

**Polk County Auditor and Commissioner of Elections
Jamie Fitzgerald**

Polk County Auditor Office

111 Court Avenue #230 Des Moines, IA 50309

Phone: (515) 286.3080 **Fax:** (515) 286.3608



Polk County, Iowa
2009 Auditor's Report
For the Fiscal Year Ended June 30, 2009

Jamie Fitzgerald
Polk County Auditor and
Commissioner of Elections

POLK COUNTY, IOWA

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2009

PREPARED BY:

POLK COUNTY AUDITOR'S OFFICE – JAMIE FITZGERALD

CENTRAL ACCOUNTING DIVISION

Central Accounting Manager
Keith Olson, CPA

Accounting Supervisor
Jo Ellen Bigelow, CPA

Other Staff

Gina Carter
Michelle Morton
Darren Sickerson

BOARD OF SUPERVISOR'S STAFF

Deb Anderson

POLK COUNTY, IOWA

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POLK COUNTY, IOWA

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(concluded)



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

JAMIE FITZGERALD
COUNTY AUDITOR
COMMISSIONER OF ELECTIONS

ADMINISTRATION BUILDING
111 COURT AVE.
286-3080

December 1, 2009

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

State law requires that all local governments publish a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (generally accepted accounting principles or GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report of Polk County (the "County") for the fiscal year ended June 30, 2009.

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 McGladrey & Pullen, 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, 2009, 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, 2009, 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 424,778. Polk County is empowered to levy a property tax on real properties located within its boundaries.

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

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

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

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

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

Factors Affecting Financial Condition

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

Local Economy

The current general economic condition of the County is growing. The population continues to grow at a moderate pace, up approximately 16.5% since 2000, to 424,778 in 2009. Unemployment is approximately 4.0%, lower than state and national levels. Other economic indicators are also steady. 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, totaling over \$2.8 billion in public and private investment, have been completed in Des Moines in the past few years. Most of these developments are located in the downtown area and represent a tremendous stage in the revitalization of Des Moines.

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

Construction has begun on the Principal Riverwalk Project, a 1.2 mile recreational trail that will link the east and west sides of the Des Moines River. This \$61 million project provides a variety of amenities associated with the riverfront, including an ice rink and a pedestrian bridge made from conversion of an old railway bridge. An Asian garden along with such improvements as walkways, lighting, and benches was recently completed. A signature arched suspension bridge, budgeted at \$11 million, spanning the north end of the river is under construction and should be completed in 2010.

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

In other areas of downtown, more than 500 apartments or condominiums have been constructed and plans are pending for additional housing units. Some are affordable housing and market rate units, while others are high-end luxury condos. Court Avenue's first housing project is complete and the 150 units are occupied. Another 100 apartments and 40 condominiums have recently been constructed in the Court Avenue district. As these residential units come on-line, developers are beginning to pursue retail and restaurant projects to service the expanding downtown population.

The 300 acre Riverpoint West project is located directly south of the Central Business District, north of Gray's Lake and east of Water Works Park and is an exciting opportunity to develop a vibrant, mixed use urban village with approximately 1,000 residential units, 850,000 square feet of low-rise office and retail space and environmental and recreational enhancements. By creating interdependency with the Central Business District, Riverpoint West can enhance the success of downtown redevelopment initiatives by meeting its need for new workers and consumers, providing parking, and offering support services.

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

In the financial services industry, Nationwide Corporation has rapidly expanded in the Gateway West area of downtown. Recently, Nationwide completed a second expansion phase entailing two office buildings with 656,000 square feet. Similarly, the Wells Fargo Corporation increased its presence in the Des Moines community through construction of 700,000 square feet of office space and 1,000 new employees. These developments represent an investment of \$430 million. Most recently, Wellmark Blue Cross Blue Shield reaffirmed its commitment to remaining in Polk County by beginning construction of a 500,000 square foot corporate headquarters and 2,000 stall parking garage in the Western Gateway. The building, to be Leadership in Energy and Environmental Design (“LEED”) certified gold, will consolidate employees who are currently dispersed throughout smaller downtown locations and will be complete by the end of 2010.

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

The City of Ankeny is thriving contributing to growth to the north. Crosswinds Business Park, a 475 acre site located south of Corporate Woods Drive is in the process of development and construction of a new 65,000 square foot police station is underway in Prairie Trail, the 1,100 acre master-planned development previously the former Iowa State University Dairy Research Farm.

Suburban growth is also continuing rapidly, with West Des Moines and Clive becoming the focus of upscale retail development. A regional mall in the Dallas County portion of West Des Moines, and large retail operations such as West Glen Town Center with supportive restaurants and other commercial activity were developed within the past five years and are making the western Polk County suburbs among the fastest growing areas in the state. In Urbandale, the Northpark development is being undertaken on 75 acres. The centerpiece is the Rain & Hail Insurance home office, but the development also includes upscale regional retail and business park facilities and a new Hilton Garden Inn. Ankeny is seeing significant commercial growth along the I-35 corridor, and Altoona and Pleasant Hill also have steady growth in retail and housing developments. A new Bass Pro Shop opened earlier this year in Altoona near Interstate 80, and an adjoining shopping area is planned.

Major infrastructure improvements are underway on various Polk County roadways. More than \$700 million is being expended to renovate Interstate 235, expand MLK Parkway, and connect MLK Parkway to a major artery through east Des Moines. Expansion of the MLK Parkway has opened for development 100 acres adjacent to the downtown area. The second phase of the MLK Parkway includes a bridge currently under construction spanning the Des Moines River to open up more than 100 additional acres for development.

Major Initiatives

In an effort to maintain balanced growth, Polk County is undertaking two major engineering studies that will enhance the potential development of the central and northern parts of the County. Federal Funding has been secured to complete the NE Polk County Beltway Corridor Study and the NW 26 St/I35-80 Interchange Justification Study (now known as the North/South Metro Connector).

With the assistance of Federal funding, the County is also involved in three road reconstruction projects that are intended to enhance development and eliminate geometric deficiencies.

The first project, a joint effort with the city of Polk City, is the reconstruction and widening of NW Madrid Drive/West Broadway in Polk City and will be completed in 2010. The second project is the reconstruction of NW 100th Street in Urbandale and Johnston. Project includes design of a new I-35/80 bridge overpass and widening of NW 100 St. from Plum Dr. to NW 54 Avenue.

The third project is the NW 66 Avenue/Kempton Bridge Reconstruction project. It is a joint effort with the City of Johnston to increase the capacity of NW 66 Avenue by widening to 4 lanes from NW 26 Street to NW Beaver Drive, and replace the 50 year old two lane bridge over the Des Moines River with a 4-lane bridge and include a multi-use trail. This is the only major roadway crossing of the Des Moines River from I-80 to the Mile Long Bridge, so this corridor and bridge are critical to the economic development of the northern metro area.

Additionally, the County has entered into Urban Service Area Agreements with the cities of Bondurant, Mitchellville and Pleasant Hill for the installation of sanitary sewer and water utilities in designated growth areas around these communities. These projects will stimulate growth and development, and will improve public health and the general welfare of County residents.

Polk County is also working with the Cities of Ankeny and Polk City to construct over \$30 million in Sanitary Sewer expansion projects in the next five (5) years. Two projects, the Norwoodville Sanitary Sewer Project, and Phase 1 of the Saylor Creek Sanitary Sewer Project were completed in 2008 (\$4 Million). Phases 1-3 of the Rock Creek Sanitary Sewer project will be completed in 2009 (\$12 Million). These projects will not only support the balance growth initiative by providing sanitary sewer service to the Saylor Creek and Rock Creek basins, but also reduce the environmental impacts of conventional and discharging on-site sewage disposal systems. These sanitary sewer trunk lines will also eliminate the need for construction of new and expensive sewage treatment plants and lift stations for both cities.

In July 2005, Wells Fargo Arena venue opened for business. Wells Fargo Arena and HyVee Hall provide space for sporting and entertainment attractions as well as exhibitions. The renovated Veterans Memorial Auditorium and the Convention Complex provide overflow space for Arena events and small-scale break-out rooms for conventions. The Board of Supervisors is moving forward with plans to renovate Veterans Memorial Auditorium to include meeting and ballroom space. The project is currently in schematic design with construction completion expected in 2011. Once the expansion is complete, Polk County will pursue other options for the Convention Complex facility which may include space for the courts or marketing the building to be placed back on the tax roles. Global Spectrum, professional management firm for the Iowa Events Center, provided taxpayers with another profitable year generating \$77,114 in combined profit for Polk County.

In March 2005, Polk County voters approved a referendum for construction of a new \$68 million, 1,500-bed jail. The design of the new jail will enhance staffing efficiency and allow Polk County to discontinue out-of-county housing of Polk County prisoners. Construction of the new jail is complete and operational, opening in November, 2008.

Polk County has also purchased a 146,000 square foot facility which was converted to office space for approximately 350 state and county employees. Polk County River Place enables Polk County to phase out of approximately 70,000 square feet of rental space. Other facilities will be vacated and made available for sale or re-use.

Polk County is the recipient of a \$1.8 million dollar I-Jobs grant to assist in the construction of an Emergency Operations Center. This center will serve as the hub for not only natural disasters but also terrorism, health and other threats for member cities of the Regional Emergency Management Commission in Polk County. The total anticipated project cost is \$4.2 million.

The Board of Supervisors continues to review possible options to address the issues of the courts. The Polk County Courthouse built in 1906 was originally designed for four courtrooms. Currently, there are 28 courtrooms in the building with Polk County providing an additional 9,000 square feet in leased space at Riverpoint West as well as 14,705 square feet of additional leased space for Clerk of Court Records. A referendum asking the voters to consider a \$130,000,000 new court annex failed in April of 2008. The Board of Supervisors has engaged the National Center for State Courts to look for alternative ways that Polk County could provide space for the courts as well as review areas that would lower costs while still delivering service. This study is due to be complete the end of November, 2009.

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

The County is continuing implementation of technological advancements including video court hearings, electronic transmission of information, improved mainframe operating performance, and growing use of the internet in public communications and business transactions. A new motor vehicle registration system has allowed the county to reduce overtime and improve customer service. Polk County is also continuing an enterprise-wide document management initiative that greatly promotes staffing efficiencies while assisting with disaster recovery and business continuity planning. Customized on-line training is being used to supplement stand-up training and eliminate staff overtime. Discussions are underway with other local communities to develop and fund a countywide emergency management response initiative and mass transit system.

The Board of Supervisors engaged a consultant to perform a study of our information technology needs. The results of that study calls for the replacement of our mainframe technology and staff realignment. These recommendations are in the process of being implemented.

Budget Management

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

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

Long-term Financial Planning

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

The Board continues to improve efficiency by enhancing intergovernmental communications through its membership in the Metropolitan Advisory Council. The council consists of mayors, council people and County supervisors within the metropolitan area who meet to discuss such issues as shared services, planning and infrastructure. Shared successes have included regional use of the uniform building code, and nuisance and vicious animal ordinances. The Board of Supervisors and the Des Moines City Council have been meeting since November 2004 and continue to dialogue about cost efficiencies and service improvements between the two governments.

Awards and Acknowledgements

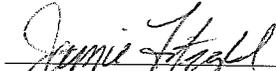
The Government Finance Officers Association of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to Polk County for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2008. The Certificate of Achievement is a prestigious 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.

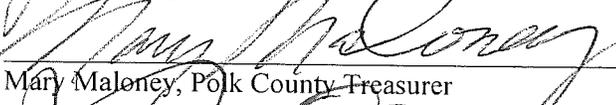
A Certificate of Achievement is valid for a period of one year only. Polk County has received a Certificate of Achievement for the last fifteen consecutive years. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA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

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

Respectfully submitted,



Jamie Fitzgerald, Polk County Auditor



Mary Maloney, Polk County Treasurer



Ron Olson, County Administrator

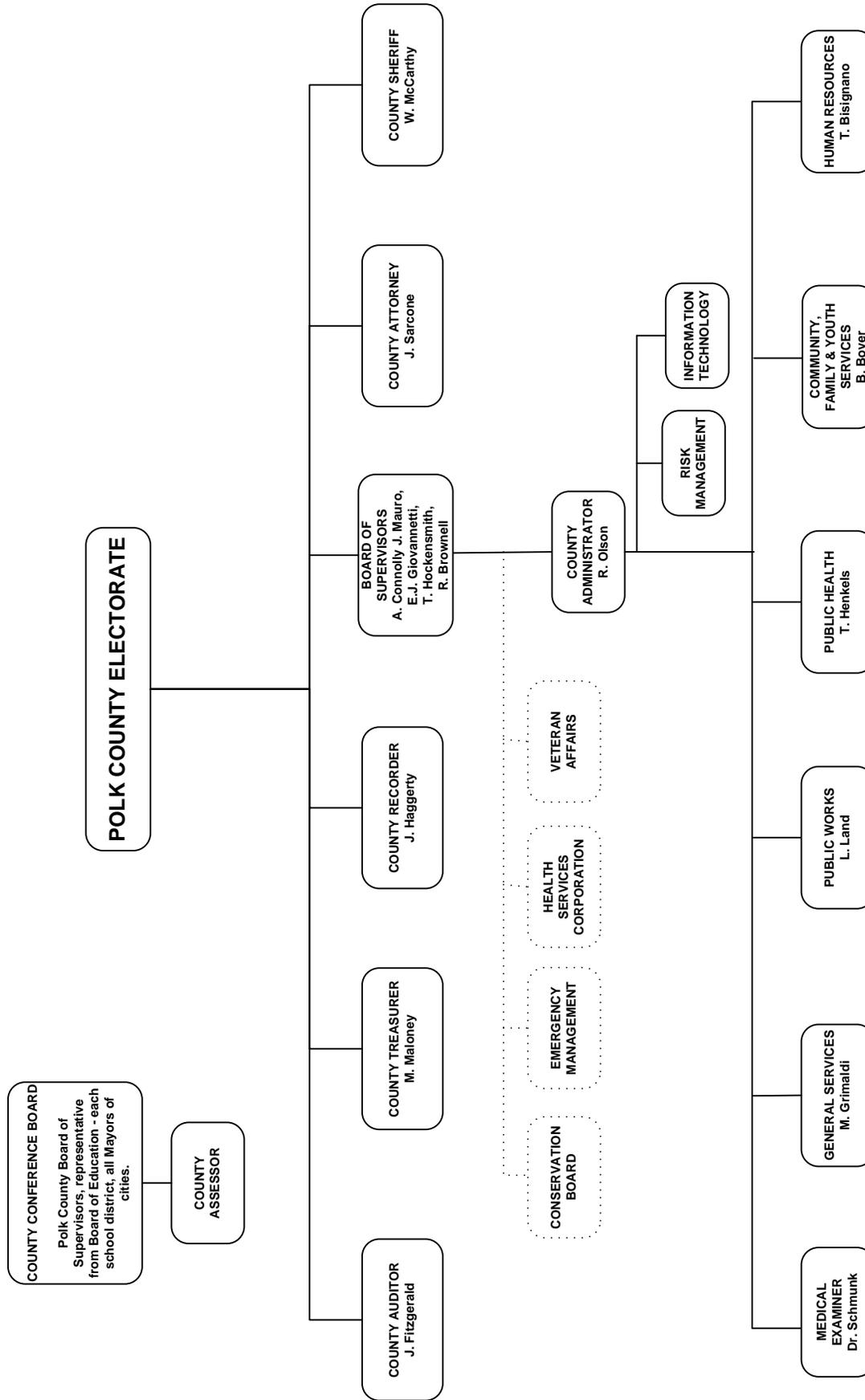
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POLK COUNTY, IOWA

OFFICIALS

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

POLK COUNTY ORGANIZATION



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Polk County
Iowa

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2008

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.



President

Executive Director

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McGladrey & Pullen

Certified Public Accountants

Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of Polk County, Iowa as of and for the year ended June 30, 2009, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Polk County, Iowa's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Polk County, Iowa as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2009, on our consideration of Polk County, Iowa's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 18 through 25, and budgetary comparison information on pages 71 and 72 and schedule of funding progress on page 70 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 Polk County, Iowa's basic financial statements. The combining and individual nonmajor fund financial statements and other schedules, listed in the table of contents as supplementary information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*, and is not a required part of the basic financial statements. Such information for the year ended June 30, 2009 has 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 accompanying introductory and statistical sections, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. This information has not been subjected to the auditing procedures applied in our audit of the basic financial statements and, accordingly, we express no opinion on them.

McGladrey & Pullen, LLP

Davenport, Iowa
November 25, 2009

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POLK COUNTY, IOWA

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2009

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, 2009. Please read this section in conjunction with the transmittal letter at the front of this report and with the County's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The County's total net assets decreased by \$1.6 million (0.5%) to \$295.8 million primarily due to increased expenses in public safety/legal services and roads/transportation over increased property tax revenue.
- Net assets of the County's governmental activities increased \$7.4 million (7%) primarily due to increased transfers in from Prairie Meadows Racetrack/Casino Enterprise fund. Net Assets of business-type activities decreased \$9.0 million (5%) primarily due to transfers out from Prairie Meadows Racetrack/Casino Enterprise fund to other funds for community betterment, capital improvements, employee insurance and debt payments.
- In the County's governmental activities, total revenues increased \$11 million (5%) primarily due to increased federal stimulus projects and flood remediation and increased property tax revenue. Governmental activities total expenditures increased \$10.2 million (5%) primarily due to increased public safety/legal services and roads/transportation costs.
- In the County's business-type activities, total revenues decreased \$3.1 million (7%) and total expenses decreased \$1 million (3%). The decrease in revenues is due to decreases in charges for service relating to decreased revenue from Iowa Events Center and Jester Park Golf Course. In addition, Sanitary Treatment Works did not receive capital contributions from developers compared to prior year. Expenses decreased primarily to decreased events at the Iowa Events Center and decreased operating expenses of the Jester Park Golf Course.
- The County's actual expenditures were \$15.6 million below budget amounts. This is attributed to slower than anticipated completions of capital projects and an increased federal Medicaid match rate which reduced the County's share of mental health expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

Fund Financial Statements

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

The County has three kinds of funds:

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

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

The County maintains two individual major governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and the MH/MR/DD Services Fund, both of which are considered to be major funds. Data from the other 23 governmental funds is combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

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

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

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Assets. The County’s *combined* net assets decreased \$1.6 million (0.5%) primarily attributed to increased expenses in public safety, mental health and roads and transportation over increased property taxes.

Net Assets

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Current and other assets	\$ 216,418,678	\$ 214,197,190	\$ 29,295,935	\$ 34,891,431	\$ 245,714,613	\$ 249,088,621
Capital assets	161,856,182	160,278,538	287,344,448	295,810,128	449,200,630	456,088,666
Total assets	<u>378,274,860</u>	<u>374,475,728</u>	<u>316,640,383</u>	<u>330,701,559</u>	<u>694,915,243</u>	<u>705,177,287</u>
Long-term liabilities	121,400,107	126,443,877	122,790,461	127,889,787	244,190,568	254,333,664
Other liabilities	148,429,058	146,942,512	6,539,141	6,527,076	154,968,199	153,469,588
Total liabilities	<u>269,829,165</u>	<u>273,386,389</u>	<u>129,329,602</u>	<u>134,416,863</u>	<u>399,158,767</u>	<u>407,803,252</u>
Net assets						
Invested in capital assets, net of related debt	78,083,885	79,083,042	169,615,522	168,328,097	247,699,407	247,411,139
Restricted	5,075,110	16,109,702	562,387	452,485	5,637,497	16,562,187
Unrestricted (deficit)	25,286,700	5,896,595	17,132,872	27,504,114	42,419,572	33,400,709
Total net assets	<u>\$ 108,445,695</u>	<u>\$ 101,089,339</u>	<u>\$ 187,310,781</u>	<u>\$ 196,284,696</u>	<u>\$ 295,756,476</u>	<u>\$ 297,374,035</u>

Net assets of the County’s governmental activities increased \$7.4 million (7%) to \$108.4 million at June 30, 2009. Approximately 72% of these assets are invested in capital assets (buildings, roads, bridges, etc).

The net assets of business-type activities decreased \$9 million (5%) to \$187.3 million at June 30, 2009, which relates to a decrease of \$9 million in the Prairie Meadows Racetrack/Casino fund. Approximately 91% of these assets are invested in capital assets (buildings, land, infrastructure, etc).

Changes In Net Assets

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Revenues:						
Program revenues:						
Charges for services	\$ 31,326,452	\$ 30,818,801	\$ 38,567,189	\$ 40,363,061	\$ 69,893,641	\$ 71,181,862
Operating grants and contributions	52,103,769	44,384,526	731,241	694,812	52,835,010	45,079,338
Capital grants and contributions	1,881,849	1,049,053	1,002,238	1,730,846	2,884,087	2,779,899
General revenues:						
Property taxes	113,294,655	105,846,177	-	-	113,294,655	105,846,177
Other County taxes	5,391,333	5,307,751	-	-	5,391,333	5,307,751
Interest on property taxes	1,591,907	1,388,689	-	-	1,591,907	1,388,689
State replacements	2,772,002	2,773,895	-	-	2,772,002	2,773,895
Use of money and property	3,194,638	6,864,291	815,374	1,373,373	4,010,012	8,237,664
Gain on sale of capital assets	465,490	-	-	-	465,490	-
Miscellaneous	1,589,359	4,152,740	288,917	350,263	1,878,276	4,503,003
Total revenues	213,611,454	202,585,923	41,404,959	44,512,355	255,016,413	247,098,278
Expenses:						
Public safety and legal services	61,023,060	54,586,369	-	-	61,023,060	54,586,369
Physical health and social services	32,285,044	30,701,720	-	-	32,285,044	30,701,720
Mental health	48,574,014	50,448,588	-	-	48,574,014	50,448,588
County environment and education	16,067,273	12,988,528	-	-	16,067,273	12,988,528
Roads and transportation	20,995,975	18,924,908	-	-	20,995,975	18,924,908
Government services to residents	6,414,215	6,444,220	-	-	6,414,215	6,444,220
Administration	33,816,384	34,835,609	-	-	33,816,384	34,835,609
Interest on long-term debt	4,462,810	4,497,886	-	-	4,462,810	4,497,886
Air Pollution	-	-	981,255	892,991	981,255	892,991
Sanitary Treatment Works	-	-	1,237,304	901,149	1,237,304	901,149
Prairie Meadows Racetrack/Casino	-	-	7,526,269	7,469,240	7,526,269	7,469,240
Jester Park Golf Course	-	-	163,573	775,308	163,573	775,308
Hamilton Urban Drainage District	-	-	390,343	259,856	390,343	259,856
Urban Sewer	-	-	220,552	227,968	220,552	227,968
Iowa Events Center	-	-	22,475,901	23,475,886	22,475,901	23,475,886
Total expenses	223,638,775	213,427,828	32,995,197	34,002,398	256,633,972	247,430,226
Excess (deficiency) before transfers	(10,027,321)	(10,841,905)	8,409,762	10,509,957	(1,617,559)	(331,948)
Transfers	17,383,677	7,420,615	(17,383,677)	(7,420,615)	-	-
Increase (decrease) in net assets	7,356,356	(3,421,290)	(8,973,915)	3,089,342	(1,617,559)	(331,948)
Net assets - beginning	101,089,339	104,510,629	196,284,696	193,195,354	297,374,035	297,705,983
Net assets - ending	\$ 108,445,695	\$ 101,089,339	\$ 187,310,781	\$ 196,284,696	\$ 295,756,476	\$ 297,374,035

Statement of Activities - Changes in Net Assets

The governmental-type change in net assets increased \$7.4 million primarily due to a \$10.0 million increase in transfers in which was offset by a \$3.7 million reduction in revenue from use of money and property. The business-type change in net assets decreased \$9 million due to \$9 million additional transfer out of gaming monies from the Prairie Meadows Racetrack/Casino Enterprise fund to other funds for community betterment, capital improvements, employee insurance and the Iowa Event Center debt payments.

Government-type revenues increased 5% primarily from increased property tax collections and federal contributions. The County decreased its levy rate from \$11.44/\$1,000 of taxable valuation to \$11.39/\$1,000 of taxable valuation, however, a 6% increase in taxable valuations generated a 7% increase in tax receipts.

Additionally, grants and reimbursements received through the American Recovery and Reinvestment Act as well as FEMA flood remediation increased operating grants and contributions by 17%.

The fact that 53% of total governmental revenues are derived from property taxes illustrates the County's continued dependence on property taxes to finance its general functions. State and federal funding represents 24% and charges for services represents 15% of the total governmental revenues, respectively.

Governmental activities expenses increased 5%, including a 24% increase in county environment and education expense for conservation trail projects. Public safety and legal services expenses also increased 12% due to transition costs associated with opening of a new county jail.

The County's expenses cover a range of services, with the largest expenditures relating to public safety and legal services (27%), mental health (22%), and administration (15%).

Governmental Activities Revenues for the County's governmental activities increased \$11 million (5%), while expenses increased \$10.2 million (5%). Key elements of these changes include the following:

- \$7.7 million (17%) increase in operating grants and contributions primarily due to increased federal funding for stimulus projects and flood remediation.
- \$7.4 million (7%) increase in property tax revenues arising from a 6% increase in taxable valuations.
- \$3.7 million (53%) decrease in use of money and property revenue attributable to a significantly reduced interest rate earned on investments.
- \$6.4 million (11%) increase in public safety and legal services primarily due to costs associated with transitioning to a new jail facility. County prisoners who had been held out-of-county were gradually transitioned into the new county facility, resulting in overlapping expenses for in-county staff and out-of-county housing contracts. Additionally, base wage and benefit increases annually increase public safety and legal services expenditure.
- \$3.1 million (24%) increase in county environment and education expenditures primarily due to conservation trail initiatives.
- \$2.1 million (10%) increase in roads and transportation expense primarily due to flood remediation.

Business-type Activities Revenues for the County's business-type activities decreased \$3.1 million (7%) and expenses decreased \$1 million (3%). Key elements of these changes include the following:

- Charges for services decreased \$1.8 million primarily due to \$0.8 million decreases from Jester Park Golf Course caused by being managed (effective November 2007) by a private golf management company. The Iowa Events Center decreased \$0.5 million due to decreased event revenue.
- Capital grants and contributions decreased \$0.7 million due no capital contribution from developers in the Sanitary Treatment Works fund. In addition, interest revenue decreased \$0.5 million due to lower interest rates.
- Expenses decreased \$1 million primarily due to decreased events at the Iowa Event Center and due to privatization of the Jester Park Golf Course.

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 \$47.7 million at June 30, 2009, which is \$2.3 million less than the prior year. Included in this year's total change in fund balance is a decrease of \$2.6 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. Additionally, the Jail Facility Capital Project Fund balance decreased \$2.7 million due to completion of the new jail.

Proprietary Funds Prairie Meadows Racetrack/Casino net assets decreased \$9 million primarily due to increased transfer outs of gaming monies to other funds for community betterment, capital improvements, employee insurance and the Iowa Event Center debt payments.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The County’s capital assets for its governmental and business-type activities as of June 30, 2009, amount to \$449.2 million (net of accumulated depreciation). These capital assets include land, buildings, improvements other than buildings, leasehold improvements, infrastructure, equipment, vehicles and construction in progress. Polk County’s capital assets decreased \$6.9 million (2%).

Capital assets for the governmental and business-type activities at June 30, 2009 are as follows:

Capital Assets

	Governmental Activities		Business-Type Activities		Totals	
	2009	2008	2009	2008	2009	2008
Land	\$ 11,658,932	\$ 11,233,795	\$ 14,852,969	\$ 14,852,969	\$ 26,511,901	\$ 26,086,764
Buildings	144,391,670	76,869,857	281,069,551	280,695,205	425,461,221	357,565,062
Improvements other than buildings	1,220,901	1,220,901	8,737,316	8,737,316	9,958,217	9,958,217
Leasehold improvements	-	-	37,487,588	37,487,588	37,487,588	37,487,588
Infrastructure	90,346,787	88,668,923	21,186,283	20,045,873	111,533,070	108,714,796
Equipment	12,910,629	12,841,887	666,753	813,168	13,577,382	13,655,055
Vehicles	7,843,241	6,851,900	201,295	147,451	8,044,536	6,999,351
Construction in progress	2,612,175	64,029,619	6,238,315	4,678,439	8,850,490	68,708,058
Total	<u>270,984,335</u>	<u>261,716,882</u>	<u>370,440,070</u>	<u>367,458,009</u>	<u>641,424,405</u>	<u>629,174,891</u>
Less: accumulated depreciation	<u>(109,128,153)</u>	<u>(101,438,344)</u>	<u>(83,095,622)</u>	<u>(71,647,881)</u>	<u>(192,223,775)</u>	<u>(173,086,225)</u>
Total	<u>\$ 161,856,182</u>	<u>\$ 160,278,538</u>	<u>\$ 287,344,448</u>	<u>\$ 295,810,128</u>	<u>\$ 449,200,630</u>	<u>\$ 456,088,666</u>

Additional information on Polk County’s capital assets can be found in Note 8 in the notes to the financial statements.

Major capital asset additions for the year ended June 30, 2009 are as follows:

- Construction at the new jail facility - \$3.7 million
- Purchase of a building and related land at 120 2nd Avenue - \$1.4 million

The County’s FY 09/10 capital budget includes spending an estimated \$750,000 on the Polk County River Place flood mitigation project and \$1.2 million on the Polk County Emergency Operations Center.

Long-Term Debt

At June 30, 2009, the County had \$229.3 million in bonds and notes outstanding, a decrease of \$9.6 million compared to FY 07/08. The decrease in debt arose from principal repayments on existing debt, new issuance of \$3.9 million G.O. bonds for housing commitments and capital improvements, and \$5 million of capital loan notes for a sewer project.

Three large outstanding obligations pertain to the Iowa Events Center Enterprise funds. These consist of construction of a new arena and exhibit hall along with renovation of the existing Veterans Memorial Auditorium. During FY 08/09, principal repayments of \$8.8 million were made on the Iowa Events Center debt, reducing the outstanding obligation to \$109.2 million.

During FY 09/10, Polk County plans to issue \$4.0 million in additional general obligation debt in the spring of 2010. This includes \$1.4 million for capital improvements to County facilities and \$2.5 million for housing grants.

Polk County is well below the statutory debt capacity limitation. The debt capacity is controlled by the constitutional debt limit which is an amount equal to 5% of the actual value of taxable property within the County limits. The County's unused legal debt capability was \$953.3 million as of June 30, 2009.

Outstanding Debt

	Governmental Activities		Business-type Activities		Total		Percentage Change
	2009	2008	2009	2008	2009	2008	2008-2009
G.O. bonds	\$ 106,164,706	\$ 110,646,911	\$ 117,607,149	\$ 127,016,267	\$ 223,771,855	\$ 237,663,178	-6%
Notes payable	508,000	545,000	4,998,010	678,932	5,506,010	1,223,932	350%
Total	\$ 106,672,706	\$ 111,191,911	\$ 122,605,159	\$ 127,695,199	\$ 229,277,865	\$ 238,887,110	-4%

Additional information on Polk County's outstanding debt can be found in Note 9 in the notes to the financial statements.

BUDGETARY HIGHLIGHTS

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

Even with these adjustments, actual expenditures were \$15.6 million below final budget amounts. Significant variances included:

- Capital project expenditures were \$6.4 million less than budgeted due to slower than anticipated completion of three major capital projects: a new County jail, information technology upgrades, and conservation trails. The projects are expected to be completed in fiscal year 2009/2010.
- Mental Health expenditures were \$3 million less than budgeted due to an increased federal Medicaid match rate which reduced the County's share of mental health expenditures.
- Public safety expenditures were \$2 million less than budgeted due to reduced utilization of out-of-county housing for prisoners and less expensive than anticipated jail medical costs.
- Community and Economic development expenditures were \$0.6 million less than budgeted due to fewer than anticipated grants being awarded

- Administration expenditures were \$2.3 million less than budgeted due to lower than anticipated costs of weatherization projects and for general services such as utilities, postage, supplies, telephone, and leases.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

For FY 09/10, certified taxable valuations increased 5%, resulting in a budgeted increase of \$5.9 million in property tax revenues.

Polk County's budget for FY 09/10 indicates statutory fund balances will decrease by \$3.7 million. The largest component of this balance decrease is planned balance utilization in the general funds. County policy sets ending fund balances at a goal of 20%-25% of expenditures. Balances were estimated to exceed this range, and the budget was established to bring the general fund balances in compliance with policy. Additionally, \$0.7 million of bond reserves will be utilized to complete construction of a booking addition at the new county jail.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

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

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POLK COUNTY, IOWA

**Statement of Net Assets
June 30, 2009**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	PCHS
ASSETS				
Cash and pooled investments	\$ 68,929,649	\$ 20,683,148	\$ 89,612,797	\$ 3,555,178
Receivables (net of allowance for uncollectibles)	16,443,385	8,041,329	24,484,714	113,860
Advances to component unit	1,800,878	-	1,800,878	-
Internal balances	727,433	(727,433)	-	-
Inventories	1,268,489	118,178	1,386,667	-
Prepaid items	170,520	107,110	277,630	30,337
Restricted assets - cash and pooled investments	-	562,387	562,387	-
Lease/debt origination costs	919,120	511,216	1,430,336	-
Succeeding year property taxes receivable	126,159,204	-	126,159,204	-
Capital assets not being depreciated	14,271,107	21,091,284	35,362,391	1,223,141
Capital assets being depreciated, net	147,585,075	266,253,164	413,838,239	3,261,807
TOTAL ASSETS	378,274,860	316,640,383	694,915,243	8,184,323
LIABILITIES				
Accounts payable and other current liabilities	21,521,415	5,102,673	26,624,088	379,277
Interest payable	343,754	429,848	773,602	-
Unearned revenues	404,685	570,759	975,444	438,064
Advance deposits and ticket sales	-	435,861	435,861	-
Succeeding year property taxes deferred revenue	126,159,204	-	126,159,204	-
Due within one year:				
General obligation bonds payable	7,631,830	10,029,118	17,660,948	-
Notes payable	39,000	1,213,400	1,252,400	-
Capital leases payable	144,231	-	144,231	-
Compensated absences payable	1,346,701	74,248	1,420,949	-
Termination benefits payable	240,188	-	240,188	-
Estimated liability for claims and judgments	2,407,480	-	2,407,480	-
Advances from primary government	-	-	-	281,966
Due in more than one year:				
General obligation bonds payable	98,532,876	107,578,031	206,110,907	-
Notes payable	469,000	3,784,610	4,253,610	-
Capital leases payable	50,014	-	50,014	-
Compensated absences payable	9,127,386	111,054	9,238,440	-
Termination benefits payable	71,493	-	71,493	-
Post employment liability	1,339,908	-	1,339,908	-
Advances from primary government	-	-	-	1,518,912
TOTAL LIABILITIES	269,829,165	129,329,602	399,158,767	2,618,219
NET ASSETS				
Invested in capital assets, net of related debt	78,083,885	169,615,522	247,699,407	2,684,070
Restricted for:				
Capital improvements	755,855	562,387	1,318,242	-
Debt service	1,343,404	-	1,343,404	-
Enabling legislation	2,975,851	-	2,975,851	-
Foundation	-	-	-	980,955
Unrestricted (deficit)	25,286,700	17,132,872	42,419,572	1,901,079
TOTAL NET ASSETS	\$ 108,445,695	\$ 187,310,781	\$ 295,756,476	\$ 5,566,104

See Notes to Basic Financial Statements

POLK COUNTY, IOWA

Statement of Activities
For the Year Ended June 30, 2009

Function/Program	PROGRAM REVENUES					NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS			Component Unit
	Expenses	Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government		Total	
		Operating Grants and Contributions	Capital Grants and Contributions	Business-type Activities		Business-type Activities			
Primary government:									
Governmental activities:									
Public safety and legal services	\$ 61,023,060	\$ 13,748,833	\$ 1,840,697	\$ -	\$ (45,433,530)	\$ -	\$ (45,433,530)	\$ -	-
Physical health and social services	32,285,044	1,216,302	10,110,442	-	(20,958,300)	-	(20,958,300)	-	-
Mental health	48,574,014	7,172,445	29,333,690	-	(12,067,879)	-	(12,067,879)	-	-
County environment and education	16,067,273	1,264,129	634,674	-	(14,168,470)	-	(14,168,470)	-	-
Roads and transportation	20,995,975	460,647	5,805,264	1,881,849	(12,848,215)	-	(12,848,215)	-	-
Government services to residents	6,414,215	6,061,786	-	-	(352,429)	-	(352,429)	-	-
Administration	33,816,384	1,402,285	4,379,002	-	(28,035,097)	-	(28,035,097)	-	-
Interest on long-term debt	4,462,810	25	-	-	(4,462,785)	-	(4,462,785)	-	-
Total governmental activities	223,638,775	31,326,452	52,103,769	1,881,849	(138,326,705)	-	(138,326,705)	-	-
Business-type activities:									
Air Pollution	981,255	241,834	731,241	-	-	(8,180)	(8,180)	-	-
Sanitary Treatment Works	1,237,304	598,383	-	-	-	(638,921)	(638,921)	-	-
Prairie Meadows Racetrack/Casino	7,526,269	27,397,093	-	-	-	19,870,824	19,870,824	-	-
Jester Park Golf Course	163,573	414,992	-	70,307	-	321,726	321,726	-	-
Hamilton Urban Drainage District	390,343	129,686	-	-	-	(260,657)	(260,657)	-	-
Iowa Events Center	22,475,901	9,785,201	-	931,931	-	(11,758,769)	(11,758,769)	-	-
Urban Sewer	220,552	-	-	-	-	(220,552)	(220,552)	-	-
Total business-type activities	32,995,197	38,567,189	731,241	1,002,238	-	7,305,471	7,305,471	-	-
Total primary government	\$ 256,633,972	\$ 69,893,641	\$ 52,835,010	\$ 2,884,087	(138,326,705)	7,305,471	(131,021,234)	-	-
Component unit:									
PCHS	\$ 3,136,508	\$ 1,305,707	\$ 1,558,975						(271,826)
General revenues:									
Property taxes					113,294,655			113,294,655	-
Other county taxes					5,391,333			5,391,333	-
Interest on property taxes					1,591,907			1,591,907	-
State replacements credits against levied property taxes					2,772,002			2,772,002	-
Use of money and property					3,194,638		815,374	4,010,012	89,256
Gain on sale of capital assets					465,490		-	465,490	-
Miscellaneous					1,589,359		288,917	1,878,276	28,460
Transfers					17,383,677		(17,383,677)	-	-
Total general revenues and transfers					145,683,061		(16,279,386)	129,403,675	117,716
Change in net assets					7,356,356		(8,973,915)	(1,617,559)	(154,110)
Net assets - beginning					101,089,339		196,284,696	297,374,035	5,720,214
Net assets - ending					\$ 108,445,695	\$ 187,310,781	\$ 295,756,476	\$ 5,566,104	

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POLK COUNTY, IOWA

**Balance Sheet
Governmental Funds
June 30, 2009**

	General	MH/MR/DD Services	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and pooled investments	\$ 36,535,702	\$ 8,952,892	\$ 12,384,543	\$ 57,873,137
Receivables (net of allowances for uncollectibles):				
Taxes	313,028	48,375	56,896	418,299
Succeeding year property taxes	92,497,202	14,294,338	19,367,664	126,159,204
Special assessments	46,454	-	4,431	50,885
Accounts	976,005	94,877	107,973	1,178,855
Notes	-	-	3,430,443	3,430,443
Accrued interest	27,469	-	-	27,469
Due from other funds	1,639,426	82,309	112,513	1,834,248
Due from other governments	6,595,372	1,173,254	2,811,890	10,580,516
Advances to other funds	23,100	-	12,000	35,100
Advances to component unit	-	736,515	1,064,363	1,800,878
Inventories	678,892	-	589,597	1,268,489
Prepaid items	170,520	-	-	170,520
TOTAL ASSETS	\$ 139,503,170	\$ 25,382,560	\$ 39,942,313	\$ 204,828,043
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 1,746,474	\$ 10,897,447	\$ 6,462,248	\$ 19,106,169
Wages payable	1,874,847	4,440	121,455	2,000,742
Payroll taxes payable	270,792	635	17,077	288,504
Interest payable	-	-	1,425	1,425
Compensated absences payable	1,662,434	-	-	1,662,434
Termination benefit payable	311,681	-	-	311,681
Estimated liability for claims and judgments	488,000	-	-	488,000
Due to other funds	-	-	506,515	506,515
Deferred revenues	4,962,320	340,002	1,327,520	6,629,842
Succeeding year property taxes deferred revenue	92,497,202	14,294,338	19,367,664	126,159,204
TOTAL LIABILITIES	103,813,750	25,536,862	27,803,904	157,154,516
Fund balances:				
Reserved for advances to other funds	23,100	-	12,000	35,100
Reserved for advances to component unit	-	736,515	1,064,363	1,800,878
Reserved for noncurrent notes receivable	-	-	2,863,153	2,863,153
Reserved for inventory of supplies	362,005	-	589,597	951,602
Reserved for supplemental levy purposes	7,567,666	-	-	7,567,666
Reserved for prepaid items	170,520	-	-	170,520
Unreserved, undesignated - general fund	27,566,129	-	-	27,566,129
Unreserved, designated - special revenue funds	-	-	8,501,196	8,501,196
Unreserved, undesignated - special revenue funds	-	(890,817)	(1,926,796)	(2,817,613)
Unreserved, undesignated - capital projects funds	-	-	755,855	755,855
Unreserved, undesignated - debt service funds	-	-	279,041	279,041
TOTAL FUND BALANCES	35,689,420	(154,302)	12,138,409	47,673,527
TOTAL LIABILITIES AND FUND BALANCES	\$ 139,503,170	\$ 25,382,560	\$ 39,942,313	\$ 204,828,043

See Notes to Basic Financial Statements

POLK COUNTY, IOWA

**Reconciliation of Fund Balances on the Balance Sheet for Governmental Funds
to Net Assets of Governmental Activities on the Statement of Net Assets
June 30, 2009**

Fund balances - total governmental funds		\$ 47,673,527
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Capital assets	270,984,335	
Accumulated depreciation	<u>(109,128,153)</u>	161,856,182
Interest payable on long-term obligations that does not require current financial resources and therefore is not reported in the funds.		
		(342,329)
Internal service funds are used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.		
		8,520,142
Deferred revenues that are not available to pay for current period expenditures in the funds		
Property taxes	404,926	
Special assessments	48,791	
Accounts receivable	578,078	
Due from other governments	4,465,929	
Due from other funds (Prairie Meadows property taxes)	<u>727,433</u>	6,225,157
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
General obligation bonds payable		(106,164,706)
Notes payable		(508,000)
Bond issuance costs		919,120
Capital leases payable		(194,245)
Compensated absences payable		(8,811,653)
Estimated liability for claims and judgments		<u>(727,500)</u>
Net assets of governmental activities		\$ <u><u>108,445,695</u></u>

POLK COUNTY, IOWA

**Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2009**

	General	MH/MR/DD Services	Other Governmental Funds	Total Governmental Funds
REVENUES:				
Property taxes	\$ 82,568,220	\$ 13,483,826	\$ 17,141,009	\$ 113,193,055
Other County taxes	4,301,701	510,977	578,655	5,391,333
Interest and penalties on delinquent taxes	1,591,907	-	-	1,591,907
Intergovernmental	25,850,016	36,837,194	11,195,106	73,882,316
Licenses and permits	342,199	-	45,410	387,609
Charges for services	10,060,669	-	527,158	10,587,827
Use of money and property	2,833,469	23,513	214,475	3,071,457
Miscellaneous	1,786,196	278,421	805,366	2,869,983
TOTAL REVENUES	129,334,377	51,133,931	30,507,179	210,975,487
EXPENDITURES:				
Current:				
Public safety and legal services	56,510,905	-	825,592	57,336,497
Physical health and social services	31,635,937	-	422,800	32,058,737
Mental health	-	48,574,015	-	48,574,015
County environment and education	7,318,266	-	5,973,681	13,291,947
Roads and transportation	592,407	-	12,397,449	12,989,856
Government services to residents	6,090,970	-	67,173	6,158,143
Administration	26,764,535	-	5,748,764	32,513,299
Nonprogram services	-	-	58,294	58,294
Debt service:				
Principal	-	-	8,492,464	8,492,464
Interest	-	-	4,478,202	4,478,202
Capital projects:				
Roadway construction	-	-	4,688,457	4,688,457
Conservation land acquisition and development	143,279	-	3,339,396	3,482,675
Other capital projects	-	-	8,774,114	8,774,114
TOTAL EXPENDITURES	129,056,299	48,574,015	55,266,386	232,896,700
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	278,078	2,559,916	(24,759,207)	(21,921,213)
OTHER FINANCING SOURCES (USES):				
Transfers in	3,362,798	-	29,177,528	32,540,326
Transfers out	(6,646,932)	-	(11,189,717)	(17,836,649)
Issuance of bonds	-	-	3,905,000	3,905,000
Premium/(discount) on bonds issued	-	-	95,085	95,085
Insurance recovery from flood	323,766	-	-	323,766
Proceeds from sale of capital assets	14,721	-	523,110	537,831
TOTAL OTHER FINANCING SOURCES (USES)	(2,945,647)	-	22,511,006	19,565,359
NET CHANGE IN FUND BALANCES	(2,667,569)	2,559,916	(2,248,201)	(2,355,854)
FUND BALANCE, BEGINNING	38,337,678	(2,714,218)	14,336,162	49,959,622
Change in inventory reserve	19,311	-	50,448	69,759
FUND BALANCE, ENDING	\$ 35,689,420	\$ (154,302)	\$ 12,138,409	\$ 47,673,527

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, 2009**

Net change in fund balances - total governmental funds	\$ (2,355,854)
Amounts reported for governmental activities in the statement of net assets are different because:	
<p>Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. The following is the detail of the amount by which capital outlays exceeded depreciation in the current year:</p>	
Capital outlays, net of like kind exchange of \$376,271	10,191,039
Contributed capital	1,881,849
Depreciation expense	(10,495,244)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.</p>	
Change in deferred revenue	(230,660)
<p>Expenses in the statement of activities that do not require the use of current financial resources are not reported as expenditures in governmental funds.</p>	
Change in estimated liabilities for claims and judgments	(245,444)
Change in compensated absences	1,426,452
Amortization of bond premium/(discount)	26,826
Amortization of bond issuance costs	(67,933)
<p>Debt proceeds provide current financial resources to governmental funds. Issuing debt increases long-term liabilities in the government-wide statement of net assets. Repayments are an expenditure in the governmental funds. Repayment reduces long-term liabilities in the government-wide statement of net assets. Also, governmental funds report the effect of issuances costs, premiums, and discounts when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.</p>	
Change in capital leases	176,918
Payments on long-term bonds	8,455,464
Payments on long-term notes	37,000
Proceeds on long-term bonds	(3,905,000)
Premium/(discount) on the issuance of bonds	(95,085)
Bond issuance costs	58,295
<p>Interest expense on long-term debt is reported in the government-wide statement of activities. Interest payable does not require the use of current financial resources. This related interest expense is not reported as an expenditure in the governmental funds.</p>	
Change in interest payable on general obligation bonds	15,392
<p>Internal service funds are used by management to charge the costs of insurance. The net profit(loss) is reported with governmental activities.</p>	
	2,412,582
<p>Inventory in the governmental funds has been recorded as an expenditure when paid, however, the statement of activities will not report these items as expenditures until the period when the corresponding net asset is exhausted.</p>	
	69,759
Change in net assets of governmental activities	\$ 7,356,356

POLK COUNTY, IOWA

Statement of Net Assets
Proprietary Funds
June 30, 2009

	Business-type Activities - Enterprise Funds				Governmental Activities- Internal Service Funds
	Prairie Meadows Racetrack/ Casino	Iowa Events Center	Other Enterprise Funds	Total	
ASSETS					
Current assets:					
Cash and pooled investments	\$ 13,143,388	\$ 1,639,140	\$ 5,900,620	\$ 20,683,148	\$ 11,056,512
Receivables (net of allowances for uncollectibles):					
Special assessments	-	-	297,903	297,903	-
Accounts	-	1,989,474	155,177	2,144,651	116,564
Notes	-	-	5,268,587	5,268,587	-
Accrued interest	15,565	137	-	15,702	-
Due from other governments	-	-	314,486	314,486	4,954
Inventories	-	118,178	-	118,178	-
Prepaid items	-	107,110	-	107,110	-
Total current assets	13,158,953	3,854,039	11,936,773	28,949,765	11,178,030
Noncurrent assets:					
Restricted assets - cash and pooled investments	-	562,387	-	562,387	-
Lease/debt origination costs	-	432,485	78,731	511,216	-
Capital assets not being depreciated	3,129,000	10,603,902	7,358,382	21,091,284	-
Capital assets being depreciated, net	51,016,202	199,980,396	15,256,566	266,253,164	-
Total noncurrent assets	54,145,202	211,579,170	22,693,679	288,418,051	-
TOTAL ASSETS	67,304,155	215,433,209	34,630,452	317,367,816	11,178,030
LIABILITIES					
Current liabilities:					
Accounts payable	-	826,419	383,780	1,210,199	126,000
Wages payable	-	135,493	22,028	157,521	-
Payroll taxes payable	-	10,487	2,767	13,254	-
Interest payable	-	411,048	18,800	429,848	-
Estimated liability for claims and judgments	-	-	-	-	1,191,980
Due to other funds	727,433	-	-	727,433	-
Due to other governments	3,721,699	-	-	3,721,699	-
Advance deposits and ticket sales	-	435,861	-	435,861	-
Deferred revenues	-	570,759	-	570,759	-
General obligation bonds payable	-	9,639,939	389,179	10,029,118	-
Notes payable	-	-	1,213,400	1,213,400	-
Compensated absences payable	-	65,263	8,985	74,248	-
Total current liabilities	4,449,132	12,095,269	2,038,939	18,583,340	1,317,980
Noncurrent liabilities:					
General obligation bonds payable	-	102,296,587	5,281,444	107,578,031	-
Notes payable	-	-	3,784,610	3,784,610	-
Compensated absences payable	-	-	111,054	111,054	-
Post employment liability	-	-	-	-	1,339,908
Total noncurrent liabilities	-	102,296,587	9,177,108	111,473,695	1,339,908
TOTAL LIABILITIES	4,449,132	114,391,856	11,216,047	130,057,035	2,657,888
NET ASSETS					
Invested in capital assets, net of related debt	54,145,202	98,647,772	16,822,548	169,615,522	-
Restricted for capital improvements	-	562,387	-	562,387	-
Unrestricted (Note 13)	8,709,821	1,831,194	6,591,857	17,132,872	8,520,142
TOTAL NET ASSETS	\$ 62,855,023	\$ 101,041,353	\$ 23,414,405	\$ 187,310,781	\$ 8,520,142

POLK COUNTY, IOWA

**Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2009**

	Business-type Activities - Enterprise Funds				Governmental Activities- Internal Service Funds
	Prairie Meadows Racetrack/ Casino	Iowa Events Center	Other Enterprise Funds	Total	
OPERATING REVENUES:					
Charges for goods and services:					
Charges for services	\$ 19,845,483	\$ 2,313,844	\$ 969,903	\$ 23,129,230	\$ 12,825,530
Intergovernmental revenues	-	-	731,241	731,241	-
Project income	7,551,610	1,000,000	-	8,551,610	-
Parking income	-	354,161	-	354,161	-
Concession sales	-	3,686,286	-	3,686,286	-
Commissions income	-	2,106,096	414,992	2,521,088	-
PFMS user fee on ticket sales	-	324,814	-	324,814	-
Miscellaneous	-	284,206	4,711	288,917	30,791
Total operating revenues	27,397,093	10,069,407	2,120,847	39,587,347	12,856,321
OPERATING EXPENSES:					
Cost of goods and services:					
Personal services	-	2,895,088	888,593	3,783,681	-
Supplies	-	230,398	123,332	353,730	-
Professional services	500	264,575	138,746	403,821	2,500
Other services/charges	4,449,132	2,219,768	896,250	7,565,150	66,955
Insurance	-	108,844	-	108,844	13,177,465
Direct event expense	-	820,622	-	820,622	-
Cost of goods sold - concession	-	2,486,324	-	2,486,324	-
Management expense	-	226,270	-	226,270	-
Miscellaneous	-	-	14,094	14,094	-
Amortization of discount (premium)	-	(215,133)	7,457	(207,676)	-
Depreciation	3,076,637	7,866,341	609,346	11,552,324	-
Total operating expenses	7,526,269	16,903,097	2,677,818	27,107,184	13,246,920
OPERATING INCOME (LOSS)	19,870,824	(6,833,690)	(556,971)	12,480,163	(390,599)
NONOPERATING REVENUES (EXPENSES):					
Interest revenue	604,436	56,493	154,445	815,374	123,181
Gain on sale of capital assets	-	-	70,307	70,307	-
Interest expense	-	(5,572,804)	(315,209)	(5,888,013)	-
Total nonoperating revenues (expenses)	604,436	(5,516,311)	(90,457)	(5,002,332)	123,181
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	20,475,260	(12,350,001)	(647,428)	7,477,831	(267,418)
CAPITAL CONTRIBUTIONS AND TRANSFERS:					
Capital contributions from others	-	931,931	-	931,931	-
Transfers in	2,374,804	13,763,626	1,394,972	17,533,402	5,416,429
Transfers out	(32,234,960)	(2,374,804)	(307,315)	(34,917,079)	(2,736,429)
Total capital contributions and transfers	(29,860,156)	12,320,753	1,087,657	(16,451,746)	2,680,000
CHANGE IN NET ASSETS	(9,384,896)	(29,248)	440,229	(8,973,915)	2,412,582
NET ASSETS - BEGINNING	72,239,919	101,070,601	22,974,176	196,284,696	6,107,560
NET ASSETS - ENDING	\$ 62,855,023	\$ 101,041,353	\$ 23,414,405	\$ 187,310,781	\$ 8,520,142

POLK COUNTY, IOWA

**Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2009**

	Business-type Activities-Enterprise Funds		
	Prairie Meadows Racetrack/Casino	Iowa Events Center	Other Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ -	\$ 9,972,276	\$ 1,446,695
Cash received from intergovernmental revenue	-	-	730,231
Cash received from racetrack/casino	27,397,093	-	-
Cash paid to suppliers for goods and services	(4,392,452)	(6,138,495)	(1,057,146)
Cash paid to employees	-	(2,909,463)	(904,388)
Net cash flows from operating activities	<u>23,004,641</u>	<u>924,318</u>	<u>215,392</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers in	2,374,804	13,763,626	1,394,972
Transfers out	(32,234,960)	(2,374,804)	(307,315)
Net cash flows from noncapital financing activities	<u>(29,860,156)</u>	<u>11,388,822</u>	<u>1,087,657</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Proceeds from general obligation debt	-	-	4,913,078
Principal paid on long-term debt	-	(8,800,000)	(974,000)
Interest paid on long-term debt	-	(5,570,922)	(316,307)
Capital contributions from others	-	931,931	-
Purchase of capital assets	-	(686,439)	(5,782,949)
Proceeds from capital-related accounts receivable	-	1,250,000	-
Proceeds from sale of capital assets	-	-	112,140
Net cash flows from capital and related financing activities	<u>-</u>	<u>(12,875,430)</u>	<u>(2,048,038)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received	593,421	56,772	156,813
Net cash flows from investing activities	<u>593,421</u>	<u>56,772</u>	<u>156,813</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(6,262,094)</u>	<u>(505,518)</u>	<u>(588,176)</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>19,405,482</u>	<u>2,707,045</u>	<u>6,488,796</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 13,143,388</u>	<u>\$ 2,201,527</u>	<u>\$ 5,900,620</u>

Total	Governmental Activities- Internal Service Funds
\$ 11,418,971	\$ 12,829,173
730,231	-
27,397,093	-
(11,588,093)	(12,636,719)
(3,813,851)	-
<u>24,144,351</u>	<u>192,454</u>
17,533,402	5,416,429
(34,917,079)	(2,736,429)
<u>(17,383,677)</u>	<u>2,680,000</u>
4,913,078	-
(9,774,000)	-
(5,887,229)	-
931,931	-
(6,469,388)	-
1,250,000	-
112,140	-
<u>(14,923,468)</u>	<u>-</u>
<u>807,006</u>	<u>124,967</u>
<u>807,006</u>	<u>124,967</u>
(7,355,788)	2,997,421
<u>28,601,323</u>	<u>8,059,091</u>
<u>\$ 21,245,535</u>	<u>\$ 11,056,512</u>

(continued)

POLK COUNTY, IOWA

**Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2009**

	Business-type Activities-Enterprise Funds		
	Prairie Meadows Racetrack/Casino	Iowa Events Center	Other Enterprise Funds
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES:			
Operating income (loss)	\$ 19,870,824	\$ (6,833,690)	\$ (556,971)
Components of operating income (loss) not included in operating activities:			
Depreciation	3,076,637	7,866,341	609,346
Amortization	-	(215,133)	7,457
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:			
(Increase) decrease in special assessments receivable	-	-	37,355
(Increase) decrease in accounts receivable	-	(68,643)	83,770
(Increase) decrease in due from other governments	-	-	(65,046)
(Increase) decrease in inventories	-	2,413	-
(Increase) decrease in prepaid items	-	(3,518)	-
Increase (decrease) in accounts payable	-	219,411	115,276
Increase (decrease) in wages payable	-	(30,121)	5,931
Increase (decrease) in payroll taxes payable	-	2,722	584
Increase (decrease) in due to other funds	12,423	-	-
Increase (decrease) in due to other governments	44,757	-	-
Increase (decrease) in advance deposits and ticket sales	-	(42,684)	-
Increase (decrease) in deferred revenue	-	14,196	-
Increase (decrease) in compensated absences payable	-	13,024	(22,310)
Increase (decrease) in estimated liability for claims and judgments	-	-	-
Increase (decrease) in post employment liability	-	-	-
Net cash flows from operating activities	<u>\$ 23,004,641</u>	<u>\$ 924,318</u>	<u>\$ 215,392</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition of capital assets through accounts payable	\$ -	\$ (58,855)	\$ (25,323)
Acquisition of capital assets through contract/retainage payable	-	(201,158)	-
Acquisition of notes receivable through CIP reduction	-	-	3,056,662

See Notes to Basic Financial Statements

Total	Governmental Activities- Internal Service Funds
\$ 12,480,163	\$ (390,599)
11,552,324	-
(207,676)	-
37,355	-
15,127	(22,194)
(65,046)	-
2,413	-
(3,518)	-
334,687	(14,000)
(24,190)	-
3,306	-
12,423	-
44,757	(4,954)
(42,684)	-
14,196	-
(9,286)	-
-	(36,707)
-	660,908
<u>\$ 24,144,351</u>	<u>\$ 192,454</u>

\$ (84,178)	\$ -
(201,158)	-
3,056,662	-
	(concluded)

POLK COUNTY, IOWA

Statement of Assets and Liabilities Fiduciary Funds June 30, 2009

	Total Agency Funds
ASSETS	
Cash and pooled investments	\$ 31,039,402
Receivables (net of allowances for uncollectibles):	
Taxes	2,196,002
Special assessments	10,379,126
Accounts	595,199
Due from other governments	420,922
	<hr/>
TOTAL ASSETS	\$ 44,630,651
	<hr/> <hr/>
LIABILITIES	
Accounts payable	\$ 36,603
Wages payable	87,353
Payroll taxes payable	11,884
Due to other funds	600,300
Due to other governments	41,695,936
Advances from other funds	35,100
Trusts payable	1,574,356
Compensated absences payable	522,027
Post employment liability	67,092
	<hr/>
TOTAL LIABILITIES	\$ 44,630,651
	<hr/> <hr/>

See Notes to Basic Financial Statements

POLK COUNTY, IOWA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

A) Financial Reporting Entity

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

Discretely Presented Component Unit - 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, 2009, 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 \$49 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.

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

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

Government-wide Financial Statements

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

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

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

Net assets are reported in three categories:

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

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

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

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

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

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

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

Fund Financial Statements

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

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

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

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

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

The County reports the following major proprietary funds:

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

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

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The County has two main types of fiduciary funds, Elected Officials Agency Funds and Other Agency Funds. These 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. Other Agency funds account for drainage districts, emergency management services, county assessor and Mine Task Force, to name a few. Agency funds are custodial in nature and do not involve measurement of results of operations. Agency funds are excluded from the government-wide financial statements.

C) Assets, Liabilities, and Nets Assets or Equity

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

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

Property Taxes: The County proposed property tax levy was approved during the Board of Supervisors' session held in March of 2008 on the assessed valuation of property located in the County as of January 1, 2007, 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, 2008. Taxes were receivable in two installments on September 30, 2008, and March 31, 2009. 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 represents taxes certified by the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred and will not be recognized as revenue until the year for which it is levied.

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

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

Advances To/From Other Funds: The noncurrent portion of long-term interfund loans are reported as advances on the balance sheet. In governmental fund types, advances are equally offset by a fund balance reserve account which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation.

Due From Other Governments: Due from other governments represents 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.

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

The County’s capitalization thresholds are as follows:

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

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

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

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

Advance Deposits: Advance deposits represent rent deposits, advance payments for electric and telephone usage paid by customers for future events.

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

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

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

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

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

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

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

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

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

The compensated absences liability has been computed based on rates of pay in effect at June 30, 2009. A liability is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements.

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

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

Fund Equity: In the fund financial statements, governmental funds report reservations of fund balance for amounts that have been legally segregated for specific purposes or are not appropriate for expenditure. Designated fund balances represent tentative plans for financial resource utilization in a future period.

Budgetary Policy: As allowed by GASB Statement 41, Budgetary Comparison Schedules – Perspective Differences, the County presents a budgetary comparison schedule on the cash basis as Required Supplementary Information based on the program structure of 10 program service areas as required by State statute for its legally adopted budget.

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

2. FUND BALANCE DEFICITS

Individual fund balance deficits for the year ended June 30, 2009 are as follows:

Major Fund:		
MH/MR/DD Services	\$	(154,302)
Special Revenue:		
Secondary Roads		(4,025,850)
Conservation Land Acquisition		(34,184)
Community Betterment		(253,016)

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

3. CASH AND POOLED INVESTMENTS

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

The County maintains a cash and investment pool that is available for use by all funds. These monies are considered to be cash on hand, cash held by trustee, demand deposits, cash equivalents (maturities of three months or less from the date of acquisition), and short-term investments (maturities of one year or less from the date of acquisition). Short-term investments are valued at cost which approximates fair value. The County's short-term investments at June 30, 2009, consist of mutual funds and certificates of deposit.

As of June 30, 2009, the cash and pooled investments of the County consist of:

Cash and cash items in vault	\$	596,754
Cash on hand not yet deposited		42,761
Bank account deposits		67,538,201
Mutual funds		52,474,483
Mutual funds - restricted		<u>562,387</u>
Total cash and pooled investments	\$	<u><u>121,214,586</u></u>

The County elected to maintain a non-interest bearing certificate of deposit with Bank of America and Banker's Trust in the average total of \$7,664,653 in order to avoid banking service charges. This is considered a compensating balance.

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

Credit risk - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law limits investments in commercial paper or other short-term corporate debt to issues rated within the two highest prime classifications by at least one of the standard rating services. However, the County's investment policy further restricts investments in these investment types to the top rating. The County's investments in the open-end mutual funds are unrated.

Concentration of credit risk - Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. Under GASB No. 40, "Deposit and Investment Risk Disclosures", governments are required to disclose, by amount and issuer, investments in any one issuer that represent 5% or more of total investments. The County's policy, as set by state law, limits them from investing in corporate debt of more than 10% of the investment portfolio and more than 5% of the investment portfolio with a single issuer. In addition, investments in unit investment trusts are limited to those rated within the two highest prime classifications by at least one of the standard rating services.

When applying the state law, certificates of deposits, bank account deposits, and cash are included as part of the investment portfolio, however, when applying the criteria under Statement 40 only investments as defined under both Statement 3 and 40 are included. The County did not exceed the 10% and 5% limitations as set by the State of Iowa at June 30, 2009. At June 30, 2009, the County had no investments in corporate debt.

Custodial credit risk - For deposits, this is the risk that in the event of bank failure, the County's deposits may not be returned to it. For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Chapter 12C of the Code of Iowa requires all County funds be deposited into an approved depository and be either insured or collateralized. The County's bank account deposits at June 30, 2009, were entirely covered by Federal depository insurance, or by a collateral pool in accordance with Chapter 12C of the Code of Iowa. As of June 30, 2009, the County had no deposits or investments exposed to custodial credit risk.

The County's discretely presented component unit did not own any investments as of June 30, 2009, other than a certificate of deposit. In addition, the component unit had no deposits or investments exposed to custodial credit risk.

4. RESTRICTED ASSETS

In accordance with the Master Lease Agreement, approximately 50% of surcharges on tickets sold for Wells Fargo Arena (WFA) shall be held by the County. These funds are maintained in a segregated bank account (Renewal and Replacement Account/PFMS User Fee) to fund future capital repairs at the Iowa Events Center (WFA, Hy-Vee Hall, Veterans Memorial Auditorium, Convention Complex). As of June 30, 2009, \$208,507 is being held by the County in the Renewal Account.

In accordance with the Master Lease Agreement, approximately 3% of the gross Concession Revenues earned by Ovations Food Service at WFA shall be held by the County. These funds are maintained in a segregated bank account (Concessions Account/Concessions Upkeep) to fund future replacement, repair, updating, upgrading and installing of equipment and improvements related to food and beverage operations at the WFA. As of June 30, 2009, \$353,880 is being held by the County in the Concessions Account.

5. DUE FROM/TO OTHER FUNDS

Amounts due from/to other funds at June 30, 2009, are as follows:

	Due To			
	General Fund	MH/MR/DD Services	Nonmajor Governmental	Total
Due from				
Nonmajor Governmental	\$ 506,515	\$ -	\$ -	\$ 506,515
Prairie Meadows Racetrack/Casino	533,451	82,309	111,673	727,433
Fiduciary	<u>599,460</u>	<u>-</u>	<u>840</u>	<u>600,300</u>
Total	<u>\$ 1,639,426</u>	<u>\$ 82,309</u>	<u>\$ 112,513</u>	<u>\$ 1,834,248</u>

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

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

Cash overdrafts owed to the General Fund from other funds	\$ 795,233
June 2009 monthly activity owed to various funds from various Elected Officials Agency Funds	310,757
Property taxes owed to various funds from Prairie Meadows Racetrack/Casino Enterprise Fund	727,433

6. ADVANCES TO/FROM OTHER FUNDS

Advances to/from other funds result from established long-term interfund loans, as evidenced by existing agreements. Such agreements bear interest at rates ranging from 0% to 6%. The long-term portion of individual fund loan balances at June 30, 2009, is as follows:

Drainage District fund interfund loans payable to the following funds:	
General Fund	\$ 23,100
Special Revenue: Economic Development Fund	<u>12,000</u>
Total	<u>\$ 35,100</u>

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

	Drainage Districts
During the year ending June 30:	
2010	\$ 11,700
2011	11,700
2012	<u>11,700</u>
Total	<u>\$ 35,100</u>

7. ADVANCES TO COMPONENT UNIT

At June 30, 2009, the County, the primary government, has seven notes receivables totaling \$1,800,878 from Polk County Health Services, Inc. (PCHS) a component unit of the County. Such agreements bear interest at rates ranging from 0% to 5% and require semi-annual repayments. Advances to component unit has been recorded in the following funds at June 30, 2009, based on where related underlying debt will be paid:

MH/MR/DD Services Fund	
Purchase of mental health homes	\$ 736,515
Debt Service Fund	
1998B Polk County Health Services	<u>1,064,363</u>
Total	<u>\$ 1,800,878</u>

The advance to component unit shown in the MH/MR/DD Services Fund and 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:		
2010	\$ 281,966	\$ 68,364
2011	288,412	61,838
2012	305,480	48,991
2013	317,610	35,110
2014	212,145	20,701
2015-2019	259,531	42,250
2020-2024	<u>135,734</u>	<u>6,964</u>
Total	\$ <u>1,800,878</u>	\$ <u>284,218</u>

8. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2009, is as follows:

	Balance 7/1/2008	Additions	Disposals	Balance 6/30/2009
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 11,233,795	\$ 513,637	\$ (88,500)	\$ 11,658,932
Construction in progress	<u>64,029,619</u>	<u>7,114,023</u>	<u>(68,531,467)</u>	<u>2,612,175</u>
Total capital assets, not being depreciated	<u>75,263,414</u>	<u>7,627,660</u>	<u>(68,619,967)</u>	<u>14,271,107</u>
Capital assets, being depreciated:				
Buildings	76,869,857	68,356,817	(835,004)	144,391,670
Improvements other than buildings	1,220,901	-	-	1,220,901
Infrastructure	88,668,923	1,677,864	-	90,346,787
Equipment	12,841,887	293,614	(224,872)	12,910,629
Vehicles	<u>6,851,900</u>	<u>3,024,671</u>	<u>(2,033,330)</u>	<u>7,843,241</u>
Total capital assets being depreciated	186,453,468	73,352,966	(3,093,206)	256,713,228
Less accumulated depreciation for:				
Buildings	(37,930,048)	(4,486,707)	547,233	(41,869,522)
Improvements other than buildings	(534,068)	(47,124)	-	(581,192)
Infrastructure	(48,331,284)	(4,131,061)	-	(52,462,345)
Equipment	(9,521,903)	(873,939)	224,872	(10,170,970)
Vehicles	<u>(5,121,041)</u>	<u>(956,413)</u>	<u>2,033,330</u>	<u>(4,044,124)</u>
Total accumulated depreciation	<u>(101,438,344)</u>	<u>(10,495,244)</u>	<u>2,805,435</u>	<u>(109,128,153)</u>
Total capital assets being depreciated, net	<u>85,015,124</u>	<u>62,857,722</u>	<u>(287,771.00)</u>	<u>147,585,075</u>
Governmental activities capital assets, net	\$ <u>160,278,538</u>	\$ <u>70,485,382</u>	\$ <u>(68,907,738)</u>	\$ <u>161,856,182</u>

	Balance 7/1/2008	Additions	Disposals	Balance 6/30/2009
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 14,852,969	\$ -	\$ -	\$ 14,852,969
Construction in progress	4,678,439	5,756,948	(4,197,072)	6,238,315
Total capital assets, not being depreciated	<u>19,531,408</u>	<u>5,756,948</u>	<u>(4,197,072)</u>	<u>21,091,284</u>
Capital assets, being depreciated:				
Buildings	280,695,205	374,346	-	281,069,551
Improvements other than buildings	8,737,316	-	-	8,737,316
Leasehold improvements	37,487,588	-	-	37,487,588
Infrastructure	20,045,873	1,140,410	-	21,186,283
Equipment	813,168	-	(146,415)	666,753
Vehicles	147,451	53,844	-	201,295
Total capital assets being depreciated	<u>347,926,601</u>	<u>1,568,600</u>	<u>(146,415)</u>	<u>349,348,786</u>
Less accumulated depreciation for:				
Buildings	(48,306,772)	(9,452,714)	-	(57,759,486)
Improvements other than buildings	(8,272,164)	(27,621)	-	(8,299,785)
Leasehold improvements	(8,247,272)	(1,499,504)	-	(9,746,776)
Infrastructure	(6,025,302)	(529,660)	-	(6,554,962)
Equipment	(685,292)	(23,392)	104,582	(604,102)
Vehicles	(111,079)	(19,432)	-	(130,511)
Total accumulated depreciation	<u>(71,647,881)</u>	<u>(11,552,323)</u>	<u>104,582</u>	<u>(83,095,622)</u>
Total capital assets being depreciated, net	<u>276,278,720</u>	<u>(9,983,723)</u>	<u>(41,833)</u>	<u>266,253,164</u>
Business-type activities capital assets, net	<u>\$ 295,810,128</u>	<u>\$ (4,226,775)</u>	<u>\$ (4,238,905)</u>	<u>\$ 287,344,448</u>

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

Government activities:	
Public safety and legal services	\$ 3,964,367
Physical health and social services	335,207
County environment and education	363,142
Roads and transportation	4,787,414
Government services to residents	193,076
Administration	852,038
Total depreciation expense - governmental activities	<u>\$ 10,495,244</u>
Business-type activities:	
Air Pollution	\$ 32,022
Sanitary Treatment Works	299,744
Prairie Meadows Racetrack/Casino	3,076,637
Jester Park Golf Course	47,664
Hamilton Urban Drainage District	229,915
Iowa Events Center	7,866,341
Total depreciation expense - business-type activities	<u>\$ 11,552,323</u>

Construction in progress disposals represent sewer infrastructure completed under an Urban Service Area Agreement with the city of Pleasant Hill. The construction in progress was reclassified to a note receivable in the Urban Sewer Enterprise Fund. In addition, two sewer projects were completed during the fiscal year and were reclassified as infrastructure in the Sanitary Treatment Sewer Fund.

9. LONG-TERM LIABILITIES

The following is a summary of long-term liability activity for the year ended June 30, 2009:

	Balance			Balance		Due Within
	July 1, 2008	Additions	Deletions	June 30, 2009	One Year	
Governmental activities:						
General obligation bonds payable	\$ 110,480,464	\$ 3,905,000	\$ (8,455,464)	\$ 105,930,000	\$ 7,600,000	
Add: unamortized premium (discount)	166,447	95,085	(26,826)	234,706	31,830	
Notes payable	545,000	-	(37,000)	508,000	39,000	
Capital leases payable	371,163	-	(176,918)	194,245	144,231	
Accrued compensated absences	11,782,401	5,293,922	(6,602,236)	10,474,087	1,346,701	
Termination benefits payable	484,123	-	(172,442)	311,681	240,188	
Post employment liability	679,000	660,908	-	1,339,908	-	
Estimated liability for claims and judgements	1,935,279	12,789,325	(12,317,124)	2,407,480	2,407,480	
Total	\$ 126,443,877	\$ 22,744,240	\$ (27,788,010)	\$ 121,400,107	\$ 11,809,430	
Business-type activities:						
General obligation bonds payable	\$ 124,035,000	\$ -	\$ (9,180,000)	\$ 114,855,000	\$ 9,800,000	
Add: unamortized premium (discount)	3,282,360	-	(262,573)	3,019,787	262,573	
Less: loss on advance refunding	(301,093)	-	33,455	(267,638)	(33,455)	
Notes payable	678,932	4,913,078	(594,000)	4,998,010	1,213,400	
Accrued compensated absences	194,588	56,206	(65,492)	185,302	74,248	
Total	\$ 127,889,787	\$ 4,969,284	\$ (10,068,610)	\$ 122,790,461	\$ 11,316,766	

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

General Obligation Bonds Payable

	Original Amount	Date Issued	Interest Rates	Due Date	Amount Outstanding
Governmental activities					
General Purpose	\$ 2,850,000	5/1/1998	4.625-5%	6/1/2014	\$ 1,060,000
General Purpose	4,780,000	12/1/1999	4.3-5%	6/1/2010	590,000
General Purpose	7,200,000	6/1/2001	3.8-4.625%	6/1/2012	2,485,000
General Purpose	6,200,000	12/15/2002	3-4%	6/1/2013	2,275,000
General Purpose	1,025,000	12/15/2003	2.15-3.55%	6/1/2014	835,000
General Purpose	3,770,000	7/15/2004	3-3.9%	6/1/2015	2,410,000
General Purpose	8,865,000	6/1/2006	4-4.25%	6/1/2016	7,330,000
General Purpose	6,110,000	6/1/2006	4-4.5%	6/1/2026	5,490,000
General Purpose	68,000,000	12/1/2006	4-4.125%	6/1/2026	65,390,000
General Purpose	12,915,000	12/1/2006	4-4.125%	6/1/2026	11,975,000
General Purpose	2,665,000	12/1/2007	4%	6/1/2017	2,285,000
General Purpose	3,905,000	12/1/2008	4%	6/1/2018	3,805,000
Total					\$ 105,930,000

	Original Amount	Date Issued	Interest Rates	Due Date	Amount Outstanding
Business-type activities					
Sanitary Treatment	\$ 700,000	6/1/2001	3.8-4.45%	6/1/2011	\$ 140,000
Sanitary Treatment	1,230,000	12/15/2003	2.15-3.55%	6/1/2014	655,000
Iowa Events Center	73,000,000	12/15/2002	5%	6/1/2021	51,050,000
Iowa Events Center	40,900,000	12/15/2002	4-5.2%	6/1/2017	30,635,000
Iowa Events Center	27,490,000	12/1/2007	4%	6/1/2017	27,490,000
Urban Sewer	5,330,000	6/1/2006	4-4.5%	6/1/2026	4,790,000
Urban Sewer	105,000	12/1/2006	4-4.125%	6/1/2026	95,000
Total					\$ <u>114,855,000</u>

Notes Payable

	Original Amount	Date Issued	Interest Rates	Due Date	Amount Outstanding
Governmental activities					
General Purpose	\$ 800,000	8/9/2000	3.53%	12/1/2019	\$ <u>508,000</u>
Business-type activities					
Sanitary Treatment	\$ 1,000,000	6/14/2007	0%	6/14/2010	\$ 1,000,000
Sanitary Treatment	5,000,000	7/15/2008	3%	6/1/2028	3,998,010
					\$ <u>4,998,010</u>

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

	Bonds Payable		Notes Payable		Total Principal and Interest
	Principal	Interest	Principal	Interest	
Governmental activities					
During the year ending June 30:					
2010	\$ 7,600,000	\$ 4,308,612	\$ 39,000	17,244	\$ 11,964,856
2011	7,300,000	3,999,993	40,000	15,850	11,355,843
2012	7,610,000	3,706,342	41,000	14,420	11,371,762
2013	7,025,000	3,397,569	43,000	12,937	10,478,506
2014	6,580,000	3,114,109	44,000	11,402	9,749,511
2015-2019	28,380,000	11,786,269	246,000	32,052	40,444,321
2020-2024	28,270,000	6,332,137	55,000	971	34,658,108
2025-2029	13,165,000	825,506	-	-	13,990,506
Total	105,930,000	37,470,537	508,000	104,876	144,013,413
Add: unamortized premium	234,706	-	-	-	234,706
Total	\$ <u>106,164,706</u>	\$ <u>37,470,537</u>	\$ <u>508,000</u>	\$ <u>104,876</u>	\$ <u>144,248,119</u>

	Bonds Payable		Notes Payable		Total Principal and Interest
	Principal	Interest	Principal	Interest	
Business-type activities					
During the year ending June 30:					
2010	\$ 9,800,000	\$ 5,406,161	\$ 1,213,400	\$ 119,940	\$ 16,539,501
2011	10,315,000	4,966,589	192,582	113,538	15,587,709
2012	10,890,000	4,496,770	197,959	107,761	15,692,490
2013	11,435,000	3,995,068	203,348	101,822	15,735,238
2014	11,490,000	3,465,290	209,748	95,722	15,260,760
2015-2019	47,980,000	9,081,330	1,147,182	380,338	58,588,850
2020-2024	12,145,000	1,203,681	1,331,156	197,604	14,877,441
2025-2029	800,000	54,338	502,635	21,427	1,378,400
Total	<u>114,855,000</u>	<u>32,669,227</u>	<u>4,998,010</u>	<u>1,138,152</u>	<u>153,660,389</u>
Add: unamortized premium	3,019,787	-	-	-	3,019,787
Less: loss on advance refunding	<u>(267,638)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(267,638)</u>
Total	<u>\$ 117,607,149</u>	<u>\$ 32,669,227</u>	<u>\$ 4,998,010</u>	<u>\$ 1,138,152</u>	<u>\$ 156,412,538</u>

There were no due and unredeemed bonds or notes at June 30, 2009. In addition, there was no special assessment debt outstanding at June 30, 2009. Management does not believe an arbitrage liability exists at June 30, 2009.

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

Changes in debt for PCHS for the year ended June 30, 2009 are as follows:

	Balance 7/1/2008	Additions	Deletions	Balance 6/30/2009	Due Within One Year
Advances from primary government	\$ <u>3,452,113</u>	\$ <u>-</u>	\$ <u>(1,651,235)</u>	\$ <u>1,800,878</u>	\$ <u>281,966</u>

Termination Benefits Payable

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

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

At June 30, 2009, the County has obligations to 25 participants with a total liability of \$311,681. Actual early retirement expenditures for the year ended June 30, 2009, totaled \$172,442.

10. CONDUIT DEBT OBLIGATIONS

As of June 30, 2009, there were various conduit debt obligations outstanding. The aggregate principal amount payable for such debt is \$5,365,000.

Broadlawns Medical Center - General Obligation Bonds and Notes Payable

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

Polk County Aviation Authority

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

Other

The County actively encourages industrial and commercial enterprises to locate and remain in the County by, among other things, the issuance of industrial development revenue bonds pursuant to the Code of Iowa Chapter 419, Municipal Support of Projects. These bonds do not constitute an indebtedness of, or a charge against, the general credit or taxing powers of the County. All issues are prepared under the direction of Polk County. The issues which have been sold as of June 30, 2009 amounted to \$132,835,000.

11. DEVELOPER (REBATE) AGREEMENTS

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

Currently, it is estimated that outstanding commitments totaling about \$21.1 million exist, of which \$.9 million may be available to be paid in the next fiscal year. No liability is recognized due to the fact that the agreements are conditional and the payments are to be funded by property taxes collected on the project each fiscal year.

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

12. LEASE COMMITMENTS

Capital Leases

The County has entered into agreements to purchase equipment through capital lease agreements. The historical cost of equipment relating to capital leases is \$726,686. 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, 2009:

During the year ending June 30:		
2010	\$	149,554
2011		<u>50,531</u>
Total minimum lease payments		200,085
Less: amount representing interest		<u>(5,840)</u>
Present value of total minimum lease payments	\$	<u><u>194,245</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, 2009 is \$1,237,369. Following is a schedule of minimum future rentals for non-cancelable operating leases in effect at June 30, 2009:

During the year ending June 30:		
2010	\$	811,046
2011		656,061
2012		<u>275,469</u>
Total	\$	<u><u>1,742,576</u></u>

The above schedule represents operating leases in effect at June 30, 2009. As part of the normal course of business, the County continues to negotiate and/or renegotiate various operating leases.

13. RESERVES/DESIGNATIONS OF FUND BALANCES

Reserved Fund Balances

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

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

Reserved for 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.

Designated Fund Balances/Net Assets

Designations of fund balances represent tentative management plans for financial resource utilization in a future period. Such plans or intent are subject to change and may never be legally authorized or result in expenditures. The purpose for each designation is for equipment replacement, economic development, contingency and other post employment benefits as indicated by the appropriate fund name. The following fund balances/net assets, are designated at June 30, 2009:

Special Revenue Funds	
Equipment Reserve Fund	\$ 237,694
Economic Development Fund	1,260,358
Contingency Reserve Fund	<u>7,003,144</u>
Total	\$ <u>8,501,196</u>
Internal Service Fund	
Employee Insurance Fund -OPEB	\$ <u>2,100,000</u>

14. TRANSFER RECONCILIATION

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

	Transfer to						Total
	General Fund	Prairie Meadows Casino	Iowa Events Center	Nonmajor Governmental	Nonmajor Enterprise	Internal Service	
Transfer from							
General Fund	\$ -	\$ -	\$ -	\$ 3,930,503	\$ -	\$ 2,716,429	\$ 6,646,932
Prairie Meadows Racetrack/Casino	306,930	-	13,763,626	14,269,432	1,194,972	2,700,000	32,234,960
Iowa Events Center	-	2,374,804	-	-	-	-	2,374,804
Nonmajor Governmental	319,439	-	-	10,670,278	200,000	-	11,189,717
Nonmajor Enterprise	-	-	-	307,315	-	-	307,315
Internal Service	<u>2,736,429</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,736,429</u>
Total	\$ <u>3,362,798</u>	\$ <u>2,374,804</u>	\$ <u>13,763,626</u>	\$ <u>29,177,528</u>	\$ <u>1,394,972</u>	\$ <u>5,416,429</u>	\$ <u>55,490,157</u>

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

In the year ending June 30, 2009, the County made the following significant transfers:

Prairie Meadows Racetrack/Casino Enterprise fund made transfers to various governmental/enterprise funds. These transfers provided economic development or provided funding to assist in the repayment of the respective fund's debt.	\$ 32,234,960
General Supplemental fund made transfers to Risk Management Internal Service funds for funding of current year activities.	2,716,429
General fund and Rural Services fund made transfers to Secondary Roads fund in accordance with state statutes.	7,323,866
Bond Revolving Special Revenue fund made transfers to the various governmental funds relating to 2007A general obligation bond proceeds.	3,944,828

15. DEFERRED COMPENSATION PLAN

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

16. PENSION AND RETIREMENT BENEFITS

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

Plan members are required to contribute 4.10% of their annual covered salary and the County is required to contribute 6.35% of annual covered salary. Certain employees in special risk occupations and the County contribute an actuarially determined contribution rate. Contribution requirements are established by State statute. The County's contribution to IPERS for the years ended June 30, 2009, 2008, and 2007 were \$4,850,540, \$3,970,106, and \$3,676,554, respectively, equal to the required contributions for each year.

17. RISK MANAGEMENT

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

Self-Insurance Fund

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

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

Exposure	Policy Limits	Self-Insured Retention
Excess liability	\$ 10,000,000	\$ 2,000,000
General liability - Iowa Events Center	1,000,000/2,000,000	-
Property, fleet, law enforcement, public officials	575,817,707	100,000
Fidelity bond	5,000,000	50,000
Workers' compensation	Statutory/1,000,000	500,000
Non-owned aviation	10,000,000	-

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

There have been no significant reductions in insurance coverage during the year ended June 30, 2009. There has been one claim in excess of the insurance coverage in the last three fiscal years. This workers compensation claim exceeded the \$500,000 SIR. However, all claims that exceeded our SIR have been covered by reinsurance.

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

Governmental Activities (prior to Internal Service Allocation)

This amount was determined based on actual claim payments subsequent to year-end rather than on discounted estimates. Changes in the estimated claims liability for governmental activities (prior to the internal service fund allocation) for the years ended June 30, 2009 and 2008 are as follows:

	Year Ended	
	6/30/2009	6/30/2008
Beginning balance	\$ 706,592	\$ 549,798
Current year claims and changes in estimates	1,862,681	1,312,179
Claim payments	<u>(1,353,773)</u>	<u>(1,155,385)</u>
Ending Balance	<u>\$ 1,215,500</u>	<u>\$ 706,592</u>

Employee Insurance Fund

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

The payment of health and dental insurance claims are processed by a third-party administrator. Excess insurance is purchased to cover individual claims that exceed \$200,000 per plan year with a lifetime

maximum of \$2,000,000. Aggregate stop loss insurance coverage equals 125% of a projected amount. Settled claims have exceeded individual limits of excess insurance during the past three fiscal years but not the aggregate limit.

Changes in the estimated liability for probable losses recorded in the Employee Insurance Fund for the years ended June 30, 2009 and 2008 are as follows:

	Year Ended	
	6/30/2009	6/30/2008
Beginning balance	\$ 1,228,687	\$ 1,032,031
Current year claims and changes in estimates	10,926,644	10,498,575
Claim payments	<u>(10,963,351)</u>	<u>(10,301,919)</u>
Ending Balance	<u>\$ 1,191,980</u>	<u>\$ 1,228,687</u>

18. COMMITMENTS AND CONTINGENCIES

Commitments

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

Community Betterment Fund:	
Des Moines Area Community College	\$ 500,000
Des Moines City Gaming Payments	7,718,731
Des Moines Schools Gaming Payments	479,777
Total	<u>\$ 8,698,508</u>
Economic Development Special Revenue Fund:	
NW 100th Street/I 35/80 Interchange	\$ 400,000
Kemin Industries	1,250,000
City of Mitchellville	500,000
SE Polk Community School District	523,333
City of Des Moines - Wellmark	1,000,000
Total	<u>\$ 3,673,333</u>
Housing Development Special Revenue Fund:	
Housing Trust Fund	\$ 1,500,000
Neighborhood Finance Corporation	1,000,000
Total	<u>\$ 2,500,000</u>
Capital Improvements Projects Fund:	
Carpenter Renovation	<u>\$ 350,617</u>
Jail Fund:	
Jail Facility / Booking Addition	<u>\$ 789,081</u>
Hamilton Drain Fund:	
Hamilton Drain District Plan Improvements	<u>\$ 1,713,335</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 17, 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.

19. RACETRACK/CASINO

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

The current lease provides for monthly rental payments of \$1.3 million throughout the lease term (2003-2010) and net receipt distributions of \$4.4 million per year for the first five years. During the final three years of the lease, Prairie Meadows Racetrack and Casino, Inc. will distribute net receipts to the County only to the extent horse purses exceed the current \$15.0 million per year.

In addition, Polk County's lease with Prairie Meadows Racetrack and Casino, Inc. requires Prairie Meadows to pay Polk County one-third of the resulting improvement in net receipts from pari-mutuel gaming taxation rate decreasing from 36% to 24%. In January 2009, Polk County received \$7.6 million due to the tax rate change. Future tax-rate-change payments are estimated to continue at approximately \$7.6 million annually.

20. IOWA EVENTS CENTER

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

Managed Facilities

The County has a Management Agreement with Global Spectrum, L.P. (Global), to manage and operate the Managed Facilities. This agreement is a ten-year contract beginning October 1, 2004. Under this agreement the County pays Global a fixed management fee. For the fiscal year ending June 30, 2009 the amount of the fixed management fee was \$200,511.

In addition to the fixed management fee, Global is entitled to earn a productivity fee for each full, completed operating year of the term. The County paid Global \$19,299 for the productivity fee for the fiscal year ending June 30, 2009.

The County has a Concessions Management Agreement with Ovations Food Services, L.P. (Ovations) for the management of the food and beverage service operations at the Managed Facilities. This is a five year contract beginning on October 1, 2004. Under this agreement the County pays Ovations a fixed management fee. For the fiscal year ending June 30, 2009 the amount of the fixed management fee was \$110,000.

In addition to the fixed management fee, Ovarions is entitled to earn an incentive fee for each operating year of the term. The County paid Ovarions \$17,472 for the incentive fee for the fiscal year ending June 30, 2009.

Leased Facility

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

Under this agreement the County receives 80% of the first one million dollars of net operating income for such fiscal year in excess of the operator's share, plus 70% of all net operating income in excess of the operator's share plus one million dollars for such year. The operator's share is \$500,000 per fiscal year. The County received \$1,366,247 and Global received \$942,677 of WFA's net operating income for the fiscal year ending June 30, 2009.

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

A Public Facility Maintenance Surcharge (PFMS) user fee is assessed on certain ticket sales. The amount of this fee varies from \$.50 to \$1.00 depending upon the nature of the event. Approximately 50% of these revenues generated are paid to the County for deposit into a restricted funds Renewal and Replacement Account (see Note 4), and the remaining 50% is retained by Global as operating revenues. The County received \$263,953 for the fiscal year ending June 30, 2009.

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

Under the Master Lease Agreement, the County receives 3% of the gross concessions revenues earned by Ovarions for the fiscal year. The County deposits these funds into a restricted fund Concessions Account (see Note 4). The County received \$109,292 for the fiscal year ending June 30, 2009.

County Non-Operating

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

The County also receives naming rights revenue for Hy-Vee Hall, Wells Fargo Arena, and the Principal River's Edge restaurant in Wells Fargo Arena.

21. RELATED PARTY TRANSACTIONS

The Iowa Events Center is managed by Global Spectrum, L.P. which is a subsidiary of Philadelphia-based Comcast-Spectacor. The Comcast-Spectacor Group includes Ovarions Food Services and New Era Tickets. The following is a summary of transactions and balances with affiliates as of and for the year ended June 30, 2009:

Concessions and catering revenue from Ovarions	\$ 3,573,409
Ticket revenue and fees received from New Era	82,479
Ticket fees paid to New Era	12,977
Due to Ovarions (incentive)	17,472
Management fee paid to Ovarions	110,000

22. JOINT VENTURE

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

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

Although debt of the WRA is to be paid solely and only from WRA revenues, the participating communities in the joint venture cannot withdraw from the joint venture while any of the bonds issued during the time the entity was a participating community are still outstanding. Polk County retains an ongoing financial responsibility to the WRA since it is obligated in some manner for the debts of the joint venture through the annual allocation of wastewater reclamation flows. The allocation to all participating communities is based on operations, maintenance, debt service and reserve requirements. Allocations are based on wastewater reclamation facility flows and adjusted prospectively for differences in budgeted flows and actual flows. As of June 30, 2009, the County has a future commitment for approximately \$1,633,546 for future principal payment requirements payable through the allocation of wastewater reclamation flows.

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

23. OTHER POST EMPLOYMENT BENEFITS (OPEB)

Plan Description

The County sponsors a single-employer health care plan that provides a continuation option to retirees to purchase health benefits under the County's group health plan. Retirees have the option to purchase health coverage for themselves and their eligible dependents. All full-time County employees are covered under IPERS. Full-time Sheriff and Sheriff Deputies may retire with the election to continue health coverage at age 50 with 22 or more years of service or if disabled or at age 55 if they have less than 22 years of service. All other full-time employees may retire with the election to continue health coverage after age 55 with 15 or more years of service or if disabled.

Under Iowa Code Chapter 509A.13, retirees under the age of 65 may purchase health and dental insurance through the County. This law creates an OPEB liability relating to an implicit rate subsidy. Employees pay a small (5% or less) share of the health insurance premium. The County pays the remainder of the health insurance premium for employees. Retirees pay 102% of the group rate calculated on the expected costs based on the entire group of actives, COBRA participants, and retirees.

Funding Policy

The current funding policy of the County is to pay health claims as they occur. This arrangement does not qualify as OPEB plan assets under GASB for current GASB reporting. The County establishes and amends contribution requirements annually.

The required contribution is based on projected pay-as-you-go financing. For fiscal year 2009, the County contributed \$369,000. Retirees receiving benefits contributed \$814,000 through their required contribution of \$379.32 per month for single health coverage and \$948.30 per month for family health coverage.

The County's annual OPEB cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance to the parameters of GASB Statement No. 45.

The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The following table shows the components of the County's annual OPEB cost for the year, the amount actuarially contributed to the plan, and changes in the County's annual OPEB obligation:

	County	County Assessor	Total
Annual required contribution	\$ 1,021,780	\$ 65,220	\$ 1,087,000
Interest on net OPEB obligation	33,950	1,850	35,800
Adjustment to annual required contribution	<u>(59,032)</u>	<u>(3,768)</u>	<u>(62,800)</u>
Annual OPEB cost (expense)	996,698	63,302	1,060,000
Contributions made	<u>(335,790)</u>	<u>(33,210)</u>	<u>(369,000)</u>
Increase in net OPEB obligation	660,908	30,092	691,000
Net OPEB obligation - July 1, 2008	<u>679,000</u>	<u>37,000</u>	<u>716,000</u>
Net OPEB obligation - June 30, 2009	<u><u>\$ 1,339,908</u></u>	<u><u>\$ 67,092</u></u>	<u><u>\$ 1,407,000</u></u>

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

Fiscal Year Ended	Annual OPEB Cost		Cost Contributed		Obligation	
	County		County		County	
	County	Assessor	County	Assessor	County	Assessor
6/30/2008	\$ 965,000	\$ 64,000	29.6%	42.2%	\$ 679,000	\$ 37,000
6/30/2009	\$ 996,698	\$ 63,302	33.7%	52.5%	\$ 1,339,908	\$ 67,092

Fiscal year 2008 was the transition year for GASB Statement No 45.

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2007, the most recent actuarial valuation date is as follows:

	County	County Assessor	Total
Actuarial accrued liability (AAL)	\$ 10,808,000	\$ 1,066,000	\$ 11,874,000
Actuarial value of plan assets	-	-	-
Unfunded actuarial accrued liability (UAAL)	<u>\$ 10,808,000</u>	<u>\$ 1,066,000</u>	<u>\$ 11,874,000</u>
Covered payroll (active employees)	\$ 65,348,868	\$ 1,920,187	\$ 67,269,055
UAAL as a percentage of covered payroll	16.5%	55.5%	

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

Actuarial Methods and Assumptions

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

long-term perspective of the calculations. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

The actuarial calculations were performed in accordance with the projected unit credit actuarial cost method as of the July 1, 2007, valuation date. The 5 percent discount rate used was based on the expected rate of return for investments used to finance the payment of benefits. For Polk County, the investment return assumption is based on the expected return of short-term liquid investments.

Health care cost trend rates are used to anticipate increases in medical benefit costs expected to be experienced by the retiree health plan in each future year. The actuarial assumptions includes an assumed health care cost trend select rate of 11 percent initially, reduced 0.5 percent each year until reaching the ultimate rate of 6 percent. The trend rates used are based on projected salary increases of 4 percent per annum. The UAAL is amortized over the maximum acceptable period of 30 years as a level percentage of projected payroll on an open basis.

Expected monthly claim costs were developed from a combination of historical claim experience and manual claim costs developed using a representative database. The monthly expected claim costs for Polk County retirees less than age 65 is \$601 and for retirees age 65 or greater is \$336.

The final claim costs were adjusted to reflect an average age of 60 for retirees less than 65 years old and age 70 for retirees 65 or older. Costs at all other ages vary based on an assumed age slope. These costs are expected to increase at the health care cost trend.

The RP 2000 Group Annuity Mortality Table was used and applied on a gender-specific basis. Retirement rates are based on the IPERS Actuarial Valuation Report as of June 30, 2006. The plan participation percentage assumes that 75% of all employees and their dependents who are eligible for early retiree benefits actually participate in the early retiree benefit plan. The assumed number of eligible dependents is based on the current proportions of single and family contracts.

24. SUBSEQUENT EVENTS

In October 2009, the County authorized the issuance of \$1 million of General Obligation Bonds for improvements at various County facilities and a flood wall at River Place and \$1.5 million of General Obligation bonds for a regional emergency hub. The bonds have not been issued and at this time it is unknown if these bonds will be issued in fiscal year ending June 30, 2010.

25. NEW ACCOUNTING PRONOUNCEMENTS

As of June 30, 2009, the County adopted the following Governmental Accounting Standards Board (GASB) statement:

- GASB Statement No. 49 (“GASB 49”), *Accounting and Financial Reporting for Pollution Remediation Obligations*, issued November 2006, will be effective for the County beginning with its fiscal year ending June 30, 2009. This Statement addresses accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities, such as site assessments and cleanups. This standard requires the County to estimate the components of expected pollution remediation outlays and determine whether the outlays for those components should be accrued as a liability or, if appropriate, capitalized when goods and services are acquired. The adoption of this statement had no effect on the County in the current year.
- GASB Statement No. 52 (“GASB 52”), *Land and Other Real Estate Held as Investments by Endowments*, issued November 2007, will be effective for the County beginning with its fiscal year ending June 30, 2009. This Statement establishes consistent standards for the reporting of land and other real estate held as investments. Endowments were previously required to report their land and

other real estate held for investment purposes at historical cost. However, such investments are reported at fair value by similar entities, such as pension plans. The Statement requires endowments to report land and other real estate investments at fair value. The changes in the fair value are to be reported as investment income. The adoption of this statement had no effect on the County in the current year.

As of June 30, 2009, the Government Accounting Standards Board (GASB) had issued the following statements not yet implemented by the County. The statements which might impact the County are as follows:

- GASB Statement No. 51 (“GASB 51”), *“Accounting and Financial Reporting for Intangible Assets”*, issued July 2007, will be effective for the County beginning with its fiscal year ending June 30, 2010. This Statement provides guidance regarding how to identify, account for and report intangible assets. The new standard characterizes an intangible asset as an asset that lacks physical substance, is nonfinancial in nature and has an initial useful life extending beyond a single reporting period. Examples of intangible assets include easements, computer software, water rights, timber rights, patents and trademarks. This standard provides that intangible assets be classified as capital assets (except for those explicitly excluded from the scope of the new standard, such as capital leases). Relevant authoritative guidance for capital assets should be applied to these intangible assets.
- GASB Statement No. 53 (“GASB 53”), *“Accounting and Financial Reporting for Derivative Instruments”*, issued June 2008, will be effective for the County beginning with its fiscal year ending June 30, 2010. This Statement will improve how state and local governments report information about derivative instruments in their financial statements. The Statement specifically requires governments to measure most derivative instruments at fair value in their financial statements that are prepared using the economic resources measurement focus and the accrual basis of accounting. The guidance in this Statement also addresses hedge accounting requirements.
- GASB Statement No. 54 (“GASB 54”), *“Fund Balance Reporting and Governmental Fund Type Definitions”*, issued March 2009, will be effective for the County beginning with its fiscal year ending June 30, 2011. This Statement is intended to improve the usefulness of information provided to financial report users about fund balances by providing clearer, more structured fund balance classifications, and by clarifying the definitions of existing governmental fund types. Fund balance information is among the most widely and frequently used information in state and local government financial reports. The GASB developed this standard to address the diversity of practice and the resulting lack of consistency that had evolved in fund balance reporting. To reduce confusion, the new standard establishes a hierarchy of fund balance classification based primarily on the extent to which a government is bound to observe spending constraints.

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

POLK COUNTY, IOWA

Required Supplementary Information Schedule of Funding Progress For the Year Ended June 30, 2009

Entity	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded UAAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
Polk County	7/1/2007	\$ -	\$ 10,808,000	\$ 10,808,000	0.0%	\$ 58,578,858	18.5%
County Assessor	7/1/2007	\$ -	\$ 1,066,000	\$ 1,066,000	0.0%	\$ 1,778,320	59.9%
Polk County	7/1/2007	\$ -	\$ 10,808,000	\$ 10,808,000	0.0%	\$ 65,348,868	16.5%
County Assessor	7/1/2007	\$ -	\$ 1,066,000	\$ 1,066,000	0.0%	\$ 1,920,187	55.5%

Note: Fiscal year 2008 is the transition year for GASB Statement No. 45.

The information presented in the required supplementary schedule was determined as part of the actuarial valuation as of July 1, 2007. Additional information follows:

- a. The cost method used to determine the ARC is the projected unit credit actuarial cost method.
- b. There are no plan assets.
- c. Economic assumptions are as follows: health care cost trend rates of 6-11%; discount rate of 5%.
- d. The amortization method is open basis as a level percentage of projected payroll.

POLK COUNTY, IOWA

Required Supplementary Information Budgetary Comparison Schedule All Governmental Funds For the Year Ended June 30, 2009

	Original Budget	Amended Budget	Actual	Variance
REVENUES:				
Property taxes	\$ 112,851,420	\$ 112,727,111	\$ 113,208,543	\$ 481,432
Other County taxes	5,433,452	5,439,452	5,409,200	(30,252)
Interest and penalty on delinquent taxes	1,149,000	1,287,000	1,591,907	304,907
Intergovernmental	69,489,078	78,792,938	70,772,039	(8,020,899)
Licenses and permits	643,550	545,250	386,229	(159,021)
Charges for services	10,920,878	10,262,960	10,530,360	267,400
Use of money and property	9,011,777	7,308,451	7,270,250	(38,201)
Miscellaneous	2,022,384	2,545,758	2,861,744	315,986
General long-term debt proceeds	4,000,000	4,000,000	4,000,085	85
Proceeds from disposal of capital assets	765,000	584,682	919,193	334,511
Total receipts	<u>216,286,539</u>	<u>223,493,602</u>	<u>216,949,550</u>	<u>(6,544,052)</u>
EXPENDITURES:				
Current:				
Public safety and legal services	57,786,445	59,274,107	57,317,869	1,956,238
Physical health and social services	30,228,895	32,002,735	31,142,890	859,845
Mental health	50,678,265	51,932,361	48,963,839	2,968,522
County environment and education	10,882,652	14,203,110	13,621,305	581,805
Roads and transportation	11,199,560	14,172,416	13,689,018	483,398
Government services to residents	6,490,720	6,227,326	6,139,453	87,873
Administration	32,789,593	34,946,671	32,680,258	2,266,413
Nonprogram services	100,000	100,000	58,295	41,705
Debt service	13,316,013	14,468,161	14,468,083	78
Capital projects	11,559,757	26,983,347	20,604,411	6,378,936
Total disbursements	<u>225,031,900</u>	<u>254,310,234</u>	<u>238,685,421</u>	<u>15,624,813</u>
OTHER FINANCING SOURCES (USES):				
Transfers in (out)	6,004,276	14,679,483	14,703,677	24,194
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES - BUDGETARY BASIS				
	<u>\$ (2,741,085)</u>	<u>\$ (16,137,149)</u>	<u>(7,032,194)</u>	<u>\$ 9,104,955</u>
RECONCILIATION TO GAAP BASIS:				
Basis differences:				
Increase (decrease) in accrual basis assets			435,902	
(Increase) decrease in accrual basis liabilities			<u>4,240,438</u>	
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses - GAAP basis			(2,355,854)	
Fund balance at beginning of year - GAAP basis			49,959,622	
Changes in inventory reserves			<u>69,759</u>	
Fund balance at end of year - GAAP basis			<u>\$ 47,673,527</u>	

See Notes to Required Supplementary Information.

POLK COUNTY, IOWA

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED JUNE 30, 2009

1. BUDGETARY INFORMATION

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

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

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

A budget amendment must be prepared and adopted in the same manner as the original budget. The County budget was amended as prescribed and the original and final amended amounts are shown in the budgetary schedules. Supplemental appropriations are provided when unanticipated revenues become available or when unanticipated program expenditures are needed. During the year ended June 30, 2009 there were two supplemental appropriations resulting in an increase in total disbursements of \$29,278,334.

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

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

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

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.

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

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

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

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

Economic Development - Accounts for various economic development projects.

Township Fire Protection – Accounts for the requirement of the County to levy taxes for township fire protection and then disburse money to municipalities or townships for various township fire protection contracts.

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

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

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

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

(continued)

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).

Capital Projects Funds

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

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

Capital Improvements Projects – Accounts for various capital improvements projects.

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

Debt Service Funds

The Debt Service Funds account for the payment of interest and principal on general obligation bonds and notes. Debt service revenues are principally derived from property taxes, special assessments and other operating revenues.

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

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

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, 2009**

	Rural Services	Sheriff Seized Property (State)	Sheriff Seized Property (Federal)	Attorney Seized Property	Conservation Land Acquisition Trust
ASSETS					
Cash and pooled investments	\$ 1,407,890	\$ 128,268	\$ 398,268	\$ 462,486	\$ -
Receivables (net of allowances for uncollectibles):					
Taxes	18,384	-	-	-	-
Succeeding year property taxes	6,786,496	-	-	-	-
Special assessments	-	-	-	-	-
Accounts	107,973	-	-	-	-
Notes	-	-	-	-	-
Due from other funds	39,152	-	-	-	-
Due from other governments	199,992	-	4,408	-	1,614,980
Advances to other funds	-	-	-	-	-
Advances to component unit	-	-	-	-	-
Inventories	-	-	-	-	-
TOTAL ASSETS	\$ 8,559,887	\$ 128,268	\$ 402,676	\$ 462,486	\$ 1,614,980
LIABILITIES					
Accounts payable	\$ 50,903	\$ -	\$ -	\$ -	\$ 165,020
Wages payable	8,383	-	-	1,460	-
Payroll taxes payable	16,872	-	-	205	-
Interest payable	-	-	-	-	-
Due to other funds	-	-	-	-	506,515
Deferred revenues	56,364	-	-	-	977,629
Succeeding year property taxes deferred revenues	6,786,496	-	-	-	-
TOTAL LIABILITIES	6,919,018	-	-	1,665	1,649,164
FUND BALANCES					
Reserved for advances to other funds	-	-	-	-	-
Reserved for advances to component unit	-	-	-	-	-
Reserved for noncurrent notes receivable	-	-	-	-	-
Reserved for inventory of supplies	-	-	-	-	-
Unreserved, designated (Note 13)	-	-	-	-	-
Unreserved, undesignated	1,640,869	128,268	402,676	460,821	(34,184)
TOTAL FUND BALANCES	1,640,869	128,268	402,676	460,821	(34,184)
TOTAL LIABILITIES AND FUND BALANCES	\$ 8,559,887	\$ 128,268	\$ 402,676	\$ 462,486	\$ 1,614,980

Special Revenue								
Equipment Reserve	County Attorney Collection Incentive	Community Betterment	Secondary Roads	County Recorder Records Management	Economic Development	Township Fire Protection	Treasurer Banking Reserve	
\$ 316,511	\$ 19,406	\$ -	\$ -	\$ 187,651	\$ 894,175	\$ 6,417	\$ 14,014	
-	-	-	-	-	-	749	-	
-	-	-	-	-	-	614,885	-	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
-	-	-	-	-	3,430,443	-	-	
-	-	-	-	840	-	3,559	-	
1,569	-	-	855,758	-	-	-	-	
-	-	-	-	-	12,000	-	-	
-	-	-	-	-	-	-	-	
-	-	-	589,597	-	-	-	-	
\$ 318,080	\$ 19,406	\$ -	\$ 1,445,355	\$ 188,491	\$ 4,336,618	\$ 625,610	\$ 14,014	
\$ 80,386	\$ -	\$ 253,016	\$ 5,180,230	\$ -	\$ 201,107	\$ -	\$ -	
-	-	-	111,612	-	-	-	-	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
-	-	-	179,363	-	-	4,134	-	
-	-	-	-	-	-	614,885	-	
80,386	-	253,016	5,471,205	-	201,107	619,019	-	
-	-	-	-	-	12,000	-	-	
-	-	-	-	-	-	-	-	
-	-	-	-	-	2,863,153	-	-	
-	-	-	589,597	-	-	-	-	
237,694	-	-	-	-	1,260,358	-	-	
-	19,406	(253,016)	(4,615,447)	188,491	-	6,591	14,014	
237,694	19,406	(253,016)	(4,025,850)	188,491	4,135,511	6,591	14,014	
\$ 318,080	\$ 19,406	\$ -	\$ 1,445,355	\$ 188,491	\$ 4,336,618	\$ 625,610	\$ 14,014	

(continued)

POLK COUNTY, IOWA

**Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2009**

	Capital Projects				
	REAP	Contingency Reserve	Total Special Revenue	Capital Improvements Projects	Jail Facility
ASSETS					
Cash and pooled investments	\$ 51,826	\$ 7,003,144	\$ 10,890,056	\$ 516,418	\$ 698,729
Receivables (net of allowances for uncollectibles):					
Taxes	-	-	19,133	-	-
Succeeding year property taxes	-	-	7,401,381	-	-
Special assessments	-	-	-	-	-
Accounts	-	-	107,973	-	-
Notes	-	-	3,430,443	-	-
Due from other funds	-	-	43,551	-	-
Due from other governments	67,789	-	2,744,496	67,394	-
Advances to other funds	-	-	12,000	-	-
Advances to component unit	-	-	-	-	-
Inventories	-	-	589,597	-	-
TOTAL ASSETS	\$ 119,615	\$ 7,003,144	\$ 25,238,630	\$ 583,812	\$ 698,729
LIABILITIES					
Accounts payable	\$ 4,900	\$ -	\$ 5,935,562	\$ 90,872	\$ 435,814
Wages payable	-	-	121,455	-	-
Payroll taxes payable	-	-	17,077	-	-
Interest payable	-	-	-	-	-
Due to other funds	-	-	506,515	-	-
Deferred revenues	-	-	1,217,490	-	-
Succeeding year property taxes deferred revenues	-	-	7,401,381	-	-
TOTAL LIABILITIES	4,900	-	15,199,480	90,872	435,814
FUND BALANCES					
Reserved for advances to other funds	-	-	12,000	-	-
Reserved for advances to component unit	-	-	-	-	-
Reserved for noncurrent notes receivable	-	-	2,863,153	-	-
Reserved for inventory of supplies	-	-	589,597	-	-
Unreserved, designated (Note 13)	-	7,003,144	8,501,196	-	-
Unreserved, undesignated	114,715	-	(1,926,796)	492,940	262,915
TOTAL FUND BALANCES	114,715	7,003,144	10,039,150	492,940	262,915
TOTAL LIABILITIES AND FUND BALANCES	\$ 119,615	\$ 7,003,144	\$ 25,238,630	\$ 583,812	\$ 698,729

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			
\$ 1,215,147	\$ 8,210	\$ -	\$ 271,130	\$ 279,340	\$ 12,384,543	
-	-	-	37,763	37,763	56,896	
-	-	-	11,966,283	11,966,283	19,367,664	
-	-	4,431	-	4,431	4,431	
-	-	-	-	-	107,973	
-	-	-	-	-	3,430,443	
-	-	-	68,962	68,962	112,513	
67,394	-	-	-	-	2,811,890	
-	-	-	-	-	12,000	
-	-	-	1,064,363	1,064,363	1,064,363	
-	-	-	-	-	589,597	
\$ 1,282,541	\$ 8,210	\$ 4,431	\$ 13,408,501	\$ 13,421,142	\$ 39,942,313	
\$ 526,686	\$ -	\$ -	\$ -	\$ -	\$ 6,462,248	
-	-	-	-	-	121,455	
-	-	-	-	-	17,077	
-	1,425	-	-	1,425	1,425	
-	-	-	-	-	506,515	
-	-	4,431	105,599	110,030	1,327,520	
-	-	-	11,966,283	11,966,283	19,367,664	
526,686	1,425	4,431	12,071,882	12,077,738	27,803,904	
-	-	-	-	-	12,000	
-	-	-	1,064,363	1,064,363	1,064,363	
-	-	-	-	-	2,863,153	
-	-	-	-	-	589,597	
-	-	-	-	-	8,501,196	
755,855	6,785	-	272,256	279,041	(891,900)	
755,855	6,785	-	1,336,619	1,343,404	12,138,409	
\$ 1,282,541	\$ 8,210	\$ 4,431	\$ 13,408,501	\$ 13,421,142	\$ 39,942,313	

(concluded)

POLK COUNTY, IOWA

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2009**

	Rural Services	Sheriff Seized Property (State)	Sheriff Seized Property (Federal)	Attorney Seized Property	Conservation Land Acquisition Trust
REVENUES:					
Property taxes	\$ 6,194,105	\$ -	\$ -	\$ -	\$ -
Other County taxes	205,602	-	-	-	-
Intergovernmental	507,805	12,000	-	-	3,723,190
Licenses and permits	-	-	-	-	-
Charges for services	195,212	-	-	-	-
Use of money and property	-	3,514	4,741	11,513	32
Miscellaneous	147,796	786	326,448	109,406	3,768
TOTAL REVENUES	7,250,520	16,300	331,189	120,919	3,726,990
EXPENDITURES:					
Current:					
Public safety and legal services	6,775	63,520	65,532	87,124	-
Physical health and social services	-	-	-	-	-
County environment and education	1,501,357	-	-	-	-
Roads and transportation	1,374,801	-	-	-	-
Government services to residents	-	-	-	-	-
Administration	-	-	-	-	-
Nonprogram services	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Capital projects:					
Roadway construction	-	-	-	-	-
Conservation land acquisition and development	-	-	-	-	3,084,775
Other capital projects	-	-	-	-	-
TOTAL EXPENDITURES	2,882,933	63,520	65,532	87,124	3,084,775
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	4,367,587	(47,220)	265,657	33,795	642,215
OTHER FINANCING SOURCES (USES):					
Transfers in	505,244	-	-	-	307,315
Transfers out	(4,836,088)	-	-	(27,066)	-
Issuance of bonds	-	-	-	-	-
Premium/(discount) on bonds issued	-	-	-	-	-
Proceeds from sale of capital assets	-	4,774	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(4,330,844)	4,774	-	(27,066)	307,315
NET CHANGE IN FUND BALANCES	36,743	(42,446)	265,657	6,729	949,530
FUND BALANCE, BEGINNING	1,604,126	170,714	137,019	454,092	(983,714)
Change in inventory reserve	-	-	-	-	-
FUND BALANCE, ENDING	\$ 1,640,869	\$ 128,268	\$ 402,676	\$ 460,821	\$ (34,184)

Special Revenue								
Equipment Reserve	County Attorney Collection Incentive	Community Betterment	Secondary Roads	County Recorder Records Management	Economic Development	Township Fire Protection	Treasurer Banking Reserve	REAP
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 546,503	\$ -	\$ -
-	-	-	-	-	-	18,867	-	-
1,569	-	-	5,985,300	-	-	17,011	-	229,588
-	-	-	45,410	-	-	-	-	-
-	-	-	235,201	95,170	-	-	1,575	-
-	-	-	-	3,971	-	-	-	3,215
-	-	-	140,290	-	-	-	-	-
1,569	-	-	6,406,201	99,141	-	582,381	1,575	232,803
-	22,089	-	-	-	-	580,552	-	-
-	-	422,800	-	-	-	-	-	-
-	-	-	-	-	1,972,324	-	-	-
-	-	-	11,022,648	-	-	-	-	-
-	-	-	-	67,173	-	-	-	-
-	-	5,748,398	-	-	-	-	366	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	4,688,457	-	-	-	-	-
-	-	-	-	-	-	-	-	254,621
2,896,135	-	-	-	-	-	-	-	-
2,896,135	22,089	6,171,198	15,711,105	67,173	1,972,324	580,552	366	254,621
(2,894,566)	(22,089)	(6,171,198)	(9,304,904)	31,968	(1,972,324)	1,829	1,209	(21,818)
2,437,084	-	5,995,101	8,941,922	-	1,224,675	-	-	-
-	-	-	-	-	(292,580)	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
48,845	-	-	469,491	-	-	-	-	-
2,485,929	-	5,995,101	9,411,413	-	932,095	-	-	-
(408,637)	(22,089)	(176,097)	106,509	31,968	(1,040,229)	1,829	1,209	(21,818)
646,331	41,495	(76,919)	(4,182,807)	156,523	5,175,740	4,762	12,805	136,533
-	-	-	50,448	-	-	-	-	-
\$ 237,694	\$ 19,406	\$ (253,016)	\$ (4,025,850)	\$ 188,491	\$ 4,135,511	\$ 6,591	\$ 14,014	\$ 114,715

(continued)

POLK COUNTY, IOWA

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2009**

				Capital	
	Housing Development	Contingency Reserve	Bond Revolving	Total Special Revenues	Courthouse Annex
REVENUES:					
Property taxes	\$ -	\$ -	\$ -	\$ 6,740,608	\$ -
Other County taxes	-	-	-	224,469	-
Intergovernmental	-	-	-	10,476,463	-
Licenses and permits	-	-	-	45,410	-
Charges for services	-	-	-	527,158	-
Use of money and property	-	-	3,037	30,023	-
Miscellaneous	-	-	-	728,494	-
TOTAL REVENUES	-	-	3,037	18,772,625	-
EXPENDITURES:					
Current:					
Public safety and legal services	-	-	-	825,592	-
Physical health and social services	-	-	-	422,800	-
County environment and education	2,500,000	-	-	5,973,681	-
Roads and transportation	-	-	-	12,397,449	-
Government services to residents	-	-	-	67,173	-
Administration	-	-	-	5,748,764	-
Nonprogram services	-	-	58,294	58,294	-
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Capital projects:					
Roadway construction	-	-	-	4,688,457	-
Conservation land acquisition and development	-	-	-	3,339,396	-
Other capital projects	-	-	-	2,896,135	17,717
TOTAL EXPENDITURES	2,500,000	-	58,294	36,417,741	17,717
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(2,500,000)	-	(55,257)	(17,645,116)	(17,717)
OTHER FINANCING SOURCES (USES):					
Transfers in	2,500,000	3,235,131	-	25,146,472	40,400
Transfers out	-	(1,455,854)	(3,944,828)	(10,556,416)	-
Issuance of bonds	-	-	3,905,000	3,905,000	-
Premium/(discount) on bonds issued	-	-	95,085	95,085	-
Proceeds from sale of capital assets	-	-	-	523,110	-
TOTAL OTHER FINANCING SOURCES (USES)	2,500,000	1,779,277	55,257	19,113,251	40,400
NET CHANGE IN FUND BALANCES	-	1,779,277	-	1,468,135	22,683
FUND BALANCE, BEGINNING	-	5,223,867	-	8,520,567	(22,683)
Change in inventory reserve	-	-	-	50,448	-
FUND BALANCE, ENDING	\$ -	\$ 7,003,144	\$ -	\$ 10,039,150	\$ -

Projects			Debt Service				Total Debt Service	Total Nonmajor Governmental Funds
Capital Improvements Projects	Jail Facility	Total Capital Projects	NW 84th Water Main Debt Service	Hamilton Drain Debt Service	Debt Service			
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,400,401	\$ 10,400,401	\$ 17,141,009	
-	-	-	-	-	354,186	354,186	578,655	
483,145	-	483,145	-	-	235,498	235,498	11,195,106	
-	-	-	-	-	-	-	45,410	
-	-	-	-	-	-	-	527,158	
-	115,501	115,501	956	2	67,993	68,951	214,475	
-	67,000	67,000	9,872	-	-	9,872	805,366	
483,145	182,501	665,646	10,828	2	11,058,078	11,068,908	30,507,179	
-	-	-	-	-	-	-	825,592	
-	-	-	-	-	-	-	422,800	
-	-	-	-	-	-	-	5,973,681	
-	-	-	-	-	-	-	12,397,449	
-	-	-	-	-	-	-	67,173	
-	-	-	-	-	-	-	5,748,764	
-	-	-	-	-	-	-	58,294	
-	-	-	37,000	-	8,455,464	8,492,464	8,492,464	
-	-	-	18,754	-	4,459,448	4,478,202	4,478,202	
-	-	-	-	-	-	-	4,688,457	
-	-	-	-	-	-	-	3,339,396	
2,122,217	3,738,045	5,877,979	-	-	-	-	8,774,114	
2,122,217	3,738,045	5,877,979	55,754	-	12,914,912	12,970,666	55,266,386	
(1,639,072)	(3,555,544)	(5,212,333)	(44,926)	2	(1,856,834)	(1,901,758)	(24,759,207)	
2,762,527	1,000,000	3,802,927	-	-	228,129	228,129	29,177,528	
(450,000)	(183,258)	(633,258)	-	(43)	-	(43)	(11,189,717)	
-	-	-	-	-	-	-	3,905,000	
-	-	-	-	-	-	-	95,085	
-	-	-	-	-	-	-	523,110	
2,312,527	816,742	3,169,669	-	(43)	228,129	228,086	22,511,006	
673,455	(2,738,802)	(2,042,664)	(44,926)	(41)	(1,628,705)	(1,673,672)	(2,248,201)	
(180,515)	3,001,717	2,798,519	51,711	41	2,965,324	3,017,076	14,336,162	
-	-	-	-	-	-	-	50,448	
\$ 492,940	\$ 262,915	\$ 755,855	\$ 6,785	\$ -	\$ 1,336,619	\$ 1,343,404	\$ 12,138,409	

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NONMAJOR ENTERPRISE FUNDS

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

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

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

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

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

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

POLK COUNTY, IOWA

**Combining Statement of Net Assets
Nonmajor Enterprise Funds
June 30, 2009**

	Air Pollution	Sanitary Treatment Works	Jester Park Golf Course	Hamilton Urban Drainage District	Urban Sewer	Total Nonmajor Enterprise Funds
ASSETS						
Current assets:						
Cash and pooled investments	\$ 655,527	\$ 305,011	\$ 1,001,556	\$ 1,260,909	\$ 2,677,617	\$ 5,900,620
Receivables (net of allowances for uncollectibles):						
Special assessments	-	297,903	-	-	-	297,903
Accounts	-	110,055	45,122	-	-	155,177
Notes	-	-	-	-	5,268,587	5,268,587
Due from other governments	193,969	101,148	-	19,369	-	314,486
Total current assets	<u>849,496</u>	<u>814,117</u>	<u>1,046,678</u>	<u>1,280,278</u>	<u>7,946,204</u>	<u>11,936,773</u>
Noncurrent assets:						
Lease/debt origination costs	-	11,916	-	-	66,815	78,731
Capital assets not being depreciated	-	6,285,236	76,593	996,553	-	7,358,382
Capital assets being depreciated, net	110,485	9,268,160	514,760	5,363,161	-	15,256,566
Total noncurrent assets	<u>110,485</u>	<u>15,565,312</u>	<u>591,353</u>	<u>6,359,714</u>	<u>66,815</u>	<u>22,693,679</u>
TOTAL ASSETS	<u>959,981</u>	<u>16,379,429</u>	<u>1,638,031</u>	<u>7,639,992</u>	<u>8,013,019</u>	<u>34,630,452</u>
LIABILITIES						
Current liabilities:						
Accounts payable	-	359,150	-	-	24,630	383,780
Wages payable	20,163	-	1,865	-	-	22,028
Payroll taxes payable	2,500	-	267	-	-	2,767
Interest payable	-	2,186	-	-	16,614	18,800
General obligation bonds payable	-	194,695	-	-	194,484	389,179
Notes payable	-	1,213,400	-	-	-	1,213,400
Compensated absences payable	4,814	-	4,172	-	-	8,985
Total current liabilities	<u>27,477</u>	<u>1,769,431</u>	<u>6,304</u>	<u>-</u>	<u>235,728</u>	<u>2,038,939</u>
Noncurrent liabilities:						
General obligation bonds payable	-	599,695	-	-	4,681,749	5,281,444
Notes payable	-	3,784,610	-	-	-	3,784,610
Compensated absences payable	59,496	-	51,557	-	-	111,054
Total noncurrent liabilities	<u>59,496</u>	<u>4,384,305</u>	<u>51,557</u>	<u>-</u>	<u>4,681,749</u>	<u>9,177,108</u>
TOTAL LIABILITIES	<u>86,973</u>	<u>6,153,736</u>	<u>57,861</u>	<u>-</u>	<u>4,917,477</u>	<u>11,216,047</u>
NET ASSETS						
Invested in capital assets, net of related debt	110,485	9,760,996	591,353	6,359,714	-	16,822,548
Unrestricted	762,523	464,697	988,817	1,280,278	3,095,542	6,591,857
TOTAL NET ASSETS	<u>\$ 873,008</u>	<u>\$ 10,225,693</u>	<u>\$ 1,580,170</u>	<u>\$ 7,639,992</u>	<u>\$ 3,095,542</u>	<u>\$ 23,414,405</u>

POLK COUNTY, IOWA

**Combining Statement of Revenues, Expenses, and Changes in Net Assets
Nonmajor Enterprise Funds
For the Year Ended June 30, 2009**

	Air Pollution	Sanitary Treatment Works	Jester Park Golf Course	Hamilton Urban Drainage District	Urban Sewer	Total Nonmajor Enterprise Funds
OPERATING REVENUES:						
Charges for goods and services:						
Charges for services	\$ 241,834	\$ 598,383	\$ -	\$ 129,686	\$ -	\$ 969,903
Intergovernmental revenues	731,241	-	-	-	-	731,241
Commissions income	-	-	414,992	-	-	414,992
Miscellaneous	-	-	100	4,611	-	4,711
Total operating revenues	<u>973,075</u>	<u>598,383</u>	<u>415,092</u>	<u>134,297</u>	<u>-</u>	<u>2,120,847</u>
OPERATING EXPENSES:						
Cost of goods and services:						
Personal services	741,812	26,192	104,051	16,538	-	888,593
Supplies	118,977	-	4,355	-	-	123,332
Professional services	-	2,400	45	136,301	-	138,746
Other services/charges	88,444	797,378	7,458	2,970	-	896,250
Miscellaneous	-	9,476	-	4,618	-	14,094
Amortization of discount (premium)	-	3,011	-	-	4,446	7,457
Depreciation	32,022	299,744	47,664	229,916	-	609,346
Total operating expenses	<u>981,255</u>	<u>1,138,201</u>	<u>163,573</u>	<u>390,343</u>	<u>4,446</u>	<u>2,677,818</u>
OPERATING INCOME (LOSS)	<u>(8,180)</u>	<u>(539,818)</u>	<u>251,519</u>	<u>(256,046)</u>	<u>(4,446)</u>	<u>(556,971)</u>
NONOPERATING REVENUES (EXPENSES):						
Interest revenue	15,628	7,736	24,812	32,547	73,722	154,445
Gain on sale of capital assets	-	-	70,307	-	-	70,307
Interest expense	-	(99,103)	-	-	(216,106)	(315,209)
Total nonoperating revenues (expenses)	<u>15,628</u>	<u>(91,367)</u>	<u>95,119</u>	<u>32,547</u>	<u>(142,384)</u>	<u>(90,457)</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	<u>7,448</u>	<u>(631,185)</u>	<u>346,638</u>	<u>(223,499)</u>	<u>(146,830)</u>	<u>(647,428)</u>
CAPITAL CONTRIBUTIONS AND TRANSFERS:						
Transfers in	-	1,394,972	-	-	-	1,394,972
Transfers out	-	-	(307,315)	-	-	(307,315)
Total capital contributions and transfers	<u>-</u>	<u>1,394,972</u>	<u>(307,315)</u>	<u>-</u>	<u>-</u>	<u>1,087,657</u>
CHANGE IN NET ASSETS	<u>7,448</u>	<u>763,787</u>	<u>39,323</u>	<u>(223,499)</u>	<u>(146,830)</u>	<u>440,229</u>
TOTAL NET ASSETS - BEGINNING	<u>865,560</u>	<u>9,461,906</u>	<u>1,540,847</u>	<u>7,863,491</u>	<u>3,242,372</u>	<u>22,974,176</u>
TOTAL NET ASSETS - ENDING	<u>\$ 873,008</u>	<u>\$ 10,225,693</u>	<u>\$ 1,580,170</u>	<u>\$ 7,639,992</u>	<u>\$ 3,095,542</u>	<u>\$ 23,414,405</u>

POLK COUNTY, IOWA

**Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2009**

	Air Pollution	Sanitary Treatment Works	Jester Park Golf Course
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ 241,834	\$ 673,586	\$ 406,662
Cash received from intergovernmental revenues	730,231	-	-
Cash paid to suppliers for goods and services	(209,726)	(691,673)	(11,858)
Cash paid to employees	(749,114)	(26,192)	(112,544)
Net cash flows from operating activities	<u>13,225</u>	<u>(44,279)</u>	<u>282,260</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers in	-	1,394,972	-
Transfers out	-	-	(307,315)
Net cash flows from noncapital financing activities	<u>-</u>	<u>1,394,972</u>	<u>(307,315)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Proceeds from general obligation debt	-	4,913,078	-
Principal paid on long-term debt	-	(784,000)	-
Interest paid on long-term debt	-	(99,597)	-
Purchase of capital assets	(53,844)	(5,668,521)	-
Proceeds from sale of capital assets	-	-	112,140
Net cash flows from capital and related financing activities	<u>(53,844)</u>	<u>(1,639,040)</u>	<u>112,140</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received	15,885	7,928	25,139
Net cash flows from investing activities	<u>15,885</u>	<u>7,928</u>	<u>25,139</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(24,734)	(280,419)	112,224
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	680,261	585,430	889,332
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 655,527	\$ 305,011	\$ 1,001,556
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES:			
Operating income (loss)	\$ (8,180)	\$ (539,818)	\$ 251,519
Components of operating income (loss) not included in operating activities			
Depreciation	32,022	299,744	47,664
Amortization	-	3,011	-
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:			
(Increase) decrease in special assessments receivable	-	37,355	-
(Increase) decrease in accounts receivable	-	92,200	(8,430)
(Increase) decrease in due from other governments	(1,010)	(54,352)	-
Increase (decrease) in accounts payable	(2,305)	117,581	-
Increase (decrease) in wages payable	6,969	-	(1,038)
Increase (decrease) in payroll taxes payable	716	-	(132)
Increase (decrease) in compensated absences payable	(14,987)	-	(7,323)
Net cash flows from operating activities	<u>\$ 13,225</u>	<u>\$ (44,279)</u>	<u>\$ 282,260</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition of capital assets through accounts payable	\$ -	\$ -	\$ -
Acquisition of notes receivable through CIP reduction	-	-	-

Hamilton Urban Drainage District	Urban Sewer	Total Nonmajor Enterprise Funds
---	----------------	--

\$ 124,613	\$ -	\$ 1,446,695
-	-	730,231
(143,889)	-	(1,057,146)
(16,538)	-	(904,388)
(35,814)	-	215,392

-	-	1,394,972
-	-	(307,315)
-	-	1,087,657

-	-	4,913,078
-	(190,000)	(974,000)
-	(216,710)	(316,307)
-	(60,584)	(5,782,949)
-	-	112,140
-	(467,294)	(2,048,038)

33,012	74,849	156,813
33,012	74,849	156,813

(2,802)	(392,445)	(588,176)
1,263,711	3,070,062	6,488,796
\$ 1,260,909	\$ 2,677,617	\$ 5,900,620

\$ (256,046)	\$ (4,446)	\$ (556,971)
229,916	-	609,346
-	4,446	7,457
-	-	37,355
-	-	83,770
(9,684)	-	(65,046)
-	-	115,276
-	-	5,931
-	-	584
-	-	(22,310)
\$ (35,814)	\$ -	\$ 215,392

\$ -	\$ (25,323)	\$ (25,323)
-	3,056,662	3,056,662

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INTERNAL SERVICE FUNDS

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

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

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

POLK COUNTY, IOWA

**Combining Statement of Net Assets
Internal Service Funds
June 30, 2009**

	Employee Insurance	Risk Management	Total
ASSETS:			
Current assets:			
Cash and pooled investments	\$ 7,256,512	\$ 3,800,000	\$ 11,056,512
Receivables (net of allowances for uncollectibles):			
Accounts	116,564	-	116,564
Due from other governments	4,954	-	4,954
TOTAL ASSETS	7,378,030	3,800,000	11,178,030
LIABILITIES:			
Current liabilities:			
Accounts payable	126,000	-	126,000
Estimated liability for claims and judgments	1,191,980	-	1,191,980
Total current liabilities	1,317,980	-	1,317,980
Noncurrent liabilities:			
Post employment liability	1,339,908	-	1,339,908
Total noncurrent liabilities	1,339,908	-	1,339,908
TOTAL LIABILITIES	2,657,888	-	2,657,888
NET ASSETS			
Unrestricted (Note 13)	4,720,142	3,800,000	8,520,142
TOTAL NET ASSETS	\$ 4,720,142	\$ 3,800,000	\$ 8,520,142

POLK COUNTY, IOWA

**Combining Statement of Revenues, Expenses, and
Changes in Net Assets
Internal Service Funds
For the Year Ended June 30, 2009**

	Employee Insurance	Risk Management	Total
REVENUES:			
Charges for services	\$ 12,825,530	\$ -	\$ 12,825,530
Miscellaneous	30,791	-	30,791
Total revenues	<u>12,856,321</u>	<u>-</u>	<u>12,856,321</u>
EXPENSES:			
Professional services	2,500	-	2,500
Other services/charges	66,955	-	66,955
Insurance	13,177,465	-	13,177,465
Total expenses	<u>13,246,920</u>	<u>-</u>	<u>13,246,920</u>
OPERATING INCOME (LOSS)	<u>(390,599)</u>	<u>-</u>	<u>(390,599)</u>
NONOPERATING REVENUES (EXPENSES):			
Interest revenue	123,181	-	123,181
Total nonoperating revenues (expenses)	<u>123,181</u>	<u>-</u>	<u>123,181</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>(267,418)</u>	<u>-</u>	<u>(267,418)</u>
TRANSFERS:			
Transfers in	2,100,000	3,316,429	5,416,429
Transfers out	(20,000)	(2,716,429)	(2,736,429)
Total transfers	<u>2,080,000</u>	<u>600,000</u>	<u>2,680,000</u>
CHANGE IN NET ASSETS	1,812,582	600,000	2,412,582
NET ASSETS , BEGINNING	<u>2,907,560</u>	<u>3,200,000</u>	<u>6,107,560</u>
NET ASSETS, ENDING	<u>\$ 4,720,142</u>	<u>\$ 3,800,000</u>	<u>\$ 8,520,142</u>

POLK COUNTY, IOWA

**Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2009**

	Employee Insurance	Risk Management	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ 12,829,173	\$ -	\$ 12,829,173
Cash paid to suppliers for goods and services	(12,636,719)	-	(12,636,719)
Net cash flows from operating activities	<u>192,454</u>	-	<u>192,454</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers in	2,100,000	3,316,429	5,416,429
Transfers out	(20,000)	(2,716,429)	(2,736,429)
Net cash flows from noncapital financing activities	<u>2,080,000</u>	<u>600,000</u>	<u>2,680,000</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received	124,967	-	124,967
Net cash flows from investing activities	<u>124,967</u>	-	<u>124,967</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,397,421	600,000	2,997,421
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>4,859,091</u>	<u>3,200,000</u>	<u>8,059,091</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 7,256,512</u>	<u>\$ 3,800,000</u>	<u>\$ 11,056,512</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES:			
Operating income (loss)	\$ (390,599)	\$ -	\$ (390,599)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:			
(Increase) decrease in accounts receivable	(22,194)	-	(22,194)
(Increase) decrease in due from other governments	(4,954)	-	(4,954)
Increase (decrease) in accounts payable	(14,000)	-	(14,000)
Increase (decrease) in estimated liability for claims and judgments	(36,707)	-	(36,707)
Increase (decrease) in post employment liability	660,908	-	660,908
Net cash flows from operating activities	<u>\$ 192,454</u>	<u>\$ -</u>	<u>\$ 192,454</u>

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. The measurement focus of these funds is custodial and no government operations are recorded in these funds. In addition, these funds are used only for operational efficiencies.

Attorney - Accounts for funds associated with confidential law enforcement.

Auditor - Accounts for various trusts (garnishments and bonds) monitored by the County.

Board of Supervisors - Other - Accounts for petty cash and change funds held by the following departments: Public Works, Community, Family & Youth Services, General Services, and Health.

County Conservation Board - Accounts for the revenues generated from the operation of the various County parks prior to remitting to the County Treasurer on a monthly basis.

Recorder - Accounts for the recording of deeds and mortgages, passports and birth/death certificates processing fees and the sale of various licenses (marriage, ATV, boat and snowmobile) prior to remitting to the County Treasurer and other governmental entities on a monthly basis.

Sheriff - Accounts for fees associated with civil fees, garnishments, and handling of inmate trust accounts prior to remitting to the County Treasurer, individuals or private entities.

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 IPERS
E911 Service
GIMS Implementation
Joint Disaster Services
Employee Activities
Seized Funds Unforfeited
Mine Task Force

POLK COUNTY, IOWA

**Combining Statement of Assets and Liabilities
Agency Funds
June 30, 2009**

	Elected Officials					
	Attorney	Auditor	Board of Supervisors - Other	County Conservation Board	Recorder	Sheriff
ASSETS:						
Cash and pooled investments	\$ 4,290	\$ 25,374	\$ 900	\$ 46,103	\$ 259,358	\$ 1,480,870
Receivables (net of allowances for uncollectibles):						
Taxes	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-
Accounts	-	-	-	-	-	-
Due from other governments	-	-	-	-	9,380	-
TOTAL ASSETS	\$ 4,290	\$ 25,374	\$ 900	\$ 46,103	\$ 268,738	\$ 1,480,870
LIABILITIES:						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Wages payable	-	-	-	-	-	-
Payroll taxes payable	-	-	-	-	-	-
Due to other funds	4,290	7,637	900	46,103	2,960	248,867
Due to other governments	-	17,737	-	-	265,778	-
Advances from other funds	-	-	-	-	-	-
Trusts payable	-	-	-	-	-	1,232,003
Compensated absences payable	-	-	-	-	-	-
Post employment liability	-	-	-	-	-	-
TOTAL LIABILITIES	\$ 4,290	\$ 25,374	\$ 900	\$ 46,103	\$ 268,738	\$ 1,480,870

Total Elected Officials	Other Agency Funds						
	Trust & Agency Treasurer	Trust & Agency Trust Funds Held	County Assessor Expense	County Assessor Special Appraisal	County Assessor IPERS	E911 Service	GIMS Implementation
\$ 1,816,895	\$ 20,765,192	\$ 731,781	\$ 1,716,149	\$ 672,936	\$ -	\$ 3,591,911	\$ 685,908
-	2,178,448	-	15,744	1,260	550	-	-
-	10,358,837	20,289	-	-	-	-	-
-	-	-	1,032	-	-	591,292	-
9,380	-	-	-	-	-	71,866	-
\$ 1,826,275	\$ 33,302,477	\$ 752,070	\$ 1,732,925	\$ 674,196	\$ 550	\$ 4,255,069	\$ 685,908
\$ -	\$ -	\$ -	\$ 11,062	\$ 3,969	\$ -	\$ -	\$ -
-	-	-	81,837	-	-	-	-
-	-	-	11,128	-	-	-	-
310,757	825	-	-	-	-	-	-
283,515	33,301,652	380,538	1,065,768	670,227	550	4,255,069	685,908
-	-	35,100	-	-	-	-	-
1,232,003	-	336,432	-	-	-	-	-
-	-	-	496,038	-	-	-	-
-	-	-	67,092	-	-	-	-
\$ 1,826,275	\$ 33,302,477	\$ 752,070	\$ 1,732,925	\$ 674,196	\$ 550	\$ 4,255,069	\$ 685,908

(continued)

POLK COUNTY, IOWA

**Combining Statement of Assets and Liabilities
Agency Funds
June 30, 2009**

	Joint Disaster Services	Employee Activities	Seized Funds Unforfeited	Mine Task Force	Total Other Agency Funds	Total Agency Funds
ASSETS:						
Cash and pooled investments	\$ -	\$ 5,921	\$ 317,851	\$ 734,858	\$ 29,222,507	\$ 31,039,402
Receivables (net of allowances for uncollectibles):						
Taxes	-	-	-	-	2,196,002	2,196,002
Special assessments	-	-	-	-	10,379,126	10,379,126
Accounts	2,875	-	-	-	595,199	595,199
Due from other governments	339,676	-	-	-	411,542	420,922
TOTAL ASSETS	\$ 342,551	\$ 5,921	\$ 317,851	\$ 734,858	\$ 42,804,376	\$ 44,630,651
LIABILITIES:						
Accounts payable	\$ 21,572	\$ -	\$ -	\$ -	\$ 36,603	\$ 36,603
Wages payable	5,516	-	-	-	87,353	87,353
Payroll taxes payable	756	-	-	-	11,884	11,884
Due to other funds	288,718	-	-	-	289,543	600,300
Due to other governments	-	-	317,851	734,858	41,412,421	41,695,936
Advances from other funds	-	-	-	-	35,100	35,100
Trusts payable	-	5,921	-	-	342,353	1,574,356
Compensated absences payable	25,989	-	-	-	522,027	522,027
Post employment liability	-	-	-	-	67,092	67,092
TOTAL LIABILITIES	\$ 342,551	\$ 5,921	\$ 317,851	\$ 734,858	\$ 42,804,376	\$ 44,630,651

(concluded)

POLK COUNTY, IOWA

Combining Statement of Changes in Assets and Liabilities Agency Funds For the Year Ended June 30, 2009

	Balance July 1, 2008	Additions	Deductions	Balance June 30, 2009
ELECTED OFFICIALS:				
ASSETS:				
Cash and pooled investments	\$ 2,171,852	\$ -	\$ 354,957	\$ 1,816,895
Due from other governments	3,513	5,867	-	9,380
TOTAL ASSETS	\$ 2,175,365	\$ 5,867	\$ 354,957	\$ 1,826,275
LIABILITIES:				
Due to other funds	\$ 307,095	\$ 3,662	\$ -	\$ 310,757
Due to other governments	330,957	-	47,442	283,515
Trusts payable	1,537,313	-	305,310	1,232,003
TOTAL LIABILITIES	\$ 2,175,365	\$ 3,662	\$ 352,752	\$ 1,826,275
 OTHER AGENCY FUNDS:				
ASSETS:				
Cash and pooled investments	\$ 21,587,935	\$ 7,634,572	\$ -	\$ 29,222,507
Receivables:				
Taxes	1,810,826	385,176	-	2,196,002
Special assessments	7,543,040	2,836,086	-	10,379,126
Accounts	638,566	-	43,367	595,199
Accrued interest	1,439	-	1,439	-
Due from other governments	206,148	205,394	-	411,542
TOTAL ASSETS	\$ 31,787,954	\$ 11,061,228	\$ 44,806	\$ 42,804,376
LIABILITIES:				
Accounts payable	\$ 38,501	\$ -	\$ 1,898	\$ 36,603
Wages payable	71,505	15,848	-	87,353
Payroll taxes payable	9,752	2,132	-	11,884
Due to other funds	108,576	180,967	-	289,543
Due to other governments	30,617,178	10,795,243	-	41,412,421
Advances from other funds	30,800	4,300	-	35,100
Trusts payable	325,095	17,258	-	342,353
Compensated absences payable	549,547	-	27,520	522,027
Post employment liability	37,000	30,092	-	67,092
TOTAL LIABILITIES	\$ 31,787,954	\$ 11,045,840	\$ 29,418	\$ 42,804,376

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POLK COUNTY, IOWA

Capital Assets Used in the Operation of Governmental Funds Capital Assets by Source June 30, 2009

GOVERNMENTAL FUNDS CAPITAL ASSETS

Land	\$ 11,658,932
Buildings	144,391,670
Improvements other than buildings	1,220,901
Infrastructure	90,346,787
Equipment	12,910,629
Vehicles	7,843,241
Construction in progress	2,612,175
	<hr/>
TOTAL	\$ 270,984,335
	<hr/> <hr/>

INVESTMENT IN GOVERNMENTAL FUNDS CAPITAL ASSETS BY SOURCE:

General fund	\$ 25,002,208
Special revenue funds	85,849,682
Capital projects funds	28,531,437
General obligation bond proceeds	99,578,388
Federal and state grants	6,421,279
Donated funds	5,502,404
Iowa Department of Transportation - Farm-to-Market	20,098,937
	<hr/>
TOTAL	\$ 270,984,335
	<hr/> <hr/>

POLK COUNTY, IOWA

Capital Assets Used in the Operation of Governmental Funds Schedule of Changes by Function For the Year Ended June 30, 2009

	July 1, 2008	Governmental Funds Capital Assets		June 30, 2009
		Additions	Deductions	
Public safety and legal services	\$ 107,014,496	\$ 4,411,848	\$ (889,771)	\$ 110,536,573
Physical health and social services	11,692,242	619,827	(657,152)	11,654,917
County environment and education	7,852,059	1,184,814	(95,155)	8,941,718
Roads and transportation	98,759,779	4,213,914	(1,523,173)	101,450,520
Governmental services to residents	2,509,217	1,438,281	-	3,947,498
Administration	33,889,089	580,475	(16,455)	34,453,109
TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS	\$ 261,716,882	\$ 12,449,159	\$ (3,181,706)	\$ 270,984,335

POLK COUNTY, IOWA

Capital Assets Used in the Operation of Governmental Funds Schedule by Function June 30, 2009

	Land	Buildings	Improvements Other Than Buildings
Public safety and legal services	\$ 2,182,903	\$ 103,954,008	\$ 376,945
Physical health and social services	268,991	11,027,364	-
County environment and education	1,002,839	3,044,947	625,956
Roads and transportation	48,200	2,563,512	218,000
Governmental services to residents	356,568	1,073,023	-
Administration	7,799,431	22,728,816	-
TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS	\$ 11,658,932	\$ 144,391,670	\$ 1,220,901

Infrastructure	Equipment	Vehicles	Construction in Progress	Total
\$ -	\$ 1,157,181	\$ 2,865,536	\$ -	\$ 110,536,573
-	60,495	160,240	137,827	11,654,917
2,519,173	481,665	1,215,602	51,536	8,941,718
87,827,614	5,211,887	3,167,185	2,414,122	101,450,520
-	2,509,217	-	8,690	3,947,498
-	3,490,184	434,678	-	34,453,109
\$ 90,346,787	\$ 12,910,629	\$ 7,843,241	\$ 2,612,175	\$ 270,984,335

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STATISTICAL SECTION

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

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

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

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

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

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

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

POLK COUNTY, IOWA

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

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

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

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

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

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

(continued)

POLK COUNTY, IOWA

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

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

Fiscal Year			
2006	2007	2008	2009
\$ (126,814,968)	\$ (130,276,410)	\$ (137,175,448)	\$ (138,326,705)
15,414,772	7,976,751	8,786,321	7,305,471
<u>\$ (111,400,196)</u>	<u>\$ (122,299,659)</u>	<u>\$ (128,389,127)</u>	<u>\$ (131,021,234)</u>

\$ 88,765,727	\$ 95,414,667	\$ 105,846,177	\$ 113,294,655
4,793,069	4,539,835	5,307,751	5,391,333
1,153,332	1,147,313	1,388,689	1,591,907
2,670,946	2,658,239	2,773,895	2,772,002
5,197,356	8,347,209	6,864,291	3,194,638
3,346,717	2,068,863	4,152,740	1,589,359
270,000	-	-	465,490
11,503,230	8,043,702	7,420,615	17,383,677
<u>117,700,377</u>	<u>122,219,828</u>	<u>133,754,158</u>	<u>145,683,061</u>

1,558,005	1,854,206	1,373,373	815,374
432,072	420,136	350,263	288,917
-	-	-	-
<u>(11,503,230)</u>	<u>(8,043,702)</u>	<u>(7,420,615)</u>	<u>(17,383,677)</u>
<u>(9,513,153)</u>	<u>(5,769,360)</u>	<u>(5,696,979)</u>	<u>(16,279,386)</u>
<u>\$ 108,187,224</u>	<u>\$ 116,450,468</u>	<u>\$ 128,057,179</u>	<u>\$ 129,403,675</u>

\$ (9,114,591)	\$ (8,056,582)	\$ (3,421,290)	\$ 7,356,356
5,901,619	2,207,391	3,089,342	(8,973,915)
<u>\$ (3,212,972)</u>	<u>\$ (5,849,191)</u>	<u>\$ (331,948)</u>	<u>\$ (1,617,559)</u>

(concluded)

POLK COUNTY, IOWA

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

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

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

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

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

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

POLK COUNTY, IOWA

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

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

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

1.85%

3.43%

4.40%

5.82%

POLK COUNTY, IOWA

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

Fiscal Year Ended June 30	Residential Property	Commercial Property	Industrial Property	Agricultural Property & Building	Reimb / Non-Reimb M&E/Comp & Railroads	Utilities W/O Gas & Electric	Less: Military Tax-Exempt Property	Total Taxable Assessed Property	Total Direct Tax Rate (c)
2000	\$ 10,972,089,760	\$ 4,544,145,029	\$ 308,715,875	\$ 188,802,070	\$ 107,989,493	\$ 150,812,967	\$ (40,578,940)	\$ 16,231,976,254	\$ 6.35
2001	12,380,092,744	4,852,939,650	332,230,057	176,524,720	69,973,080	157,018,188	(40,004,442)	17,928,773,997	6.35
2002	12,762,231,179	5,113,030,508	330,155,953	175,130,730	22,802,745	167,252,805	(39,460,588)	18,531,143,332	6.35
2003	14,638,527,938	5,464,460,568	336,451,459	121,726,940	24,988,015	143,937,792	(38,666,548)	20,691,426,164	6.35
2004	15,240,749,267	5,650,708,433	333,764,600	120,506,340	26,017,475	151,005,921	(37,963,717)	21,484,788,319	6.35
2005	17,199,501,990	6,091,367,498	347,505,667	118,207,210	26,095,792	162,418,793	(37,737,570)	23,907,359,380	6.35
2006	17,989,044,550	6,323,324,900	360,678,980	118,019,020	24,874,251	138,971,954	(37,507,856)	24,917,405,799	6.35
2007	19,792,218,240	6,611,496,480	371,734,980	146,593,080	28,112,835	135,387,079	(36,944,652)	27,048,598,042	6.84
2008	20,554,841,950	6,735,360,000	373,831,230	145,600,810	28,944,652	135,013,575	(36,493,914)	27,937,098,303	6.84
2009	N/A (b)	N/A (b)	N/A (b)	N/A (b)	N/A (b)	N/A (b)	N/A (b)	N/A (b)	-

Source: 2008 Valuation workpaper from Ron Carzoli, Tax/GIS Department Supervisor.

- Notes:**
- (a) Property is assessed at actual value; therefore, the assessed values are equal to the actual value.
 - (b) 2009 Calendar Year Assessment is for taxes due in fiscal year 2009/2010 and is not yet available
 - (c) Tax rates are per \$1,000 of assessed value.

POLK COUNTY , IOWA

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

Taxpayer	2009			2000		
	2007 Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value	1998 Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value
Principal Life Insurance Co.	\$ 245,804,710	1	1.6%	\$ 227,158,055	1	2.1%
R & R Investors	181,895,060	2	1.1%	87,119,420	3	0.8%
Nationwide Mutual Insurance	178,392,010	3	1.1%	-	-	-
Wells Fargo	126,974,140	4	0.8%	-	-	-
Prairie Meadows	107,717,400	5	0.7%	-	-	-
Mid America Investment	104,246,420	6	0.7%	58,812,190	7	0.5%
Hubbell Interests	82,728,580	7	0.5%	-	-	-
Mercy Hospital	79,361,850	8	0.5%	62,102,780	6	0.6%
Pioneer Hi-Bred	77,132,890	9	0.5%	-	-	-
Target	57,121,500	10	0.4%	-	-	-
Valley West Mall	-	-	-	90,856,000	2	0.8%
U.S. West	-	-	-	82,874,654	4	0.8%
Polk County	-	-	-	63,896,300	5	0.6%
William Knapp	-	-	-	55,658,390	8	0.5%
Merle Hay Mall	-	-	-	52,670,800	9	0.5%
SDG Macerich Properties	-	-	-	49,983,700	10	0.5%
Total	\$ 1,241,374,560		7.8%	\$ 831,132,289		7.6%

Source: Ron Carzoli, Tax/GIS Department Supervisor

POLK COUNTY, IOWA

Property Tax Levies and Collections, Last Ten Fiscal Years

Fiscal Year Ended June 30	Property Taxes Levied for the Fiscal Year	Property Taxes Collected Within the Fiscal Year of the Levy (a)		Property Tax Collections In Subsequent Years (b)	Property Tax Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2000	\$ 74,349,431	\$ 74,238,715	99.9%	\$ 42,060	\$ 74,280,775	99.9%
2001	73,826,332	73,606,134	99.7%	69,996	73,676,130	99.8%
2002	77,002,424	76,663,227	99.6%	38,366	76,701,593	99.6%
2003	79,465,301	79,087,899	99.5%	63,924	79,151,823	99.6%
2004	82,823,976	82,559,416	99.7%	119,750	82,679,166	99.8%
2005	87,950,229	87,623,125	99.6%	58,083	87,681,208	99.7%
2006	91,360,000	91,060,220	99.7%	10,946	91,071,166	99.7%
2007	98,107,703	97,654,105	99.5%	27,061	97,681,166	99.6%
2008	109,708,680	109,344,353	99.7%	43,323	109,387,676	99.7%
2009	116,311,807	115,868,918	99.6%	51,627	115,920,545	99.7%

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

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

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POLK COUNTY, IOWA

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

	Year Taxes are Payable				
	2000	2001	2002	2003	2004
Countywide service rates:					
General Basic	\$ 3.50	\$ 3.50	\$ 3.50	\$ 3.50	\$ 3.50
General Supplemental	1.53	1.53	1.59	1.56	1.61
MH/DD Service	1.32	1.26	1.21	1.18	1.13
Debt Service	0.03	0.05	0.05	0.11	0.11
Total Countywide Rate	6.38	6.35	6.35	6.35	6.35
Rural service rates	4.86	4.79	4.71	4.59	4.59
Total Rural Rate	11.25	11.14	11.06	10.94	10.94
City rates:					
Alleman	7.37	7.00	6.71	6.92	7.81
Altoona	8.91	8.90	8.90	8.89	8.89
Ankeny	9.52	9.65	9.65	9.90	9.90
Bondurant	14.88	14.90	14.36	14.21	14.56
Carlisle	11.95	12.39	12.38	12.92	12.89
Clive	7.91	7.91	8.45	8.97	8.92
Des Moines	16.82	16.57	17.05	17.05	17.05
Elkhart	8.10	8.10	8.10	10.82	8.10
Granger	-	-	10.39	11.31	11.52
Grimes	11.61	11.61	11.73	12.77	12.82
Johnston	9.48	9.94	11.19	10.89	10.89
Mitchellville	13.42	14.19	13.15	13.62	13.87
Norwalk	-	-	-	-	12.43
Pleasant Hill	11.67	11.61	11.78	11.60	11.48
Polk City	8.19	8.15	8.01	8.09	7.90
Runnells	8.10	8.10	8.10	8.10	8.10
Sheldahl	3.23	3.28	2.86	2.79	2.71
Urbandale	8.84	8.97	8.96	8.97	9.07
Windsor Heights	10.92	10.92	11.03	11.59	12.35
West Des Moines	10.90	10.90	10.90	11.60	11.60
School District Rates:					
North Polk	15.90	14.60	14.63	14.94	15.12
Southeast Polk	16.54	15.31	15.13	15.42	17.37
Bondurant-Farrar	15.05	14.57	14.60	15.43	15.28
Ankeny	17.09	17.09	17.01	17.25	17.10
Carlisle	16.85	17.06	16.33	17.96	18.88
West Des Moines	13.51	13.50	13.49	13.50	13.50
Des Moines Independent	16.96	16.95	17.14	17.10	17.36
Saydel	16.57	16.76	14.78	14.86	14.80
Johnston	14.99	14.84	15.10	15.65	16.73
Woodward-Granger	-	-	13.92	14.83	15.95
Dallas	18.35	18.35	17.82	17.49	17.50
Dallas	-	-	-	14.46	14.74
Urbandale	14.38	12.34	12.91	13.44	12.96
Urbandale	-	-	-	13.02	12.61
Other:					
State	0.01	0.01	0.01	0.00	0.00
Area XI Community College	0.52	0.55	0.54	0.55	0.58
Broadlawns County Hospital	2.55	2.56	2.91	2.99	3.06
Ag. Extension	0.03	0.04	0.04	0.04	0.04
Assessor	0.31	0.31	0.34	0.34	0.32

Source: 2007/2008 Tax Rates Payable Fiscal Year Ended June 30, 2009 obtained from Ron Carzoli, Tax/GIS Dept Supervisor

Year Taxes are Payable

2005		2006		2007		2008		2009	
\$	3.50	\$	3.50	\$	3.50	\$	3.50	\$	3.50
	1.59		1.57		1.64		1.97		1.86
	1.06		1.03		0.96		0.93		0.87
	0.20		0.24		0.24		0.45		0.61
	6.35		6.35		6.35		6.84		6.84
	4.59		4.59		4.59		4.59		4.55
	10.95		10.94		10.94		11.44		11.39
	8.07		7.89		8.05		8.23		7.16
	8.89		8.79		8.64		8.64		8.64
	10.39		10.39		10.34		10.29		10.53
	14.45		14.39		14.38		14.34		14.29
	12.92		13.99		13.97		13.97		13.81
	8.93		9.11		9.25		9.54		9.54
	17.06		16.52		16.45		16.59		16.58
	11.70		11.55		11.69		10.98		10.49
	12.20		12.99		12.65		12.34		13.03
	12.84		12.83		12.75		12.93		12.96
	10.81		10.74		11.31		11.30		11.30
	13.34		13.47		12.45		12.82		13.59
	12.43		12.43		13.92		14.98		14.37
	11.48		11.48		11.48		11.48		11.48
	7.90		7.90		7.90		7.90		7.90
	8.83		9.02		9.08		9.06		8.97
	2.63		2.55		3.43		3.59		3.60
	9.07		9.07		9.07		9.22		9.22
	12.63		12.63		12.22		12.40		14.79
	11.73		11.73		11.95		12.05		12.05
	16.04		16.42		16.13		17.46		17.77
	17.28		17.99		20.99		21.96		21.85
	16.26		16.71		17.23		17.32		20.00
	16.90		16.70		16.71		17.91		19.58
	18.37		18.37		17.21		20.00		19.86
	13.50		13.50		13.70		13.70		13.69
	18.03		18.01		18.02		17.94		17.79
	14.67		13.13		13.39		13.63		13.68
	17.21		17.35		17.35		17.35		17.34
	17.02		16.76		17.52		17.52		20.02
	17.51		17.51		17.50		17.50		17.50
	14.88		14.96		15.68		15.90		16.08
	12.13		13.70		13.48		15.72		15.51
	11.99		13.51		13.48		15.72		16.27
	0.00		0.00		0.00		0.00		0.00
	0.60		0.68		0.69		0.60		0.56
	3.26		3.20		3.49		2.97		2.92
	0.04		0.04		0.04		0.04		0.04
	0.32		0.35		0.30		0.31		0.33

POLK COUNTY, IOWA

Ratios of Outstanding Debt by Type Last Ten Fiscal Years

Fiscal Year	Governmental Activities			Business-Type Activities			Total Government	Percentage of Personal Income*	Per Capita*
	General Obligation Bonds Payable	Notes Payable	Capital Leases Payable	General Obligation Bonds Payable	Notes Payable				
2000	\$ 13,965,217	\$ 325,000	\$ 428,051	\$ 6,483,061	\$ 5,810,865	\$ 27,012,194	0.22%	\$ 74.07	
2001	18,967,369	772,000	583,571	6,212,001	5,223,681	31,758,622	0.25%	84.78	
2002	17,804,107	743,000	1,460,564	50,689,273	4,613,174	75,310,118	0.56%	196.83	
2003	22,235,306	713,000	972,395	162,855,294	3,999,006	190,775,001	1.37%	498.62	
2004	20,869,657	682,000	793,822	158,849,951	3,386,366	184,581,796	1.24%	472.54	
2005	22,162,437	650,000	483,525	147,618,237	-	170,914,199	1.08%	430.35	
2006	34,491,195	616,000	687,403	144,921,169	-	180,715,767	1.08%	448.28	
2007	111,657,091	581,000	550,926	136,562,443	-	249,351,460	1.42%	609.83	
2008	110,646,911	545,000	371,163	127,016,267	678,932	239,258,273	1.36%	571.92	
2009	106,164,706	508,000	194,245	117,607,149	4,998,010	229,472,110	1.31%	540.22	

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

Notes: 2008 and 2009 percentages calculated using 2007 personal income data, which is the most recent available.

POLK COUNTY, IOWA

Ratios of General Bonded Debt Outstanding Last Ten Fiscal Years

Fiscal Year	General Bonded Debt Outstanding			Percentage Actual Taxable Value of Property	Per Capita*
	General Obligation Bonds	Less Amounts Restricted to Repaying Principal	Total		
2000	\$ 20,448,278	\$ 264,630	\$ 20,183,648	0.12%	\$ 55.35
2001	25,179,370	416,572	24,762,798	0.14%	66.10
2002	68,493,380	656,237	67,837,143	0.37%	177.30
2003	185,090,600	836,776	184,253,824	0.89%	481.57
2004	179,719,608	993,781	178,725,827	0.83%	457.55
2005	169,780,674	789,769	168,990,905	0.71%	425.51
2006	179,412,364	936,163	178,476,201	0.72%	442.72
2007	248,219,534	417,138	247,802,396	0.92%	606.04
2008	237,663,178	366,009	237,297,169	0.85%	567.24
2009	223,771,855	279,041	223,492,814	N/A (a)	526.14

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

Note: (a) 2009 Calendar Year Assessment is for taxes due in fiscal year 2009/2010 and is not yet available.

POLK COUNTY, IOWA

**Direct and Overlapping Governmental Activities Debt
As of June 30, 2009**

Governmental Unit	Taxable Valuation	Debt Outstanding	Totals
County direct debt	\$ 15,833,612,965	\$ 106,866,951	\$ <u>106,866,951</u>
City debt:			
Alleman	18,082,870	144,000	
Altoona	427,281,527	34,370,000	
Ankeny	1,690,576,591	30,915,000	
Bondurant	72,913,773	3,620,000	
Clive	823,934,999	34,725,000	
Des Moines	5,876,241,289	319,605,000	
Elkhart	8,203,384	890,000	
Grimes	298,412,005	9,330,000	
Johnston	884,661,725	40,105,000	
Mitchellville	39,535,492	350,000	
Pleasant Hill	270,125,658	10,090,000	
Polk City	90,473,995	-	
Runnells	8,890,664	-	
Sheldahl	2,887,460	-	
Urbandale	1,797,187,582	37,055,000	
Windsor Heights	179,663,398	7,465,000	
West Des Moines	2,460,107,671	116,895,733	
Subtotal, City debt		<u>645,559,733</u>	
School district debt:			
Ankeny Community	1,891,308,608	40,130,000	
Bondurant-Farrar	185,156,277	1,000,000	
Carlisle	58,786,138	4,470,000	
Dallas	375,664,577	23,705,000	
Des Moines Independent	5,860,189,260	-	
Johnston Community	1,519,666,986	57,100,000	
North Polk Community	217,372,647	1,795,000	
Saydel	570,276,335	3,740,000	
Southeast Polk	968,612,049	50,610,000	
Urbandale Community	948,821,052	48,945,000	
West Des Moines Community	3,756,686,740	2,460,000	
Subtotal, school district debt		<u>233,955,000</u>	
Other:			
Urbandale Sanitary Sewer		3,224,000	
Subtotal, other		<u>3,224,000</u>	
Total, overlapping debt			<u>882,738,733</u>
Total direct and overlapping debt:			\$ <u><u>989,605,684</u></u>

Source: Cities and school districts within Polk County

Note: Fiscal year 2009 is matched to 2007 assessment year

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POLK COUNTY, IOWA

**Legal Debt Margin Information
As of June 30, 2009**

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Debt limit	\$ 758,316,750	\$ 789,920,762	\$ 811,598,813	\$ 896,438,700	\$ 926,557,167
Total net debt applicable to limit	<u>89,053,595</u>	<u>173,524,083</u>	<u>193,242,685</u>	<u>315,568,208</u>	<u>317,765,656</u>
Legal debt margin	<u>\$ 669,263,155</u>	<u>\$ 616,396,679</u>	<u>\$ 618,356,128</u>	<u>\$ 580,870,492</u>	<u>\$ 608,791,511</u>
Total net debt applicable to the limit as a percentage of debt limit	11.74%	21.97%	23.81%	35.20%	34.30%

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

Legal Debt Margin Calculation for Fiscal Year 2009 Assessed Value	\$ 27,048,598,042
Debt limit (5% of assessed value)	1,352,429,902
Less: Debt applicable to debt limit; Outstanding County indebtedness (a)	<u>399,158,767</u>
Legal debt margin	<u>\$ 953,271,135</u>

2005	2006	2007	2008	2009
\$ 1,034,571,308	\$ 1,074,239,416	\$ 1,195,367,969	\$ 1,245,870,290	\$ 1,352,429,902
<u>313,142,908</u>	<u>327,914,085</u>	<u>419,214,286</u>	<u>407,803,252</u>	<u>399,158,767</u>
<u>\$ 721,428,400</u>	<u>\$ 746,325,331</u>	<u>\$ 776,153,683</u>	<u>\$ 838,067,038</u>	<u>\$ 953,271,135</u>
30.27%	30.53%	35.07%	32.73%	29.51%

POLK COUNTY, IOWA

Demographic and Economic Statistics Last Ten Calendar Years

Year	(a) Estimated Population	(b) Personal Income (000's)	(b) Per Capita Personal Income	Unemployment Statistics (c)		
				Polk County		State of Iowa
				Labor Force	Rate	
2000	364,672	\$ 12,299,159	\$ 32,728	210,700	1.9%	2.5%
2001	374,601	12,735,942	33,487	212,900	2.0%	2.6%
2002	382,609	13,421,332	34,858	216,400	2.6%	3.3%
2003	382,609	13,960,668	35,852	228,700	3.5%	4.0%
2004	390,615	14,918,628	37,862	225,000	4.0%	4.5%
2005	397,152	15,754,629	39,215	224,900	4.8%	4.8%
2006	403,132	16,755,221	40,764	232,200	4.3%	4.6%
2007	408,888	17,538,839	41,992	234,900	3.4%	3.7%
2008	418,339	*	*	237,000	3.6%	3.8%
2009	424,778	*	*	241,000	4.0%	4.1%

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

*Information not available

POLK COUNTY, IOWA

Principal Employers Current Year and Nine Years Ago

Employer	2009			2000		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Wells Fargo & Co.	11,700	1	5.03%	-		-
State of Iowa	9,300	2	3.99%	-		-
Principal Financial Group	7,785	3	3.34%	10,083	1	4.05%
Iowa Health Des Moines	6,470	4	2.78%	5,000	3	2.01%
Des Moines Public Schools	6,259	5	2.69%	-		-
Federal Government	5,600	6	2.41%	-		0.00%
Mercy Hospital Medical Center	4,650	7	2.00%	4,600	4	1.85%
Nationwide/Allied Insurance	4,386	8	1.88%	-		-
MidAmerican Energy Holdings Co.	3,694	9	1.59%	-		-
Communications Data Services	3,000	10	1.29%	2,798	5	1.12%
Hy-Vee Food Stores	-		-	6,000	2	2.41%
Wellmark (Blue Cross/Blue Shield)	-		-	2,100	6	0.84%
Centrobe	-		-	1,500	7	0.60%
Pioneer Hi-Bred International Co.	-		-	1,500	8	0.60%
KVI	-		-	1,450	9	0.58%
U.S. West Communications	-		-	1,450	10	0.58%
Total	62,844		26.99%	36,481		14.65%

Source: Greater Des Moines Chamber of Commerce Federation.

POLK COUNTY, IOWA

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

Function / Program	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Public safety	338	342	344	349	349	351	358	361	386	457
Human services	165	198	194	168	166	159	159	163	165	177
Roads and engineering	82	78	73	74	74	72	72	68	69	68
Administration	169	172	165	148	148	151	151	149	153	158
Other	386	388	387	383	376	344	347	351	357	374
Total	1,140	1,178	1,163	1,122	1,113	1,077	1,087	1,092	1,130	1,234

Source: County Budget Office

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POLK COUNTY, IOWA

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

Function / Program	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Public safety and legal services:										
Sheriff:										
# of E911 calls	*	30,236	40,394	46,075	45,257	47,550	42,474	45,866	N/A (a)	N/A (a)
# of civil papers served	*	34,294	35,123	42,875	37,303	42,154	46,164	45,488	N/A (a)	N/A (a)
# of average daily jail population	*	649	778	772	834	959	993	995	N/A (a)	N/A (a)
# of bookings	*	14,018	14,275	12,990	14,454	17,234	17,377	17,978	17,917	N/A (a)
Medical Examiner:										
# of death investigations	*	768	920	800	876	939	995	996	1,133	1,267
# of autopsies	*	123	172	150	187	235	212	169	164	204
Physical health and social services:										
Health Department:										
# of patient visits to STD clinic	*	3,916	4,269	4,424	4,698	4,435	4,074	4,752	5,347	5,688
Public Works:										
# of septic/well inspections	*	*	*	646	824	811	795	817	662	321
# of food inspections	*	2,296	2,448	2,974	2,481	2,787	N/A (b)	N/A (b)	N/A (b)	N/A (b)
Veteran Affairs:										
# of clients interviewed	*	5,729	5,376	6,882	6,001	4,164	6,213	5,726	5,446	5,268
# of vouchers issued	*	4,351	5,328	3,069	2,585	2,876	3,548	3,516	3,362	3,358
Mental Health:										
# of individuals served	*	5,820	6,764	7,125	7,033	7,487	7,282	7,224	7,768	8,245
# of individuals receiving ongoing/intensive svc	*	2,758	2,887	2,895	2,983	3,174	3,225	3,399	3,607	3,711
County environment and education:										
Public Works:										
# of requests of service for weed eradication	*	1,446	1,964	4,463	2,538	4,342	3,994	3,781	3,516	4,963

POLK COUNTY, IOWA

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

Function / Program	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
# of lots cleaned up	*	85	82	67	38	46	33	28	35	23
Roads and transportation:										
Public Works:										
# of gravel miles maintained	*	269	244	226	218	201	187	182	177	172
# of paved miles maintained	*	492	513	517	548	548	582	570	573	551
Governmental services to residents,										
Treasurer:										
# of titles	*	156,228	168,828	162,770	169,846	172,545	146,641	134,329	137,707	146,550
# of registrations	*	404,897	417,345	405,811	416,446	494,924	593,767	569,082	552,415	627,409
Auditor / Elections:										
# of registered voters	*	240,000	240,000	245,000	250,000	265,000	253,400	275,511	292,803	281,233

*Information not available

Source: County records

Notes: (a) 2008 & 2009 information is not yet available.
(b) turned over to State in July 2005.

POLK COUNTY, IOWA

Capital Asset Statistics by Function/Program Last Ten Fiscal Years

Function / Program	Fiscal Year			
	2000 (a)	2001 (a)	2002	2003
Public safety and legal services	\$ 2,418,490	\$ 3,364,761	\$ 41,622,924	\$ 41,803,545
Physical health and social services	101,066	101,066	8,042,448	9,936,678
Mental health	-	-	54,768	54,768
County environment and education	2,203,425	2,345,624	4,653,147	5,071,794
Roads and transportation	8,771,314	8,117,117	67,830,894	76,407,203
Governmental services to residents	2,195,178	2,224,430	1,417,453	1,417,453
Administration	-	-	22,036,438	22,254,209
Interprogram	16,616,582	18,908,064	-	-
Nonprogram-financing/capital projects	50,539,221	62,526,700	-	-

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

Fiscal Year					
2004	2005	2006	2007	2008	2009
\$ 41,798,054	\$ 42,377,518	\$ 49,107,367	\$ 91,968,820	\$ 107,014,496	\$ 110,536,573
10,085,394	10,111,029	10,950,861	12,668,272	11,692,242	11,654,917
54,768	-	-	-	-	-
5,303,553	5,317,890	6,369,054	6,066,861	7,852,059	8,941,718
86,828,497	91,571,796	96,256,517	96,853,889	98,759,779	101,450,520
1,417,453	1,448,189	2,546,321	2,517,342	2,509,217	3,947,498
20,596,001	20,352,004	21,221,297	21,502,376	33,889,089	34,453,109
-	-	-	-	-	-
-	-	-	-	-	-

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POLK COUNTY, IOWA

**Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2009**

Grantor/Program	CFDA Number	Contract Number	Total Federal Expenditures For Fiscal Year 2009
OFFICE OF NATIONAL DRUG CONTROL POLICY			
Direct Program - Iowa Enforcement Initiative (HIDTA) Grant	07.Unknown	I8PMWP556Z	\$ 27,398
Total Office of National Drug Control Policy			<u>27,398</u>
DEPARTMENT OF AGRICULTURE			
Direct Program - Commodity Supplemental Food Distribution	10.565	N/A	791,499
Direct Program - Wetland Reserve Program-Chichaqua Fencing Contract	10.072	65-6114-5-317B	16,044
Direct Program - Soil and Water Conservation	10.902	68-6114-8-26	4,000
Passed through Iowa Department of Human Services:			
Local Administration Expense Reimbursement	10.561	N/A	382,601
Commodity Supplemental Food Program	10.565	N/A	205,580
Passed through Iowa Department of Education:			
National School Breakfast Program	10.553	77-8810	17,445
National School Lunch Program	10.555	77-8810	24,784
Child Care Food Program	10.558	77-8050	1,654,163
Total Department of Agriculture			<u>3,096,116</u>
DEPARTMENT OF COMMERCE			
Passed through Iowa Department of Public Defense:			
Public Safety Interoperability Communications (PSIC) Grant	11.555	2007-GS-H7-42-8	-
Total Department of Commerce			<u>-</u>
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Direct Program - Economic Development Initiative - Special Project, Neighborhood Initiative and Miscellaneous Grants	14.251	B-06-SP-IA-0284	19,523
ARRA - Direct Program - Lead Hazard Mitigation Control Grant	14.907	IALHB0410-08	70,000
Passed through Iowa Department of Economic Development:			
Community Development Block Grants	14.228	06-HSG-025	238,491
Passed through Iowa Institute for Community Alliances:			
Emergency Shelter Grant Program	14.231	8-II-77027	13,500
Total Department of Housing and Urban Development			<u>341,514</u>
DEPARTMENT OF JUSTICE			
Direct Program - State Criminal Alien Assistance Program	16.606	2008-F2283-IA-AP	87,347
Passed through Iowa Department of Human Rights:			
Juvenile Accountability Incentive Block Grant	16.523	JAB-S09-45	15,342
Title V Delinquency Prevention Program	16.548	DMCDR-F08-POLK	16,312
Passed through Iowa Department of Justice:			
Crime Victim Assistance (VOCA)	16.575	VA-09-22	104,020
Violence Against Women Formula Grants	16.588	VW-09-22	9,178
Passed through Governor's Office of Drug Control Policy:			
Drug Endangered Children	16.541	06-OJJDP05	1,396
Edward Byrne Justice Assistance Grant (JAG) Program	16.738	08JAG/C06-A05	182,187
Passed through the City of Des Moines:			
Edward Byrne Justice Assistance Grant (JAG) Program	16.738	2007-DJ-BX-0221	31,704
Total Department of Justice			<u>447,486</u>
DEPARTMENT OF TRANSPORTATION			
Passed through Iowa Department of Transportation:			
Highway Planning and Construction - Central Iowa Trail Loop	20.205	04-STPES-114	2,627,145
Highway Planning and Construction	20.205	2007-16-013	286,602
Recreational Trails Program - Des Moines River Water Trail	20.219	2006-NT-008	9,556
Recreational Trails Program - Equestrian Center Trail	20.219	2008-NT-003	-

(continued)

POLK COUNTY, IOWA

**Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2009**

Grantor/Program	CFDA Number	Contract Number	Total Federal Expenditures For Fiscal Year 2009
Passed through Iowa Department of Public Safety/Governor's Traffic Safety Bureau: Alcohol Incentive Grant	20.601	PAP 09-410 Task 63	\$ 39,283
Passed through Iowa Department of Public Defense: 2009 HMEP - Training	20.703	N/A	4,500
2008 HMEP - Training	20.703	N/A	1,300
2009 Hazmat Symposium	20.703	N/A	5,000
Total Department of Transportation			<u>2,973,386</u>
ENVIRONMENTAL PROTECTION AGENCY			
Direct Program-Research, Development, Monitoring, Public Education, Training, Demonstrations, and Studies (Three Strikes Against Lead)	66.716	X8-98785701-0	41,185
Direct Program-Environmental Education Grant Program - Jr. High Service Learning Program	66.951	NE-98785301-0	6,399
Direct Program-Environmental Education Grant Program - Green Arts Pilot Project	66.951	98794601	10,920
Passed through Iowa Department of Natural Resources: Air Pollution Control Implementation Plan Agreement	66.001	2009-7230-02	191,038
Capitalization Grants for Clean Water State Revolving Funds	66.458	CS-C0075G	256,294
Total Environmental Protection Agency			<u>505,836</u>
DEPARTMENT OF ENERGY			
Passed through Iowa Department of Human Rights: Weatherization Assistance for Low-Income Persons	81.042	DOE-08-20S	227,627
Weatherization Assistance for Low-Income Persons	81.042	DOE-09-20S	439,522
ARRA - Weatherization Assistance for Low-Income Persons	81.042	DOE-ARRA-09-20S	142,799
Total Department of Energy			<u>809,948</u>
DEPARTMENT OF EDUCATION			
Passed through Iowa Department of Education and DMACC: Iowa New Choices	84.048	N/A	-
Total Department of Education			<u>-</u>
DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through Aging Resource of Central Iowa: Title IIIB - Transportation	93.044	N/A	136,250
Title IIIB - Well Elderly Clinic	93.044	N/A	15,000
Title IIIB - Advocacy/Counseling	93.044	N/A	18,600
Title IIIC-1 - Nutrition	93.045	N/A	236,968
Special Program for the Aging - Title IV and Title II Discretionary Projects	93.048	29707E20	856
Special Program for the Aging - Title IV and Title II Discretionary Projects	93.048	29707E22	49,097
Nutrition Services Incentive Program	93.053	N/A	111,103
Passed through Iowa Department of Human Rights: Family Development and Self Sufficiency	93.558	FaDSS-09-20-FS	227,216
Low-Income Home Energy Assistance	93.568	HEAP-08-20S	214,610
Low-Income Home Energy Assistance	93.568	HEAP-09-20S	363,853
Passed through Iowa Department of Human Services: Local Purchase Allocation Social Services Block Grant	93.667	N/A	1,443,672
Local Administration Expense Reimbursement-TANF	93.558	N/A	354,715
Local Administration Expense Reimbursement	93.566	N/A	689
Local Administration Expense Reimbursement	93.596	N/A	100,822
Local Administration Expense Reimbursement	93.658	N/A	219,586
Local Administration Expense Reimbursement	93.659	N/A	52,193
Local Administration Expense Reimbursement	93.667	N/A	232,498
Local Administration Expense Reimbursement	93.767	N/A	3,000
Local Administration Expense Reimbursement-Medical Assistance Program	93.778	N/A	471,490

POLK COUNTY, IOWA

**Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2009**

Grantor/Program	CFDA Number	Contract Number	Total Federal Expenditures For Fiscal Year 2009
Passed through Iowa Department of Public Health:			
Public Health Emergency Preparedness	93.069	5888BT01	\$ 1,250
Public Health Emergency Preparedness	93.069	5889BT01	80,924
Public Health Emergency Preparedness	93.069	5888BT07	13,164
Public Health Emergency Preparedness - City Readiness Initiative	93.069	5888BT16	84,311
Public Health Emergency Preparedness - City Readiness Initiative	93.069	5889BT16	153,409
Tuberculosis Elimination	93.116	MOU-2009-TB01	8,308
Tuberculosis Elimination	93.116	MOU-2008-TB01	19,670
Childhood Lead Poisoning	93.197	5889LP03	54,862
Healthy Homes Assessment and Outreach	93.240	5880HH03	500
I-4 Project	93.268	5889I464	8,074
I-4 Project	93.268	5888I464	22,149
Wisewoman	93.283	5889WW11	43,700
Iowa Breast and Cervical Cancer Early Detection Program	93.283	5889NB20	119,619
HIV Counseling, Testing and Referral	93.283	5888AP10	1,545
Harkin Wellness Grant Program-Healthy Communities Initiative	93.283	5889OB15	-
Local Public Health Services (SSBG)	93.667	5889C077	35,336
HIV Counseling, Testing and Referral	93.940	5888AP10	5,038
HIV Counseling, Testing and Referral	93.940	5889AP10	3,177
HIV-CTR & Hepatitis	93.940	5888AP22	4,161
HIV-CTR & Hepatitis	93.940	5889AP22	9,499
Passed through Washington University in St. Louis, Missouri:			
Preventative Health Services, Sexually Transmitted Diseases Research, Demonstrations, and Public Information and Education Grants	93.978	WU-09-319	-
Preventative Health Services, Sexually Transmitted Diseases Research, Demonstrations, and Public Information and Education Grants	93.978	WU-08-19	2,424
Total Department of Health and Human Services			<u>4,923,338</u>
DEPARTMENT OF HOMELAND SECURITY			
Passed through United Way:			
Emergency Food and Shelter Program - FEMA	97.024	Phase XXVI	680
Emergency Food and Shelter Program - FEMA	97.024	Phase XXVII	25,300
ARRA - Emergency Food and Shelter Program	97.114	ARRA	8,483
Passed through City of Des Moines:			
Law Enforcement Terrorism Prevention Program	97.067	FY2008-LETPP-LIEN5-05	3,536
Law Enforcement Terrorism Prevention Program	97.067	FY2007-LETPP-LIEN5-05	50,160
Law Enforcement Terrorism Prevention Program	97.074	FY2006-LETPP-LIEN5-05	27,563
Passed through Iowa Department of Public Defense:			
Pre-Disaster Mitigation Competitive Grant Program	97.017	PDMC-PL-07-LA-2005-099	110,344
FEMA - Public Works	97.036	DR-1763-IA	1,258,062
FEMA	97.036	DR-1763-IA	591,105
FEMA - Polk County Conservation Board	97.036	DR-1763-IA	232,758
Emergency Management Performance Grant (EMPG)	97.042	N/A	63,783
Homeland Security Grant Program - MMRS	97.067	2007-GE-T7-0032-013A	-
Homeland Security Grant Program - MMRS	97.067	2006-GE-T6-0065-020A	152,027
Total Department of Homeland Security			<u>2,523,801</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 15,648,823</u>

See notes to schedule of expenditures of federal awards.

(concluded)

Polk County, Iowa

**Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2009**

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Polk County, Iowa and its discretely presented component unit, Polk County Health Services, Inc., for the year ended June 30, 2009. All federal financial assistance received directly from federal agencies, as well as federal financial assistance passed through other government agencies expended during the year, is included in the schedule. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*.

Note 2. Significant Accounting Policies

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

Note 3. Subrecipients

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

Program Title	Federal CFDA Number	Amount Provided to Subrecipients
Juvenile Accountability Incentive Block Grant	16.523	\$ 15,342
Edward Byrne Justice Assistance Grant (JAG) Program	16.738	\$ 75,281

Note 4. Noncash Assistance

The Commodity Supplemental Food Distribution Program - Direct – CFDA No.10.565 does not involve cash awards. This award is received in donated commodities. The value of the commodities distributed during the fiscal year ended June 30, 2009, was \$791,499. As of June 30, 2009, the County had commodities on hand with a value of \$316,887.

**Polk County, Iowa
Summary Schedule of Prior Audit Findings**

Year Ended June 30, 2009

Number	Comment	Status	Corrective Action or Other Explanation
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Findings Related to the Basic Financial Statements

None

Findings and Questioned Costs for Federal Awards

08-III-A	The County has not ensured that vendors used for the Local Administration Expense Reimbursement programs under the U.S. Department of Health and Human Services and the U.S. Department of Agriculture were not suspended or debarred from participation in federal programs.	Corrected	N/A
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McGladrey & Pullen

Certified Public Accountants

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

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

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Polk County, Iowa as of and for the year ended June 30, 2009, which collectively comprise Polk County, Iowa's basic financial statements and have issued our report thereon dated November 25, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2009 are based exclusively on knowledge obtained from procedures performed during our audit of the basic financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

We noted certain matters that we have reported to management of Polk County, Iowa in a separate letter dated November 25, 2009.

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

McGladrey & Pullen, LLP

Davenport, Iowa
November 25, 2009

McGladrey & Pullen

Certified Public Accountants

Independent Auditor's Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133

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

Compliance

We have audited the compliance of Polk County, Iowa with the types of compliance requirements described in the 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, 2009. Polk County, Iowa's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Polk County, Iowa's management. Our responsibility is to express an opinion on Polk County, Iowa's compliance based on our audit.

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

In our opinion, Polk County, Iowa complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item 09-III-A.

Internal Control Over Compliance

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

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

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

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

McGladrey & Pullen, LLP

Davenport, Iowa
November 25, 2009

Polk County, Iowa

Schedule of Findings and Questioned Costs
Year Ended June 30, 2009

I. Summary of the Independent Auditor's Report

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

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

Federal Awards

Internal control over major programs:

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

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

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

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
10.565	Commodity Supplemental Food Program
81.042	Weatherization Assistance for Low-Income Persons
81.042	ARRA - Weatherization Assistance for Low-Income Persons
93.044, 93.045 & 93.053	Title III Cluster
93.778	Medical Assistance Program - Local Administration Expense
97.036	Disaster Grants - Public Assistance

Dollar threshold used to distinguish between type A and type B programs: \$469,465

Auditee qualified as low-risk auditee? Yes No

(Continued)

Polk County, Iowa

Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2009

II. Findings Related to the Basic Financial Statements

A. Significant Deficiencies in Internal Control

None

B. Compliance

None

III. Findings and Questioned Costs for Federal Awards

Significant Deficiencies in Administering Federal Awards:

None

Instances of Noncompliance:

09-III-A

U.S. Department of Agriculture, Commodity Supplemental Food Distribution (CFDA 10.565)
Direct and Passed Through Iowa Department of Human Services
Federal Award Years 2008 – 2009

Finding: The County is not properly maintaining records that verify the participants' age or maintaining signed applications for all participants in the Commodity Supplement Food Program.

Condition: Out of a sample of 12 participant files, one file did not have a signed application from the participant and 2 files did not contain proof of the participants' age.

Effect: The County is not in compliance with program requirements to maintain adequate documentation to support participating eligibility.

Criteria/Context: The Commodity Supplemental Food Distribution program dictates the County must maintain on file information on the person served, for review by audit and evaluation representatives of the Department of Agriculture.

Questioned Costs: None

Recommendation: We recommend the County obtain and maintain all applications with proof of age for any persons prior to serving them.

Response and Corrective Action Plan: The Supplemental Food Program has already taken action in reviewing each client that we are currently serving to verify signatures and proof of age requirements. We will be unable to acquire documentation from clients who are no longer with our program. It is the policy of this office to scan all documentation for proof of age and proof of income for all clients as written in the federal regulations. The records missing information are from two computer programs ago or longer. It is the original records that this information comes from. This missing information is due to numerous computer conversions and misfiles in paper records. It is the goal of the Supplemental Food Program to correct this error with our active clients within the month of November 2009 and to prevent this issue from reoccurring.

(Continued)

Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2009

IV. Other Findings Related to Required Statutory Reporting

- A. **Certified Budget:** Disbursements during the year ended June 30, 2009 did not exceed the amounts budgeted.
- B. **Questionable Expenditures:** We noted no expenditures for parties, banquets or other entertainment for employees during the year ended June 30, 2009 that we believe may constitute unlawful expenditures from public funds as defined in an Attorney General's opinion dated April 25, 1979.
- C. **Travel Expense:** No expenditures of County money for travel expenses of spouses of County officials or employees were noted for the year ended June 30, 2009.
- D. **Business Transactions:** No business transactions between the County and County officials or employees were noted for the year ended June 30, 2009.
- E. **Bond Coverage:** Surety bond coverage of County officials and employees is in accordance with statutory provisions.
- F. **Board Minutes:** No transactions were found that we believe should have been approved in the Board minutes but were not.
- G. **Deposits and Investments:** No instances of noncompliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the County's investment policy were noted.
- H. **Resource Enhancement and Protection Certification:** The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).

(Continued)

Polk County, Iowa

Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2009

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

Receipts:

Allocation from County	\$	596,293
Interest/receipts from other sources		656,421
		<u>1,252,714</u>

Disbursements:

Salaries		212,123
FICA, IPERS, & insurance benefits		68,287
Travel		8,012
Facility costs		466,286
Office supplies		6,638
Communication		22,221
Equipment/repair		57,044
Project activity exp		4,280
Cost share		90,000
Fee programs exp		282,964
Resale		3,428
Grant and contract programs		335,695
Other exp		12,645
		<u>1,569,623</u>
Excess of disbursements over receipts		(316,909)
Cash balance, beg of year		<u>355,194</u>
Cash balance, end of year	\$	<u><u>38,285</u></u>

(Continued)

Polk County, Iowa

Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2009

Total expenditures during the year ended June 30, 2009 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
Facility costs	\$ 466,286	\$ 308,000
Communication	22,221	16,500
Equipment/repair	57,044	52,300
Fee programs exp	282,964	225,000
Resale	3,428	3,000
Grant and contract programs	335,695	175,000

- J. Joint Disaster Services Office:** The Joint Disaster Services Office serves as the Emergency Management Services Agency for the County. The office is under the control of a separate Polk County Emergency Management Board, and is reported as an agency fund in the County's basic financial statements. The disbursements for the Joint Disaster Services Office during the year ended June 30, 2009 did not exceed the amounts budgeted.

Polk County, Iowa

**Corrective Action Plan
Year Ended June 30, 2009**

Comment Number	Comment	Corrective Action Plan	Contact Person	Initial Date of Communication	Anticipated Date of Completion
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Findings and Questioned Costs for Federal Awards

09-III-A	County is not properly maintaining records that verify the participants' age or maintaining signed applications for all participants in the Commodity Supplemental Food Distribution Program.	See corrective action plan at 09-III-A.	Myndi Scharf, Commodity Program Coordinator	November 2009	November 2009
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