3%. This note relates to homes purchased for Mainstream House.
- A note payable issued on June 25, 2002 in the amount of \$669,714 due in semi-annual installments through 2022, bearing an interest rate of 3%. This note relates to homes purchased for Shalom House-RCF/PMI.

An advance to component unit has been recorded in the following funds at June 30, 2002, based on where related underlying debt will be paid:

MH/MR/DD Services Fund	\$	1,148,689
Debt Service Fund		<u>5,969,792</u>
Total	\$	<u><u>7,118,481</u></u>

The advance to component unit shown in the Debt Service Fund is offset by a reserve in the Fund Balance section due to the noncurrent nature of the advance.

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

	Principal	Interest
During the year ending June 30:		
2003	\$ 568,771	\$ 313,523
2004	565,630	289,353
2005	597,199	264,170
2006	619,842	237,560
2007	647,537	209,932
2008-2012	3,194,481	585,418
2013-2017	680,816	85,819
2018-2022	<u>244,205</u>	<u>19,206</u>
Total	<u>\$ 7,118,481</u>	<u>\$ 2,004,981</u>

## 9. CONDUIT DEBT OBLIGATIONS

As of June 30, 2002, there were various conduit debt obligations outstanding. The aggregate principal amount payable for such debt was \$10,550,893.

### **Broadlawns Medical Center - General Obligation Bonds and Notes Payable**

During the year ended June 30, 1997, the County borrowed \$2,515,000 in the form of ten-year general obligation capital loan notes on behalf of Broadlawns Medical Center to provide funds for equipment purchases and parking lot improvements.

During the year ended June 30, 1998, the County issued \$7,915,000 of thirteen-year general obligation refunding bonds. Of the proceeds of these bonds, \$1,035,000 was issued on behalf of Broadlawns Medical Center refunding the callable portion of the 1992 general obligation notes issued during the year ended June 30, 1993.

Also, during the year ended June 30, 1998, the County borrowed \$775,000 in the form of ten-year general obligation capital loan notes on behalf of Broadlawns Medical Center to provide funds for renovations and improvements.

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

Broadlawns will repay all of the above loans with interest in amounts equal to and on the same payment schedule as the payments the County will make on the above debt obligations.

Although the debt obligations bear the name of the County, the County has no obligation for such debt beyond the resources provided by the loans with Broadlawns Medical Center on whose behalf they are issued. Accordingly, obligations are not recorded as liabilities in the accompanying financial statements.

### **Camp Township**

During the year ended June 30, 1996, the County borrowed \$165,000 in the form of ten-year general obligation capital loan notes on the behalf of Camp Township to provide funds to purchase a fire truck and related equipment. The loan will be served by a property tax levy. Camp Township 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.

Although the general obligation note bears the name of the County, the County has no obligation for such debt beyond the resources provided by Camp Township on whose behalf it is issued. Accordingly, the general obligation note is not reported as a liability in the accompanying financial statements.

### **Transglobal Rail, Inc./Iowa Department of Economic Development**

During the year ended June 30, 1997, the County served as a pass-through entity between the Iowa Department of Economic Development (IDED) and Transglobal Rail, Inc. to assist Transglobal Rail in creating new jobs. IDED provided Transglobal Rail a \$62,500 ten-year zero percent loan with Community Economic Betterment Account (CEBA) funds via a loan agreement with Polk County and Transglobal Rail. Transglobal Rail is required to repay the County, who in turn is required to repay IDED.

Although the note bears the name of the County, the County has no obligation for such debt beyond the resources provided by Transglobal Rail on whose behalf it is issued. Accordingly, the loan is not reported as a liability in the accompanying financial statements.

### **City of Des Moines**

During the year ended June 30, 1998, the County issued \$5,565,000 of ten-year general obligation urban renewal bonds on behalf of the City of Des Moines to provide funds for an intermodal transportation facility commonly referred to as a Park and Ride Facility. The City 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 urban renewal bonds.

Although the general obligation urban renewal bonds bear the name of the County, the County has no obligation for such debt beyond the resources provided by the City of Des Moines on whose behalf the bonds were issued. Accordingly, the bonds are not reported as a liability in the accompanying financial statements.

### **Ramark Holdings, L.L.C./Iowa Department of Economic Development**

During the year ended June 30, 2001, the County served as a pass-through entity between the Iowa Department of Economic Development (IDED) and Ramark Holdings, L.L.C. to assist Ramark Holdings in creating new jobs. IDED provided Ramark Holdings a \$120,000 seven-year zero percent loan with Community Economic Betterment Account (CEBA) funds via a loan agreement with Polk County and Ramark Holdings. Ramark Holdings is required to repay IDED directly.

Although the note bears the name of the County, the County has no obligation for such debt beyond the resources provided by Ramark Holdings on whose behalf it is issued. Accordingly, the loan is not reported as a liability in the accompanying financial statements.

### **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, 2002 amounted to \$185,870,000.

## 10. LEASE COMMITMENTS

### Capital Leases

The County has entered into agreements to purchase equipment through capital lease agreements. The historical cost of equipment relating to the outstanding capital leases is \$1,890,151. 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, 2002:

During the year ending June 30:		
2003	\$	558,428
2004		411,626
2005		271,766
2006		224,727
2007		140,535
Total minimum lease payments		<u>1,607,082</u>
Less: amount representing interest		<u>(146,518)</u>
Present value of total minimum lease payments	\$	<u><u>1,460,564</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, 2002 was \$1,514,310. Following is a schedule of minimum future rentals for noncancellable operating leases in effect at June 30, 2002:

During the year ending June 30:		
2003	\$	1,209,419
2004		665,380
2005		653,766
2006		653,766
2007		653,766
2008-2012		<u>1,722,938</u>
Total	\$	<u><u>5,559,035</u></u>

The above schedule represents operating leases in effect at June 30, 2002. As part of the normal course of business, the County continues to negotiate and/or renegotiate various operating leases.

## 11. RESERVES 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 advances to component unit*** - This account is used to segregate a portion of fund balances for advances to component unit, the noncurrent portion of the advance, 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.

**12. TRANSFER RECONCILIATION**

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

	Transfers In	Transfers Out
Major Funds:		
General	\$ 2,024,090	\$ 10,705,804
Sanitary Treatment Works	650,361	-
Prairie Meadows Racetrack/Casino	5,190,360	22,651,422
Iowa Events Center	-	5,000,000
Nonmajor Funds:		
Special Revenue	25,233,108	3,809,736
Capital Projects	2,561,021	690,360
Debt Service	888,954	109,551
Enterprise	1,500,000	61,021
Internal Service	5,000,000	20,000
	<u>\$ 43,047,894</u>	<u>\$ 43,047,894</u>
Total	<u>\$ 43,047,894</u>	<u>\$ 43,047,894</u>

**13. DEFERRED COMPENSATION PLAN**

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457, as amended on August 20, 1996. 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 services to the plan nor investment advice for the plan.

**14. PENSION AND RETIREMENT BENEFITS**

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

Plan members are required to contribute 3.70% of their annual covered salary, and the County is required to contribute 5.75% of annual covered payroll except for law enforcement employees, in which case the percentages are 5.50% and 8.25%, respectively. Contribution requirements are established by State statute. The County's contribution to IPERS for the years ended June 30, 2002, 2001, and 2000 were \$3,311,560, \$3,141,111, and \$2,925,691, respectively, equal to the required contributions for each year.

## 15. RISK MANAGEMENT

The Polk County Risk Management Program includes the following functions: insurance procurement, loss control, employee safety training, OSHA compliance, 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, fidelity, and workers' compensation exposure. Conventionally insured exposure exists for medical professional (malpractice) coverage, with a policy limit of \$1,000,000 per claim and \$3,000,000 aggregate, also non-owned aviation insurance with a \$5,000,000 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	Losses in Excess of Retention
General Liability	\$ 10,000,000	\$ 3,000,000	None
Property	127,118,188	100,000	None
Fleet	10,000,000	3,000,000	None
Law enforcement	10,000,000	3,000,000	None
Public officials	10,000,000	3,000,000	None
Fidelity bond	5,000,000	50,000	None
Workers' compensation	Statutory/1,000,000	250,000	None
Non-owned aviation	5,000,000	-0-	None

In addition, the Veterans Memorial Auditorium, Convention Complex, Jester Park Golf Course, and Iowa Events Center Enterprise Funds and the Conservation Board Agency Fund purchase commercial insurance for property, boiler and machinery, fleet, liquor, crime (fidelity), umbrella, and general liability.

There have been no significant reductions in insurance coverage during the year ended June 30, 2002. No settlements in excess of insurance coverage have occurred in the last three fiscal years.

Liabilities are reported when it is probable that a loss will occur and the amount of the loss can be reasonably estimated. Claim liabilities are calculated considering recent claims' settlement trends, including frequency and amount of payouts and other economic and social factors. All 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, 2002 and 2001 are as follows:

	Year Ended	
	6/30/2002	6/30/2001
Beginning balance, as restated	\$ 208,145	\$ 232,771
Current year claims and changes in estimates	1,081,846	405,290
Claim payments	<u>(528,991)</u>	<u>(429,916)</u>
Ending Balance	\$ <u>761,000</u>	\$ <u>208,145</u>

### Employee-Insurance Fund

The County has established an Internal Service Fund to account for its employee medical and dental benefits and other benefits such as early retirement incentives. Effective July 1, 1999, the Employee Insurance fund switched from being privately insured to being self-insured for medical and dental insurance. The County's group life insurance coverage is insured by a private insurance company. Changes in the estimated liability for probable losses recorded in the Employee Insurance Service Fund for the years ended June 30, 2002 and 2001 are as follows:

	Year Ended	
	6/30/2002	6/30/2001
Beginning balance	\$ 1,384,766	\$ 1,245,979
Current year claims and changes in estimates	7,182,870	5,900,144
Claim payments	<u>(6,171,186)</u>	<u>(5,761,357)</u>
Ending Balance	\$ <u>2,396,450</u>	\$ <u>1,384,766</u>

Early retirement program incentive payments of \$174,393 were made from the Employee-Insurance Fund during the year ended June 30, 2002. In addition, a liability of \$1,600,160 for early retirement incentives payable in the future was recorded as part of the estimated liability for claims and judgments at June 30, 2002.

## 16. COMMITMENTS AND CONTINGENCIES

### Commitments

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

Equipment Reserve Special Revenue Fund:	
Election Equipment	\$ 100,000
ERP Project	708,000
Total	\$ <u>808,000</u>
Family Services Special Revenue Fund:	
Iowa Comprehensive Human Services-Employment Program	\$ 175,000
Legal Aid Society of Polk County	125,000
Total	\$ <u>300,000</u>
Economic Development Special Revenue Fund:	
Allied Insurance-Economic Incentive	\$ 3,750,000
Choose Des Moines, Communities	250,000
Downtown Public Library	5,000,000
Greater Des Moines Chamber of Commerce Contracts	200,000
Firestone-Economic Incentive	473,000
Highland Park Streetscape Project	300,000
Masonic Temple Restoration	250,000
Menace Stadium (obligation begins FY04/05)	1,000,000
MLK Environmental Study	110,000
NE 66th Intersection Study	5,320,000
Pappajohn Higher Ed Center	1,500,000
Science Center of Iowa	3,500,000
World Food Prize Center	5,000,000
Total	\$ <u>26,653,000</u>
Housing Development Special Revenue Fund:	
Housing Trust Fund	\$ 7,500,000
Neighborhood Finance Corporation	5,900,000
Total	\$ <u>13,400,000</u>

## Contingencies

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

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

## 17. RACETRACK/CASINO

The County has had agreements with the Racing Association of Central Iowa ("RACI") for several years for the operation of the Prairie Meadows Racetrack facility owned by the County. The Racetrack opened for business on March 1, 1989, as a horse racing facility.

The 1994 Iowa Legislature authorized gambling games at pari-mutual racetracks, subject to County voter approval. On May 17, 1994, Polk County voters approved a measure authorizing gambling games at the

Prairie Meadows Racetrack. In accordance with Chapter 99F of the Code of Iowa, the gambling games consist of slot machines.

The Code of Iowa also requires the gambling games measure to be submitted to voters every eight years at a general election. Polk County voters re-approved gambling games in the Fall 2002 election. The measure will go before the public again in 2010.

On September 12, 1997, the County entered into a five-year lease with RACI for the time period January 1, 1998, through December 31, 2002. Under the lease, the County received a rental fee of \$1.0 million per month and quarterly distributions of net receipts totaling \$70.2 million over the five-year period. Net receipts are defined under the lease as gross receipts less reasonable expenses, taxes, leasehold improvements, and capital outlay. RACI will also pay Polk County an additional \$4.8 million under the 1998-2002 lease following resolution of a pending Supreme Court case regarding gambling taxation. The lawsuit addresses the legality of imposing a differential tax rate on pari-mutuel gambling and excursion boat gambling.

Other provisions of the lease called for title to slot machines, related gaming equipment and all other furniture and equipment to be transferred to RACI at no additional cost, and for RACI to pay the County \$4,000,000 relating to working capital furnished to RACI in 1995. The equipment and working capital transfers occurred during the period of January 1, 1998 through June 30, 1998. The 1998 equipment transfer offset by the working capital transfer is considered to be a lease origination cost relating to the new lease. The lease origination cost has been capitalized and is being amortized on a straight-line basis over the five-year term of the lease.

RACI made \$37.5 million worth of improvements to the racetrack/casino facility from the inception of the lease through December 31, 2002. The improvements reverted to the County upon termination of the lease.

On May 21, 2002, Polk County and RACI entered into a new lease extending from 2003 through 2010. The new lease provides for monthly rental payments of \$1.3 million throughout the lease term and net receipt distributions of \$4.4 million per year for the first five years. During the final three years of the lease, RACI will distribute net receipts to the County only to the extent horse purses exceed the current \$15.0 million per year purse.

The new lease also addresses the taxation lawsuit scheduled for U.S. Supreme Court review. If the Supreme Court rules that it is unconstitutional to tax pari-mutuel operations at a higher rate than excursion boat gambling and awards RACI a lump-sum recovery, RACI is obligated to pay Polk County 50% of such recovery. This 50% recovery is estimated at \$26.5 million. Additionally, if the gaming tax laws are amended to reduce the tax rate on Prairie Meadows, RACI is required to pay Polk County one-third of the resulting improvement in net receipts.

The 2003-2010 lease specifies that all leasehold improvements become the property of Polk County upon termination of the lease.

## **18. IOWA EVENTS CENTER PROJECT**

The County has started construction of the Iowa Events Center (the "Project"), which consists of a new arena, exhibit hall and improvements to Veterans Auditorium. This major project is estimated to cost \$217 million and is financed by a combination of public and private revenues. The County will use gaming revenues from the Racetrack/Casino Enterprise fund to offset the County's debt service costs for building the facility. Other sources to repay debt service include private payments and local municipal contributions.

Examples of private revenues anticipated to be used for the project include facility naming rights and other contractually obligated income such as suite leases and sponsorships. These funds will be received indefinitely and for the first 15 years of operation will be a major funding source for debt payments on the taxable bonds.

Another major funding source is assistance from the State of Iowa through the Vision Iowa Program. In July 2001, the Vision Iowa board awarded a total of \$70 million in a combination grant and forgivable loan to the Capital City Vision Project, which includes the Events Center. \$50 million of the assistance would be for the Iowa Events Center and \$5 million would be for the Iowa Hall of Pride to be located within the new arena. The remaining \$15 million of assistance would go towards construction of a new facility for the Science Center of Iowa. The Board of Supervisors approved the Vision Iowa grant agreement in August 2002.

The Vision Iowa Agreement also requires County funding in the amount of \$15,000,000 to local projects under the umbrella name Capital City Vision Projects. In March 2003, the Board approved the four Capital City Vision contracts for the grants to the City of Des Moines (downtown library project), Science Center of Iowa, World Food Prize Foundation and the John & Mary Pappajohn Higher Education Collaborative. The grant amounts are paid in installments through 2006 and are to be derived from lease payments the County receives from the Racing Association of Central Iowa.

On December 4, 2001 the County issued \$45,000,000 General Obligation tax-exempt bonds. The proceeds of the bonds will be used to defray various project costs accounted for in the Iowa Events Center Enterprise Fund. (In April 2003, Project Costs were re-assigned to the new Iowa Events Center Construction Fund.)

On December 15, 2002, the County issued \$113,900,000 in general obligation bonds to complete the local long-term debt financing for the Project. This bond issue consisted of \$73,000,000 in tax-exempt bonds and \$40,900,000 in taxable bonds for the Project.

During the year ending June 30, 2002, the County approved two initial site preparation contracts to start the Project construction. In late December 2002, the Board of Supervisors began approval of individual construction bid packages. As of March 31, 2003, the Board has approved 13 construction contracts with a value of \$102,340,968. Additional contracts are anticipated after receipt and award of bids with an estimated construction value of approximately \$28,000,000. The following large contracts relating to the project have been issued to date (as of March 31, 2003):

Vendor	Contract Amount	Spent To Date	Remaining Commitment
HOK Sports Facilities Group (design services)	\$ 14,450,000	\$ (10,571,303)	\$ 3,878,697
Weitz/Turner (construction management services)	11,928,402	(3,355,395)	8,573,007
Marsh USA (insurance services)	3,268,997	(1,506,344)	1,762,653
Corell Contractor, Inc. (utility site work)	3,995,575	(3,825,552)	170,023
McAninch (demolition & excavation)	5,594,440	(4,605,031)	989,409
Colasanti (arena concrete)	15,550,000	n/a	15,550,000
Atlas Foundations (arena & exhibit hall foundations)	1,759,000	n/a	1,759,000
Interclad (exterior glass wall)	3,375,000	n/a	3,375,000
Waldinger Corp. (mechanical)	23,200,000	n/a	23,200,000
JE Dunn (exhibit hall concrete)	7,559,000	n/a	7,559,000
Baker Electric (electric)	15,796,953	n/a	15,796,953
Havens Steel (steel)	15,497,000	n/a	15,497,000
Roberts Roofing (arena roof)	1,980,000	n/a	1,980,000
Kone Inc. (elevators & escalators)	1,399,000	n/a	1,399,000
Drake Williams Steel (stairs & railings)	3,040,000	n/a	3,040,000
Kennedy & Co. (arena interiors)	3,595,000	n/a	3,595,000

Construction began on the Iowa Events Center in 2002; the exhibit hall is scheduled to open in September 2004 and the arena is scheduled to open in May 2005.

## 19. SUBSEQUENT EVENTS

### Enterprise Resource Planning (ERP) Project

The County is in the process of implementing a County-wide ERP computer system to replace existing systems for financial management and human resources processes. The overall project budget for the ERP implementation is \$3,475,000. The project will be financed through a combination of gaming revenues, bond proceeds and fund balances.

The original plan was comprised of an eighteen-month implementation period beginning in April 2001. Basic financial applications were implemented March 2002. As of June 30, 2002, the project was falling behind the implementation schedule, but still operating within the original budget allocations. The Inventory and Accounts Receivable were implemented in the Fall 2002. The Job Cost and Fixed Assets modules will go live by Spring 2003. Human Resources and Payroll are anticipated to go live by early Summer 2003.

### Issuance of General Obligation Bonds

On December 15, 2002 the County issued \$6,200,000 in general obligation bonds to provide funds for \$5,100,000 of housing grants. The remaining amount will be used for maintenance and improvement of existing County buildings and vehicles. These bonds will be retired from property taxes to be levied in the future.

### Iowa Events Center Project

See Note 18 regarding the Iowa Events Center Project subsequent events.

## 20. ADOPTION OF NEW ACCOUNTING PRONOUNCEMENTS

As of and for the year ended June 30, 2002, the County implemented the following pronouncements of the Governmental Accounting Standards Board (GASB):

- **Statement No. 34** - *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*
- **Statement No. 37** - *Basic Financial Statements-And Management's Discussion and Analysis-for State and Local Governments: Omnibus*
- **Statement No. 38** - *Certain Financial Statement Disclosures*
- **Interpretation No. 6** - *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*

The above pronouncements are all related to the new financial reporting requirements for all state and local governments. These pronouncements are scheduled for a phased implementation (based on the size of the government) through fiscal years ending in 2005. The County was required to implement the new requirements for Statement No's 34 and 37 no later than the fiscal year ended June 30, 2002. For Statement No. 38, the County is required to implement specific requirements of this statement in the current fiscal year, with the remaining requirements to be implemented in fiscal year ending June 30, 2003.

The more significant of the changes affecting the County as required by the new standards include:

Management’s discussion and analysis;

Basic financial statements that include:

- Government-wide financial statements, prepared using the economic resources measurement focus and the accrual basis of accounting;
- Fund financial statements, consisting of a series of statements that focus on a government’s major governmental funds and enterprise funds;
- Schedules to reconcile the fund financial statements to the government-wide financial statements;
- Notes to the basic financial statements.

As a result of implementing these pronouncements for the fiscal year ended June 30, 2002, the following restatements were made to beginning fund balance and net assets accounts.

Beginning net assets for the governmental activities in the government-wide financial statements were determined as follows:

Fund balances of general, special revenue, debt service and capital projects funds at July 1, 2001, as restated, see Note 22	\$ 72,930,483
Governmental capital assets at June 30, 2001, includes historical cost of infrastructure and reduction for change in capitalization policy	136,973,967
Accumulated depreciation on governmental capital assets at June 30, 2001	(55,310,490)
Long-term general obligation bonds payable at June 30, 2001	(18,967,369)
Long-term notes payable at June 30, 2001	(772,000)
Capital leases at June 30, 2001	(583,571)
Estimated liability for claims and judgements at June 30, 2001	(197,759)
Deferred revenue at June 30, 2001	1,031,585
Interest payable on general obligation bonds at June 30, 2001	(68,323)
Long-term compensated absences payable at June 30, 2001	(6,620,636)
Allocated portion of internal service fund net assets at June 30, 2001	<u>2,467,129</u>
Governmental net assets as restated at July 1, 2001	<u>\$ 130,883,016</u>

## 21. NEW ACCOUNTING PRONOUNCEMENTS

In May of 2002, GASB issued Statement No. 39 (“GASB 39”), “*Determining Whether Certain Organizations Are Component Units.*” GASB 39, which is required to be adopted by the County in its fiscal year ending June 30, 2004, established new guidelines to determine whether certain entities for which the County is not financially accountable should be reported as a component unit based on the nature and significance of the relationship with the County. The County has not determined the effect this statement will have on the financial position of the County.

In March of 2003, GASB issued Statement No. 40 (“GASB 40”), “*Deposit and Investment Risk Disclosures.*” GASB 40, which is required to be adopted by the County in its fiscal year ending June 30, 2005, established new disclosures for investments that have fair values that are highly sensitive to changes in interest rates. The County has not determined the effect this statement will have on the financial position of the County.

## 22. RESTATEMENT OF FUND BALANCE

The County has reclassified four Expendable Trust funds – Conservation Land Acquisition Trust, Sheriff Seized Property (State), Sheriff Seized Property (Federal), and Attorney Seized Property as Special Revenue funds in the current year. In addition, Capital Improvements Project Special Revenue fund was reclassified

as a Capital Projects fund. This was accomplished by restating the beginning fund balance of each of the affected funds.

The County believes the restatement of these funds is a change in accounting principle to a preferable accounting principle, and is allowable under GAAP.

See a reconciliation of this restatement below:

Fund balances of general, special revenue, debt service and capital projects funds, as reported at July 1, 2001	\$ 72,304,510
Conservation Land Acquisition Trust	231,413
Sheriff Seized Property (State)	70,264
Sheriff Seized Property (Federal)	30,543
Attorney Seized Property	<u>293,753</u>
Fund balances of general, special revenue, debt service and capital projects funds, at July 1, 2001, as restated	<u>\$ 72,930,483</u>

Note that the reclassification of the Capital Improvements Project Special Revenue Fund, in the amount of \$5,575,636, had no overall impact on the fund balances of the total governmental funds, as it is simply a reclassification between two governmental fund types, from a special revenue fund to a capital projects fund.

### 23. RESTATEMENT OF NET ASSETS

The following restatements were made to the July 1, 2001 net asset balances for proprietary funds:

	Net Assets July 1, 2001	Change in Accounting Principle	Unrecorded Infrastructure	Unrecorded Vehicle Disposal	Restated Net Assets July 1, 2001
Major Funds:					
Sanitary Treatment Works	\$ 17,464,761	\$ (5,451)	\$ 1,423,467	\$ -	\$ 18,882,777
Nonmajor Funds:					
Air Pollution	584,044	(85,001)	-	(12,043)	487,000
Hamilton Urban Drainage District	347,157	-	8,199,042	-	8,546,199

#### Restatement Due to Change in the Application of Accounting Principle

Due to implementation of GASB 34, the County changed its equipment capitalization policy from \$500 to \$10,000.

#### Restatement Due to Infrastructure

In previous years, the infrastructure assets in the Sanitary Treatment Works and Hamilton Urban Drainage District were incorrectly capitalized. This restatement increases the infrastructure assets to the appropriate level at June 30, 2001.

#### Restatement Due to Unrecorded Disposal

In the previous year, one vehicle was disposed of that did not get properly recorded in the financial statements. This restatement decreases the vehicle assets to the appropriate level at June 30, 2001.

**POLK COUNTY, IOWA**

**Budgetary Comparison Schedule  
General Fund  
For the Year Ended June 30, 2002**

	<b>Original Budget</b>	<b>Amended Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>REVENUES:</b>				
Property taxes	\$ 55,172,373	\$ 55,172,373	\$ 55,307,372	\$ 134,999
Other County taxes	4,014,109	4,022,298	3,801,609	(220,689)
Interest and penalty on delinquent taxes	750,000	936,000	1,018,206	82,206
Intergovernmental	17,875,131	18,397,718	17,137,894	(1,259,824)
Licenses and permits	778,786	804,970	482,730	(322,240)
Charges for services	5,850,620	8,184,509	8,340,272	155,763
Use of money and property	8,030,829	3,862,479	3,917,118	54,639
Fines, forfeitures and defaults	6,930	16,930	18,780	1,850
Miscellaneous	741,025	1,046,089	1,052,492	6,403
Proceeds from disposal of capital assets	75,000	125,000	158,515	33,515
Total receipts	<u>93,294,803</u>	<u>92,568,366</u>	<u>91,234,988</u>	<u>(1,333,378)</u>
<b>EXPENDITURES:</b>				
Current:				
Public safety	32,630,992	32,335,692	32,159,491	176,201
Court services	3,354,763	2,997,962	2,719,037	278,925
Physical health and education	3,537,843	3,777,128	3,745,764	31,364
Social services	22,825,048	22,866,283	21,564,724	1,301,559
County environment	5,302,192	5,521,324	5,200,842	320,482
State and local government services	4,457,644	4,449,432	4,449,492	(60)
Interprogram services	22,199,673	21,952,706	20,794,965	1,157,741
Debt service	745,345	745,345	745,345	-
Capital projects	475,300	474,199	427,801	46,398
Total disbursements	<u>95,528,800</u>	<u>95,120,071</u>	<u>91,807,461</u>	<u>3,312,610</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in (out)	<u>(3,757,286)</u>	<u>(8,344,284)</u>	<u>(8,391,019)</u>	<u>(46,735)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES - BUDGETARY BASIS</b>				
	\$ (5,991,283)	\$ (10,895,989)	(8,963,492)	\$ 1,932,497
<b>RECONCILIATION TO GAAP BASIS:</b>				
Basis differences:				
Increase (decrease) in accrual basis assets			1,387,788	
(Increase) decrease in accrual basis liabilities			<u>(73,698)</u>	
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses - GAAP basis			(7,649,402)	
Fund balance at beginning of year - GAAP basis			35,035,934	
Changes in inventory reserves			<u>14,275</u>	
Fund balance at end of year - GAAP basis			<u>\$ 27,400,807</u>	

See notes to required supplementary information.

**POLK COUNTY, IOWA**

**Budgetary Comparison Schedule  
MH/MR/DD Services Fund  
For the Year Ended June 30, 2002**

	Original Budget	Amended Budget	Actual	Variance
<b>REVENUES:</b>				
Property taxes	\$ 13,143,724	\$ 13,143,724	\$ 13,195,997	\$ 52,273
Other County taxes	675,392	675,393	627,476	(47,917)
Intergovernmental	24,010,836	24,882,666	24,700,529	(182,137)
Charges for services	9,943	9,943	-	(9,943)
Use of money and property	43,197	43,197	43,197	-
Miscellaneous	249,383	286,383	267,528	(18,855)
Total receipts	<u>38,132,475</u>	<u>39,041,306</u>	<u>38,834,727</u>	<u>(206,579)</u>
<b>EXPENDITURES:</b>				
Current:				
Mental health	38,324,547	39,633,141	39,429,150	203,991
Total disbursements	<u>38,324,547</u>	<u>39,633,141</u>	<u>39,429,150</u>	<u>203,991</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in (out)	-	-	-	-
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES - BUDGETARY BASIS</b>				
	<u>\$ (192,072)</u>	<u>\$ (591,835)</u>	<u>(594,423)</u>	<u>\$ (2,588)</u>
<b>RECONCILIATION TO GAAP BASIS:</b>				
Basis differences:				
Increase (decrease) in accrual basis assets			796,001	
(Increase) decrease in accrual basis liabilities			<u>(2,260,690)</u>	
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses - GAAP basis			(2,059,112)	
Fund balance at beginning of year - GAAP basis			<u>2,524,753</u>	
Fund balance at end of year - GAAP basis			<u>\$ 465,641</u>	

See notes to required supplementary information.

**POLK COUNTY, IOWA**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2002**

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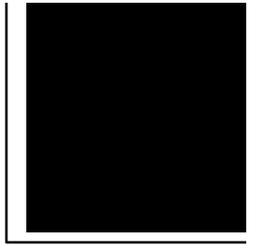
**1. BUDGETARY INFORMATION**

The County prepares its budgets on a cash basis. The general fund 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.

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# Nonmajor Governmental Funds



## 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 equipment expenditures.

**Family Services** - 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.

**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.

**Bond Revolving** - Accounts for proceeds of general obligation bonds, conduit debt transactions, and future similar debt proceeds that are legally restricted for specific expenditures. This fund serves as a clearing fund for bond proceeds and appropriate expenditures (i.e. bond proceeds relating to construction are transferred to Capital Projects Funds).

(continued)

## Capital Projects Funds

The Capital Projects Funds account for resources designated to construct or acquire general fixed 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 and the related task force.

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

**Juvenile Facility** - Accounts for capital projects relating to new juvenile facility construction project.

## 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, 2002**

	<b>Rural Services</b>	<b>Sheriff Seized Property (State)</b>	<b>Sheriff Seized Property (Federal)</b>	<b>Attorney Seized Property</b>
<b>ASSETS</b>				
Cash and investments	\$ 1,671,150	\$ 1,501	\$ 37,230	\$ 263,554
Receivables (net of allowances for uncollectibles):				
Taxes	34,188	-	-	-
Succeeding year property taxes	5,049,451	-	-	-
Special assessments	-	-	-	-
Notes	-	-	-	-
Accrued interest	-	80	57	480
Due from other funds	-	-	-	-
Due from other governments	6,309	17,964	-	17,185
Advances to component unit	-	-	-	-
Inventories	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 6,761,098</b>	<b>\$ 19,545</b>	<b>\$ 37,287</b>	<b>\$ 281,219</b>
<b>LIABILITIES</b>				
Vouchers payable	\$ 36,019	\$ -	\$ -	\$ -
Wages payable	7,499	-	-	-
Payroll taxes payable	34,130	-	-	-
Interest payable	-	-	-	-
Advances from other funds	-	-	-	-
Deferred revenues	34,161	-	-	-
Succeeding year property taxes deferred revenues	5,049,451	-	-	-
<b>TOTAL LIABILITIES</b>	<b>5,161,260</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>				
Reserved for advances to component unit	-	-	-	-
Reserved for noncurrent notes receivable	-	-	-	-
Reserved for inventory of supplies	-	-	-	-
Reserved for supplemental levy purposes	1,310,692	-	-	-
Unreserved	289,146	19,545	37,287	281,219
<b>TOTAL FUND BALANCES</b>	<b>1,599,838</b>	<b>19,545</b>	<b>37,287</b>	<b>281,219</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 6,761,098</b>	<b>\$ 19,545</b>	<b>\$ 37,287</b>	<b>\$ 281,219</b>

Special Revenue						
Conservation Land Acquisition Trust	Equipment Reserve	Family Services	Secondary Roads	County Recorder Records Management	Economic Development	REAP
\$ 192,109	\$ 3,787,951	\$ 974,268	\$ 291,520	\$ 38,386	\$ 9,752,912	\$ 57,779
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	4,848,612	-
-	-	-	-	447	-	111
-	-	-	-	579	-	-
-	-	-	460,810	-	-	1,972
-	-	-	-	-	-	-
-	-	-	1,424,436	-	-	-
\$ 192,109	\$ 3,787,951	\$ 974,268	\$ 2,176,766	\$ 39,412	\$ 14,601,524	\$ 59,862
\$ -	\$ 205,633	\$ 38,207	\$ 3,430,387	\$ 22,518	\$ 1,302,670	\$ -
-	-	-	130,883	-	-	-
-	-	-	-	-	-	-
-	-	-	-	88,000	-	-
-	-	-	3,374	-	-	-
-	-	-	-	-	-	-
-	205,633	38,207	3,564,644	110,518	1,302,670	-
-	-	-	-	-	-	-
-	-	-	-	-	3,951,637	-
-	-	-	1,424,436	-	-	-
-	-	-	-	-	-	-
192,109	3,582,318	936,061	(2,812,314)	(71,106)	9,347,217	59,862
192,109	3,582,318	936,061	(1,387,878)	(71,106)	13,298,854	59,862
\$ 192,109	\$ 3,787,951	\$ 974,268	\$ 2,176,766	\$ 39,412	\$ 14,601,524	\$ 59,862

(continued)

**POLK COUNTY, IOWA**

**Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2002**

	<b>Capital Projects</b>			
	<b>Contingency Reserve</b>	<b>Total Special Revenue</b>	<b>Courthouse Annex</b>	<b>Capital Improvements Projects</b>
<b>ASSETS</b>				
Cash and investments	\$ 5,000,000	\$ 22,068,360	\$ 1,064,826	\$ 5,414,523
Receivables (net of allowances for uncollectibles):				
Taxes	-	34,188	-	-
Succeeding year property taxes	-	5,049,451	-	-
Special assessments	-	-	-	-
Notes	-	4,848,612	-	-
Accrued interest	-	1,175	-	-
Due from other funds	-	579	-	-
Due from other governments	-	504,240	-	-
Advances to component unit	-	-	-	-
Inventories	-	1,424,436	-	-
<b>TOTAL ASSETS</b>	<b>\$ 5,000,000</b>	<b>\$ 33,931,041</b>	<b>\$ 1,064,826</b>	<b>\$ 5,414,523</b>
<b>LIABILITIES</b>				
Vouchers payable	\$ -	\$ 5,035,434	\$ 4,662	\$ 468,349
Wages payable	-	138,382	-	-
Payroll taxes payable	-	34,130	-	-
Interest payable	-	-	-	-
Advances from other funds	-	88,000	-	-
Deferred revenues	-	37,535	-	-
Succeeding year property taxes deferred revenues	-	5,049,451	-	-
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>10,382,932</b>	<b>4,662</b>	<b>468,349</b>
<b>FUND BALANCES</b>				
Reserved for advances to component unit	-	-	-	-
Reserved for noncurrent notes receivable	-	3,951,637	-	-
Reserved for inventory of supplies	-	1,424,436	-	-
Reserved for supplemental levy purposes	-	1,310,692	-	-
Unreserved	5,000,000	16,861,344	1,060,164	4,946,174
<b>TOTAL FUND BALANCES</b>	<b>5,000,000</b>	<b>23,548,109</b>	<b>1,060,164</b>	<b>4,946,174</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 5,000,000</b>	<b>\$ 33,931,041</b>	<b>\$ 1,064,826</b>	<b>\$ 5,414,523</b>

Total Capital Projects	Debt Service			Total Debt Service	Total Debt Service	Total Nonmajor Governmental Funds
	NW 84th Water Main Debt Service	Hamilton Drain Debt Service	Debt Service			
\$ 6,479,349	\$ 233,210	\$ -	\$ 422,043	\$ 655,253	\$ 29,202,962	
-	-	-	8,172	8,172	42,360	
-	-	-	1,519,102	1,519,102	6,568,553	
-	-	136,556	-	136,556	136,556	
-	-	-	-	-	4,848,612	
-	361	180	522	1,063	2,238	
-	-	-	-	-	579	
-	-	-	-	-	504,240	
-	-	-	5,969,792	5,969,792	5,969,792	
-	-	-	-	-	1,424,436	
<b>\$ 6,479,349</b>	<b>\$ 233,571</b>	<b>\$ 136,736</b>	<b>\$ 7,919,631</b>	<b>\$ 8,289,938</b>	<b>\$ 48,700,328</b>	
\$ 473,011	\$ -	\$ -	\$ -	\$ -	\$ 5,508,445	
-	-	-	-	-	138,382	
-	-	-	-	-	34,130	
-	2,084	-	-	2,084	2,084	
-	-	-	-	-	88,000	
-	-	135,255	7,468	142,723	180,258	
-	-	-	1,519,102	1,519,102	6,568,553	
<b>473,011</b>	<b>2,084</b>	<b>135,255</b>	<b>1,526,570</b>	<b>1,663,909</b>	<b>12,519,852</b>	
-	-	-	5,969,792	5,969,792	5,969,792	
-	-	-	-	-	3,951,637	
-	-	-	-	-	1,424,436	
-	-	-	-	-	1,310,692	
<b>6,006,338</b>	<b>231,487</b>	<b>1,481</b>	<b>423,269</b>	<b>656,237</b>	<b>23,523,919</b>	
<b>6,006,338</b>	<b>231,487</b>	<b>1,481</b>	<b>6,393,061</b>	<b>6,626,029</b>	<b>36,180,476</b>	
<b>\$ 6,479,349</b>	<b>\$ 233,571</b>	<b>\$ 136,736</b>	<b>\$ 7,919,631</b>	<b>\$ 8,289,938</b>	<b>\$ 48,700,328</b>	

(concluded)

**POLK COUNTY, IOWA**

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2002**

	<b>Rural Services</b>	<b>Sheriff Seized Property (State)</b>	<b>Sheriff Seized Property (Federal)</b>	<b>Attorney Seized Property</b>
<b>REVENUES:</b>				
Property taxes	\$ 4,609,802	\$ -	\$ -	\$ -
Other County taxes	170,620	-	-	-
Intergovernmental	794,116	-	-	-
Licenses and permits	-	-	-	-
Charges for services	-	-	-	-
Use of money and property	-	2,000	1,007	7,999
Fines, forfeitures and defaults	-	64,643	8,023	39,311
Miscellaneous	5,535	-	23,712	-
<b>TOTAL REVENUES</b>	<b>5,580,073</b>	<b>66,643</b>	<b>32,742</b>	<b>47,310</b>
<b>EXPENDITURES:</b>				
Current:				
Public safety	-	42,362	25,998	59,844
Physical health and education	616,994	-	-	-
Social services	-	-	-	-
County environment	497,349	-	-	-
Roads and transportation	1,497,469	-	-	-
State and local government services	-	-	-	-
Interprogram services	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Capital projects:				
Roadway construction	-	-	-	-
Conservation land acquisition and development	-	-	-	-
Other capital projects	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>2,611,812</b>	<b>42,362</b>	<b>25,998</b>	<b>59,844</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>2,968,261</b>	<b>24,281</b>	<b>6,744</b>	<b>(12,534)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers out	(3,185,642)	(75,000)	-	-
Capital leases	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(3,185,642)</b>	<b>(75,000)</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(217,381)</b>	<b>(50,719)</b>	<b>6,744</b>	<b>(12,534)</b>
<b>FUND BALANCE, BEGINNING OF YEAR, AS RESTATED (SEE NOTE 22)</b>	<b>1,817,219</b>	<b>70,264</b>	<b>30,543</b>	<b>293,753</b>
Change in inventory reserve	-	-	-	-
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 1,599,838</b>	<b>\$ 19,545</b>	<b>\$ 37,287</b>	<b>\$ 281,219</b>

Special Revenue							
Conservation Land Acquisition Trust	Equipment Reserve	Family Services	Secondary Roads	County Recorder Records Management	Economic Development	REAP	Housing Development
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
4,920	243,592	-	4,644,389	-	-	65,687	-
-	-	-	2,405	-	-	-	-
-	-	-	181,395	126,408	-	-	-
-	-	-	-	6,728	-	3,841	-
-	-	-	-	-	-	-	-
186,238	56,122	-	201,164	-	-	-	-
191,158	299,714	-	5,029,353	133,136	-	69,528	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	1,133,933	-	-	-	-	-
-	-	-	-	-	9,171,465	-	2,000,000
-	-	-	7,903,127	-	-	-	-
-	-	-	-	422,436	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	2,252,262	-	-	-	-
230,462	-	-	-	-	-	186,805	-
-	4,219,358	-	-	-	-	-	-
230,462	4,219,358	1,133,933	10,155,389	422,436	9,171,465	186,805	2,000,000
(39,304)	(3,919,644)	(1,133,933)	(5,126,036)	(289,300)	(9,171,465)	(117,277)	(2,000,000)
-	4,949,750	-	5,183,358	-	15,100,000	-	-
-	(270,752)	(150,000)	-	-	-	-	-
-	-	-	1,016,590	-	-	-	-
-	4,678,998	(150,000)	6,199,948	-	15,100,000	-	-
(39,304)	759,354	(1,283,933)	1,073,912	(289,300)	5,928,535	(117,277)	(2,000,000)
231,413	2,822,964	2,219,994	(2,953,808)	218,194	7,370,319	177,139	2,000,000
-	-	-	492,018	-	-	-	-
\$ 192,109	\$ 3,582,318	\$ 936,061	\$ (1,387,878)	\$ (71,106)	\$ 13,298,854	\$ 59,862	\$ -

(continued)

**POLK COUNTY, IOWA**

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds  
June 30, 2002**

	<b>Contingency Reserve</b>	<b>Bond Revolving</b>	<b>Total Special Revenues</b>	<b>Courthouse Annex</b>
<b>REVENUES:</b>				
Property taxes	\$ -	\$ -	\$ 4,609,802	\$ -
Other County taxes	-	-	170,620	-
Intergovernmental	-	-	5,752,704	-
Licenses and permits	-	-	2,405	-
Charges for services	-	-	307,803	-
Use of money and property	-	15	21,590	-
Fines, forfeitures and defaults	-	-	111,977	-
Miscellaneous	-	-	472,771	-
<b>TOTAL REVENUES</b>	-	15	11,449,672	-
<b>EXPENDITURES:</b>				
Current:				
Public safety	-	-	128,204	-
Physical health and education	-	-	616,994	-
Social services	-	-	1,133,933	-
County environment	-	-	11,668,814	-
Roads and transportation	-	-	9,400,596	-
State and local government services	-	-	422,436	-
Interprogram services	-	198	198	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Capital projects:				
Roadway construction	-	-	2,252,262	-
Conservation land acquisition and development	-	-	417,267	-
Other capital projects	-	-	4,219,358	624,466
<b>TOTAL EXPENDITURES</b>	-	198	30,260,062	624,466
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	-	(183)	(18,810,390)	(624,466)
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	25,233,108	500,000
Transfers out	-	(128,342)	(3,809,736)	-
Capital leases	-	-	1,016,590	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	-	(128,342)	22,439,962	500,000
<b>NET CHANGE IN FUND BALANCES</b>	-	(128,525)	3,629,572	(124,466)
<b>FUND BALANCE, BEGINNING OF YEAR, AS RESTATED (SEE NOTE 22)</b>	5,000,000	128,525	19,426,519	1,184,630
Change in inventory reserve	-	-	492,018	-
<b>FUND BALANCE, END OF YEAR</b>	\$ 5,000,000	\$ -	\$ 23,548,109	\$ 1,060,164

Capital Projects			Debt Service			Total Debt Service	Total Nonmajor Governmental Funds
Capital Improvements Projects	Juvenile Facility	Total Capital Projects	NW 84th Water Main Debt Service	Hamilton Drain Debt Service	Debt Service		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 559,245	\$ 559,245	\$ 5,169,047
-	-	-	-	-	24,745	24,745	195,365
403	-	403	-	-	21,850	21,850	5,774,957
-	-	-	-	-	-	-	2,405
-	-	-	-	-	-	-	307,803
-	-	-	6,491	1,696	313,484	321,671	343,261
-	-	-	-	-	-	-	111,977
65,219	176,350	241,569	41,220	108,494	-	149,714	864,054
65,622	176,350	241,972	47,711	110,190	919,324	1,077,225	12,768,869
-	-	-	-	-	-	-	128,204
-	-	-	-	-	-	-	616,994
-	-	-	-	-	-	-	1,133,933
-	-	-	-	-	-	-	11,668,814
-	-	-	-	-	-	-	9,400,596
-	-	-	-	-	-	-	422,436
-	-	-	-	-	-	-	198
-	-	-	29,000	150,000	1,013,262	1,192,262	1,192,262
-	-	-	27,044	15,000	845,919	887,963	887,963
-	-	-	-	-	-	-	2,252,262
-	-	-	-	-	-	-	417,267
2,256,105	2,319,375	5,199,946	-	-	-	-	9,419,304
2,256,105	2,319,375	5,199,946	56,044	165,000	1,859,181	2,080,225	37,540,233
(2,190,483)	(2,143,025)	(4,957,974)	(8,333)	(54,810)	(939,857)	(1,003,000)	(24,771,364)
2,061,021	-	2,561,021	-	165,000	723,954	888,954	28,683,083
(500,000)	(190,360)	(690,360)	-	(109,551)	-	(109,551)	(4,609,647)
-	-	-	-	-	-	-	1,016,590
1,561,021	(190,360)	1,870,661	-	55,449	723,954	779,403	25,090,026
(629,462)	(2,333,385)	(3,087,313)	(8,333)	639	(215,903)	(223,597)	318,662
5,575,636	2,333,385	9,093,651	239,820	842	6,608,964	6,849,626	35,369,796
-	-	-	-	-	-	-	492,018
\$ 4,946,174	\$ -	\$ 6,006,338	\$ 231,487	\$ 1,481	\$ 6,393,061	\$ 6,626,029	\$ 36,180,476

(concluded)

**POLK COUNTY, IOWA**

**Budgetary Comparison Schedule  
Nonmajor - Special Revenue Funds  
For the Year Ended June 30, 2002**

	<b>Original</b>	<b>Amended Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>REVENUES:</b>				
Property taxes	\$ 4,603,795	\$ 4,603,795	\$ 4,610,616	\$ 6,821
Other County taxes	183,097	183,097	170,642	(12,455)
Intergovernmental	6,176,186	6,553,444	5,843,208	(710,236)
Licenses and permits	3,000	3,000	2,405	(595)
Charges for services	285,000	310,000	303,943	(6,057)
Use of money and property	1,460,345	1,129,789	1,069,976	(59,813)
Fines, forfeitures and defaults	175,000	125,000	92,974	(32,026)
Miscellaneous	165,100	187,545	156,965	(30,580)
Proceeds from disposal of capital assets	75,000	109,000	237,886	128,886
Total receipts	<u>13,126,523</u>	<u>13,204,670</u>	<u>12,488,615</u>	<u>(716,055)</u>
<b>EXPENDITURES:</b>				
Current:				
Public safety	244,197	163,584	141,784	
Physical health and education	616,994	616,994	616,994	-
Social services	923,800	1,940,530	1,261,503	679,027
County environment	13,123,807	14,064,057	13,909,393	154,664
Roads and transportation	8,939,024	8,843,896	8,718,430	125,466
State and local government services	100,000	400,000	399,918	82
Non-program services	-	45,000	44,406	594
Capital projects	9,910,000	8,719,800	6,968,828	1,750,972
Total disbursements	<u>33,857,822</u>	<u>34,793,861</u>	<u>32,061,256</u>	<u>2,710,805</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in (out)	<u>17,817,286</u>	<u>21,101,536</u>	<u>20,941,092</u>	<u>(160,444)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES - BUDGETARY BASIS</b>				
	<u>\$ (2,914,013)</u>	<u>\$ (487,655)</u>	1,368,451	<u>\$ 1,834,306</u>
<b>RECONCILIATION TO GAAP BASIS:</b>				
Basis differences:				
Increase (decrease) in accrual basis assets			183,858	
(Increase) decrease in accrual basis liabilities			<u>2,077,263</u>	
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses - GAAP basis			3,629,572	
Fund balance at beginning of year - GAAP basis			19,426,519	
Changes in inventory reserves			<u>492,018</u>	
Fund balance at end of year - GAAP basis			<u>\$ 23,548,109</u>	

**POLK COUNTY, IOWA**

**Budgetary Comparison Schedule  
Nonmajor - Capital Projects Funds  
For the Year Ended June 30, 2002**

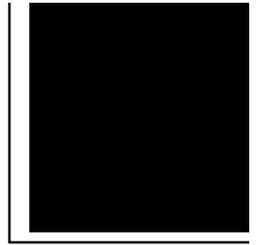
	<b>Original</b>	<b>Amended Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>REVENUES:</b>				
Intergovernmental	\$ -	\$ 114,550	\$ 114,954	\$ 404
Miscellaneous	-	201,864	241,570	39,706
Total receipts	<u>-</u>	<u>316,414</u>	<u>356,524</u>	<u>39,706</u>
<b>EXPENDITURES:</b>				
Capital projects	3,600,000	7,712,641	5,832,824	1,879,817
Total disbursements	<u>3,600,000</u>	<u>7,712,641</u>	<u>5,832,824</u>	<u>1,879,817</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in (out)	500,000	1,720,404	1,870,661	150,257
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES - BUDGETARY BASIS</b>				
	<u>\$ (3,100,000)</u>	<u>\$ (5,675,823)</u>	<u>(3,605,639)</u>	<u>\$ 2,030,074</u>
<b>RECONCILIATION TO GAAP BASIS:</b>				
Basis difference:				
Increase (decrease) in accrual basis assets			(114,551)	
(Increase) decrease in accrual basis liabilities			<u>632,877</u>	
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses - GAAP basis			(3,087,313)	
Fund balance at beginning of year - GAAP basis			<u>9,093,651</u>	
Fund balance at end of year - GAAP basis			<u>\$ 6,006,338</u>	

**POLK COUNTY, IOWA**

**Budgetary Comparison Schedule  
Nonmajor - Debt Service Funds  
For the Year Ended June 30, 2002**

	Original	Amended Budget	Actual	Variance
<b>REVENUES:</b>				
Property taxes	\$ 564,714	\$ 564,714	\$ 558,666	\$ (6,048)
Other County taxes	26,172	26,172	24,744	(1,428)
Intergovernmental	15,736	15,736	21,850	6,114
Use of money and property	1,738,718	1,715,218	1,723,572	8,354
Miscellaneous	115,000	160,362	148,984	(11,378)
Total receipts	<u>2,460,340</u>	<u>2,482,202</u>	<u>2,477,816</u>	<u>(4,386)</u>
<b>EXPENDITURES:</b>				
Debt service	2,721,442	3,019,775	3,019,264	511
Total disbursements	<u>2,721,442</u>	<u>3,019,775</u>	<u>3,019,264</u>	<u>511</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in (out)	353,238	480,986	779,403	298,417
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES - BUDGETARY BASIS</b>				
	<u>\$ 92,136</u>	<u>\$ (56,587)</u>	237,955	<u>\$ 294,542</u>
<b>RECONCILIATION TO GAAP BASIS:</b>				
Basis differences:				
Increase (decrease) in accrual basis assets			(537,544)	
(Increase) decrease in accrual basis liabilities			<u>75,992</u>	
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses - GAAP basis			(223,597)	
Fund balance at beginning of year - GAAP basis			<u>6,849,626</u>	
Fund balance at end of year - GAAP basis			<u>\$ 6,626,029</u>	

# Nonmajor Enterprise Funds



## 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 user charges (air pollution control permits) and federal grant revenue. The Board of Supervisors has decided that periodic determination of net income is appropriate for accountability purposes.

**Convention Complex** - Accounts for activity of the Convention Complex facility of the Regional Facilities Department.

**Veterans Memorial Auditorium** - Accounts for activity of the Veterans Memorial Auditorium facility of the Regional Facilities Department.

**Jester Park Golf Course** - Accounts for activity of the golf course operated by the County Conservation Board.

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

**POLK COUNTY, IOWA**

**Combining Statement of Net Assets  
Nonmajor Enterprise Funds  
June 30, 2002**

	<b>Air Pollution</b>	<b>Convention Complex</b>	<b>Veterans Memorial Auditorium</b>	<b>Jester Park Golf Course</b>	<b>Hamilton Urban Drainage District</b>	<b>Total Nonmajor Enterprise Funds</b>
<b>ASSETS</b>						
Current assets:						
Cash and investments	\$ 348,493	\$ 746,766	\$ 325,146	\$ 560,606	\$ 446,783	\$ 2,427,794
Receivables (net of allowances for uncollectibles):						
Accounts	-	62,065	40,214	-	-	102,279
Accrued interest	601	1,560	801	649	691	4,302
Due from other funds	-	487	-	63,289	-	63,776
Due from other governments	162,523	-	-	-	9,736	172,259
Inventories	-	38,790	30,098	55,890	-	124,778
Prepaid items	-	-	3,678	-	-	3,678
Total current assets	<u>511,617</u>	<u>849,668</u>	<u>399,937</u>	<u>680,434</u>	<u>457,210</u>	<u>2,898,866</u>
Noncurrent assets:						
Lease/debt origination costs	-	2,108	46,696	-	-	48,804
Capital assets:						
Land	-	1,718	204,768	76,593	996,553	1,279,632
Buildings	-	1,049,644	5,959,803	337,596	-	7,347,043
Improvements other than buildings	-	60,089	194,465	940,767	-	1,195,321
Infrastructure	-	-	-	-	9,196,626	9,196,626
Equipment	33,195	365,882	1,623,687	695,261	-	2,718,025
Vehicles	106,645	-	16,380	-	-	123,025
Less accumulated depreciation	<u>(83,844)</u>	<u>(492,613)</u>	<u>(2,551,417)</u>	<u>(955,393)</u>	<u>(2,224,053)</u>	<u>(6,307,320)</u>
Capital assets, net	<u>55,996</u>	<u>984,720</u>	<u>5,447,686</u>	<u>1,094,824</u>	<u>7,969,126</u>	<u>15,552,352</u>
Total noncurrent assets	<u>55,996</u>	<u>986,828</u>	<u>5,494,382</u>	<u>1,094,824</u>	<u>7,969,126</u>	<u>15,601,156</u>
<b>TOTAL ASSETS</b>	<u>567,613</u>	<u>1,836,496</u>	<u>5,894,319</u>	<u>1,775,258</u>	<u>8,426,336</u>	<u>18,500,022</u>
<b>LIABILITIES</b>						
Current liabilities:						
Vouchers payable	7,949	136,474	56,308	25,716	1,656	228,103
Wages payable	18,445	28,760	65,235	26,173	-	138,613
Payroll taxes payable	4,547	7,378	15,820	5,297	-	33,042
Due to other funds	-	-	329,866	28,689	-	358,555
Advance deposits and ticket sales	-	102,571	143,072	5,151	-	250,794
Total current liabilities	<u>30,941</u>	<u>275,183</u>	<u>610,301</u>	<u>91,026</u>	<u>1,656</u>	<u>1,009,107</u>
Noncurrent liabilities:						
General obligation bonds payable	-	905,902	3,616,139	-	-	4,522,041
Compensated absences payable	84,177	96,258	227,234	56,329	-	463,998
Total noncurrent liabilities	<u>84,177</u>	<u>1,002,160</u>	<u>3,843,373</u>	<u>56,329</u>	<u>-</u>	<u>4,986,039</u>
<b>TOTAL LIABILITIES</b>	<u>115,118</u>	<u>1,277,343</u>	<u>4,453,674</u>	<u>147,355</u>	<u>1,656</u>	<u>5,995,146</u>
<b>NET ASSETS</b>						
Invested in capital assets, net of related debt	55,996	78,818	1,831,547	1,094,824	7,969,126	11,030,311
Unrestricted	396,499	480,335	(390,902)	533,079	455,554	1,474,565
<b>TOTAL NET ASSETS</b>	<u>\$ 452,495</u>	<u>\$ 559,153</u>	<u>\$ 1,440,645</u>	<u>\$ 1,627,903</u>	<u>\$ 8,424,680</u>	<u>\$ 12,504,876</u>

**POLK COUNTY, IOWA**

**Combining Statement of Revenues, Expenses, and Changes in Net Assets  
Nonmajor Enterprise Funds  
For the Year Ended June 30, 2002**

	<b>Air Pollution</b>	<b>Convention Complex</b>	<b>Veterans Memorial Auditorium</b>	<b>Jester Park Golf Course</b>	<b>Hamilton Urban Drainage District</b>	<b>Total Nonmajor Enterprise Funds</b>
<b>OPERATING REVENUES:</b>						
Charges for goods and services:						
Charges for services	\$ 194,453	\$ 1,198,289	\$ 1,212,268	\$ 1,303,564	\$ 125,171	\$ 4,033,745
Grant revenue, operating	573,345	-	-	-	-	573,345
Parking income	-	-	739,018	-	-	739,018
Concession sales	-	1,509,400	1,307,210	-	-	2,816,610
Commissions income	-	138,753	199,033	-	-	337,786
PFMS user fee on ticket sales	-	6,710	111,770	-	-	118,480
Miscellaneous	456	7,359	76,069	16,613	4,992	105,489
<b>Total operating revenues</b>	<b>768,254</b>	<b>2,860,511</b>	<b>3,645,368</b>	<b>1,320,177</b>	<b>130,163</b>	<b>8,724,473</b>
<b>OPERATING EXPENSES:</b>						
Cost of goods and services:						
Personal services	596,555	1,060,040	2,646,842	622,960	15,147	4,941,544
Supplies	66,182	118,863	114,669	298,708	-	598,422
Professional services	9,664	112,365	200,982	426	8,718	332,155
Other services/charges	61,680	614,818	631,457	158,240	2,195	1,468,390
Direct event expense	-	85,432	498,867	-	-	584,299
Cost of goods sold - concession	-	301,376	227,136	-	-	528,512
Fine Host management expense	-	697,770	-	-	-	697,770
Miscellaneous	-	9,047	58,930	43,964	6,182	118,123
Amortization of discount (premium)	-	1,928	17,264	-	-	19,192
Depreciation	18,137	93,266	452,404	125,829	229,916	919,552
<b>Total operating expenses</b>	<b>752,218</b>	<b>3,094,905</b>	<b>4,848,551</b>	<b>1,250,127</b>	<b>262,158</b>	<b>10,207,959</b>
<b>OPERATING INCOME</b>	<b>16,036</b>	<b>(234,394)</b>	<b>(1,203,183)</b>	<b>70,050</b>	<b>(131,995)</b>	<b>(1,483,486)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>						
Interest revenue	10,480	28,993	27,511	14,235	10,476	91,695
Interest expense	-	(50,278)	(200,697)	-	-	(250,975)
Gain(loss) on disposal of capital assets	-	-	-	-	-	-
<b>Total nonoperating revenues (expenses)</b>	<b>10,480</b>	<b>(21,285)</b>	<b>(173,186)</b>	<b>14,235</b>	<b>10,476</b>	<b>(159,280)</b>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<b>26,516</b>	<b>(255,679)</b>	<b>(1,376,369)</b>	<b>84,285</b>	<b>(121,519)</b>	<b>(1,642,766)</b>
<b>TRANSFERS:</b>						
Transfers in	-	150,000	1,350,000	-	-	1,500,000
Transfers out	(61,021)	-	-	-	-	(61,021)
<b>Total transfers</b>	<b>(61,021)</b>	<b>150,000</b>	<b>1,350,000</b>	<b>-</b>	<b>-</b>	<b>1,438,979</b>
<b>CHANGE IN NET ASSETS</b>	<b>(34,505)</b>	<b>(105,679)</b>	<b>(26,369)</b>	<b>84,285</b>	<b>(121,519)</b>	<b>(203,787)</b>
<b>TOTAL NET ASSETS - BEGINNING, AS RESTATED (SEE NOTE 23)</b>	<b>487,000</b>	<b>664,832</b>	<b>1,467,014</b>	<b>1,543,618</b>	<b>8,546,199</b>	<b>12,708,663</b>
<b>TOTAL NET ASSETS - ENDING</b>	<b>\$ 452,495</b>	<b>\$ 559,153</b>	<b>\$ 1,440,645</b>	<b>\$ 1,627,903</b>	<b>\$ 8,424,680</b>	<b>\$ 12,504,876</b>

**POLK COUNTY, IOWA**

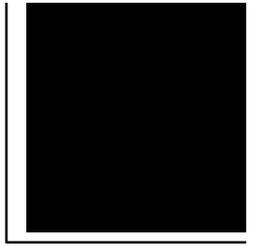
**Combining Statement of Cash Flows  
Nonmajor Enterprise Funds  
For the Year Ended June 30, 2002**

	<b>Air Pollution</b>	<b>Convention Complex</b>	<b>Veterans Memorial Auditorium</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash received from customers	\$ 456	\$ 2,832,581	\$ 3,704,550
Cash received from air pollution control permits	194,453	-	-
Cash received from operating grants	565,483	-	-
Cash paid to suppliers for goods and services	(147,193)	(2,087,638)	(1,745,399)
Cash paid to employees	(593,277)	(1,039,465)	(2,654,807)
Net cash flows from operating activities	<u>19,922</u>	<u>(294,522)</u>	<u>(695,656)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Transfers in	-	150,000	1,350,000
Transfers out	(61,021)	-	-
Cash paid to other funds	-	(776)	329,866
Cash received from other funds	-	(487)	776
Net cash flows from noncapital financing activities	<u>(61,021)</u>	<u>148,737</u>	<u>1,680,642</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Principal paid on long-term debt	-	(200,331)	(799,669)
Interest paid on long-term debt	-	(50,278)	(200,697)
Purchase of capital assets	-	(4,400)	(31,780)
Net cash flows from capital and related financing activities	<u>-</u>	<u>(255,009)</u>	<u>(1,032,146)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest received	<u>10,739</u>	<u>28,865</u>	<u>27,280</u>
Net cash flows from investing activities	<u>10,739</u>	<u>28,865</u>	<u>27,280</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(30,360)</b>	<b>(371,929)</b>	<b>(19,880)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b><u>378,853</u></b>	<b><u>1,118,695</u></b>	<b><u>345,026</u></b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b><u>\$ 348,493</u></b>	<b><u>\$ 746,766</u></b>	<b><u>\$ 325,146</u></b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Operating income (loss)	\$ 16,036	\$ (234,394)	\$ (1,203,183)
Components of operating income (loss) not included in operating activities			
Depreciation	18,137	93,266	452,404
Amortization	-	1,928	17,264
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:			
(Increase) decrease in accounts receivable	-	18,212	7,727
(Increase) decrease in due from other governments	(7,862)	-	-
(Increase) decrease in inventories	-	1,156	8,384
(Increase) decrease in prepaid items	-	3,156	4,660
Increase (decrease) in warrants payable	(13,486)	(95,159)	(36,577)
Increase (decrease) in vouchers payable	3,819	(57,458)	10,175
Increase (decrease) in wages payable	1,448	(804)	(1,171)
Increase (decrease) in payroll taxes payable	334	25	(1,934)
Increase (decrease) in compensated absences payable	1,496	21,692	(4,860)
Increase (decrease) in advance deposits and ticket sales	-	(46,142)	51,455
Net cash flows from operating activities	<u>\$ 19,922</u>	<u>\$ (294,522)</u>	<u>\$ (695,656)</u>
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Disposal of fully depreciated capital assets	\$ -	\$ -	\$ -

<b>Jester Park Golf Course</b>	<b>Hamilton Urban Drainage District</b>	<b>Total Nonmajor Enterprise Funds</b>
\$ 1,319,471	\$ 131,991	\$ 7,989,049
-	-	194,453
-	-	565,483
(508,725)	(15,681)	(4,504,636)
(616,530)	(15,147)	(4,919,226)
194,216	101,163	(674,877)
-	-	1,500,000
-	-	(61,021)
(19,771)	-	309,319
192,556	-	192,845
172,785	-	1,941,143
-	-	(1,000,000)
-	-	(250,975)
(70,329)	-	(106,509)
(70,329)	-	(1,357,484)
14,221	10,423	91,528
14,221	10,423	91,528
310,893	111,586	310
249,713	335,197	2,427,484
\$ 560,606	\$ 446,783	\$ 2,427,794
\$ 70,050	\$ (131,995)	\$ (1,483,486)
125,829	229,916	919,552
-	-	19,192
-	-	25,939
-	1,828	(6,034)
25,317	-	34,857
-	-	7,816
(19,476)	(55)	(164,753)
(13,228)	1,469	(55,223)
549	-	22
(48)	-	(1,623)
5,929	-	24,257
(706)	-	4,607
\$ 194,216	\$ 101,163	\$ (674,877)
\$ 29,664	\$ -	\$ 29,664

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# Internal Service Funds



## **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, 2002**

	<b>Employee Insurance</b>	<b>Risk Management</b>	<b>Total</b>
<b>ASSETS:</b>			
Current assets:			
Cash and investments	\$ 3,446,341	\$ 5,000,000	\$ 8,446,341
Receivables (net of allowances for uncollectibles):			
Accounts	28,853	-	28,853
Accrued interest	5,366	-	5,366
Prepaid items	265,949	-	265,949
<b>TOTAL ASSETS</b>	<b>3,746,509</b>	<b>5,000,000</b>	<b>8,746,509</b>
<b>LIABILITIES:</b>			
Current liabilities:			
Estimated liability for claims and judgements	2,396,450	-	2,396,450
<b>TOTAL LIABILITIES</b>	<b>2,396,450</b>	<b>-</b>	<b>2,396,450</b>
<b>NET ASSETS</b>			
Unrestricted	1,350,059	5,000,000	6,350,059
<b>TOTAL NET ASSETS</b>	<b>\$ 1,350,059</b>	<b>\$ 5,000,000</b>	<b>\$ 6,350,059</b>

**POLK COUNTY, IOWA**

**Combining Statement of Revenues, Expenses, and  
Changes in Net Assets  
Internal Service Funds  
For the Year Ended June 30, 2002**

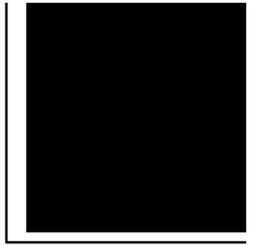
	<b>Employee Insurance</b>	<b>Risk Management</b>	<b>Total</b>
<b>REVENUES:</b>			
Charges for services	\$ 7,690,139	\$ -	\$ 7,690,139
Miscellaneous	106	-	106
Total revenues	<u>7,690,245</u>	<u>-</u>	<u>7,690,245</u>
<b>EXPENSES:</b>			
Other services/charges	183,531	-	183,531
Insurance	8,709,625	-	8,709,625
Total expenses	<u>8,893,156</u>	<u>-</u>	<u>8,893,156</u>
OPERATING INCOME (LOSS)	<u>(1,202,911)</u>	<u>-</u>	<u>(1,202,911)</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>			
Interest revenue	105,841	-	105,841
Total nonoperating revenues (expenses)	<u>105,841</u>	<u>-</u>	<u>105,841</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>(1,097,070)</u>	<u>-</u>	<u>(1,097,070)</u>
<b>TRANSFERS:</b>			
Transfers in	\$ -	\$ 5,000,000	\$ 5,000,000
Transfers out	(20,000)	-	(20,000)
Total transfers	<u>(20,000)</u>	<u>5,000,000</u>	<u>4,980,000</u>
CHANGE IN NET ASSETS	<u>(1,117,070)</u>	<u>5,000,000</u>	<u>3,882,930</u>
NET ASSETS , BEGINNING OF YEAR	<u>2,467,129</u>	<u>-</u>	<u>2,467,129</u>
NET ASSETS, END OF YEAR	<u>\$ 1,350,059</u>	<u>\$ 5,000,000</u>	<u>\$ 6,350,059</u>

**POLK COUNTY, IOWA**

**Combining Statement of Cash Flows  
Internal Service Funds  
For the Year Ended June 30, 2002**

	<b>Employee Insurance</b>	<b>Risk Management</b>	<b>Total</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash received from customers	\$ 7,764,314	\$ -	\$ 7,764,314
Cash paid to suppliers for goods and services	(7,902,750)	-	(7,902,750)
Net cash flows from operating activities	<u>(138,436)</u>	-	<u>(138,436)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Transfers in	-	5,000,000	5,000,000
Transfers out	(20,000)	-	(20,000)
Cash received from other funds	47,831	-	47,831
Net cash flows from noncapital financing activities	<u>27,831</u>	<u>5,000,000</u>	<u>5,027,831</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest received	108,251	-	108,251
Net cash flows from investing activities	<u>108,251</u>	-	<u>108,251</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(2,354)</b>	<b>5,000,000</b>	<b>4,997,646</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>3,448,695</b>	<b>-</b>	<b>3,448,695</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b><u>\$ 3,446,341</u></b>	<b><u>\$ 5,000,000</u></b>	<b><u>\$ 8,446,341</u></b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Operating income (loss)	\$ (1,202,911)	\$ -	\$ (1,202,911)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:			
(Increase) decrease in accounts receivable	74,069	-	74,069
Increase (decrease) in warrants payable	(21,278)	-	(21,278)
Increase (decrease) in estimated liability for claims and judgements	1,011,684	-	1,011,684
Net cash flows from operating activities	<u>\$ (138,436)</u>	<u>\$ -</u>	<u>\$ (138,436)</u>

# Agency Funds



## AGENCY FUNDS

### Elected Officials

Elected Officials Funds 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.

**Attorney** - Accounts for funds associated with crime prevention.

**Auditor** - Accounts for various trusts monitored by the County.

**Board of Supervisors - Other** - Accounts for the transactions for the following departments: Public Works, Social Services, General Services, and Health. Accounts for the sale of various permits (building, electrical, etc.) and the sale of County owned property.

**County Conservation Board** - Accounts for the revenues generated from the operation of the various County parks.

**Recorder** - Accounts for the recording of deeds and mortgages and the sale of various licenses (hunting, fishing, ATV, boat and snowmobile).

**Sheriff** - Accounts for fees associated with the servicing of papers, purchasing of gun permits and handling of inmate funds.

### Other Agency Funds

Other 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  
County Assessor FICA  
County Assessor IPERS  
E911 Service  
GIMS Implementation  
Joint Disaster Services  
Employee Activities  
Community Empowerment – Childhood Services  
Charter Commission

**POLK COUNTY, IOWA**

**Combining Statement of Assets and Liabilities  
Elected Officials  
June 30, 2002**

	<b>Attorney</b>	<b>Auditor</b>	<b>Board of Supervisors - Other</b>	<b>County Conservation Board</b>
<b>ASSETS:</b>				
Cash and investments	\$ 4,719	\$ 142,022	\$ 31,228	\$ 141,109
Due from other governments	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 4,719</b>	<b>\$ 142,022</b>	<b>\$ 31,228</b>	<b>\$ 141,109</b>
<b>LIABILITIES:</b>				
Due to other funds	\$ 4,719	\$ 4,743	\$ 31,228	\$ 141,109
Due to other governments	-	131,820	-	-
Trusts payable	-	5,459	-	-
<b>TOTAL LIABILITIES</b>	<b>\$ 4,719</b>	<b>\$ 142,022</b>	<b>\$ 31,228</b>	<b>\$ 141,109</b>

<b>Recorder</b>	<b>Sheriff</b>	<b>Total</b>
\$ 541,027 4,750	\$ 245,821 -	\$ 1,105,926 4,750
\$ 545,777	\$ 245,821	\$ 1,110,676
\$ 275,612 270,165 -	\$ 222,703 - 23,118	\$ 680,114 401,985 28,577
\$ 545,777	\$ 245,821	\$ 1,110,676

**POLK COUNTY, IOWA**

**Combining Statement of Assets and Liabilities  
Other Agency Funds  
June 30, 2002**

	<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>ASSETS:</b>				
Cash and investments	\$ 12,732,731	\$ 614,742	\$ 792,681	\$ 465,893
Receivables (net of allowances for uncollectibles):				
Taxes	2,362,102	-	18,395	3,149
Special assessments	6,597,303	72,351	-	-
Accounts	-	-	-	-
Accrued interest	-	496	-	-
Due from other funds	-	-	761,698	-
Due from other governments	-	-	-	-
Inventories	-	-	-	-
Prepays	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 21,692,136</b>	<b>\$ 687,589</b>	<b>\$ 1,572,774</b>	<b>\$ 469,042</b>
<b>LIABILITIES:</b>				
Vouchers payable	\$ -	\$ 19,262	\$ 3,132	\$ 13,402
Wages payable	-	-	103,231	-
Payroll taxes payable	-	-	24,834	-
Estimated liability for claims and judgments	-	-	299,420	-
Due to other funds	-	-	761,698	-
Due to other governments	21,692,136	377,167	(76,455)	455,640
Advances from other funds	-	77,834	-	-
Trusts payable	-	213,326	-	-
Compensated absences payable	-	-	456,914	-
<b>TOTAL LIABILITIES</b>	<b>\$ 21,692,136</b>	<b>\$ 687,589</b>	<b>\$ 1,572,774</b>	<b>\$ 469,042</b>

County Assessor FICA	County Assessor IPERS	E911 Service	GIMS Implementation	Joint Disaster Services	Employee Activities	Community Empowerment Childhood Services
\$ -	\$ -	\$ 1,246,825	\$ 761,698	\$ 36,469	\$ -	\$ 2,694,397
1,120	821	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	6,900	7,929	-
-	-	-	-	-	-	4,336
-	-	-	-	-	-	-
-	-	-	-	16,162	-	10,905
-	-	-	-	-	8,323	-
-	-	-	-	-	2,592	-
\$ 1,120	\$ 821	\$ 1,246,825	\$ 761,698	\$ 59,531	\$ 18,844	\$ 2,709,638
\$ -	\$ -	\$ 87,150	\$ -	\$ 6,687	\$ 800	\$ 314,385
-	-	-	-	3,224	-	-
-	-	-	-	800	-	-
-	-	-	-	-	-	-
-	-	-	-	-	18,044	-
1,120	821	1,159,675	761,698	36,101	-	2,395,253
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	12,719	-	-
\$ 1,120	\$ 821	\$ 1,246,825	\$ 761,698	\$ 59,531	\$ 18,844	\$ 2,709,638

(continued)

**POLK COUNTY, IOWA**

**Combining Statement of Assets and Liabilities  
Other Agency Funds  
June 30, 2002**

	<b>Charter Commission</b>		<b>Total</b>
<b>ASSETS:</b>			
Cash and investments	\$	-	\$ 19,345,436
Receivables (net of allowances for uncollectibles):			
Taxes		-	2,385,587
Special assessments		-	6,669,654
Accounts		-	14,829
Accrued interest		-	4,832
Due from other funds		-	761,698
Due from other governments		-	27,067
Inventories		-	8,323
Prepays		-	2,592
<b>TOTAL ASSETS</b>	\$	-	\$ 29,220,018
<b>LIABILITIES:</b>			
Vouchers payable	\$	19,330	\$ 464,148
Wages payable		-	106,455
Payroll taxes payable		-	25,634
Estimated liability for claims and judgments		-	299,420
Due to other funds		20,814	800,556
Due to other governments		(40,144)	26,763,012
Advances from other funds		-	77,834
Trusts payable		-	213,326
Compensated absences payable		-	469,633
<b>TOTAL LIABILITIES</b>	\$	-	\$ 29,220,018

(concluded)

**POLK COUNTY, IOWA**

**Combining Statement of Changes in Assets and Liabilities  
Fiduciary Funds  
For the Year Ended June 30, 2002**

	<b>Balance July 1, 2001</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance June 30, 2002</b>
<b>ELECTED OFFICIALS:</b>				
<b>ASSETS:</b>				
Cash and investments	\$ 1,613,384	\$ -	\$ 507,458	\$ 1,105,926
Accounts receivable	155	-	155	-
Due from other funds	1,555	-	1,555	-
Due from other governments	3,049	1,701	-	4,750
<b>TOTAL ASSETS</b>	<b>\$ 1,618,143</b>	<b>\$ 1,701</b>	<b>\$ 509,168</b>	<b>\$ 1,110,676</b>
<b>LIABILITIES:</b>				
Warrants payable	\$ 195	\$ -	\$ 195	\$ -
Due to other funds	1,113,316	-	433,202	680,114
Due to other governments	479,866	-	77,881	401,985
Trusts payable	24,766	3,811	-	28,577
<b>TOTAL LIABILITIES</b>	<b>\$ 1,618,143</b>	<b>\$ 3,811</b>	<b>\$ 511,278</b>	<b>\$ 1,110,676</b>
 <b>OTHER AGENCY FUNDS:</b>				
<b>ASSETS:</b>				
Cash and investments	\$ 18,167,776	\$ 1,177,660	\$ -	\$ 19,345,436
Receivables:				
Taxes	88,212	2,297,375	-	2,385,587
Special assessments	175,418	6,494,236	-	6,669,654
Accounts	34,292	-	19,463	14,829
Accrued interest	335	4,497	-	4,832
Due from other funds	-	761,698	-	761,698
Due from other governments	54,720	-	27,653	27,067
Inventories	-	8,323	-	8,323
Prepaid items	-	2,592	-	2,592
<b>TOTAL ASSETS</b>	<b>\$ 18,520,753</b>	<b>\$ 10,746,381</b>	<b>\$ 47,116</b>	<b>\$ 29,220,018</b>
<b>LIABILITIES:</b>				
Warrants payable	\$ 207,090	\$ -	\$ 207,090	\$ -
Vouchers payable	310,660	153,488	-	464,148
Wages payable	102,353	4,102	-	106,455
Payroll taxes payable	24,931	703	-	25,634
Estimated liability for claims and judgments	-	299,420	-	299,420
Due to other funds	245,208	555,348	-	800,556
Due to other governments	17,168,852	9,594,160	-	26,763,012
Advances from other funds	1,667	76,167	-	77,834
Trusts payable	17,166	196,160	-	213,326
Compensated absences payable	442,826	26,807	-	469,633
<b>TOTAL LIABILITIES</b>	<b>\$ 18,520,753</b>	<b>\$ 10,906,355</b>	<b>\$ 207,090</b>	<b>\$ 29,220,018</b>

The notes to the financial statements are an integral part of this statement.

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# Capitol Assets



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# POLK COUNTY, IOWA

## Capital Assets Used in the Operation of Governmental Funds Capital Assets by Source June 30, 2002

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### GOVERNMENTAL FUNDS CAPITAL ASSETS

Land	\$	8,043,580
Buildings		58,893,799
Improvements other than buildings		566,703
Infrastructure		57,429,697
Equipment		14,217,376
Vehicles		6,506,917

TOTAL \$ 145,658,072

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

General fund	\$	26,375,727
Special revenue funds		79,498,761
Capital projects funds		19,773,721
General obligation bond proceeds		17,767,022
Federal and state grants		887,091
Donated funds		1,355,750

TOTAL \$ 145,658,072

**POLK COUNTY, IOWA**

**Capital Assets Used in the Operation of Governmental Funds  
Schedule of Changes by Function  
For the Year Ended June 30, 2002**

	<b>Governmental Funds Capital Assets</b>			
	<b>July 1, 2001</b>	<b>Additions</b>	<b>Deductions</b>	<b>June 30, 2002</b>
Public Safety	\$ 24,166,177	\$ 548,504	\$ (243,846)	\$ 24,470,835
Court Services	15,001,987	2,196,451	(46,349)	17,152,089
Physical Health and Education	1,438,866	-	(35,742)	1,403,124
Mental Health	54,768	-	-	54,768
Social Services	5,548,156	1,091,168	-	6,639,324
County Environment	3,270,212	1,455,749	(72,814)	4,653,147
Roads and Transportation	65,316,813	2,858,718	(344,637)	67,830,894
State and Local Government Services	1,221,584	195,869	-	1,417,453
Interprogram	20,970,332	1,385,947	(319,841)	22,036,438
<b>TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS</b>	<b>\$ 136,988,895</b>	<b>\$ 9,732,406</b>	<b>\$ (1,063,229)</b>	<b>\$ 145,658,072</b>

**POLK COUNTY, IOWA**

**Capital Assets Used in the Operation of Governmental Funds  
Schedule by Function  
June 30, 2002**

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	<b>Land</b>	<b>Buildings</b>	<b>Improvements Other Than Buildings</b>
Public Safety	\$ -	\$ 20,486,907	\$ 87,063
Court Services	-	16,958,132	-
Physical Health and Education	-	1,118,066	-
Mental Health	-	-	-
Social Services	-	6,596,055	-
County Environment	458,923	2,820,031	261,640
Roads and Transportation	48,200	2,363,068	218,000
State and Local Government Services	-	-	-
Interprogram	7,536,457	8,551,540	-
<b>TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS</b>	<b>\$ 8,043,580</b>	<b>\$ 58,893,799</b>	<b>\$ 566,703</b>

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<b>Infrastructure</b>	<b>Equipment</b>	<b>Vehicles</b>	<b>Total</b>
\$ -	\$ 1,558,225	\$ 2,338,640	\$ 24,470,835
-	-	193,957	17,152,089
-	-	285,058	1,403,124
-	54,768	-	54,768
-	-	43,269	6,639,324
-	99,143	1,013,410	4,653,147
57,429,697	5,583,970	2,187,959	67,830,894
-	1,417,453	-	1,417,453
-	5,503,817	444,624	22,036,438
<b>\$ 57,429,697</b>	<b>\$ 14,217,376</b>	<b>\$ 6,506,917</b>	<b>\$ 145,658,072</b>

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# Statistical Section



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**POLK COUNTY, IOWA**

**General Governmental Revenues by Source (a)  
Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>(b) Property Taxes</b>	<b>Other County Taxes</b>	<b>Interest and Penalties on Delinquent Taxes</b>	<b>Inter- Governmental</b>	<b>Licenses and Permits</b>	<b>Charges for Services</b>
1993	\$ 62,685,727	\$ 549,963	\$ 2,378,510	\$ 19,810,593	\$ 524,409	\$ 5,316,750
1994	65,230,689	508,774	1,863,530	24,738,926	593,116	5,609,406
1995	68,751,188	788,840	1,175,067	24,336,721	600,088	5,552,935
1996	66,253,662	1,132,926	1,017,428	30,726,203	654,476	5,163,683
1997	63,670,089	1,143,218	956,495	34,046,432	669,802	5,305,746
1998	65,455,468	1,215,526	739,202	36,642,560	707,854	6,157,381
1999	68,016,178	1,311,902	811,134	43,852,300	765,201	6,343,380
2000	71,248,333	1,368,612	767,654	45,269,204	745,642	6,258,525
2001	70,565,548	4,509,363	909,208	48,092,123	680,922	6,369,485
2002	73,694,993	4,628,658	1,013,007	50,601,288	512,352	8,448,822

(a) General governmental revenues include revenues of the General, Special Revenue, Capital Projects, and Debt Service fund types only.

(b) Property Taxes include Net Current Property Taxes and Delinquent Property Tax Revenues.

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<b>Use of Money and Property</b>	<b>Fines Forfeitures and Defaults</b>	<b>Miscellaneous</b>	<b>Total</b>
\$ 2,080,015	\$ 9,041	\$ 762,503	\$ 94,117,511
2,795,963	7,985	2,533,361	103,881,750
3,577,254	8,975	1,304,350	106,095,418
4,034,271	8,410	2,806,907	111,797,966
4,364,251	8,011	1,442,988	111,607,032
7,332,737	9,242	1,635,683	119,895,653
8,287,541	7,332	1,622,540	131,017,508
10,509,159	6,940	2,144,578	138,318,647
8,137,492	13,374	1,480,163	140,757,678
3,263,790	130,337	2,177,523	144,470,770

**POLK COUNTY, IOWA**

**General Governmental Expenditures by Function (a)  
Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Public Safety</b>	<b>Court Services</b>	<b>Physical Health and Education</b>	<b>Mental Health</b>	<b>Social Services</b>	<b>County Environment</b>
1993	\$ 12,596,492	\$ 1,551,323	\$ 1,944,315	\$ 26,752,362	\$ 15,467,016	\$ 3,729,583
1994	14,423,191	1,683,597	1,939,138	27,601,207	16,268,301	2,121,984
1995	16,827,513	1,796,056	2,046,316	27,771,009	17,630,072	2,624,138
1996	19,591,221	2,020,696	2,341,168	29,539,969	17,626,817	5,481,459
1997	21,203,665	2,078,687	2,656,995	29,686,857	18,448,880	7,906,198
1998	24,082,208	2,501,781	11,926,614	30,528,863	19,406,652	11,103,434
1999	24,903,238	2,585,918	5,139,848	32,099,383	21,026,630	11,387,322
2000	27,483,971	2,515,374	3,785,271	33,079,339	21,760,512	22,870,923
2001	30,139,632	2,640,349	3,956,806	38,300,218	22,946,543	19,766,095
2002	32,319,581	2,686,863	4,458,541	40,836,250	23,417,321	16,889,973

(a) General governmental expenditures include expenditures of the General, Special Revenue, Capital Projects and Debt Service fund types only.

<b>Roads and Transportation</b>	<b>State and Local Government Services</b>	<b>Inter- Program Services</b>	<b>Non- Program</b>	<b>Debt Service</b>	<b>Capital Projects</b>	<b>Total</b>
\$ 6,387,215	\$ 2,571,541	\$ 12,423,169	\$ 1,197,841	\$ 5,054,715	\$ 4,842,932	\$ 94,518,504
8,460,722	2,816,486	15,866,758	2,032,281	7,551,314	4,083,155	104,848,134
6,179,781	2,994,601	14,921,123	1,405,522	6,268,857	4,230,133	104,695,121
6,878,644	3,025,785	17,726,356	340,566	7,094,362	4,883,930	116,550,973
9,043,300	3,206,862	16,876,311	3,334,047	4,691,456	11,035,521	130,168,779
7,277,105	3,351,983	22,988,816	1,453,259	3,999,433	4,367,394	142,987,542
10,965,171	4,707,594	19,259,283	5,525,902	4,536,237	10,087,571	152,224,097
8,990,844	4,191,042	19,668,185	71,897	4,712,298	8,441,783	157,571,439
10,186,787	4,326,121	14,811,243	5,085,402	9,422,856	22,550,520	184,132,572
9,400,596	4,885,442	21,140,609	-	2,080,225	12,452,297	170,567,698

**POLK COUNTY, IOWA**

**Property Tax Levies and Collections  
Last Ten Fiscal Years**

Collection Year	Taxes Levied	(a) Collections on Current Year Taxes		(b) Total Collections	
		Amount	Percent	Amount	Percent
1992/93	\$ 65,562,764	\$ 64,682,442	98.7%	\$ 65,498,282	99.9%
1993/94	68,391,968	67,612,804	98.9%	68,119,591	99.6%
1994/95	72,260,253	71,467,385	98.9%	71,533,741	99.0%
1995/96	69,547,014	68,756,220	98.9%	68,818,606	99.0%
1996/97	66,849,385	66,318,727	99.2%	66,336,698	99.2%
1997/98	68,344,905	67,703,576	99.1%	67,718,333	99.1%
1998/99	71,172,237	70,953,772	99.7%	71,000,757	99.8%
1999/00	74,349,431	74,238,715	99.9%	74,280,775	99.9%
2000/01	73,826,332	73,606,134	99.7%	73,676,130	99.8%
2001/02	77,002,424	76,663,227	99.6%	76,701,593	99.6%

(a) Current year collection amounts include current tax collections; ag land, personal property, homestead, and elderly tax credits; and state replacement monies and credits.

(b) Total collections include current year collections (a) plus delinquent tax collections and TIF reimbursements. All collections are on the cash basis.

**POLK COUNTY, IOWA**

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

<b>Assessment Year</b>	<b>Actual Value</b>	<b>Taxable Value</b>	<b>Ratio of Taxable to Actual Value</b>
1993	\$ 11,079,874,515	\$ 8,942,176,395	80.71%
1994	11,531,013,883	9,262,958,116	80.33%
1995	12,915,852,248	9,517,224,807	73.69%
1996	13,425,902,710	9,979,408,610	74.33%
1997	14,734,396,166	10,381,674,251	70.46%
1998	15,166,335,008	10,933,555,088	72.09%
1999	15,798,415,236	10,888,407,669	68.92%
2000	16,231,976,254	11,361,678,924	70.00%
2001	17,928,773,997	11,727,145,886	65.41%
2002	N/A (b)	N/A (b)	N/A (b)

(a) Assessed and actual values are net of the valuation of tax incremental financing district properties.

(b) 2002 Calendar Year Assessment is for taxes due in fiscal year 2003/2004 and is not yet available.

**POLK COUNTY, IOWA**

**Property Tax Rates - Direct and Overlapping Governments (a)(b)  
Last Ten Fiscal Years**

<b>Collection Year</b>	<b>(c) County</b>	<b>Broadlawns Hospital</b>	<b>Area XI College</b>	<b>General School</b>	<b>School House</b>	<b>Corporations</b>
1992/93	7.50023	1.89177	0.50664	14.21386	1.48656	16.17685
1993/94	7.65645	2.19673	0.48828	15.01098	1.47853	16.07529
1994/95	7.77238	2.22744	0.48398	15.46553	1.47112	16.19909
1995/96	7.19579	2.24835	0.48988	14.91044	1.46336	16.10600
1996/97	6.64274	2.25639	0.50661	14.49680	1.46208	16.18284
1997/98	6.46462	2.39021	0.47230	15.60574	1.44746	16.24935
1998/99	6.46576	2.49033	0.50551	16.26190	1.44550	16.93966
1999/00	6.41923	2.55357	0.52451	15.51587	1.44609	16.81579
2000/01	6.38346	2.55571	0.54506	16.18308	0.76635	16.57304
2001/02	6.38417	2.91153	0.54454	15.75313	1.38734	17.04857

(a) Tax rates in dollars per thousand dollars of taxable value.

(b) Table shows tax rates for a resident of Polk County living in the City of Des Moines.

(c) Includes rates for Polk County levies, Agricultural Extension levies, and Hamilton Drain levies.

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<b>City Assessor</b>	<b>State</b>	<b>Total</b>
0.50315	0.00500	42.28406
0.49713	0.00500	43.40839
0.50230	0.00500	44.12684
0.46572	0.00500	42.88454
0.57619	0.00500	42.12865
0.32527	0.00500	42.95995
0.33081	0.00500	44.44447
0.30594	0.00500	43.58600
0.31454	0.00500	43.32624
0.34318	0.00500	44.37746

**POLK COUNTY, IOWA**

**Legal Debt Margin**

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Assessed valuation, at 100% of actual valuation (2000)	\$ 16,231,976,254
Multiplied by 5%	<u>5%</u>
Debt limit - 5% of total assessed valuation	811,598,813
Less: Debt applicable to debt limit (Article XI, Constitution of the State of Iowa); Outstanding County indebtedness (a)	<u>193,242,685</u>
Unused legal debt capability	<u><u>\$ 618,356,128</u></u>

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

**POLK COUNTY, IOWA**

**Ratio of Net General Bonded Debt to Assessed Value and  
Net General Bonded Debt Per Capita  
Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>(a) Population</b>	<b>Assessed Taxable Value</b>	<b>Gross General Bonded Debt</b>	<b>(b) Less Net Debt Service Funds</b>	<b>Net General Bonded Debt</b>	<b>Ratio of Net General Bonded Debt to Assessed Value</b>	<b>Net General Bonded Debt per Capita</b>
1993	327,140	\$ 8,467,079,869	\$ 58,485,000	\$ 555,941	\$ 57,929,059	0.68%	\$ 177.08
1994	327,140	8,664,764,873	55,340,000	2,330,555	53,009,445	0.61%	162.04
1995	327,140	8,942,176,395	55,175,000	1,919,143	53,255,857	0.60%	162.79
1996	349,560	9,262,958,116	48,455,000	735,145	47,719,855	0.52%	136.51
1997	354,150	9,517,224,807	17,102,091	1,002,482	16,099,609	0.17%	45.46
1998	354,150	9,979,408,610	21,284,081	353,969	20,930,112	0.21%	59.10
1999	359,826	10,381,674,251	18,579,136	20,806	18,558,330	0.18%	51.58
2000	364,672	10,933,555,088	20,448,278	264,630	20,183,648	0.18%	55.35
2001	374,601	10,888,407,669	25,179,370	416,572	24,762,798	0.23%	66.10
2002	382,609	11,361,678,924	68,493,380	656,237	67,837,143	0.60%	177.30

(a) Source: Greater Des Moines Chamber of Commerce Federation (Per the Greater Des Moines Area Profile).

(b) Net Debt Service Funds are the unreserved equity in the Debt Service Fund.

**POLK COUNTY, IOWA**

**Ratio of Annual Debt Service Expenditures for General Bonded Debt to  
Total General Governmental Expenditures (a)  
Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Debt Service</b>	<b>Total General Governmental Expenditures</b>	<b>Ratio of Debt Service to General Governmental Expenditures</b>
1993	\$ 2,645,000	\$ 1,129,505	\$ 3,774,505	\$ 94,518,504	3.99%
1994	3,145,000	3,172,395	6,317,395	104,848,134	6.03%
1995	2,400,000	954,826	3,354,826	104,695,121	3.20%
1996	5,325,000	1,044,707	6,369,707	116,550,973	5.47%
1997	3,515,000	676,945	4,191,945	130,168,779	3.22%
1998	2,280,000	805,883	3,085,883	142,987,542	2.16%
1999	2,295,000	1,223,234	3,518,234	152,224,097	2.31%
2000	2,480,000	1,218,522	3,698,522	157,571,439	2.35%
2001	2,058,000	1,209,032	3,267,032	184,132,572	1.77%
2002	1,192,262	887,963	2,080,225	170,567,698	1.22%

(a) Total General Governmental Expenditures includes expenditures of the General, Special Revenue, Capital Projects, and Debt Service fund types only.

**POLK COUNTY, IOWA**

**Summary of Direct and Overlapping Debt  
For the Year Ended June 30, 2002**

Name of Governmental Unit	Taxable Valuation Within the County	General Obligation Debt Outstanding	Totals
Polk County	\$ 11,361,678,924	\$ 68,493,380	
Total direct debt			\$ 68,493,380
Cities and towns:			
Alleman	15,372,842	45,000	
Altoona	295,886,699	10,875,000	
Ankeny	895,902,385	29,085,000	
Bondurant	38,449,999	2,070,000	
Clive	651,238,018	8,950,000	
Des Moines	4,750,140,474	265,550,000	
Elkhart	7,055,080	125,000	
Grimes	138,002,951	2,405,000	
Johnston	406,399,021	28,550,667	
Mitchellville	33,920,372	430,000	
Pleasant Hill	177,317,424	5,655,000	
Polk City	43,532,195	67,589	
Runnells	7,801,190	-	
Sheldahl	2,174,838	-	
Urbandale	1,300,255,509	23,075,000	
Windsor Heights	158,298,876	8,610,000	
West Des Moines	1,901,079,870	41,170,000	
Total cities and towns		<u>426,663,256</u>	
School districts:			
Ankeny Community	1,053,536,575	27,910,000	
Bondurant - Farrar	127,718,010	1,590,000	
Des Moines Independent	4,790,315,573	4,240,000	
Johnston Community	815,254,944	21,950,000	
North Polk Community	151,198,168	3,595,000	
Saydel	378,144,942	6,895,000	
Southeast Polk	658,975,210	5,165,000	
Urbandale Community	779,263,702	10,580,000	
West Des Moines Community	2,906,678,085	20,945,000	
Total school districts		<u>102,870,000</u>	
Other:			
Urbandale Sanitary Sewer	1,191,360,916	9,260,000	
Urbandale/Windsor Heights Sanitary Sewer	266,897,183	100,000	
Total other		<u>9,360,000</u>	
Total overlapping debt			<u>538,893,256</u>
Total direct and overlapping debt			<u>\$ 607,386,636</u>

NOTE: Fiscal year 2002 is matched to 2000 assessment year

# POLK COUNTY, IOWA

## Demographic Statistics Last Ten Fiscal Years

Fiscal Year	(a) Estimated Population	(a) Per Capita Income	(b) Median Age	Unemployment Statistics (c)			
				Polk County		State of Iowa	United States
				Labor Force	Rate		
1993	327,140	\$ 20,239	32.4	208,500	4.0%	4.6%	7.4%
1994	327,140	20,239	32.4	207,300	3.5%	4.0%	6.8%
1995	327,140	20,239	32.4	208,600	3.0%	3.7%	6.1%
1996	349,560	25,946	34.3	209,400	3.0%	3.5%	5.6%
1997	354,150	27,160	34.6	215,200	2.9%	3.8%	5.4%
1998	354,150	22,546	35.0	210,700	2.7%	3.3%	4.9%
1999	359,826	27,403	35.2	212,500	2.2%	2.8%	4.5%
2000	364,672	29,527	35.5	210,700	1.9%	2.5%	4.2%
2001	374,601	31,118	34.6	212,900	2.0%	2.6%	4.0%
2002	382,609	31,347	34.0	216,400	2.6%	3.3%	4.8%

(a) Source: Greater Des Moines Chamber of Commerce Federation (Per the Greater Des Moines Area Profile).

(b) Source: Greater Des Moines Chamber of Commerce Federation.

(c) Source: Iowa Department of Employment Services.

**POLK COUNTY, IOWA**

**Property Value, Construction and Bank Deposits  
Last Ten Fiscal Years**

Calendar Year	Assessed Valuation	Construction (a)				(b) Commercial Bank Deposits
		Residential		Commercial and Industrial		
		Number of Permits	Value	Number of Permits	Value	
1992	\$ 8,664,764,873	2,494	\$ 237,296,594	339	\$ 106,763,385	\$ 3,733,100,000
1993	8,942,176,395	1,996	249,481,434	394	52,137,524	6,062,000,000
1994	9,262,958,116	1,839	270,905,349	599	105,836,241	3,672,633,000
1995	9,517,224,807	1,849	266,671,340	560	148,972,513	3,907,328,000
1996	9,979,408,610	2,013	280,891,698	618	132,751,755	3,935,252,000
1997	10,381,674,251	1,714	238,960,136	645	174,692,565	5,656,126,000
1998	10,933,555,088	2,399	322,647,562	339	250,531,312	4,923,229,000
1999	10,888,407,669	2,390	334,661,868	293	202,902,200	4,893,948,000
2000	11,361,678,924	2,171	287,865,372	352	182,787,127	5,114,000,000
2001	11,727,145,886	3,075	494,873,537	357	207,426,456	6,082,000,000

(a) Source: Various governmental building departments (Altoona, Ankeny, Clive, Des Moines, Johnston, Pleasant Hill, Urbandale, West Des Moines, and unincorporated Polk County.)

(b) Source: Iowa Department of Commerce - Banking Division.

**POLK COUNTY, IOWA**

**Ten Largest Taxpayers  
2000 Taxable Valuation**

<b>Name</b>	<b>Description of Property</b>	<b>Taxable Valuation</b>	<b>Percentage of Total Valuation</b>
Principal Life Insurance Co.	Commercial	\$ 259,813,782	2.3%
R & R Investors	Commercial	94,435,470	0.8%
Qwest	Commercial	92,693,744	0.8%
Valley West Mall	Commercial	91,913,500	0.8%
Knapp, William	Commercial	78,908,030	0.7%
Mid America Investments	Commercial	68,194,290	0.6%
Ruan, Inc.	Commercial	66,774,973	0.6%
Polk County	Commercial	64,133,650	0.6%
Mercy Hospital Medical Center	Commercial	61,448,050	0.5%
Hubbell Realty Co.	Commercial	58,395,120	0.5%
Total assessed valuation of ten principal taxpayers		936,710,609	8.2%
Total assessed valuation of other taxpayers		10,424,968,315	91.8%
Total 2000 assessed valuation for taxes due in 2001/2002		\$ <u>11,361,678,924</u>	<u>100.0%</u>

# POLK COUNTY, IOWA

## Miscellaneous Statistical Data

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Year of Incorporation:	1846
County Seat:	Des Moines
Land Area:	594 Square Miles
Number of Municipalities:	18

### TEN LARGEST EMPLOYERS

Name	Business
Principal Life Insurance Co.	Insurance and Financial Services
Des Moines Public Schools	Education
Central Iowa Hospital Corp.	Health Care
Mercy Hospital Medical Center	Health Care
Hy-Vee Food Stores	Retail Food Chain
Minneapolis Postal Service Center	U.S. Postal Service
City of Des Moines	Government
Wal-Mart Inc.	Retail
United Parcel Service	Air Freight
Nationwide Inc.	Insurance

Source: Greater Des Moines Chamber of Commerce Federation Area Profile.

### ELECTIONS:

Last general election: (as of November 7, 2000)	
Registered voters	259,623
Votes cast	175,555
Percent	67.62%
Last municipal election: (as of November 6, 2001)	
Registered voters	222,451
Votes cast	30,587
Percent	13.75%

### COUNTY EMPLOYEES

Number of full-time employees	1,163
Number of part-time employees	37
Number of seasonal employees (summer help)	89

(continued)

# POLK COUNTY, IOWA

## Miscellaneous Statistical Data

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### COUNTY SERVICES

Public Safety:	
Number of officers	269
Number of civilian personnel	75
Human Services:	
Number of employees	194
Roads and Engineering:	
Number of employees	73
Administration:	
Number of employees	165

### HOSPITALS

Number of hospitals	5
Number of acute care beds	1,404

Source: Greater Des Moines Chamber of Commerce Federation

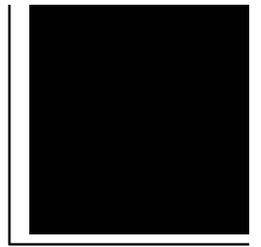
### LEISURE FACILITIES

Area parks	75
Country clubs	10
Golf courses	17
Tennis courts	87
Swimming pools	16
YMCA's	7
YWCA's	1

Other recreational activities and attractions in the area: Iowa Cubs AAA Baseball; Big Twelve Conference basketball, football and wrestling; Missouri Valley Conference basketball; Des Moines Dragons Basketball, Drake Relays; Des Moines Buccaneers ice hockey; water recreation at Gray's Lake, Saylorville Reservoir, Maffitt Reservoir and Des Moines River; Iowa high school basketball, wrestling and track championships; Iowa State Fair; Prairie Meadows Racetrack/Casino; Blank Park Zoo; Adventureland Theme Park; Living History Farms.

(concluded)

# Single Audit



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POLK COUNTY, IOWA

Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2002

Grantor/Program	CFDA Number	Contract Number	Total Federal Expenditures For Fiscal Year 2002
<b>OFFICE OF NATIONAL DRUG CONTROL POLICY</b>			
Direct Program - Iowa Enforcement Initiative (HIDTA) Grant	07.Unknown	I1PMWP558	\$ 35,359
Direct Program - Iowa Enforcement Initiative (HIDTA) Grant	07.Unknown	I2PMWP558	33,752
			69,111
<b>DEPARTMENT OF AGRICULTURE</b>			
Direct Program - Commodity Supplemental Food Distribution	10.565	N/A	944,011
Passed through Iowa Department of Health and Human Services:			
Commodity Supplemental Food Program	10.565	N/A	63,623
Commodity Supplemental Food Program	10.565	N/A	170,118
Local Administration Expense Reimbursement	10.561	N/A	190,316
Passed through Iowa Department of Education:			
Child Care Food Program	10.558	77-8050	886,760
Child Care Food Program	10.558	77-8050	327,917
National School Breakfast Program	10.553	77-8810	20,370
National School Lunch Program	10.555	77-8810	33,640
Passed through Aging Resource of Central Iowa:			
Title IIIC-1 - Nutrition	10.570	N/A	69,505
Total Department of Agriculture			2,706,260
<b>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			
Passed through Iowa Department of Economic Development:			
CDBG: Housing Rehabilitation	14.228	99-HSG-046	38,124
CDBG: Career Link Program	14.228	99-CRL-002	64,799
Passed through City of Des Moines:			
Polk Co. Human Service Planning Alliance-Day Care	(b) 14.218	CDBG2001005	19,891
Polk Co. Human Service Planning Alliance-Day Care	(b) 14.218	CDBG2002005	24,241
Emergency Shelter Grant Program	14.231	01-II-77027	5,600
Total Department of Housing and Urban Development			152,655
<b>DEPARTMENT OF JUSTICE</b>			
Direct Program - Local Law Enforcement Block Grant	16.592	99LBVX8709	14,724
Direct Program - Local Law Enforcement Block Grant	16.592	2000-LB-BX-0871	35,111
Direct Program - Local Law Enforcement Block Grant	16.592	2001-LB-BX-2637	3,998
Direct Program - LLEBG Bullet Proof Vests	16.607	N/A	15,433
Direct Program - COPS MORE 98 (MDC)	16.710	99CMWX2772	111,213
Direct Program - COPS/Universal Hiring (Grimes)	16.710	99UMWX3135	18,527
Direct Program - COPS 2000 Technology Initiative/INS VTC Project	16.710	2000CKWX0173	2,424
Passed through Iowa Department of Human Rights:			
Juvenile Accountability Incentive Block Grant (JAIBG)	16.523	JAB-01-45	31,745
Juvenile Accountability Incentive Block Grant (JAIBG)	16.523	JJ-FY01-01	3,230
Juvenile Accountability Incentive Block Grant (JAIBG)	16.523	JJ-FY02-01	6,668
Juvenile Accountability Incentive Block Grant (JAIBG)	(a) 16.523	JJ-FY01-00	5,678
Juvenile Accountability Incentive Block Grant (JAIBG)	(a) 16.523	JJ-FY02-00	846
Passed through Iowa Department of Justice:			
Victims of Crime Act (VOCA)	16.575	VA-02-33	96,000
Passed through Governor's Office of Drug Control Policy:			
Technical Site Visit - In-Custody Substance Abuse Treatment	16.579	01B-1199	2,323
Byrne Sheriff's Work Alternative Program	16.579	01G-11100	41,566
Passed through Governor's Alliance of Substance Abuse:			
Juvenile Drug Court	16.523	DC-S02-1	37,182
Drug Control Grant	16.579	01A-0225	252,721
Total Department of Justice			679,389
<b>DEPARTMENT OF TRANSPORTATION</b>			
Passed through Governor's Traffic Safety Bureau:			
Seatbelt Incentive Grant #1	20.604	N/A	1,360
Seatbelt Incentive Grant #2	20.604	02-157 Task 99	10,500
Passed through Iowa Department of Public Defense:			
2002 HMEP - Planning	20.703	N/A	672
2002 HMEP - Training	20.703	N/A	756
2002 HMEP - Anhydrous Ammonia Emergency Response Class	20.703	N/A	10,000
Total Department of Transportation			23,288
<b>ENVIRONMENTAL PROTECTION AGENCY</b>			
Passed through Iowa Department of Natural Resources:			
Air Pollution Control Implementation Plan Agreement	66.001	2002-7230-02	227,676
Total Environmental Protection Agency			227,676

**POLK COUNTY, IOWA**

**Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2002**

Grantor/Program	CFDA Number	Contract Number	Total Federal Expenditures For Fiscal Year 2002
<b>DEPARTMENT OF ENERGY</b>			
Direct Program - Rebuild Iowa (Travel) Program	81.041	N/A	\$ 215
Passed through Iowa Department of Natural Resources:			
Rebuild Iowa (Polk County) Program	81.041	02-6161-01	21,948
Passed through Iowa Department of Human Rights:			
Low Income Home Energy Assistance	81.042	DOE-01-20S	69,766
Low Income Home Energy Assistance	81.042	DOE-02-20S	20,463
Weatherization Conservation Oil Overcharge	81.042	O/C-02-20S	11,449
Total Department of Energy			<u>123,841</u>
<b>FEDERAL EMERGENCY MANAGEMENT AGENCY</b>			
Passed through Iowa Department of Public Defense:			
Federal Emergency Management Agency	83.552	N/A	43
Federal Emergency Management Agency	83.552	N/A	26,266
Iowa Hazard Mitigation Grant Program	83.548	0996-0231	40,245
GIS Grant	83.548	911-GIS-0003	1,815
Passed through United Way:			
FEMA	83.523	Phase XX	19,850
Total Federal Emergency Management Agency			<u>88,219</u>
<b>DEPARTMENT OF EDUCATION</b>			
Passed through Iowa Department of Education and DMACC:			
Iowa New Choices	84.048	N/A	36,246
Total Department of Education			<u>36,246</u>
<b>DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
Passed through Aging Resource of Central Iowa:			
Title IIIB - Transportation	93.044	N/A	122,000
Title IIIB - Well Elderly Clinic	93.044	N/A	10,000
Title III - Elderly Services Chore	93.044	N/A	562
Title IIIB - Advocacy/Counseling	93.044	N/A	17,213
Title IIIC-1 - Nutrition	93.045	N/A	216,500
Passed through Iowa Department of Health and Human Services:			
Projects for Assistance in Transition from Homelessness (PATH)	(a) 93.150	02-444-401-6890-2464-04	104,338
Family Development and Self Sufficiency	93.558	FADSS-02-20-FS	197,217
Early Childhood Funding	(b) 93.558	N/A	1,176,418
Home Energy Assistance Program	93.568	HEAP-02-20S	190,818
Home Energy Assistance Program	93.568	HEAP-02A-20S	2,625
Child Care Resource and Referral (SDA)	93.575	ACFS-02-043	462,714
Juvenile Justice Summer Law Intern	93.643	ACFS-01-054	2,465
Local Purchase Allocation MH Block Grant	93.667	N/A	1,401,405
Local Administration Expense Reimbursement	93.558	N/A	297,972
Local Administration Expense Reimbursement	93.566	N/A	1,431
Local Administration Expense Reimbursement	93.596	N/A	39,245
Local Administration Expense Reimbursement	93.658	N/A	99,616
Local Administration Expense Reimbursement	93.659	N/A	33,697
Local Administration Expense Reimbursement	93.667	N/A	195,809
Local Administration Expense Reimbursement	93.778	N/A	301,938
Passed through Iowa Department of Public Health:			
Tuberculosis Elimination	93.116	5881TB02	36,782
Tuberculosis Elimination	93.116	5882TB02	20,991
Childhood Lead Poisoning	93.197	5882LP21	3,527
Communicating Across Boundaries	93.283	5881AW01	1,666
Bioterrorism Preparedness Planning Program	93.283	N/A	29,507
Iowa Breast and Cervical Cancer Early Detection Program	93.919	5881NB18	14,760
Iowa Breast and Cervical Cancer Early Detection Program	93.919	5882NB18	82,900
HIV Testing and Counseling	93.940	5881AP13	29,000
HIV Testing and Counseling	93.940	5882AP13	28,482
AIDS Preventative Health	93.991	5881AS10	1,355
Passed through HSPA/Empowerment Board:			
Quality Child Care Initiative	93.558	N/A	140,437
Single Point of Entry	93.558	N/A	83,572
Total Department of Health and Human Services			<u>5,346,962</u>
<b>TOTAL FEDERAL EXPENDITURES</b>			<u>\$ 9,453,647</u>

(a) Represents Polk County Health Services grant awards.

(b) Represents Polk County Human Services Planning Alliance grant awards.

See notes to schedule of expenditures of federal awards.

# POLK COUNTY, IOWA

## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2002

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### 1. BASIS OF ACCOUNTING

The schedule of expenditures of federal awards is not prepared on the accrual basis of accounting. Expenditures are recognized when they become a demand on current available financial resources.

### 2. REPORTING ENTITY

The County, for purposes of the schedule of expenditures of federal awards, includes all the funds of the primary government and its component unit.

### 3. PASS-THROUGH AWARDS

The County receives certain federal awards from pass-through awards from other entities. The amounts received are commingled by the other entities and cannot be separately identified. The total amount of such pass-through awards is included on the schedule of expenditures of federal awards.

### 4. NON-CASH AWARDS

The Commodity Supplemental Food Distribution Program - CFDA #10.565 does not involve cash awards. This award is received in donated commodities. The value of commodities distributed during the fiscal year ended June 30, 2002 was \$944,011. At June 30, 2002, the County had commodities on hand with a value of \$414,820.

### 5. COMPONENT UNIT AWARDS

The schedule of expenditures of federal awards includes awards obtained by Polk County Health Services, Inc., a component unit of Polk County.

### 6. POLK COUNTY HUMAN SERVICE PLANNING ALLIANCE

Effective April 1, 1999, the County entered into an agreement with the Polk County Human Services Planning Alliance (Planning Alliance) to become its fiscal agent. The Planning Alliance designated the County to act as the fiscal agent for grant moneys and other moneys administered by the Planning Alliance. This agreement indicates that the grant funds of the Planning Alliance will be subject to audit in the same manner and to the same extent as County funds and in accordance with the requirements of the United States Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*.

Included in the Schedule of Expenditures of Federal Awards, the County reflects expenditures under two awards obtained by the Planning Alliance. These are:

Passed through City of Des Moines:

The Polk County Human Service Planning Alliance - Day Care	CFDA	14.218	\$44,132
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Passed through Iowa Department of Health and Human Services:

Early Childhood Funding	CFDA	93.558	\$1,176,418
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In addition to the awards above, the County is a subrecipient of the Planning Alliance. Of the \$1,176,418 expended by the Planning Alliance under the Early Childhood Funding Program, \$303,500 was passed through to Polk County. Of this amount, the County has expended \$224,009 as of June 30, 2002, which is also reflected on the Schedule of Expenditures of Federal Awards.



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED UPON THE AUDIT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Supervisors  
Polk County, Iowa

We have audited the basic financial statements of Polk County, Iowa (County) as of and for the year ended June 30, 2002, and have issued our report thereon dated May 16, 2003. We conducted our audit 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 Chapter 11 of the Code of Iowa.

Compliance

As part of obtaining reasonable assurance about whether the County's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to the management of the County in a separate letter dated May 16, 2003.

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

*Desotte & Touche LLP*

Des Moines, Iowa  
May 16, 2003



## **INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND INTERNAL CONTROL OVER COMPLIANCE APPLICABLE TO EACH MAJOR FEDERAL AWARD PROGRAM**

Board of Supervisors  
Polk County, Iowa

### Compliance

We have audited the compliance of Polk County, Iowa (County) with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2002. The County'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 the County's management. Our responsibility is to express an opinion on the County's compliance 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; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 11 of the Code of Iowa. Those standards, OMB Circular A-133 and Chapter 11 of the Code of Iowa require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County's compliance with those requirements.

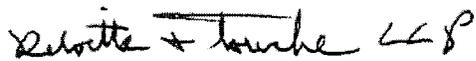
In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2002.

### Internal Control Over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

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

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

A handwritten signature in black ink, appearing to read "DeWitt & Touche LLP". The signature is written in a cursive, flowing style.

Des Moines, Iowa  
May 16, 2003

# POLK COUNTY, IOWA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2002

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### Part I - Summary of Auditors' Results

1. The independent auditors' report on the basic financial statements expressed an unqualified opinion.
2. No reportable conditions in internal control over financial reporting were required to be reported.
3. No instance of noncompliance considered material to the basic financial statements was disclosed by the audit.
4. No reportable conditions in internal control over compliance with requirements applicable to major federal award programs were required to be reported.
5. The independent auditors' report on compliance with requirements applicable to major federal award programs expressed an unqualified opinion.
6. The audit disclosed no findings required to be reported by OMB Circular A-133.
7. The County's major programs were:

Local Administration Expense Reimbursement	CFDA 93.778	<u>\$ 301,938</u>
Local Purchase Allocation MH Block Grant	CFDA 93.667	\$ 1,401,405
Local Administration Expense Reimbursement	CFDA 93.667	<u>195,809</u>
		<u>\$ 1,597,214</u>
Temporary Assistance for Needy Families:		
Family Development and Self Sufficiency	CFDA 93.558	\$ 197,217
Early Childhood Development	CFDA 93.558	1,176,418
Quality Childcare Initiative	CFDA 93.558	140,437
Single Point of Entry	CFDA 93.558	83,572
Local Administration Expense Reimbursement	CFDA 93.558	<u>297,972</u>
		<u>\$ 1,895,616</u>

8. A threshold of \$300,000 was used to distinguish between Type A and Type B programs as those terms are defined in OMB Circular A-133.
9. The County did qualify as a low-risk auditee as that term is defined in OMB Circular A-133.

(continued)

# POLK COUNTY, IOWA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2002

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### Part II - Financial Statement Findings Section

None

### Part III - Federal Award Findings and Questioned Cost Section

None

### Part IV - Other Findings Related to Required Statutory Reporting

1. **Official Depositories** - A resolution naming official depositories has been adopted by the Board of Supervisors. The maximum deposit amounts stated in the resolution were not exceeded during the year ended June 30, 2002.
2. **Certified Budget** - Disbursements during the year ended June 30, 2002 did not exceed the amounts budgeted.
3. **Questionable Expenditures** - We noted no expenditures for parties, banquets or other entertainment for employees during the year ended June 30, 2002 that we believe may constitute an unlawful expenditure from public funds as defined in an Attorney General's opinion dated April 25, 1979.
4. **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, 2002.
5. **Business Transactions** - No business transactions between the County and County officials or employees were noted for the year ended June 30, 2002.
6. **Bond Coverage** - Surety bond coverage of County officials and employees is in accordance with statutory provisions.
7. **Board Minutes** - No transactions were found that we believe should have been approved in the Board minutes but were not.
8. **Deposits and Investments** - The County has an approved investment policy. Income earned is included under the use of money and property line item in the basic financial statements. All of the County's investments earned interest at rates at or above the minimum rate of interest set by the State Rate Setting Committee.
9. **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).

(continued)

# POLK COUNTY, IOWA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2002

10. **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 County operations and, consequently, is not included in the basic financial statements. The following schedule is presented to show the disposition of County funds paid to the County Extension Office:

Receipts:		
Allocation from County	\$ 435,104	
Interest/receipts from other sources	<u>224,737</u>	\$ 659,841
Disbursements:		
Salaries	207,017	
FICA, IPERS, and insurance benefits	37,233	
Travel	4,277	
Facility costs	132,878	
Insurance, legal notice, bond, interest	3,174	
Office supplies	13,420	
Communication	9,234	
Equipment and repair	24,472	
Project activity expenses	4,960	
Bank service charges	12	
Fee programs expenses	123,336	
Grant and contract programs	<u>122,821</u>	<u>682,834</u>
Excess (deficiency) of receipts over (under) disbursements		(22,993)
Cash balance at beginning of year		<u>100,601</u>
Cash balance at end of year		<u>\$ 77,608</u>

Total expenditures during the year ended June 30, 2002 for the County Extension Office did not exceed the total amount budgeted. However, on an individual line item basis the following items were identified:

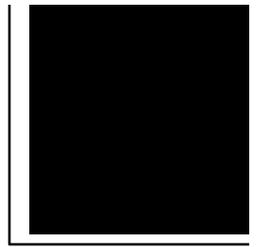
	Actual	Budget
Fee programs expenses	\$ 123,336	\$ 117,500
Equipment and repair	24,472	20,164
Insurance, legal notice, bond, interest	3,174	2,500
Bank service charges	12	-

11. **Joint Disaster Services Office** - The Joint Disaster Services Office serves as the Emergency Management Services Agency for Polk 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, 2002 did not exceed the amounts budgeted.

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# State Auditor's Requirements



**POLK COUNTY, IOWA**

**Comparison of Taxes and Intergovernmental Revenues**

	<b>2000</b>	<b>2001</b>	<b>2002</b>
<b>Taxes:</b>			
Property taxes	\$ 71,248,333	\$ 70,565,548	\$ 73,694,993
Other County taxes	1,368,612	4,509,363	4,628,658
<b>Total taxes</b>	<b>72,616,945</b>	<b>75,074,911</b>	<b>78,323,651</b>
<b>Intergovernmental:</b>			
Franchise tax (bank franchise/liquor licenses)	398,302	356,649	133,707
Road use tax allocation	4,311,702	4,249,889	4,431,651
State grants and reimbursements	18,658,217	19,149,660	22,797,538
State tax replacement credits against levied taxes	3,056,293	3,096,400	3,006,602
State tax replacement credits other than against levied taxes	2,369,313	2,353,681	1,610,824
Federal grants and entitlements	7,829,646	9,599,601	8,464,024
Contributions and reimbursements from other governmental units	8,613,786	9,263,598	10,101,515
Payments in lieu of taxes	31,945	22,645	55,427
<b>Total intergovernmental</b>	<b>45,269,204</b>	<b>48,092,123</b>	<b>50,601,288</b>
<b>Total</b>	<b>\$ 117,886,149</b>	<b>\$ 123,167,034</b>	<b>\$ 128,924,939</b>

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