

ADDENDUM DATED FEBRUARY 23, 2005 TO
OFFICIAL STATEMENT DATED FEBRUARY 10, 2005

New Issue

Rating: Moody's Investors Service AAA
XL Capital Insured

MARION COUNTY, IOWA

\$5,100,000 General Obligation County Law Enforcement Center Bonds, Series 2005

The \$5,100,000 General Obligation County Law Enforcement Center Bonds, Series 2005 (the "Bonds") are being issued pursuant to Division III of Chapter 331 of the Code of Iowa and resolutions to be adopted by the Board of Supervisors of Marion County, Iowa (the "County"). The Bonds are being issued to finance costs associated with the purchase of land, construction, furnishing and equipping of a new Law Enforcement Center. The Bonds are general obligations of the City for which the City will pledge its power to levy direct ad valorem taxes to the repayment of the Bonds.

The Bonds will be issued as fully registered Bonds without coupons and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). DTC will act as securities depository for the Bonds. Individual purchases may be made in book-entry-form only, in the principal amount of \$5,000 and integral multiples thereof. Purchasers will not receive certificates representing their interest in the Bonds purchased. The City's designated Paying Agent, Bankers Trust Company, N.A., Des Moines, Iowa, will pay principal of the Bonds, payable annually on each June 1, beginning June 1, 2006 and interest on the Bonds, payable initially on December 1, 2005 and thereafter on each June 1, and December 1 to DTC which will in turn remit such principal and interest to its participants for subsequent disbursement so the beneficial owners of the Bonds as described herein.



The Bonds will mature June 1 in the years and amounts as follows:

<u>Maturity</u> <u>(June 1)</u>	<u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP</u> <u>Base</u> <u>569042</u>	<u>Maturity</u> <u>(June 1)</u>	<u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP</u> <u>Base</u> <u>569042</u>
2006	\$180,000	2.45%	2.45%	AL8	2016	\$270,000	3.60%	3.60%	AW4
2007	195,000	2.60%	2.60%	AM6	2017	285,000	3.70%	3.70%	AX2
2008	200,000	2.75%	2.75%	AN4	2018	295,000	3.80%	3.80%	AY0
2009	210,000	2.90%	2.90%	AP9	2019	310,000	3.90%	3.90%	AZ7
2010	215,000	3.00%	3.00%	AQ7	2020	325,000	4.00%	4.00%	BA1
2011	220,000	3.15%	3.15%	AR5	2021	340,000	4.00%	4.10%	BB9
2012	230,000	3.25%	3.25%	AS3	2022	355,000	4.10%	4.125%	BC7
2013	240,000	3.30%	3.30%	AT1	2023	370,000	4.15%	4.15%	BD5
2014	250,000	3.40%	3.40%	AU8	2024	350,000	4.20%	4.20%	BE3
2015	260,000	3.50%	3.50%	AV6					

REDEMPTION: Bonds due after June 1, 2013 will be subject to call on said date or on any date thereafter upon terms of par plus accrued interest to date of call.

UMB BANK, n.a. as Syndicate Manager, has agreed to purchase the Bonds from the City for an aggregate price of \$5,049,000 plus accrued interest to the date of delivery. The Bonds will be available for delivery on March 15, 2005.

THIS ADDENDUM, TOGETHER WITH THE OFFICIAL STATEMENT DATED FEBRUARY 10, 2005, SHALL CONSTITUTE A "FINAL OFFICIAL STATEMENT" OF THE CITY WITH RESPECT TO THE BONDS AS THAT TERM IS DEFINED IN RULE 15c2-12 OF THE SECURITIES AND EXCHANGE COMMISSION

UMB BANK
Kansas City, Missouri

ORIGINAL ISSUE DISCOUNT

The initial public offering price of the Bonds due in 2021 and 2022, (the “Discounted Bonds”) is less than the principal amount payable at maturity. As a result, the Discounted Bonds will be considered to be issued with original issue discount. The difference between the initial public offering price of each maturity of the Discounted Bonds, as set forth in this Official Statement (assuming it is the first price (the “Issue Price”) at which a substantial amount of such maturity is sold), and the principal amount payable at maturity of the Discounted Bonds will be treated as “original issue discount”. With respect to a taxpayer who purchases Discounted Bonds in the initial public offering at the Issue Price and who holds such Discounted Bonds to maturity, the full amount of original issue discount will constitute interest which is not includable in the gross income of the owner of such Discounted Bonds for federal income tax purposes and such owner will not, under present federal income tax law, realize taxable capital gain upon payment of such Discounted bonds at maturity.

The original issue discount on Discounted Bonds is treated as accruing daily over the term of such Discounted Bonds on the basis of a constant interest rate compounded at the end of each six-month period (or shorter period from the date of original issue) ending on June 1 and December 1 (with straight line interpolation between compounding dates).

Section 1288 of the Code provides, with respect to tax-exempt obligations such as the Discounted Bonds, that the amount of original issue discount accruing each accrual period will be added to the owner’s tax basis for the Discounted Bonds. Such adjusted tax basis will be used to determine taxable gain or loss upon disposition of the Discounted Bonds (including sale, redemption or payment at maturity). In the event of the sale or other taxable disposition of the Discounted Bonds prior to stated maturity, the amount realized by such owner in excess of the adjusted basis of such Discounted Bond will be includable in gross income. An owner of a Discounted Bond who disposes of such Discounted Bond prior to maturity should consult such owner’s tax advisor as to the amount of original issue discount accrued over the period held and the amount of taxable gain or loss upon the sale or other disposition of such Discounted Bond prior to maturity.

The original issue discount that accrues in each year to an owner of a Discounted Bond may result in certain collateral federal income tax consequences. Owners of any Discounted Bonds should be aware that the accrual of original issue discount in each year may result in a tax liability from these collateral tax consequences even through the owners of such Discounted Bonds will not receive a corresponding cash payment until a later year.

Owners who purchase Discounted Bonds in the initial public offering but at a price different than the Issue Price should consult their own tax advisors with respect to the tax consequences of the ownership of the Discounted Bonds.

The Code contains certain provisions relating to the accrual of original issue discount in the case of subsequent purchasers of the bonds such as the Discounted Bonds. Owners who do not purchase Discounted Bonds in the initial offering should consult their own tax advisors with respect to the tax consequences of the ownership of the Discounted Bonds.

Owners of Discounted Bonds should consult their own tax advisors with respect to the state and local tax consequences of owning the Discounted Bonds. It is possible that under the applicable provisions governing the determination of state or local income taxes, accrued original issue discount on the Discounted Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment until a later year.

DESCRIPTION OF THE INSURER

The following information has been supplied by the Insurer for inclusion in this Official Statement. No representation is made by Issuer/Underwriter as to the accuracy or completeness of the information.

The Insurer accepts no responsibility for the accuracy or completeness of this Official Statement or any other information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding the Insurer and its affiliates set forth under this heading. In addition, the Insurer makes no representation regarding the Bonds or the advisability of investing in the Bonds.

General

XL Capital Assurance Inc. (the "Insurer" or "XLCA") is a monoline financial guaranty insurance company incorporated under the laws of the State of New York. The Insurer is currently licensed to do insurance business in, and is subject to the insurance regulation and supervision by, the State of New York, forty-eight other states, the District of Columbia, Puerto Rico, the U.S. Virgin Islands and Singapore. The Insurer has a license application pending with the State of Wyoming, the only state in which it is not currently licensed.

The Insurer is an indirect wholly owned subsidiary of XL Capital Ltd, a Cayman Islands corporation ("XL Capital Ltd"). Through its subsidiaries, XL Capital Ltd is a leading provider of insurance and reinsurance coverages and financial products to industrial, commercial and professional service firms, insurance companies and other enterprises on a worldwide basis. The common stock of XL Capital Ltd is publicly traded in the United States and listed on the New York Stock Exchange (NYSE: XL). **XL Capital Ltd is not obligated to pay the debts of or claims against the Insurer.**

The Insurer was formerly known as The London Assurance of America Inc. ("London"), which was incorporated on July 25, 1991 under the laws of the State of New York. On February 22, 2001, XL Reinsurance America Inc. ("XL Re") acquired 100% of the stock of London. XL Re merged its former financial guaranty subsidiary, known as XL Capital Assurance Inc. (formed September 13, 1999) with and into London, with London as the surviving entity. London immediately changed its name to XL Capital Assurance Inc. All previous business of London was 100% reinsured to Royal Indemnity Company, the previous owner at the time of acquisition.

Reinsurance

The Insurer has entered into a facultative quota share reinsurance agreement with XL Financial Assurance Ltd ("XLFA"), an insurance company organized under the laws of Bermuda, and an affiliate of the Insurer. Pursuant to this reinsurance agreement, the Insurer expects to cede up to 90% of its business to XLFA. The Insurer may also cede reinsurance to third parties on a transaction-specific basis, which cessions may be any or a combination of quota share, first loss or excess of loss. Such reinsurance is used by the Insurer as a risk management device and to comply with statutory and rating agency requirements and does not alter or limit the Insurer's obligations under any financial guaranty insurance policy. With respect to any transaction insured by XLCA, the percentage of risk ceded to XLFA may be less than 90% depending on certain factors including, without limitation, whether XLCA has obtained third party reinsurance covering the risk. As a result, there can be no assurance as to the percentage reinsured by XLFA of any given financial guaranty insurance policy issued by XLCA, including the Policy.

Based on the audited financials of XLFA, as of December 31, 2003, XLFA had total assets, liabilities, redeemable preferred shares and shareholders' equity of \$831,762,000, \$401,123,000, \$39,000,000 and \$391,639,000, respectively, determined in accordance with generally accepted accounting principles in the United States. XLFA's insurance financial strength is rated "Aaa" by Moody's and "AAA" by S&P and Fitch Inc. In addition, XLFA has obtained a financial enhancement rating of "AAA" from S&P.

The obligations of XLFA to the Insurer under the reinsurance agreement described above are unconditionally guaranteed by XL Insurance (Bermuda) Ltd ("XLI"), a Bermuda company and one of the world's leading excess commercial insurers. XLI is a wholly owned indirect subsidiary of XL Capital Ltd. In addition to A.M. Best's rating of "A+" (Negative Outlook), XLI's insurance financial strength rating is "Aa2" (Outlook Negative) by Moody's, "AA-" by Standard & Poor's and "AA" (Ratings Watch Negative) by Fitch. The ratings of XLFA and XLI are not recommendations to buy, sell or hold securities, including the Bonds and are subject to revision or withdrawal at any time by Moody's, Standard & Poor's or Fitch.

Notwithstanding the capital support provided to the Insurer described in this section, the Bondholders will have direct recourse against the Insurer only, and neither XLFA nor XLI will be directly liable to the Bondholders.

Financial Strength and Financial Enhancement Ratings of XLCA

The Insurer's insurance financial strength is rated "Aaa" by Moody's and "AAA" by Standard & Poor's and Fitch, Inc. ("Fitch"). In addition, XLCA has obtained a financial enhancement rating of "AAA" from Standard & Poor's. These ratings reflect Moody's, Standard & Poor's and Fitch's current assessment of the Insurer's creditworthiness and claims-paying ability as well as the reinsurance arrangement with XLFA described under "Reinsurance" above.

The above ratings are not recommendations to buy, sell or hold securities, including the Bonds and are subject to revision or withdrawal at any time by Moody's, Standard & Poor's or Fitch. Any downward revision or withdrawal of these ratings may have an adverse effect on the market price of the Bonds. The Insurer does not guaranty the market price of the [Securities] nor does it guaranty that the ratings on the Bonds will not be revised or withdrawn.

Capitalization of the Insurer

Based on the audited statutory financial statements for XLCA as of December 31, 2002 filed with the State of New York Insurance Department, XLCA has total admitted assets of \$180,993,189, total liabilities of \$58,685,217 and total capital and surplus of \$122,307,972 determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities ("SAP"). Based on the audited statutory financial statements for XLCA as of December 31, 2003 filed with the State of New York Insurance Department, XLCA has total admitted assets of \$329,701,823, total liabilities of \$121,635,535 and total capital and surplus of \$208,066,288 determined in accordance with SAP.

For further information concerning XLCA and XLFA, see the financial statements of XLCA and XLFA, and the notes thereto, incorporated by reference in this Official Statement. The financial statements of XLCA and XLFA are included as exhibits to the periodic reports filed with the Securities and Exchange Commission (the "Commission") by XL Capital Ltd and may be reviewed at the EDGAR website maintained by the Commission. All financial statements of XLCA and XLFA included in, or as exhibits to, documents filed by XL Capital Ltd pursuant to Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 on or prior to the date of this Official Statement, or after the date of this Official Statement but prior to termination of the offering of the Bonds, shall be deemed incorporated by reference in this Official Statement. Except for the financial statements of XLCA and XLFA, no other information contained in XL Capital Ltd's reports filed with the Commission is incorporated by reference. Copies of the statutory quarterly and annual statements filed with the State of New York Insurance Department by XLCA are available upon request to the State of New York Insurance Department.

Regulation of the Insurer

The Insurer is regulated by the Superintendent of Insurance of the State of New York. In addition, the Insurer is subject to regulation by the insurance laws and regulations of the other jurisdictions in which it is licensed. As a financial guaranty insurance company licensed in the State of New York, the Insurer is subject to Article 69 of the New York Insurance Law, which, among other things, limits the business of each insurer to financial guaranty insurance and related lines, prescribes minimum standards of solvency, including minimum capital requirements, establishes contingency, loss and unearned premium reserve requirements, requires the maintenance of minimum surplus to policyholders and limits the aggregate amount of insurance which may be written and the maximum size of any single risk exposure which may be assumed. The Insurer is also required to file detailed annual financial statements with the New York Insurance Department and similar supervisory agencies in each of the other jurisdictions in which it is licensed.

The extent of state insurance regulation and supervision varies by jurisdiction, but New York and most other jurisdictions have laws and regulations prescribing permitted investments and governing the payment of dividends, transactions with affiliates, mergers, consolidations, acquisitions or sales of assets and incurrence of liabilities for borrowings.

THE FINANCIAL GUARANTY INSURANCE POLICIES ISSUED BY THE INSURER, INCLUDING THE INSURANCE POLICY, ARE NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

The principal executive offices of the Insurer are located at 1221 Avenue of the Americas, New York, New York 10020 and its telephone number at this address is (212) 478-3400.

OFFICIAL STATEMENT DATED FEBRUARY 10, 2005

New Issue

Rating: Application Made

Assuming compliance with certain covenants, in the opinion of Dorsey & Whitney LLP, Bond Counsel, under present law interest on the Bonds paid to the owners thereof is not included in gross income for purposes of present Federal income taxation to the extent and subject to such exceptions as more fully discussed in the section "Tax Exemption and Related Considerations" herein. The Bonds will be designated as qualified tax-exempt obligations and the County will represent that the reasonably anticipated amount of tax-exempt governmental and 501(c)(3) obligations, which will be issued during calendar year 2005 will not exceed \$10,000,000.

MARION COUNTY, IOWA
\$5,100,000 GENERAL OBLIGATION COUNTY
LAW ENFORCEMENT CENTER BONDS, SERIES 2005

BIDS RECEIVED: Wednesday, February 23, 2005, 10:00 o'clock A.M., Central Time

AWARD: Wednesday, February 23, 2005, 12:00 o'clock Noon, Central Time

Dated: March 15, 2005

Principal Due: June 1, 2006-2024

Minimum Bid: \$5,031,201

Good Faith Deposit: \$51,000

The \$5,100,000 General Obligation County Law Enforcement Center Bonds, Series 2005 (the "Bonds") are being issued pursuant to Chapter 331 of the Code of Iowa and resolutions to be adopted by the Board of Supervisors of Marion County, Iowa (the "County"). The Bonds are being issued to finance costs associated with the purchase of land, construction, furnishing and equipping of a new Law Enforcement Center. The Bonds are general obligations of the County, for which the County will pledge to levy ad valorem taxes against all property within the County without limitation as to rate or amount.

The Bonds will be issued as fully registered Bonds without coupons and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). DTC will act as securities depository for the Bonds. Individual purchases may be made in book-entry-form only, in the principal amount of \$5,000 and integral multiples thereof. Purchasers will not receive certificates representing their interest in the Bonds purchased. The County's designated Paying Agent, Bankers Trust Company, N.A., Des Moines, Iowa, will pay principal and interest on the Bonds to DTC. DTC will in turn remit such principal and interest to its participants for subsequent disbursements to the beneficial owners of the Bonds as described herein.

The Bonds will mature June 1 in the years and amounts as follows:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2006	\$140,000*	2016	\$270,000
2007	195,000	2017	285,000
2008	200,000	2018	295,000
2009	210,000	2019	310,000
2010	215,000	2020	325,000
2011	220,000	2021	340,000
2012	230,000	2022	355,000
2013	240,000	2023	370,000
2014	250,000	2024	390,000*
2015	260,000		

PRINCIPAL

ADJUSTMENT*: The County reserves the right to increase or decrease the principal amount of both the 2006 and 2024 maturities in increments of \$5,000 with total principal adjustments not to exceed \$140,000. The aggregate par amount of \$5,100,000 will remain unchanged. For any adjustment made to the 2006 maturity, an equal but opposite change will be made to the 2024 maturity. The purchase price will be adjusted proportionately to reflect any change in maturity structure.

INTEREST: December 1, 2005 and semiannually on the 1st day of June and December thereafter.

REDEMPTION: Bonds due after June 1, 2013 will be subject to call on said date or on any date thereafter upon terms of par plus accrued interest to date of call.

The Bonds are offered, subject to prior sale, withdrawal or modification, when, as and if issued and subject to the unqualified approving legal opinion of Dorsey & Whitney LLP, Bond Counsel, of Des Moines, Iowa, to be furnished upon delivery of the Bonds. It is expected that the Bonds will be available for delivery on or about March 15, 2005. This Official Statement will be further supplemented by an addendum specifying the offering prices, interest rates, aggregate principal amount, principal amount per maturity, anticipated delivery date, and underwriter, together with any other information required by law, and shall constitute a "Final Official Statement" of the County with respect to the Bonds, as defined in Rule 15c2-12.



The PFM Group

Public Financial Management, Inc.
PFM Asset Management LLC
PFM Advisors

**2600 Grand Avenue, Suite 214
Des Moines, Iowa 50312
(515) 243-2600**

COMPLIANCE WITH S.E.C. RULE 15c2-12

Municipal obligations (issued in an aggregate amount over \$1,000,000) are subject to General Rules and Regulations, Securities Exchange Act of 1934, Rule 15c2-12 Municipal Securities Disclosure.

Official Statement: This Official Statement was prepared for the County for dissemination to potential customers. Its primary purpose is to disclose information regarding the Bonds to prospective underwriters in the interest of receiving competitive bids in accordance with the Terms of Offering contained herein. Unless an addendum is received prior to the sale, this document shall be deemed the "Near Final Official Statement".

Review Period: This Official Statement has been distributed to County officials as well as to prospective bidders for an objective review of its disclosure. Comments, omissions or inaccuracies must be submitted to Public Financial Management at least two business days prior to the sale. Requests for additional information or corrections in the Official Statement received on or before this date will not be considered a qualification of a bid received from an underwriter. If there are any changes, corrections or additions to the Official Statement, interested bidders will be informed by an addendum at least one business day prior to the sale.

Final Official Statement: Upon award of sale of the Bonds, the legislative body will authorize the preparation of an addendum to the Official Statement that includes the offering prices, interest rates, aggregate principal amount, principal amount per maturity, anticipated delivery date and other information required by law and the identity of the Syndicate Manager and Syndicate Members. This addendum, together with any previous addendum of corrections or additions to the Official Statement shall be deemed the complete Final Official Statement. Copies of the Final Official Statement will be delivered to the underwriter (Syndicate Manager) within seven business days following the bid acceptance.

REPRESENTATIONS

No dealer, broker, salesperson or other person has been authorized by the County to give any information or to make any representations, other than those contained in the Official Statement. This Official Statement does not constitute any offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person, in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information, estimates and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder, shall, under any circumstances, create any implication that there has been no change in the affairs of the County since the date hereof. This Official Statement is submitted in connection with the sale of the securities referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

This Official Statement and any addenda thereto were prepared relying on information of the County and other sources, which are believed to be reliable.

Bond Counsel has not participated in the preparation of this Official Statement and is not expressing any opinion as to the completeness or accuracy of the information contained therein.

Compensation of Public Financial Management, payable entirely by the County, is contingent upon the sale of the issue.

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MARION COUNTY, IOWA

Board of Supervisors

Howard Pothoven
Sam L. Nichols
Dwight Mater, Jr.

Supervisor Chair
Supervisor
Supervisor

County Officials

Jake Grandia, County Auditor
Lisa Shives, Deputy County Auditor
Ben Smith, Deputy County Auditor
Denise Emal, County Treasurer
Luanne DeZwarte, Deputy County Treasurer
Gary Verwers, County Sheriff
Karen Schwanebeck, County Recorder
Mike May, County Assessor

County Attorney

Terry Rachels
Knoxville, Iowa

Bond Counsel

Dorsey & Whitney, LLP
Des Moines, Iowa

Financial Advisor

Public Financial Management
Des Moines, Iowa

NOTICE OF SALE
Marion County, Iowa
\$5,100,000 General Obligation County Law Enforcement Center Bonds,
Series 2005

Bids will be received on behalf of Marion County, Iowa, until 10:00 o'clock a.m. on February 23, 2005, for the purchase of \$5,100,000 General Obligation County Law Enforcement Center Bonds, Series 2005, of the County. No open bids will be accepted.

Any of the methods set forth below may be used, but no open bids will be accepted:

Sealed Bidding: Sealed bids will be received at the Marion County Courthouse, Knoxville, Iowa.

Electronic Internet Bidding: Electronic internet bids will be received at the Marion County Courthouse, Knoxville, Iowa, and must be submitted through Parity.

Electronic Facsimile Bidding: Electronic facsimile bids will be received at the Marion County Courthouse, Knoxville, Iowa, and will be sealed and treated as sealed bids.

After the deadline for receipt of bids has passed, sealed bids will be opened and announced, and electronic internet bids will be accessed and announced. All bids will be presented to the Board of Supervisors for consideration at its meeting to be held at 12:00 o'clock Noon on February 23, 2005, at the Marion County Courthouse, Knoxville, Iowa, at which time the Bonds will be sold to the best bidder for cash.

The Bonds will be issued as fully registered bonds in denominations of \$5,000 or any integral multiple thereof, will be dated March 15, 2005, will bear interest payable semiannually on each June 1 and December 1 to maturity, commencing December 1, 2005, and will mature on June 1 in the following years and amounts:

Year	Principal Amount	Year	Principal Amount
2006	\$140,000*	2016	\$270,000
2007	\$195,000	2017	\$285,000
2008	\$200,000	2018	\$295,000
2009	\$210,000	2019	\$310,000
2010	\$215,000	2020	\$325,000
2011	\$220,000	2021	\$340,000
2012	\$230,000	2022	\$355,000
2013	\$240,000	2023	\$370,000
2014	\$250,000	2024	\$390,000*
2015	\$260,000		

*The County reserves the right, after bids are opened and prior to award, to increase or decrease the principal amount of the Bonds maturing in 2006 and 2024. Any such increase or decrease will be made in multiples of \$5,000, and the total principal adjustments will not exceed \$140,000. The total principal amount of the Bonds issued will remain \$5,100,000. The purchase price will be adjusted proportionately to reflect any change in the principal maturities.

The right is reserved to the County to call and redeem all of the said Bonds maturing in the years 2014 to 2024, inclusive, in whole or from time to time in part, in one or more units of \$5,000, on June 1, 2013, or on any date thereafter prior to maturity (and within a maturity by lot), upon terms of par and accrued interest.

Bidders must specify a price of not less than \$5,031,201, plus accrued interest. The legal opinion of Dorsey & Whitney LLP, Attorneys, Des Moines, Iowa, will be furnished by the County.

A good faith deposit of \$51,000 is required and may be forfeited to the County in the event the successful bidder fails or refuses to take and pay for the Bonds.

The Bonds are being issued pursuant to the provisions of Chapter 331 of the Code of Iowa and will constitute general obligations of the County, payable from taxes levied upon all the taxable property in the County without limitation as to rate or amount.

In order to permit bidders for the Bonds and other participating underwriters in the primary offering of the Bonds to comply with paragraph (b)(5) of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 (the "Rule"), the County will covenant and agree, for the benefit of the registered holders and beneficial owners from time to time of the outstanding Bonds, in its continuing disclosure certificate, to provide certain specified information, if customarily prepared and publicly available, and notice of the occurrence of certain events, if material. The County is the only "obligated person" with respect to the Bonds within the meaning of the Rule and, giving effect to the issuance of the Bonds, there will not be more than \$10 million in principal amount of municipal securities outstanding on the date of issuance of the Bonds as to which the County is an obligated person (excluding municipal securities exempt from the Rule under paragraph (d)(1) thereof). A description of the undertaking is set forth in the Official Statement. Failure of the County to enter into an undertaking substantially similar to that described in the Official Statement would relieve the successful bidder of its obligation to purchase the Bonds. The County has complied in all material respects with any undertaking previously entered into by it under the Rule.

Bidders should be aware that the official terms of offering to be published in the Official Statement for the Bonds contain additional bidding terms and information relative to the Bonds. In the event of a variance between statements in this Notice of Sale (except with respect to the time and place of the sale of the Bonds and the principal amount offered for sale) and said official terms of offering, the provisions of the latter shall control.

By order of the County Board of Supervisors of Marion County, Iowa.

Jake Grandia
County Auditor

TERMS OF OFFERING

MARION COUNTY, IOWA

This section sets forth the description of certain of the terms of the Bonds as well as the Terms of Offering with which all bidders and bid proposals are required to comply, as follows:

DETAILS OF BONDS

GENERAL OBLIGATION COUNTY LAW ENFORCEMENT CENTER BONDS, Series 2005 (the "Bonds"), in the principal amount of \$5,100,000 to be dated March 15, 2005 in the denomination of \$5,000 or multiples thereof, and to mature on June 1 as follows:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2006	\$140,000*	2016	\$270,000
2007	195,000	2017	285,000
2008	200,000	2018	295,000
2009	210,000	2019	310,000
2010	215,000	2020	325,000
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2014	250,000	2024	390,000*
2015	260,000		

* The County reserves the right to increase or decrease the principal amount of both the 2006 and 2024 maturities in increments of \$5,000 with total principal adjustments not to exceed \$140,000. The aggregate par amount of \$5,100,000 will remain unchanged. For any adjustment made to the 2006 maturity, an equal but opposite change will be made to the 2024 maturity. The purchase price will be adjusted proportionately to reflect any change in maturity structure.

OPTIONAL REDEMPTION

Bonds due after June 1, 2013 will be subject to call on said date or on any date thereafter upon terms of par plus accrued interest to date of call.

INTEREST

Interest on said Bonds will be payable on December 1, 2005 and semiannually on the first day of June and December thereafter. Interest will be computed on the basis of a 360-day year of twelve, 30-day months and will be rounded pursuant to rules of the MSRB.

BOOK-ENTRY-SYSTEM

The Bonds will be issued by means of a book-entry-system with no physical distribution of bond certificates made to the public. The Bonds will be issued in fully registered form and one bond certificate, representing the aggregate principal amount of the Bonds maturing in each year will be registered in the name of Cede & Co. as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as securities depository of the Bonds. Individual purchases of the Bonds may be made in the principal amount of \$5,000 or any multiple thereof of a single maturity through book entries made on the books and records of DTC and its participants. Principal and interest on the

Bonds will be paid to DTC or its nominee as registered owner of the Bonds by the County's registration and paying agent, Bankers Trust Company, Des Moines, Iowa (the "Registrar"). Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC; transfer of principal and interest payments to beneficial owners by participants will be the responsibility of such participants and other nominees of beneficial owners. The successful bidder, as a condition of delivery of the Bonds, will be required to deposit the bond certificates with DTC.

MUNICIPAL BOND INSURANCE AT PURCHASER'S OPTION

If the Bonds qualify for issuance of any policy of municipal bond insurance or commitment therefore at the option of the bidder, the purchase of any such insurance policy or the issuance of any such commitment shall be at the sole option and expense of the purchaser of the Bonds (the "Purchaser"). Any increased costs of issuance of the Bonds resulting from such purchase of insurance shall be paid by the Purchaser, except that, if the County has requested and received a rating on the Bonds from a rating agency, the County will pay that initial rating fee. Any other rating agency fees shall be the responsibility of the Purchaser. Failure of the municipal bond insurer to issue the policy after the Bonds have been awarded to the Purchaser shall not constitute cause for failure or refusal by the Purchaser to accept delivery on the Bonds.

GOOD FAITH DEPOSIT

A Good Faith Deposit ("Deposit") in the form of a certified or cashier's check or a financial surety bond in the amount of \$51,000 for the Bonds, payable to the order of the County, is required for each bid to be considered. If a check is used, it must accompany each bid. If a financial surety bond is used, it must be from an insurance company licensed to issue such a bond in the State of Iowa and such a bond must be submitted to the County or its Financial Advisor prior to the opening of the bids. The financial surety bond must identify each bidder whose Deposit is guaranteed by such financial surety bond. If the Bonds are awarded to a bidder utilizing a financial surety bond, then that Purchaser is required to submit its Deposit to the County or Financial Advisor in the form of a cashier's check (or wire transfer such amount as instructed by the County or its Financial Advisor) not later than 3:30 P.M. Central Time on the next business day following the award. If such Deposit is not received by that time, the financial surety bond may be drawn by the County to satisfy the Deposit requirement. No interest on the Deposit will accrue to the Purchaser. The Deposit will be applied to the purchase price of the Bonds. In the event the Purchaser fails to honor its accepted bid, the County will retain the Deposit.

FORM OF BIDS AND AWARD

All bids shall be unconditional for the entire issue of Bonds for a price not less than \$5,031,201, plus accrued interest, and shall specify the rate or rates of interest in conformity to the limitations stated below. Bids must be submitted on or in substantial compliance with the official bid form provided by the County. The Bonds will be awarded to the bidder offering the lowest interest rate to be determined on a true interest cost (TIC) basis. The TIC shall be determined by the "present worth method," i.e., by ascertaining the semiannual rate, compounded semi-annually, necessary to discount to present worth as of the anticipated dated date of the Bonds, the amount payable on each interest payment date and on each stated maturity date or earlier mandatory redemption, so that the aggregate of such amounts will equal the aggregate purchase price offered therefor. The TIC shall be stated in terms of an annual percentage rate and shall be that rate of interest, which is twice the semiannual rate, so ascertained. (This method is also known as the "Canadian Method").

The TIC shall be as determined by the Financial Advisor based on the Terms of Offering and all amendments, and on the bid as submitted. The Financial Advisor's computation of the true interest cost of each bid shall be controlling.

The rates of interest for an issue specified in the bidder's proposal must conform to the following limitations:

1. Bonds of each annual maturity must bear the same interest rate.
2. Rates of interest bid must be in multiples of one-eighth or one-twentieth of one percent.
3. Each rate of interest of any annual maturity shall not be less than a rate of interest specified for any earlier maturity.

RECEIPT OF BIDS

Forms of Bids: Bids must be submitted on or in substantial compliance with the official Bid Form provided by the County or through the Internet Bid System as defined below. The County shall not be responsible for malfunction or mistake made by any person, or as a result of the use of the electronic bid, facsimile facilities or the means used to deliver or complete a bid. The use of such facilities or means is at the sole risk of the prospective bidder who shall be bound by the terms of the bid as received.

No bid will be accepted after the time specified in the Notice of Sale. The time as maintained by the Internet Bid System shall constitute the official time with respect to all bids submitted. A bid may be withdrawn before the bid deadline using the same method used to submit the bid. If more than one bid is received from a bidder, the last bid received shall be considered.

Sealed Bidding: Sealed bids may be submitted and will be received at the County Courthouse, County of Marion, 214 E Main, Knoxville, Iowa 50138.

Internet Bidding: Internet bids must be submitted through Parity ("the Internet Bid System"). Information about the Internet Bid System may be obtained by calling (212) 404-8102.

Each bidder shall be solely responsible for making necessary arrangements to access the Internet Bid System for purposes of submitting its Internet bid in a timely manner and in compliance with the requirements of the Terms of Offering. The County is permitting bidders to use the services of Internet Bid System solely as a communication mechanism to conduct the Internet bidding and the Internet Bid System is not an agent of the County. Provisions of the Notice of Sale, Terms of Offering or official Bid Form shall control in the event of conflict with information provided by the Internet Bid System.

Electronic Facsimile Bidding: Bids may be submitted via facsimile at 641-828-6351. Electronic facsimile bids will be sealed and treated as sealed bids. Neither the County nor its agents will assume liability for the inability of the bidder to reach the above named fax number prior to the time of sale specified above. Time of receipt shall be the time recorded by the facsimile receiver.

DELIVERY

The Bonds will be delivered to the Purchaser through DTC in New York, New York, against full payment in immediately available cash or federal funds. The Bonds are expected to be delivered within forty-five days after the sale. Should delivery be delayed beyond sixty days from date of sale for any reason except failure of performance by the Purchaser, the Purchaser may withdraw his bid and thereafter his interest in and liability for the Bonds will cease. (When the Bonds are ready for delivery, the County may give the successful bidder five working days notice of the delivery date and the County will expect payment in full on that date, otherwise reserving the right of its option to determine that the bidder has failed to comply with the offer of purchase.)

INFORMATION FROM PURCHASER

The Purchaser of the Bonds will be required as a condition of the sale to execute and submit to the County within 15 days after the date of sale, a Certificate in a form satisfactory to the County as to the initial offering price of the Bonds to the public (not including bond houses and brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which price a substantial amount of the Bonds (not less than 10% of each maturity) were in fact sold, and certifying that the prices are not greater than as shown on the Certificate and that the prices are not unreasonably low.

OFFICIAL STATEMENT

The County has authorized the preparation of an Official Statement containing pertinent information relative to the Bonds. The Official Statement when further supplemented with maturity dates, principal amounts, and interest rates of the Bonds, and any other information required by law or deemed appropriate by the County, shall constitute a Final Official Statement of the County with respect to the Bonds, as that term is defined in Rule 15c2-12 of the Securities and Exchange Commission (the "Rule"). By awarding the Bonds to any underwriter or underwriting syndicate submitting an Official Bid Form therefor, the County agrees that, no more than seven (7) business days after the date of such award, it shall provide without cost to the senior managing underwriter of the syndicate to which the Bonds are awarded up to 45 copies of the Final Official Statement to permit each "Participating Underwriter" (as that term is defined in the Rule) to comply with the provisions of such Rule. The County shall treat the senior managing underwriter of the syndicate to which the Bonds are awarded as its designated agent for purposes of distributing copies of the Final Official Statement to each Participating Underwriter. Any underwriter executing and delivering a bid with respect to the Bonds agrees thereby that if its bid is accepted by the County, (i) it shall accept such designation and (ii) it shall enter into a contractual relationship with all Participating Underwriters of the Bonds for purposes of assuring the receipt by each such Participating Underwriter of the Final Official Statement.

CUSIP NUMBERS

It is anticipated that CUSIP numbers will be printed on the Bonds and the Purchaser must agree in the bid proposal to pay the cost thereof. In no event will the County, Bond Counsel or Financial Advisor be responsible for the review or express any opinion that the CUSIP numbers are correct. Incorrect CUSIP numbers on said Bonds shall not be cause for the Purchaser to refuse to accept delivery of said Bonds.

CONTINUING DISCLOSURE

In order to assist bidders in complying with SEC Rule 15c2-12(b)(5), the County will undertake, pursuant to the Resolution and a Continuing Disclosure Certificate, to provide certain annual financial information and notices of certain events. The details of this undertaking are set forth in Appendix C of the Official Statement. The County will deliver the Continuing Disclosure Certificate at closing, and any failure on the part of County to deliver the same shall relieve the successful bidder of its obligation to purchase the Bonds.

BY ORDER OF THE BOARD SUPERVISORS
Jake Grandia
Marion County Auditor

SCHEDULE OF BOND YEARS

\$5,100,000

MARION COUNTY, IOWA

General Obligation County Law Enforcement Center Bonds, Series 2005

Bonds Dated: March 15, 2005
Interest Due: December 1, 2005 and each June 1 and December 1 to maturity
Principal Due: June 1, 2006-2024

<u>Year</u>	<u>Principal</u>	<u>Bond Years</u>	<u>Cumulative Bond Years</u>
2006	\$140,000 *	169.56	169.56
2007	195,000	431.17	600.72
2008	200,000	642.22	1,242.94
2009	210,000	884.33	2,127.28
2010	215,000	1,120.39	3,247.67
2011	220,000	1,366.44	4,614.11
2012	230,000	1,658.56	6,272.67
2013	240,000	1,970.67	8,243.33
2014	250,000	2,302.78	10,546.11
2015	260,000	2,654.89	13,201.00
2016	270,000	3,027.00	16,228.00
2017	285,000	3,480.17	19,708.17
2018	295,000	3,897.28	23,605.44
2019	310,000	4,405.44	28,010.89
2020	325,000	4,943.61	32,954.50
2021	340,000	5,511.78	38,466.28
2022	355,000	6,109.94	44,576.22
2023	370,000	6,738.11	51,314.33
2024	390,000 *	7,492.33	58,806.67

Average Maturity (dated date): 11.531 Years

* Preliminary; Subject to change

OFFICIAL STATEMENT

MARION COUNTY, IOWA

\$5,100,000 General Obligation County Law Enforcement Center Bonds, Series 2005

INTRODUCTION

This Official Statement contains information relating to Marion County, Iowa (the "County") and its issuance of \$5,100,000 General Obligation County Law Enforcement Center Bonds, Series 2005. This Official Statement has been executed on behalf of the County and may be distributed in connection with the sale of the Bonds authorized therein.

Inquiries may be made to Public Financial Management, Terrace Place, Suite 214, 2600 Grand Avenue, Des Moines, Iowa, or by telephoning (515) 243-2600. Information can also be obtained from Mr. Jake Grandia, County Auditor, Marion County, 214 East Main, Knoxville, Iowa 50138 or by telephoning (641) 828-2217.

AUTHORITY AND PURPOSE

The Bonds are being issued pursuant to Chapter 331 of the Code of Iowa and resolutions to be adopted by the Board of Supervisors of Marion County, Iowa. The Bonds are being issued to finance costs associated with the purchase of land, construction, furnishing and equipping of a new Law Enforcement Center, as authorized by a referendum held on December 7, 2004 with 81% voter approval.

The Sources and Uses of the Bonds are as follows:

Sources of Funds

Par Amount of Bonds	\$5,100,000
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Uses of Funds

Deposit to Construction Fund	\$5,000,001
Underwriter's Discount	68,799
Costs of Issuance and Contingency	<u>31,200</u>
Total Uses	\$5,100,000

PAYMENT OF AND SECURITY FOR THE BONDS

The Bonds are general obligations of the County and the unlimited taxing powers of the County are irrevocable pledged for their payment. Upon issuance of the Bonds, the County will levy taxes for the years and in amounts sufficient to provide 100% of annual principal and interest due. The County is required to levy ad valorem taxes upon all taxable property in the County without limit as to rate or amount sufficient to pay the debt service except to the extent that other monies are deposited in the debt service fund for such purposes.

BOOK-ENTRY-ONLY-SYSTEM

The information contained in the following paragraphs of this subsection "Book-Entry Only System" has been extracted from a schedule prepared by Depository Trust Company ("DTC") entitled "SAMPLE OFFERING DOCUMENT LANGUAGE DESCRIBING BOOK-ENTRY ONLY ISSUANCE". The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the County believes to be reliable, but the County takes no responsibility for the accuracy thereof.

The Depository Trust Company ("DTC"), New York, NY will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity specified on the cover page hereof in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 85 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Obligation ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interest in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discounted.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited,

which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to Cede & Co. If less than all of the Bonds within an issue are being redeemed DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the County as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal of, redemption premium, if any, and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the County or Paying Agent, on payable date in accordance with their respective holding shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC, Paying Agent, or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payment to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of County or Paying Agent, disbursement of such payments to Direct Participants will be responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be responsibility of Direct and Indirect Participants.

DTC may discontinue providing its service as depository with respect to the Bonds at any time by giving reasonable notice to County or Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bonds certificates are required to be printed and delivered. The County may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bonds certificates will be printed and delivered.

NEITHER THE COUNTY NOR THE PAYING AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DIRECT PARTICIPANTS, TO INDIRECT PARTICIPANTS, OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (I) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DIRECT PARTICIPANT, OR ANY INDIRECT PARTICIPANT; (II) ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO THE OWNERS OF THE BONDS UNDER THE RESOLUTION; (III) THE SELECTION BY DTC OR BY ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE BONDS OF A SERIES; (IV) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OR REDEMPTION PREMIUM, IF ANY, OR INTEREST DUE WITH RESPECT TO THE BONDS; (V) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE OWNER OF BONDS; OR (VI) ANY OTHER MATTER.

FUTURE FINANCING

The County has no additional borrowing plans for at least the next 90 days.

LITIGATION

The County is not aware of any threatened or pending litigation affecting the validity of the Bonds or the County's ability to meet its financial obligations.

DEBT PAYMENT HISTORY

The County knows of no instance in which they have defaulted in the payment of principal and interest on its debt.

LEGALITY

The Bonds are subject to approval as to certain matters by Dorsey & Whitney LLP of Des Moines, Iowa as Bond Counsel. Bond Counsel has not participated in the preparation of this Official Statement and will not pass upon its accuracy, completeness, or sufficiency. Bond Counsel has not examined nor attempted to examine or verify, any of the financial or statistical statements, or data contained in this Official Statement and will express no opinion with respect thereto. A legal opinion in substantially the form set out as Appendix A to this Official Statement, will be delivered at closing.

TAX EXEMPTION AND RELATED CONSIDERATIONS

The opinion of Bond Counsel will state that under present laws and rulings, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations under the Internal Revenue Code of 1986 (the "Code"); it should be noted, however, that for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings. The opinions described in the preceding sentence will be subject to the condition that the County comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds.

In the resolution authorizing the issuance of the Bonds, the County will covenant to comply with all such requirements and will designate the Bonds as "qualified tax exempt obligations" within the meaning of Section 265(b)(3) of the Code, and, therefore, in the case of certain financial institutions (within the meaning of Section 265(b)(5) of the Code), a deduction will be allowed for 80 percent of that portion of such financial institutions' interest expense allocable to interest on the Bonds.

There may be certain other federal tax consequences to the ownership of the Bonds by certain taxpayers, including without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations. Bond Counsel will express no opinion with respect to such other federal tax consequences to owners of the Bonds. Prospective purchasers of the Bonds should consult with their tax advisers as to such matters.

RATING

The County has requested a rating on the Bonds from Moody's Investors Service, Inc and bidders will be notified as to the assigned rating prior to the sale. Such rating, if and, when received, will reflect only the view of the rating agency and any explanation of the significance of such rating may only be obtained from Moody's Investors Service, Inc. There is no assurance that such rating will continue for any period of time or that it will not be revised or withdrawn. Any revision or withdrawal of the rating may have an effect on the market price of the County's general obligation long-term debt.

FINANCIAL ADVISOR

The County has retained Public Financial Management, Des Moines, Iowa as financial advisor (the "Financial Advisor") in connection with the preparation of the County's issuance of the Bonds. In preparing the official statement, the Financial Advisor has relied on government officials, and other sources to provide accurate information for disclosure purposes. The Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification of the information provided by the County, or to assume responsibility for the accuracy, completeness, or fairness of the information contained in the Official Statement. Public Financial Management is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

CONTINUING DISCLOSURE

In order to permit bidders for the Notes and other participating underwriters in the primary offering of the Notes to comply with paragraph (b)(5) of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 (the "Rule"), the County will covenant and agree, for the benefit of the registered holders and beneficial owners from time to time of the outstanding Notes, in its Continuing Disclosure Certificate to provide certain specified information upon request, if customarily prepared and publicly available, and notice of the occurrence of certain events, if material. The County is the only "obligated person" with respect to the Notes within the meaning of the Rule and, giving effect to the issuance of the Notes, there will not be more than \$10 million in principal amount of municipal securities outstanding on the date of issuance of the Notes as to which the County is an obligated person (excluding municipal securities exempt from the Rule under paragraph (d)(1) thereof). Failure of the County to enter into an undertaking substantially similar to that described in the Official Statement would relieve the successful bidder of its obligation to purchase the Notes. The County has complied in all material respects with any undertaking previously entered into by it under the Rule. See the Form of Continuing Disclosure Certificate included as Appendix C of this Official Statement.

CERTIFICATION

The County has authorized the distribution of this Official Statement for use in connection with the initial sale of the Bonds. I have reviewed the information contained within the Official Statement prepared on behalf of the County of Marion, Iowa, by Public Financial Management, Des Moines, Iowa, and said Official Statement does not contain any material misstatements of fact nor omission of any material fact regarding the issuance of \$5,100,000 General Obligation County Law Enforcement Center Bonds, Series 2005 dated March 15, 2005.

MARION COUNTY, IOWA
/s/ Jake Grandia, County Auditor

PROPERTY VALUATIONS

IOWA PROPERTY VALUATIONS

In compliance with Section 441.21 of the Code of Iowa, the State Director of Revenue annually directs all County Auditors to apply prescribed statutory percentages to the assessments of certain categories of real property. The Marion County Auditor adjusted the final 2003 Actual Values. The reduced values, determined after the application of rollback percentages, are the taxable values subject to tax levy. For assessment year 2003, a 48.4558% rate was applied to the assessment for residential property and a 99.2570% rate was applied to commercial and railroad properties and 100% was applied to industrial and utilities. The State Legislature eliminated personal property from the tax roll beginning with the 1987/88 tax year.

The Legislature's intent has been to limit the growth of statewide taxable valuations for the specific classes of property to 4% annually. Political subdivisions whose taxable values are thus reduced or are unusually low in growth are allowed to appeal the valuations to the State Appeal Board, in order to continue to fund present services.

1/1/2003 VALUATIONS (Taxes payable July 1, 2004 to June 30, 2005)

	<u>100% Actual Value</u>	<u>Taxable Value (With Rollback)</u>
Residential	\$1,007,943,637	\$488,115,872
Agricultural Land	121,959,558	121,959,558
Agricultural Buildings	15,008,573	15,008,573
Commercial	151,041,857	149,635,560
Industrial	44,734,503	44,734,503
Railroads	13,213,221	13,115,050
Utilities w/o Gas and Electric	19,257,752	19,257,752
Other	<u>56,423</u>	<u>56,423</u>
Gross valuation	\$1,373,215,524	\$851,883,291
Less military exemption	<u>(3,483,432)</u>	<u>(3,483,432)</u>
Net valuation	\$1,369,732,092	\$848,399,859
TIF increment (used to compute debt service levies and constitutional debt limit)	\$97,215,674	\$77,385,965
Gas and Electric Utilities	\$35,094,824	\$34,894,363

2003 GROSS TAXABLE VALUATION BY CLASS OF PROPERTY

		<u>Percent Total</u>
Residential	\$488,115,872	55.04%
Commercial, Industrial, Railroad, Utility and Other	226,799,288	25.58%
Agricultural	136,968,131	15.45%
Gas and Electric Utilities	<u>34,894,363</u>	<u>3.93%</u>
Total Gross Taxable Valuation	\$886,777,654	100.00%

TREND OF VALUATIONS

Assessment Year	Payable Fiscal Year	100% Actual Valuation	Taxable Valuation (With Rollback)	Taxable TIF Increment
1999	2000-01	\$1,170,537,224	\$800,459,002	\$21,721,785
2000	2001-02	1,208,366,445	828,265,837	33,861,760
2001	2002-03	1,400,936,389	872,064,884	54,480,358
2002	2003-04	1,475,269,870	917,039,438	70,623,565
2003	2004-05	1,502,042,590	883,294,222	77,385,965
*2004	2005-06	1,535,944,672	892,046,934	78,167,679

* Preliminary figures provided by the Marion County Auditor.

The 100% actual valuations, before rollback and after reduction of military exemption, include ag. land and buildings, Taxable TIF increment, and gas and electric utilities. The Taxable Valuations, with the rollback and after the reduction of military exemption, excludes the Taxable TIF increments. Iowa counties certify operating levies against Taxable Valuation excluding the Taxable TIF increment and debt service levies are certified against Taxable Valuation including the Taxable TIF increment.

LARGER TAXPAYERS	Type of Property/Business	1/1/2003 Actual	1/1/2003 Taxable
		Valuation	Valuation
Midwest Power Systems	Utility	\$27,949,513	\$28,849,478
Pella Corporation	Industrial	21,506,973	21,214,167
Vermeer Manufacturing Co.	Industrial	12,499,855	12,499,855
Natural Gas Pipeline	Utility	9,257,787	9,257,787
Burlington Northern	Railroad	9,034,813	9,034,813
Iowa Telecom	Utility	8,209,940	8,209,940
3M	Industrial	7,077,120	7,077,120
MDP, LLC.	Commercial	6,503,540	6,455,218
Pella Sr. Housing	Commercial	6,195,420	6,149,388
Interstate Power & Light Co.	Commercial	4,578,558	3,867,530

LEGISLATION

From time to time, legislative proposals are pending in the Iowa General Assembly that would, if enacted, alter or amend one or more of the property tax matters described herein. It cannot be predicted whether or in what forms any of such proposals, either pending or that may be introduced, may be enacted, and there can be no assurance that such proposals will not apply to valuation, assessment or levy procedures for the levy of taxes levied by the Issuer or have an adverse impact on the future tax collections of the Issuer. Iowa Code section 76.2 provides that when an Iowa political subdivision issues general obligation bonds that: "The governing authority of these political subdivisions before issuing bonds shall, by resolution, provide for the assessment of an annual levy upon all the taxable property in the political subdivision sufficient to pay the interest and principal of the bonds within a period named not exceeding twenty years. A certified copy of this resolution shall be filed with the county auditor or the auditors of the counties in which the political subdivision is located; and the filing shall make it a duty of the auditors to enter annually this levy for collection from the taxable property within the boundaries of the political subdivision until funds are realized to pay the bonds in full."

COUNTY INDEBTEDNESS

DEBT LIMIT

Article XI, Section 3 of the State of Iowa Constitution limits the amount of debt outstanding at any time of any county, municipality or other political subdivision to no more than 5% of the actual value of all taxable property within the corporate limits, as taken from the last certified state and county tax list. The debt limit for the County, based on its most recent certified (2003) valuation upon delivery of the Bonds, is as follows:

2003 Actual Valuation of Property	\$1,505,526,022
Less Military Exemption	<u>(3,483,432)</u>
Subtotal	\$1,502,042,590
Legal Debt Limit of 5%	<u>.05</u>
Legal Debt Limit	\$75,102,129
Less: G.O. Debt Subject to Limit	(5,700,000)
Less: Urban Renewal Tax Increment Revenue Bonds	<u>(160,000)</u>
Net Debt Limit	\$69,242,129

DIRECT DEBT

General Obligation Debt Paid by Property Taxes (Includes this issue)

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Principal Outstanding As of 2/10/05</u>
11/03	\$600,000	Courthouse Improvements	6/14	\$600,000
3/05	5,100,000	Law Enforcement Center	6/24	<u>5,100,000</u>
Total General Obligation Debt:				\$5,700,000

Annual Fiscal Year G.O. Debt Service Payments Paid by Property Taxes (Includes this Issue)

Fiscal Year	Current Outstanding General <u>Obligation Debt</u>		<u>The Bonds</u>		Total Outstanding <u>General Obligation Debt</u>	
	<u>Outstanding Principal</u>	<u>Outstanding Principal and Interest</u>	<u>Principal</u>	<u>Principal and Interest</u>	<u>Principal</u>	<u>Principal and Interest</u>
FY 2004-05	\$50,000	\$59,433			\$50,000	\$59,433
FY 2005-06	55,000	72,615	\$140,000 *	\$404,174	195,000	476,789
FY 2006-07	55,000	71,240	195,000	409,205	250,000	480,445
FY 2007-08	55,000	69,865	200,000	408,355	255,000	478,220
FY 2008-09	60,000	73,380	210,000	412,155	270,000	485,535
FY 2009-10	60,000	71,610	215,000	410,330	275,000	481,940
FY 2010-11	60,000	69,660	220,000	407,698	280,000	477,358
FY 2011-12	65,000	72,590	230,000	409,558	295,000	482,148
FY 2012-13	70,000	75,250	240,000	410,473	310,000	485,723
FY 2013-14	<u>70,000</u>	72,660	250,000	410,753	320,000	483,413
FY 2014-15			260,000	410,253	260,000	410,253
FY 2015-16			270,000	409,073	270,000	409,073
FY 2016-17			285,000	412,058	285,000	412,058
FY 2017-18			295,000	409,233	295,000	409,233
FY 2018-19			310,000	410,663	310,000	410,663
FY 2019-20			325,000	411,248	325,000	411,248
FY 2020-21			340,000	410,973	340,000	410,973
FY 2021-22			355,000	409,653	355,000	409,653
FY 2022-23			370,000	407,435	370,000	407,435
FY 2023-24			<u>390,000 *</u>	409,305	<u>390,000</u>	409,305
Total	\$600,000		\$5,100,000		\$5,700,000	

*Preliminary; Subject to change

OTHER DEBT

Urban Renewal Tax Increment Revenue Bonds

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Principal Outstanding As of 2/10/05</u>
10/94	\$625,000	Urban Renewal Project	6/06	\$160,000 *

*Subject to County's Constitutional Debt Limit.

INDIRECT GENERAL OBLIGATION DEBT

<u>Taxing District</u>	<u>1/1/03 Taxable Valuation</u>	<u>Percent In County</u>	<u>G.O. Debt Outstanding</u>	<u>County's Proportionate Share</u>
City of Bussey	\$3,783,457	100%	\$0	\$0
City of Hamilton	1,266,257	100%	0	0
City of Harvey	2,381,951	100%	0	0
City of Knoxville	165,372,989	100%	6,590,000	6,590,000
City of Marysville	451,880	100%	0	0
City of Melcher-Dallas	15,576,211	100%	0	0
City of Pella	325,436,161	100%	8,854,645	8,854,645
City of Pleasantville	28,434,547	100%	305,000	305,000
City of Swan	1,230,516	100%	0	0
Chariton CSD	203,306,563	0.03%	2,100,000	630
Knoxville CSD	289,341,222	100%	5,800,000	5,800,000
Melcher-Dallas CSD	45,202,567	100%	1,895,000	1,895,000
PCM CSD	196,641,306	11.67%	1,450,000	169,215
Pella CSD	523,404,933	86.47%	6,620,000	5,754,314
Pleasantville CSD	97,135,392	84.31%	1,530,000	1,289,943
Southeast Polk CSD	929,606,472	0.30%	3,440,000	10,320
Twin Cedars CSD	71,398,813	76.14%	630,000	479,682
Des Moines Area Community College	26,067,226,832	3.87%	44,685,000	1,729,310
Indian Hills Community College	3,916,897,066	0.002%	14,470,000	<u>289</u>
County's share of total overlapping G.O. debt				\$32,878,348

DEBT RATIOS

	<u>G.O. Debt</u>	<u>Debt/Actual Market Value (\$1,502,042,590)</u>	<u>Debt/32,052 Population</u>
General Obligation Debt	\$5,700,000	0.38%	\$177.84
Urban Renewal Revenue Bonds	<u>160,000</u>	<u>0.01%</u>	<u>4.99</u>
Subtotal	\$5,860,000	0.39%	\$182.83
County's share of overlapping debt	\$32,878,348	2.19%	\$1,025.78

LEVIES AND TAX COLLECTIONS

<u>Fiscal Year</u>	<u>Levy</u>	<u>Collected During Collection Year</u>	<u>Percent Collected During Collection Year</u>	<u>Prior Period Delinquencies Collected (As of 6/30/2004)</u>
2000/01	\$6,438,554	\$6,421,137	99.73%	\$5,599
2001/02	6,680,928	6,649,099	99.52%	1,596
2002/03	6,749,384	6,728,142	99.69%	9,291
2003/04	6,827,337	6,083,441	99.65%	9,408
2004/05	7,542,092	-----In process of collection-----		

Collections include delinquent taxes from all prior years. Taxes in Iowa are delinquent each October 1 and April 1 and a late payment penalty of 1½% per month of delinquency is enforced as of those dates. If delinquent taxes are not paid, the property may be offered at the regular tax sale on the third Monday of June following the delinquency date. Purchasers at the tax sale must pay an amount equal to the taxes, special assessments, interest and penalties due on the property and funds so received are applied to taxes. A property owner may redeem from the regular tax sale but, failing redemption within three years, the tax sale purchaser is entitled to a deed, which in general conveys the title free and clear of all liens except future tax installments.

TAX RATES

	<u>FY 00/01 \$/\$1,000</u>	<u>FY 01/02 \$/\$1,000</u>	<u>FY 02/03 \$/\$1,000</u>	<u>FY 03/04 \$/\$1,000</u>	<u>FY 04/05 \$/\$1,000</u>
Marion County					
Countywide	6.80113	6.80018	6.25201	6.23900	7.02079
Rural	<u>2.69982</u>	<u>2.69982</u>	<u>3.24982</u>	<u>3.24982</u>	<u>3.95000</u>
Total Tax Rate	9.50095	9.50000	9.50183	9.48882	10.97079

FUNDS ON HAND (CASH AND INVESTMENTS, AS OF DECEMBER 31, 2004)

General Basic	\$1,722,908.50
General Supplemental	917,348.06
Drug Forfeiture	3,195.48
Mental Health	1,373,733.29
Commissary Fund	17,696.40
Rural Supplemental	136,624.74
Rural Basic	305,223.39
Secondary Road	1,120,175.47
Records Management	26,742.58
Local Option Sales & Services	323,451.88
Courthouse Roof Project	31,880.22
Urban Renewal Bonds	59,245.64
Conservation-Land Acquisition	349,716.66
Conservation - REAP	<u>214,083.00</u>
	\$6,602,025.31

INSURANCE

The County's insurance coverage is as follows:

<u>Type of Insurance</u>	<u>Coverages</u>
Blanket buildings and personal property	\$32,060,396
General liability	\$10,000,000
Employee benefit liability	\$7,000,000
Property of others	\$1,000,000
Fire Department pollution	\$1,000,000
Automobile	
Liability	\$10,000,000
Uninsured motorist	\$100,000
Underinsured motorist	\$100,000
Governmental law	\$10,000,000
Governmental officials	\$10,000,000
Public Health Nursing	\$7,000,000
Public employees' blanket	\$100,000 per employee
Treasurer	\$50,000 excess of employee limit
Workers Compensation	Statutory
Employers Liability	
Bodily injury by accident	\$1,000,000
Bodily injury by disease	\$1,000,000
Cemetery professional liability	\$10,000,000
Comprehensive Crime	
Loss inside premises	\$10,000
Loss outside premises	\$10,000
Municipal boiler and machinery	
Property damage	\$12,500,000

GENERAL INFORMATION

THE COUNTY

The County of Marion, home to Iowa's largest lake; Lake Red Rock is located in Central Iowa. The County's 576 square miles encompass 9 incorporated cities and all or portions of eight school districts. State Highway 14 traverses the County north to south and State Highway 92 runs east and west through the county. In addition, the County is served by two four-lane highways, Highway 5 and 163. These Highways intersect in Knoxville, the County seat, located in the center of the County. Most areas of the County are within one hour of the Des Moines, Iowa Metropolitan area.

PENSIONS

The County is a participating employer in the Iowa Public Employees Retirement Systems (the "IPERS"), a cost sharing multiple-employer public employees retirement system designed as a supplement to Social Security. The pension plan provides retirement and death benefits which are established by State statute. The plan is administered by the State of Iowa and the County's responsibility is limited to payment of contributions. The County is current in its obligation to IPERS, which for the last three years has been as follows: FY 01/02, \$292,560; FY 02/03, \$311,848 and FY 03/04, \$321,724.

LARGER EMPLOYERS

A representative list of major employers within Marion County is as follows:

<u>Employer</u>	<u>Type of Business</u>	<u>Location</u>	<u>No. of Employees</u>
Pella Corporation	Manufacturing	Pella	3,900 *
Vermeer Manufacturing	Manufacturing	Pella	1,700
Pella Regional Health	Healthcare	Pella	720
3M	Manufacturing	Knoxville	600
VA Central Iowa Health	Healthcare	Knoxville	591 **
Central College	Education	Pella	490
Knoxville Community Schools	Education	Knoxville	385
Pella Community Schools	Education	Pella	375
Knoxville Raceway	Entertainment	Knoxville	355
Precision Pulley, Inc.	Conveyor Pulleys and Idlers	Pella	325

* Pella Corporation plans on hiring 300-500 employees in the first quarter.

** Veterans Administration is planning to move all in-patient services to Des Moines over the next several years. Employment is anticipated to decline by 100-150 jobs, eliminated through attrition.

Employment figures were derived from a telephone survey as of January, 2005

U.S. CENSUS DATA

County Population

1980 U.S. Census	29,669
1990 U.S. Census	30,001
2000 U.S. Census	32,052
2003 U.S. Census Estimate	32,425

UNEMPLOYMENT RATES

		Marion <u>County</u>	State of <u>Iowa</u>
Annual Averages:	2000	2.1%	2.6%
	2001	3.3%	3.3%
	2002	4.3%	4.0%
	2003	4.1%	4.5%
	2004	3.6%	4.4%

Unemployment rates were obtained from the Iowa Workforce Development Center.

FINANCIAL STATEMENTS

Excerpts from the County's 2003, 2002 and 2001 Independent Auditor's Report, as prepared by a certified public accountant, and Notes to the Independent Auditor's Report for the year ending June 30, 2003 only, are reproduced as Appendix B. The certified public accountant has not consented to distribution of the audited statements and has not undertaken any added review of their presentation.

APPENDIX A

FORM OF LEGAL OPINION

APPENDIX B

EXCERPTS FROM THE INDEPENDENT AUDITOR'S REPORT

APPENDIX C

FORM OF CONTINUING DISCLOSURE CERTIFICATE

BID FORM

To: Board of Supervisors for
Marion County

Sale Date: February 23, 2005
10:00 AM Central Time

RE: \$5,100,000 General Obligation County Law Enforcement Center Bonds, Series 2005, dated March 15, 2005

For all or none of the above Bonds, in accordance with the Terms of Offering, we will pay you \$_____ (not less than \$5,031,201) plus accrued interest to date of delivery for fully registered Bonds bearing interest rates and maturing in the stated years as follows:

_____ % due 2006*	_____ % due 2013	_____ % due 2020
_____ % due 2007	_____ % due 2014	_____ % due 2021
_____ % due 2008	_____ % due 2015	_____ % due 2022
_____ % due 2009	_____ % due 2016	_____ % due 2023
_____ % due 2010	_____ % due 2017	_____ % due 2024*
_____ % due 2011	_____ % due 2018	
_____ % due 2012	_____ % due 2019	

* The County reserves the right to increase or decrease the principal amount of both the 2006 and 2024 maturities in increments of \$5,000 with total principal adjustments not to exceed \$140,000. The aggregate par amount of \$5,100,000 will remain unchanged. For any adjustment made to the 2006 maturity, an equal but opposite change will be made to the 2024 maturity. The purchase price will be adjusted proportionately to reflect any change in maturity structure.

In making this offer we accept all of the terms and conditions of the Terms of Offering published in the Official Statement dated February 10, 2005. In the event of failure to deliver these Bonds in accordance with the Terms of Offering as printed in the Official Statement and made a part hereof, we reserve the right to withdraw our offer, whereupon the deposit accompanying it will be immediately returned. All blank spaces of this offer are intentional and are not to be construed as an omission.

We enclose our good faith deposit in the amount of \$51,000, to be held by you pending delivery and payment. Alternatively, we have provided a financial surety bond in accordance with the Terms of Offering.

Not as a part of our offer, the above quoted prices being controlling, but only as an aid for the verification of the offer, we have made the following computations:

NET INTEREST COST: \$ _____

TRUE INTEREST COST: _____ % (Based on dated date of March 15, 2005)

Account Manager: _____ By: _____

Account Members:

The foregoing offer is hereby accepted by and on behalf of the Board of Supervisors of Marion County, Iowa this 23rd day of February, 2005.

Attest: _____

By _____

Title: _____

Title _____

_____ SURE-BID

_____ Good Faith Check Submitted

OFFICIAL STATEMENT DATED FEBRUARY 10, 2005

New Issue

Rating: Application Made

Assuming compliance with certain covenants, in the opinion of Dorsey & Whitney LLP, Bond Counsel, under present law interest on the Bonds paid to the owners thereof is not included in gross income for purposes of present Federal income taxation to the extent and subject to such exceptions as more fully discussed in the section "Tax Exemption and Related Considerations" herein. The Bonds will be designated as qualified tax-exempt obligations and the County will represent that the reasonably anticipated amount of tax-exempt governmental and 501(c)(3) obligations, which will be issued during calendar year 2005 will not exceed \$10,000,000.

MARION COUNTY, IOWA

**\$5,100,000 GENERAL OBLIGATION COUNTY
LAW ENFORCEMENT CENTER BONDS, SERIES 2005**

BIDS RECEIVED: Wednesday, February 23, 2005, 10:00 o'clock A.M., Central Time

AWARD: Wednesday, February 23, 2005, 12:00 o'clock Noon, Central Time

Dated: March 15, 2005

Principal Due: June 1, 2006-2024

Minimum Bid: \$5,031,201

Good Faith Deposit: \$51,000

The \$5,100,000 General Obligation County Law Enforcement Center Bonds, Series 2005 (the "Bonds") are being issued pursuant to Chapter 331 of the Code of Iowa and resolutions to be adopted by the Board of Supervisors of Marion County, Iowa (the "County"). The Bonds are being issued to finance costs associated with the purchase of land, construction, furnishing and equipping of a new Law Enforcement Center. The Bonds are general obligations of the County, for which the County will pledge to levy ad valorem taxes against all property within the County without limitation as to rate or amount.

The Bonds will be issued as fully registered Bonds without coupons and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). DTC will act as securities depository for the Bonds. Individual purchases may be made in book-entry-form only, in the principal amount of \$5,000 and integral multiples thereof. Purchasers will not receive certificates representing their interest in the Bonds purchased. The County's designated Paying Agent, Bankers Trust Company, N.A., Des Moines, Iowa, will pay principal and interest on the Bonds to DTC. DTC will in turn remit such principal and interest to its participants for subsequent disbursements to the beneficial owners of the Bonds as described herein.

The Bonds will mature June 1 in the years and amounts as follows:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2006	\$140,000*	2016	\$270,000
2007	195,000	2017	285,000
2008	200,000	2018	295,000
2009	210,000	2019	310,000
2010	215,000	2020	325,000
2011	220,000	2021	340,000
2012	230,000	2022	355,000
2013	240,000	2023	370,000
2014	250,000	2024	390,000*
2015	260,000		

PRINCIPAL**ADJUSTMENT*:**

The County reserves the right to increase or decrease the principal amount of both the 2006 and 2024 maturities in increments of \$5,000 with total principal adjustments not to exceed \$140,000. The aggregate par amount of \$5,100,000 will remain unchanged. For any adjustment made to the 2006 maturity, an equal but opposite change will be made to the 2024 maturity. The purchase price will be adjusted proportionately to reflect any change in maturity structure.

INTEREST:December 1, 2005 and semiannually on the 1st day of June and December thereafter.**REDEMPTION:**

Bonds due after June 1, 2013 will be subject to call on said date or on any date thereafter upon terms of par plus accrued interest to date of call.

The Bonds are offered, subject to prior sale, withdrawal or modification, when, as and if issued and subject to the unqualified approving legal opinion of Dorsey & Whitney LLP, Bond Counsel, of Des Moines, Iowa, to be furnished upon delivery of the Bonds. It is expected that the Bonds will be available for delivery on or about March 15, 2005. This Official Statement will be further supplemented by an addendum specifying the offering prices, interest rates, aggregate principal amount, principal amount per maturity, anticipated delivery date, and underwriter, together with any other information required by law, and shall constitute a "Final Official Statement" of the County with respect to the Bonds, as defined in Rule 15c2-12.

**The PFM Group**

Public Financial Management, Inc.
PFM Asset Management LLC
PFM Advisors

**2600 Grand Avenue, Suite 214
Des Moines, Iowa 50312
(515) 243-2600**

COMPLIANCE WITH S.E.C. RULE 15c2-12

Municipal obligations (issued in an aggregate amount over \$1,000,000) are subject to General Rules and Regulations, Securities Exchange Act of 1934, Rule 15c2-12 Municipal Securities Disclosure.

Official Statement: This Official Statement was prepared for the County for dissemination to potential customers. Its primary purpose is to disclose information regarding the Bonds to prospective underwriters in the interest of receiving competitive bids in accordance with the Terms of Offering contained herein. Unless an addendum is received prior to the sale, this document shall be deemed the "Near Final Official Statement".

Review Period: This Official Statement has been distributed to County officials as well as to prospective bidders for an objective review of its disclosure. Comments, omissions or inaccuracies must be submitted to Public Financial Management at least two business days prior to the sale. Requests for additional information or corrections in the Official Statement received on or before this date will not be considered a qualification of a bid received from an underwriter. If there are any changes, corrections or additions to the Official Statement, interested bidders will be informed by an addendum at least one business day prior to the sale.

Final Official Statement: Upon award of sale of the Bonds, the legislative body will authorize the preparation of an addendum to the Official Statement that includes the offering prices, interest rates, aggregate principal amount, principal amount per maturity, anticipated delivery date and other information required by law and the identity of the Syndicate Manager and Syndicate Members. This addendum, together with any previous addendum of corrections or additions to the Official Statement shall be deemed the complete Final Official Statement. Copies of the Final Official Statement will be delivered to the underwriter (Syndicate Manager) within seven business days following the bid acceptance.

REPRESENTATIONS

No dealer, broker, salesperson or other person has been authorized by the County to give any information or to make any representations, other than those contained in the Official Statement. This Official Statement does not constitute any offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person, in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information, estimates and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder, shall, under any circumstances, create any implication that there has been no change in the affairs of the County since the date hereof. This Official Statement is submitted in connection with the sale of the securities referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

This Official Statement and any addenda thereto were prepared relying on information of the County and other sources, which are believed to be reliable.

Bond Counsel has not participated in the preparation of this Official Statement and is not expressing any opinion as to the completeness or accuracy of the information contained therein.

Compensation of Public Financial Management, payable entirely by the County, is contingent upon the sale of the issue.

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MARION COUNTY, IOWA

Board of Supervisors

Howard Pothoven	Supervisor Chair
Sam L. Nichols	Supervisor
Dwight Mater, Jr.	Supervisor

County Officials

Jake Grandia, County Auditor
Lisa Shives, Deputy County Auditor
Ben Smith, Deputy County Auditor
Denise Emal, County Treasurer
Luanne DeZwarte, Deputy County Treasurer
Gary Verwers, County Sheriff
Karen Schwanebeck, County Recorder
Mike May, County Assessor

County Attorney

Terry Rachels
Knoxville, Iowa

Bond Counsel

Dorsey & Whitney, LLP
Des Moines, Iowa

Financial Advisor

Public Financial Management
Des Moines, Iowa

NOTICE OF SALE
Marion County, Iowa
\$5,100,000 General Obligation County Law Enforcement Center Bonds,
Series 2005

Bids will be received on behalf of Marion County, Iowa, until 10:00 o'clock a.m. on February 23, 2005, for the purchase of \$5,100,000 General Obligation County Law Enforcement Center Bonds, Series 2005, of the County. No open bids will be accepted.

Any of the methods set forth below may be used, but no open bids will be accepted:

Sealed Bidding: Sealed bids will be received at the Marion County Courthouse, Knoxville, Iowa.

Electronic Internet Bidding: Electronic internet bids will be received at the Marion County Courthouse, Knoxville, Iowa, and must be submitted through Parity.

Electronic Facsimile Bidding: Electronic facsimile bids will be received at the Marion County Courthouse, Knoxville, Iowa, and will be sealed and treated as sealed bids.

After the deadline for receipt of bids has passed, sealed bids will be opened and announced, and electronic internet bids will be accessed and announced. All bids will be presented to the Board of Supervisors for consideration at its meeting to be held at 12:00 o'clock Noon on February 23, 2005, at the Marion County Courthouse, Knoxville, Iowa, at which time the Bonds will be sold to the best bidder for cash.

The Bonds will be issued as fully registered bonds in denominations of \$5,000 or any integral multiple thereof, will be dated March 15, 2005, will bear interest payable semiannually on each June 1 and December 1 to maturity, commencing December 1, 2005, and will mature on June 1 in the following years and amounts:

Year	Principal Amount	Year	Principal Amount
2006	\$140,000*	2016	\$270,000
2007	\$195,000	2017	\$285,000
2008	\$200,000	2018	\$295,000
2009	\$210,000	2019	\$310,000
2010	\$215,000	2020	\$325,000
2011	\$220,000	2021	\$340,000
2012	\$230,000	2022	\$355,000
2013	\$240,000	2023	\$370,000
2014	\$250,000	2024	\$390,000*
2015	\$260,000		

*The County reserves the right, after bids are opened and prior to award, to increase or decrease the principal amount of the Bonds maturing in 2006 and 2024. Any such increase or decrease will be made in multiples of \$5,000, and the total principal adjustments will not exceed \$140,000. The total principal amount of the Bonds issued will remain \$5,100,000. The purchase price will be adjusted proportionately to reflect any change in the principal maturities.

The right is reserved to the County to call and redeem all of the said Bonds maturing in the years 2014 to 2024, inclusive, in whole or from time to time in part, in one or more units of \$5,000, on June 1, 2013, or on any date thereafter prior to maturity (and within a maturity by lot), upon terms of par and accrued interest.

Bidders must specify a price of not less than \$5,031,201, plus accrued interest. The legal opinion of Dorsey & Whitney LLP, Attorneys, Des Moines, Iowa, will be furnished by the County.

A good faith deposit of \$51,000 is required and may be forfeited to the County in the event the successful bidder fails or refuses to take and pay for the Bonds.

The Bonds are being issued pursuant to the provisions of Chapter 331 of the Code of Iowa and will constitute general obligations of the County, payable from taxes levied upon all the taxable property in the County without limitation as to rate or amount.

In order to permit bidders for the Bonds and other participating underwriters in the primary offering of the Bonds to comply with paragraph (b)(5) of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 (the "Rule"), the County will covenant and agree, for the benefit of the registered holders and beneficial owners from time to time of the outstanding Bonds, in its continuing disclosure certificate, to provide certain specified information, if customarily prepared and publicly available, and notice of the occurrence of certain events, if material. The County is the only "obligated person" with respect to the Bonds within the meaning of the Rule and, giving effect to the issuance of the Bonds, there will not be more than \$10 million in principal amount of municipal securities outstanding on the date of issuance of the Bonds as to which the County is an obligated person (excluding municipal securities exempt from the Rule under paragraph (d)(1) thereof). A description of the undertaking is set forth in the Official Statement. Failure of the County to enter into an undertaking substantially similar to that described in the Official Statement would relieve the successful bidder of its obligation to purchase the Bonds. The County has complied in all material respects with any undertaking previously entered into by it under the Rule.

Bidders should be aware that the official terms of offering to be published in the Official Statement for the Bonds contain additional bidding terms and information relative to the Bonds. In the event of a variance between statements in this Notice of Sale (except with respect to the time and place of the sale of the Bonds and the principal amount offered for sale) and said official terms of offering, the provisions of the latter shall control.

By order of the County Board of Supervisors of Marion County, Iowa.

Jake Grandia
County Auditor

TERMS OF OFFERING

MARION COUNTY, IOWA

This section sets forth the description of certain of the terms of the Bonds as well as the Terms of Offering with which all bidders and bid proposals are required to comply, as follows:

DETAILS OF BONDS

GENERAL OBLIGATION COUNTY LAW ENFORCEMENT CENTER BONDS, Series 2005 (the "Bonds"), in the principal amount of \$5,100,000 to be dated March 15, 2005 in the denomination of \$5,000 or multiples thereof, and to mature on June 1 as follows:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2006	\$140,000*	2016	\$270,000
2007	195,000	2017	285,000
2008	200,000	2018	295,000
2009	210,000	2019	310,000
2010	215,000	2020	325,000
2011	220,000	2021	340,000
2012	230,000	2022	355,000
2013	240,000	2023	370,000
2014	250,000	2024	390,000*
2015	260,000		

* The County reserves the right to increase or decrease the principal amount of both the 2006 and 2024 maturities in increments of \$5,000 with total principal adjustments not to exceed \$140,000. The aggregate par amount of \$5,100,000 will remain unchanged. For any adjustment made to the 2006 maturity, an equal but opposite change will be made to the 2024 maturity. The purchase price will be adjusted proportionately to reflect any change in maturity structure.

OPTIONAL REDEMPTION

Bonds due after June 1, 2013 will be subject to call on said date or on any date thereafter upon terms of par plus accrued interest to date of call.

INTEREST

Interest on said Bonds will be payable on December 1, 2005 and semiannually on the first day of June and December thereafter. Interest will be computed on the basis of a 360-day year of twelve, 30-day months and will be rounded pursuant to rules of the MSRB.

BOOK-ENTRY-SYSTEM

The Bonds will be issued by means of a book-entry-system with no physical distribution of bond certificates made to the public. The Bonds will be issued in fully registered form and one bond certificate, representing the aggregate principal amount of the Bonds maturing in each year will be registered in the name of Cede & Co. as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as securities depository of the Bonds. Individual purchases of the Bonds may be made in the principal amount of \$5,000 or any multiple thereof of a single maturity through book entries made on the books and records of DTC and its participants. Principal and interest on the

Bonds will be paid to DTC or its nominee as registered owner of the Bonds by the County's registration and paying agent, Bankers Trust Company, Des Moines, Iowa (the "Registrar"). Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC; transfer of principal and interest payments to beneficial owners by participants will be the responsibility of such participants and other nominees of beneficial owners. The successful bidder, as a condition of delivery of the Bonds, will be required to deposit the bond certificates with DTC.

MUNICIPAL BOND INSURANCE AT PURCHASER'S OPTION

If the Bonds qualify for issuance of any policy of municipal bond insurance or commitment therefore at the option of the bidder, the purchase of any such insurance policy or the issuance of any such commitment shall be at the sole option and expense of the purchaser of the Bonds (the "Purchaser"). Any increased costs of issuance of the Bonds resulting from such purchase of insurance shall be paid by the Purchaser, except that, if the County has requested and received a rating on the Bonds from a rating agency, the County will pay that initial rating fee. Any other rating agency fees shall be the responsibility of the Purchaser. Failure of the municipal bond insurer to issue the policy after the Bonds have been awarded to the Purchaser shall not constitute cause for failure or refusal by the Purchaser to accept delivery on the Bonds.

GOOD FAITH DEPOSIT

A Good Faith Deposit ("Deposit") in the form of a certified or cashier's check or a financial surety bond in the amount of \$51,000 for the Bonds, payable to the order of the County, is required for each bid to be considered. If a check is used, it must accompany each bid. If a financial surety bond is used, it must be from an insurance company licensed to issue such a bond in the State of Iowa and such a bond must be submitted to the County or its Financial Advisor prior to the opening of the bids. The financial surety bond must identify each bidder whose Deposit is guaranteed by such financial surety bond. If the Bonds are awarded to a bidder utilizing a financial surety bond, then that Purchaser is required to submit its Deposit to the County or Financial Advisor in the form of a cashier's check (or wire transfer such amount as instructed by the County or its Financial Advisor) not later than 3:30 P.M. Central Time on the next business day following the award. If such Deposit is not received by that time, the financial surety bond may be drawn by the County to satisfy the Deposit requirement. No interest on the Deposit will accrue to the Purchaser. The Deposit will be applied to the purchase price of the Bonds. In the event the Purchaser fails to honor its accepted bid, the County will retain the Deposit.

FORM OF BIDS AND AWARD

All bids shall be unconditional for the entire issue of Bonds for a price not less than \$5,031,201, plus accrued interest, and shall specify the rate or rates of interest in conformity to the limitations stated below. Bids must be submitted on or in substantial compliance with the official bid form provided by the County. The Bonds will be awarded to the bidder offering the lowest interest rate to be determined on a true interest cost (TIC) basis. The TIC shall be determined by the "present worth method," i.e., by ascertaining the semiannual rate, compounded semi-annually, necessary to discount to present worth as of the anticipated dated date of the Bonds, the amount payable on each interest payment date and on each stated maturity date or earlier mandatory redemption, so that the aggregate of such amounts will equal the aggregate purchase price offered therefor. The TIC shall be stated in terms of an annual percentage rate and shall be that rate of interest, which is twice the semiannual rate, so ascertained. (This method is also known as the "Canadian Method").

The TIC shall be as determined by the Financial Advisor based on the Terms of Offering and all amendments, and on the bid as submitted. The Financial Advisor's computation of the true interest cost of each bid shall be controlling.

The rates of interest for an issue specified in the bidder's proposal must conform to the following limitations:

1. Bonds of each annual maturity must bear the same interest rate.
2. Rates of interest bid must be in multiples of one-eighth or one-twentieth of one percent.
3. Each rate of interest of any annual maturity shall not be less than a rate of interest specified for any earlier maturity.

RECEIPT OF BIDS

Forms of Bids: Bids must be submitted on or in substantial compliance with the official Bid Form provided by the County or through the Internet Bid System as defined below. The County shall not be responsible for malfunction or mistake made by any person, or as a result of the use of the electronic bid, facsimile facilities or the means used to deliver or complete a bid. The use of such facilities or means is at the sole risk of the prospective bidder who shall be bound by the terms of the bid as received.

No bid will be accepted after the time specified in the Notice of Sale. The time as maintained by the Internet Bid System shall constitute the official time with respect to all bids submitted. A bid may be withdrawn before the bid deadline using the same method used to submit the bid. If more than one bid is received from a bidder, the last bid received shall be considered.

Sealed Bidding: Sealed bids may be submitted and will be received at the County Courthouse, County of Marion, 214 E Main, Knoxville, Iowa 50138.

Internet Bidding: Internet bids must be submitted through Parity ("the Internet Bid System"). Information about the Internet Bid System may be obtained by calling (212) 404-8102.

Each bidder shall be solely responsible for making necessary arrangements to access the Internet Bid System for purposes of submitting its Internet bid in a timely manner and in compliance with the requirements of the Terms of Offering. The County is permitting bidders to use the services of Internet Bid System solely as a communication mechanism to conduct the Internet bidding and the Internet Bid System is not an agent of the County. Provisions of the Notice of Sale, Terms of Offering or official Bid Form shall control in the event of conflict with information provided by the Internet Bid System.

Electronic Facsimile Bidding: Bids may be submitted via facsimile at 641-828-6351. Electronic facsimile bids will be sealed and treated as sealed bids. Neither the County nor its agents will assume liability for the inability of the bidder to reach the above named fax number prior to the time of sale specified above. Time of receipt shall be the time recorded by the facsimile receiver.

DELIVERY

The Bonds will be delivered to the Purchaser through DTC in New York, New York, against full payment in immediately available cash or federal funds. The Bonds are expected to be delivered within forty-five days after the sale. Should delivery be delayed beyond sixty days from date of sale for any reason except failure of performance by the Purchaser, the Purchaser may withdraw his bid and thereafter his interest in and liability for the Bonds will cease. (When the Bonds are ready for delivery, the County may give the successful bidder five working days notice of the delivery date and the County will expect payment in full on that date, otherwise reserving the right of its option to determine that the bidder has failed to comply with the offer of purchase.)

INFORMATION FROM PURCHASER

The Purchaser of the Bonds will be required as a condition of the sale to execute and submit to the County within 15 days after the date of sale, a Certificate in a form satisfactory to the County as to the initial offering price of the Bonds to the public (not including bond houses and brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which price a substantial amount of the Bonds (not less than 10% of each maturity) were in fact sold, and certifying that the prices are not greater than as shown on the Certificate and that the prices are not unreasonably low.

OFFICIAL STATEMENT

The County has authorized the preparation of an Official Statement containing pertinent information relative to the Bonds. The Official Statement when further supplemented with maturity dates, principal amounts, and interest rates of the Bonds, and any other information required by law or deemed appropriate by the County, shall constitute a Final Official Statement of the County with respect to the Bonds, as that term is defined in Rule 15c2-12 of the Securities and Exchange Commission (the "Rule"). By awarding the Bonds to any underwriter or underwriting syndicate submitting an Official Bid Form therefor, the County agrees that, no more than seven (7) business days after the date of such award, it shall provide without cost to the senior managing underwriter of the syndicate to which the Bonds are awarded up to 45 copies of the Final Official Statement to permit each "Participating Underwriter" (as that term is defined in the Rule) to comply with the provisions of such Rule. The County shall treat the senior managing underwriter of the syndicate to which the Bonds are awarded as its designated agent for purposes of distributing copies of the Final Official Statement to each Participating Underwriter. Any underwriter executing and delivering a bid with respect to the Bonds agrees thereby that if its bid is accepted by the County, (i) it shall accept such designation and (ii) it shall enter into a contractual relationship with all Participating Underwriters of the Bonds for purposes of assuring the receipt by each such Participating Underwriter of the Final Official Statement.

CUSIP NUMBERS

It is anticipated that CUSIP numbers will be printed on the Bonds and the Purchaser must agree in the bid proposal to pay the cost thereof. In no event will the County, Bond Counsel or Financial Advisor be responsible for the review or express any opinion that the CUSIP numbers are correct. Incorrect CUSIP numbers on said Bonds shall not be cause for the Purchaser to refuse to accept delivery of said Bonds.

CONTINUING DISCLOSURE

In order to assist bidders in complying with SEC Rule 15c2-12(b)(5), the County will undertake, pursuant to the Resolution and a Continuing Disclosure Certificate, to provide certain annual financial information and notices of certain events. The details of this undertaking are set forth in Appendix C of the Official Statement. The County will deliver the Continuing Disclosure Certificate at closing, and any failure on the part of County to deliver the same shall relieve the successful bidder of its obligation to purchase the Bonds.

BY ORDER OF THE BOARD SUPERVISORS
Jake Grandia
Marion County Auditor

SCHEDULE OF BOND YEARS

\$5,100,000

MARION COUNTY, IOWA

General Obligation County Law Enforcement Center Bonds, Series 2005

Bonds Dated: March 15, 2005
Interest Due: December 1, 2005 and each June 1 and December 1 to maturity
Principal Due: June 1, 2006-2024

<u>Year</u>	<u>Principal</u>	<u>Bond Years</u>	<u>Cumulative Bond Years</u>
2006	\$140,000 *	169.56	169.56
2007	195,000	431.17	600.72
2008	200,000	642.22	1,242.94
2009	210,000	884.33	2,127.28
2010	215,000	1,120.39	3,247.67
2011	220,000	1,366.44	4,614.11
2012	230,000	1,658.56	6,272.67
2013	240,000	1,970.67	8,243.33
2014	250,000	2,302.78	10,546.11
2015	260,000	2,654.89	13,201.00
2016	270,000	3,027.00	16,228.00
2017	285,000	3,480.17	19,708.17
2018	295,000	3,897.28	23,605.44
2019	310,000	4,405.44	28,010.89
2020	325,000	4,943.61	32,954.50
2021	340,000	5,511.78	38,466.28
2022	355,000	6,109.94	44,576.22
2023	370,000	6,738.11	51,314.33
2024	390,000 *	7,492.33	58,806.67

Average Maturity (dated date): 11.531 Years

* Preliminary; Subject to change

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OFFICIAL STATEMENT

MARION COUNTY, IOWA

\$5,100,000 General Obligation County Law Enforcement Center Bonds, Series 2005

INTRODUCTION

This Official Statement contains information relating to Marion County, Iowa (the "County") and its issuance of \$5,100,000 General Obligation County Law Enforcement Center Bonds, Series 2005. This Official Statement has been executed on behalf of the County and may be distributed in connection with the sale of the Bonds authorized therein.

Inquiries may be made to Public Financial Management, Terrace Place, Suite 214, 2600 Grand Avenue, Des Moines, Iowa, or by telephoning (515) 243-2600. Information can also be obtained from Mr. Jake Grandia, County Auditor, Marion County, 214 East Main, Knoxville, Iowa 50138 or by telephoning (641) 828-2217.

AUTHORITY AND PURPOSE

The Bonds are being issued pursuant to Chapter 331 of the Code of Iowa and resolutions to be adopted by the Board of Supervisors of Marion County, Iowa. The Bonds are being issued to finance costs associated with the purchase of land, construction, furnishing and equipping of a new Law Enforcement Center, as authorized by a referendum held on December 7, 2004 with 81% voter approval.

The Sources and Uses of the Bonds are as follows:

Sources of Funds

Par Amount of Bonds	\$5,100,000
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Uses of Funds

Deposit to Construction Fund	\$5,000,001
Underwriter's Discount	68,799
Costs of Issuance and Contingency	<u>31,200</u>
Total Uses	\$5,100,000

PAYMENT OF AND SECURITY FOR THE BONDS

The Bonds are general obligations of the County and the unlimited taxing powers of the County are irrevocable pledged for their payment. Upon issuance of the Bonds, the County will levy taxes for the years and in amounts sufficient to provide 100% of annual principal and interest due. The County is required to levy ad valorem taxes upon all taxable property in the County without limit as to rate or amount sufficient to pay the debt service except to the extent that other monies are deposited in the debt service fund for such purposes.

BOOK-ENTRY-ONLY-SYSTEM

The information contained in the following paragraphs of this subsection “Book-Entry Only System” has been extracted from a schedule prepared by Depository Trust Company (“DTC”) entitled “SAMPLE OFFERING DOCUMENT LANGUAGE DESCRIBING BOOK-ENTRY ONLY ISSUANCE”. The information in this section concerning DTC and DTC’s book-entry system has been obtained from sources that the County believes to be reliable, but the County takes no responsibility for the accuracy thereof.

The Depository Trust Company (“DTC”), New York, NY will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity specified on the cover page hereof in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 85 countries that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has Standard & Poor’s highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Obligation (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interest in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discounted.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited,

which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to Cede & Co. If less than all of the Bonds within an issue are being redeemed DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the County as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal of, redemption premium, if any, and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the County or Paying Agent, on payable date in accordance with their respective holding shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC, Paying Agent, or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payment to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of County or Paying Agent, disbursement of such payments to Direct Participants will be responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be responsibility of Direct and Indirect Participants.

DTC may discontinue providing its service as depository with respect to the Bonds at any time by giving reasonable notice to County or Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bonds certificates are required to be printed and delivered. The County may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bonds certificates will be printed and delivered.

NEITHER THE COUNTY NOR THE PAYING AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DIRECT PARTICIPANTS, TO INDIRECT PARTICIPANTS, OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (I) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DIRECT PARTICIPANT, OR ANY INDIRECT PARTICIPANT; (II) ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO THE OWNERS OF THE BONDS UNDER THE RESOLUTION; (III) THE SELECTION BY DTC OR BY ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE BONDS OF A SERIES; (IV) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OR REDEMPTION PREMIUM, IF ANY, OR INTEREST DUE WITH RESPECT TO THE BONDS; (V) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE OWNER OF BONDS; OR (VI) ANY OTHER MATTER.

FUTURE FINANCING

The County has no additional borrowing plans for at least the next 90 days.

LITIGATION

The County is not aware of any threatened or pending litigation affecting the validity of the Bonds or the County's ability to meet its financial obligations.

DEBT PAYMENT HISTORY

The County knows of no instance in which they have defaulted in the payment of principal and interest on its debt.

LEGALITY

The Bonds are subject to approval as to certain matters by Dorsey & Whitney LLP of Des Moines, Iowa as Bond Counsel. Bond Counsel has not participated in the preparation of this Official Statement and will not pass upon its accuracy, completeness, or sufficiency. Bond Counsel has not examined nor attempted to examine or verify, any of the financial or statistical statements, or data contained in this Official Statement and will express no opinion with respect thereto. A legal opinion in substantially the form set out as Appendix A to this Official Statement, will be delivered at closing.

TAX EXEMPTION AND RELATED CONSIDERATIONS

The opinion of Bond Counsel will state that under present laws and rulings, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations under the Internal Revenue Code of 1986 (the "Code"); it should be noted, however, that for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings. The opinions described in the preceding sentence will be subject to the condition that the County comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds.

In the resolution authorizing the issuance of the Bonds, the County will covenant to comply with all such requirements and will designate the Bonds as "qualified tax exempt obligations" within the meaning of Section 265(b)(3) of the Code, and, therefore, in the case of certain financial institutions (within the meaning of Section 265(b)(5) of the Code), a deduction will be allowed for 80 percent of that portion of such financial institutions' interest expense allocable to interest on the Bonds.

There may be certain other federal tax consequences to the ownership of the Bonds by certain taxpayers, including without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations. Bond Counsel will express no opinion with respect to such other federal tax consequences to owners of the Bonds. Prospective purchasers of the Bonds should consult with their tax advisers as to such matters.

RATING

The County has requested a rating on the Bonds from Moody's Investors Service, Inc and bidders will be notified as to the assigned rating prior to the sale. Such rating, if and, when received, will reflect only the view of the rating agency and any explanation of the significance of such rating may only be obtained from Moody's Investors Service, Inc. There is no assurance that such rating will continue for any period of time or that it will not be revised or withdrawn. Any revision or withdrawal of the rating may have an effect on the market price of the County's general obligation long-term debt.

FINANCIAL ADVISOR

The County has retained Public Financial Management, Des Moines, Iowa as financial advisor (the "Financial Advisor") in connection with the preparation of the County's issuance of the Bonds. In preparing the official statement, the Financial Advisor has relied on government officials, and other sources to provide accurate information for disclosure purposes. The Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification of the information provided by the County, or to assume responsibility for the accuracy, completeness, or fairness of the information contained in the Official Statement. Public Financial Management is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

CONTINUING DISCLOSURE

In order to permit bidders for the Notes and other participating underwriters in the primary offering of the Notes to comply with paragraph (b)(5) of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 (the "Rule"), the County will covenant and agree, for the benefit of the registered holders and beneficial owners from time to time of the outstanding Notes, in its Continuing Disclosure Certificate to provide certain specified information upon request, if customarily prepared and publicly available, and notice of the occurrence of certain events, if material. The County is the only "obligated person" with respect to the Notes within the meaning of the Rule and, giving effect to the issuance of the Notes, there will not be more than \$10 million in principal amount of municipal securities outstanding on the date of issuance of the Notes as to which the County is an obligated person (excluding municipal securities exempt from the Rule under paragraph (d)(1) thereof). Failure of the County to enter into an undertaking substantially similar to that described in the Official Statement would relieve the successful bidder of its obligation to purchase the Notes. The County has complied in all material respects with any undertaking previously entered into by it under the Rule. See the Form of Continuing Disclosure Certificate included as Appendix C of this Official Statement.

CERTIFICATION

The County has authorized the distribution of this Official Statement for use in connection with the initial sale of the Bonds. I have reviewed the information contained within the Official Statement prepared on behalf of the County of Marion, Iowa, by Public Financial Management, Des Moines, Iowa, and said Official Statement does not contain any material misstatements of fact nor omission of any material fact regarding the issuance of \$5,100,000 General Obligation County Law Enforcement Center Bonds, Series 2005 dated March 15, 2005.

MARION COUNTY, IOWA
/s/ Jake Grandia, County Auditor

PROPERTY VALUATIONS

IOWA PROPERTY VALUATIONS

In compliance with Section 441.21 of the Code of Iowa, the State Director of Revenue annually directs all County Auditors to apply prescribed statutory percentages to the assessments of certain categories of real property. The Marion County Auditor adjusted the final 2003 Actual Values. The reduced values, determined after the application of rollback percentages, are the taxable values subject to tax levy. For assessment year 2003, a 48.4558% rate was applied to the assessment for residential property and a 99.2570% rate was applied to commercial and railroad properties and 100% was applied to industrial and utilities. The State Legislature eliminated personal property from the tax roll beginning with the 1987/88 tax year.

The Legislature's intent has been to limit the growth of statewide taxable valuations for the specific classes of property to 4% annually. Political subdivisions whose taxable values are thus reduced or are unusually low in growth are allowed to appeal the valuations to the State Appeal Board, in order to continue to fund present services.

1/1/2003 VALUATIONS (Taxes payable July 1, 2004 to June 30, 2005)

	<u>100% Actual Value</u>	<u>Taxable Value (With Rollback)</u>
Residential	\$1,007,943,637	\$488,115,872
Agricultural Land	121,959,558	121,959,558
Agricultural Buildings	15,008,573	15,008,573
Commercial	151,041,857	149,635,560
Industrial	44,734,503	44,734,503
Railroads	13,213,221	13,115,050
Utilities w/o Gas and Electric	19,257,752	19,257,752
Other	<u>56,423</u>	<u>56,423</u>
Gross valuation	\$1,373,215,524	\$851,883,291
Less military exemption	<u>(3,483,432)</u>	<u>(3,483,432)</u>
Net valuation	\$1,369,732,092	\$848,399,859
TIF increment (used to compute debt service levies and constitutional debt limit)	\$97,215,674	\$77,385,965
Gas and Electric Utilities	\$35,094,824	\$34,894,363

2003 GROSS TAXABLE VALUATION BY CLASS OF PROPERTY

		<u>Percent Total</u>
Residential	\$488,115,872	55.04%
Commercial, Industrial, Railroad, Utility and Other	226,799,288	25.58%
Agricultural	136,968,131	15.45%
Gas and Electric Utilities	<u>34,894,363</u>	<u>3.93%</u>
Total Gross Taxable Valuation	\$886,777,654	100.00%

TREND OF VALUATIONS

<u>Assessment Year</u>	<u>Payable Fiscal Year</u>	<u>100% Actual Valuation</u>	<u>Taxable Valuation (With Rollback)</u>	<u>Taxable TIF Increment</u>
1999	2000-01	\$1,170,537,224	\$800,459,002	\$21,721,785
2000	2001-02	1,208,366,445	828,265,837	33,861,760
2001	2002-03	1,400,936,389	872,064,884	54,480,358
2002	2003-04	1,475,269,870	917,039,438	70,623,565
2003	2004-05	1,502,042,590	883,294,222	77,385,965
*2004	2005-06	1,535,944,672	892,046,934	78,167,679

* Preliminary figures provided by the Marion County Auditor.

The 100% actual valuations, before rollback and after reduction of military exemption, include ag. land and buildings, Taxable TIF increment, and gas and electric utilities. The Taxable Valuations, with the rollback and after the reduction of military exemption, excludes the Taxable TIF increments. Iowa counties certify operating levies against Taxable Valuation excluding the Taxable TIF increment and debt service levies are certified against Taxable Valuation including the Taxable TIF increment.

LARGER TAXPAYERS	<u>Type of Property/Business</u>	<u>1/1/2003 Actual Valuation</u>	<u>1/1/2003 Taxable Valuation</u>
Midwest Power Systems	Utility	\$27,949,513	\$28,849,478
Pella Corporation	Industrial	21,506,973	21,214,167
Vermeer Manufacturing Co.	Industrial	12,499,855	12,499,855
Natural Gas Pipeline	Utility	9,257,787	9,257,787
Burlington Northern	Railroad	9,034,813	9,034,813
Iowa Telecom	Utility	8,209,940	8,209,940
3M	Industrial	7,077,120	7,077,120
MDP, LLC.	Commercial	6,503,540	6,455,218
Pella Sr. Housing	Commercial	6,195,420	6,149,388
Interstate Power & Light Co.	Commercial	4,578,558	3,867,530

LEGISLATION

From time to time, legislative proposals are pending in the Iowa General Assembly that would, if enacted, alter or amend one or more of the property tax matters described herein. It cannot be predicted whether or in what forms any of such proposals, either pending or that may be introduced, may be enacted, and there can be no assurance that such proposals will not apply to valuation, assessment or levy procedures for the levy of taxes levied by the Issuer or have an adverse impact on the future tax collections of the Issuer. Iowa Code section 76.2 provides that when an Iowa political subdivision issues general obligation bonds that: "The governing authority of these political subdivisions before issuing bonds shall, by resolution, provide for the assessment of an annual levy upon all the taxable property in the political subdivision sufficient to pay the interest and principal of the bonds within a period named not exceeding twenty years. A certified copy of this resolution shall be filed with the county auditor or the auditors of the counties in which the political subdivision is located; and the filing shall make it a duty of the auditors to enter annually this levy for collection from the taxable property within the boundaries of the political subdivision until funds are realized to pay the bonds in full."

COUNTY INDEBTEDNESS

DEBT LIMIT

Article XI, Section 3 of the State of Iowa Constitution limits the amount of debt outstanding at any time of any county, municipality or other political subdivision to no more than 5% of the actual value of all taxable property within the corporate limits, as taken from the last certified state and county tax list. The debt limit for the County, based on its most recent certified (2003) valuation upon delivery of the Bonds, is as follows:

2003 Actual Valuation of Property	\$1,505,526,022
Less Military Exemption	<u>(3,483,432)</u>
Subtotal	\$1,502,042,590
Legal Debt Limit of 5%	<u>.05</u>
Legal Debt Limit	\$75,102,129
Less: G.O. Debt Subject to Limit	(5,700,000)
Less: Urban Renewal Tax Increment Revenue Bonds	<u>(160,000)</u>
Net Debt Limit	\$69,242,129

DIRECT DEBT

General Obligation Debt Paid by Property Taxes (Includes this issue)

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Principal Outstanding As of 2/10/05</u>
11/03	\$600,000	Courthouse Improvements	6/14	\$600,000
3/05	5,100,000	Law Enforcement Center	6/24	<u>5,100,000</u>
Total General Obligation Debt:				\$5,700,000

Annual Fiscal Year G.O. Debt Service Payments Paid by Property Taxes (Includes this Issue)

Fiscal Year	Current Outstanding General Obligation Debt		The Bonds		Total Outstanding General Obligation Debt	
	Outstanding Principal	Outstanding Principal and Interest	Principal	Principal and Interest	Principal	Principal and Interest
FY 2004-05	\$50,000	\$59,433			\$50,000	\$59,433
FY 2005-06	55,000	72,615	\$140,000 *	\$404,174	195,000	476,789
FY 2006-07	55,000	71,240	195,000	409,205	250,000	480,445
FY 2007-08	55,000	69,865	200,000	408,355	255,000	478,220
FY 2008-09	60,000	73,380	210,000	412,155	270,000	485,535
FY 2009-10	60,000	71,610	215,000	410,330	275,000	481,940
FY 2010-11	60,000	69,660	220,000	407,698	280,000	477,358
FY 2011-12	65,000	72,590	230,000	409,558	295,000	482,148
FY 2012-13	70,000	75,250	240,000	410,473	310,000	485,723
FY 2013-14	<u>70,000</u>	72,660	250,000	410,753	320,000	483,413
FY 2014-15			260,000	410,253	260,000	410,253
FY 2015-16			270,000	409,073	270,000	409,073
FY 2016-17			285,000	412,058	285,000	412,058
FY 2017-18			295,000	409,233	295,000	409,233
FY 2018-19			310,000	410,663	310,000	410,663
FY 2019-20			325,000	411,248	325,000	411,248
FY 2020-21			340,000	410,973	340,000	410,973
FY 2021-22			355,000	409,653	355,000	409,653
FY 2022-23			370,000	407,435	370,000	407,435
FY 2023-24			<u>390,000 *</u>	409,305	<u>390,000</u>	409,305
Total	\$600,000		\$5,100,000		\$5,700,000	

*Preliminary; Subject to change

OTHER DEBT

Urban Renewal Tax Increment Revenue Bonds

Date of Issue	Original Amount	Purpose	Final Maturity	Principal Outstanding As of 2/10/05
10/94	\$625,000	Urban Renewal Project	6/06	\$160,000 *

*Subject to County's Constitutional Debt Limit.

INDIRECT GENERAL OBLIGATION DEBT

<u>Taxing District</u>	<u>1/1/03 Taxable Valuation</u>	<u>Percent In County</u>	<u>G.O. Debt Outstanding</u>	<u>County's Proportionate Share</u>
City of Bussey	\$3,783,457	100%	\$0	\$0
City of Hamilton	1,266,257	100%	0	0
City of Harvey	2,381,951	100%	0	0
City of Knoxville	165,372,989	100%	6,590,000	6,590,000
City of Marysville	451,880	100%	0	0
City of Melcher-Dallas	15,576,211	100%	0	0
City of Pella	325,436,161	100%	8,854,645	8,854,645
City of Pleasantville	28,434,547	100%	305,000	305,000
City of Swan	1,230,516	100%	0	0
Chariton CSD	203,306,563	0.03%	2,100,000	630
Knoxville CSD	289,341,222	100%	5,800,000	5,800,000
Melcher-Dallas CSD	45,202,567	100%	1,895,000	1,895,000
PCM CSD	196,641,306	11.67%	1,450,000	169,215
Pella CSD	523,404,933	86.47%	6,620,000	5,754,314
Pleasantville CSD	97,135,392	84.31%	1,530,000	1,289,943
Southeast Polk CSD	929,606,472	0.30%	3,440,000	10,320
Twin Cedars CSD	71,398,813	76.14%	630,000	479,682
Des Moines Area Community College	26,067,226,832	3.87%	44,685,000	1,729,310
Indian Hills Community College	3,916,897,066	0.002%	14,470,000	<u>289</u>
County's share of total overlapping G.O. debt				\$32,878,348

DEBT RATIOS

	<u>G.O. Debt</u>	<u>Debt/Actual Market Value (\$1,502,042,590)</u>	<u>Debt/32,052 Population</u>
General Obligation Debt	\$5,700,000	0.38%	\$177.84
Urban Renewal Revenue Bonds	<u>160,000</u>	<u>0.01%</u>	<u>4.99</u>
Subtotal	\$5,860,000	0.39%	\$182.83
County's share of overlapping debt	\$32,878,348	2.19%	\$1,025.78

LEVIES AND TAX COLLECTIONS

<u>Fiscal Year</u>	<u>Levy</u>	<u>Collected During Collection Year</u>	<u>Percent Collected During Collection Year</u>	<u>Prior Period Delinquencies Collected (As of 6/30/2004)</u>
2000/01	\$6,438,554	\$6,421,137	99.73%	\$5,599
2001/02	6,680,928	6,649,099	99.52%	1,596
2002/03	6,749,384	6,728,142	99.69%	9,291
2003/04	6,827,337	6,083,441	99.65%	9,408
2004/05	7,542,092	-----In process of collection-----		

Collections include delinquent taxes from all prior years. Taxes in Iowa are delinquent each October 1 and April 1 and a late payment penalty of 1½% per month of delinquency is enforced as of those dates. If delinquent taxes are not paid, the property may be offered at the regular tax sale on the third Monday of June following the delinquency date. Purchasers at the tax sale must pay an amount equal to the taxes, special assessments, interest and penalties due on the property and funds so received are applied to taxes. A property owner may redeem from the regular tax sale but, failing redemption within three years, the tax sale purchaser is entitled to a deed, which in general conveys the title free and clear of all liens except future tax installments.

TAX RATES

	<u>FY 00/01 \$/\$1,000</u>	<u>FY 01/02 \$/\$1,000</u>	<u>FY 02/03 \$/\$1,000</u>	<u>FY 03/04 \$/\$1,000</u>	<u>FY 04/05 \$/\$1,000</u>
Marion County					
Countywide	6.80113	6.80018	6.25201	6.23900	7.02079
Rural	<u>2.69982</u>	<u>2.69982</u>	<u>3.24982</u>	<u>3.24982</u>	<u>3.95000</u>
Total Tax Rate	9.50095	9.50000	9.50183	9.48882	10.97079

FUNDS ON HAND (CASH AND INVESTMENTS, AS OF DECEMBER 31, 2004)

General Basic	\$1,722,908.50
General Supplemental	917,348.06
Drug Forfeiture	3,195.48
Mental Health	1,373,733.29
Commissary Fund	17,696.40
Rural Supplemental	136,624.74
Rural Basic	305,223.39
Secondary Road	1,120,175.47
Records Management	26,742.58
Local Option Sales & Services	323,451.88
Courthouse Roof Project	31,880.22
Urban Renewal Bonds	59,245.64
Conservation-Land Acquisition	349,716.66
Conservation - REAP	<u>214,083.00</u>
	\$6,602,025.31

INSURANCE

The County's insurance coverage is as follows:

<u>Type of Insurance</u>	<u>Coverages</u>
Blanket buildings and personal property	\$32,060,396
General liability	\$10,000,000
Employee benefit liability	\$7,000,000
Property of others	\$1,000,000
Fire Department pollution	\$1,000,000
Automobile	
Liability	\$10,000,000
Uninsured motorist	\$100,000
Underinsured motorist	\$100,000
Governmental law	\$10,000,000
Governmental officials	\$10,000,000
Public Health Nursing	\$7,000,000
Public employees' blanket	\$100,000 per employee
Treasurer	\$50,000 excess of employee limit
Workers Compensation	Statutory
Employers Liability	
Bodily injury by accident	\$1,000,000
Bodily injury by disease	\$1,000,000
Cemetery professional liability	\$10,000,000
Comprehensive Crime	
Loss inside premises	\$10,000
Loss outside premises	\$10,000
Municipal boiler and machinery	
Property damage	\$12,500,000

GENERAL INFORMATION

THE COUNTY

The County of Marion, home to Iowa's largest lake; Lake Red Rock is located in Central Iowa. The County's 576 square miles encompass 9 incorporated cities and all or portions of eight school districts. State Highway 14 traverses the County north to south and State Highway 92 runs east and west through the county. In addition, the County is served by two four-lane highways, Highway 5 and 163. These Highways intersect in Knoxville, the County seat, located in the center of the County. Most areas of the County are within one hour of the Des Moines, Iowa Metropolitan area.

PENSIONS

The County is a participating employer in the Iowa Public Employees Retirement Systems (the "IPERS"), a cost sharing multiple-employer public employees retirement system designed as a supplement to Social Security. The pension plan provides retirement and death benefits which are established by State statute. The plan is administered by the State of Iowa and the County's responsibility is limited to payment of contributions. The County is current in its obligation to IPERS, which for the last three years has been as follows: FY 01/02, \$292,560; FY 02/03, \$311,848 and FY 03/04, \$321,724.

LARGER EMPLOYERS

A representative list of major employers within Marion County is as follows:

<u>Employer</u>	<u>Type of Business</u>	<u>Location</u>	<u>No. of Employees</u>
Pella Corporation	Manufacturing	Pella	3,900 *
Vermeer Manufacturing	Manufacturing	Pella	1,700
Pella Regional Health	Healthcare	Pella	720
3M	Manufacturing	Knoxville	600
VA Central Iowa Health	Healthcare	Knoxville	591 **
Central College	Education	Pella	490
Knoxville Community Schools	Education	Knoxville	385
Pella Community Schools	Education	Pella	375
Knoxville Raceway	Entertainment	Knoxville	355
Precision Pulley, Inc.	Conveyor Pulleys and Idlers	Pella	325

* Pella Corporation plans on hiring 300-500 employees in the first quarter.

** Veterans Administration is planning to move all in-patient services to Des Moines over the next several years. Employment is anticipated to decline by 100-150 jobs, eliminated through attrition.

Employment figures were derived from a telephone survey as of January, 2005

U.S. CENSUS DATA

County Population

1980 U.S. Census	29,669
1990 U.S. Census	30,001
2000 U.S. Census	32,052
2003 U.S. Census Estimate	32,425

UNEMPLOYMENT RATES

		Marion <u>County</u>	State of <u>Iowa</u>
Annual Averages:	2000	2.1%	2.6%
	2001	3.3%	3.3%
	2002	4.3%	4.0%
	2003	4.1%	4.5%
	2004	3.6%	4.4%

Unemployment rates were obtained from the Iowa Workforce Development Center.

FINANCIAL STATEMENTS

Excerpts from the County's 2003, 2002 and 2001 Independent Auditor's Report, as prepared by a certified public accountant, and Notes to the Independent Auditor's Report for the year ending June 30, 2003 only, are reproduced as Appendix B. The certified public accountant has not consented to distribution of the audited statements and has not undertaken any added review of their presentation.

APPENDIX A

FORM OF LEGAL OPINION

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We hereby certify that we have examined a certified copy of the proceedings of the Board of Supervisors of Marion County, Iowa (the “Issuer”), passed preliminary to the issue by the Issuer of its General Obligation County Law Enforcement Center Bonds, Series 2005 (the “Bonds”), in the amount of \$5,100,000*, dated March 15, 2005, in the denomination of \$5,000 each, or any integral multiple thereof, maturing on June 1 in each of the respective years and in the principal amounts and bearing interest payable semiannually, commencing December 1, 2005, at the respective rates, as follows:

Year	Principal Amount	Year	Principal Amount
2006	\$140,000*	2016	\$270,000
2007	\$195,000	2017	\$285,000
2008	\$200,000	2018	\$295,000
2009	\$210,000	2019	\$310,000
2010	\$215,000	2020	\$325,000
2011	\$220,000	2021	\$340,000
2012	\$230,000	2022	\$355,000
2013	\$240,000	2023	\$370,000
2014	\$250,000	2024	\$390,000*
2015	\$260,000		

but the Bonds maturing in each of the years 2014 to 2024, inclusive, are subject to redemption prior to maturity at the times and on the terms specified in the Bonds.

Based upon our examination, we are of the opinion, as of the date hereof, that:

1. The aforementioned proceedings show lawful authority for such issue under the laws of the State of Iowa.

*Preliminary; subject to change

2. The Bonds are valid and binding general obligations of the Issuer.

3. All taxable property within the legal boundaries of the Issuer is subject to the levy of taxes to pay the principal of and interest on the Bonds without constitutional or statutory limitation as to rate or amount.

4. The interest on the Bonds (including any original issue discount properly allocable to an owner thereof) is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; it should be noted, however, that for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings. The opinions set forth in the preceding sentence are subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986 (the "Code") that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Issuer has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds.

5. The Bonds are "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code, and, in the case of certain financial institutions (within the meaning of Section 265(b)(5) of the Code), a deduction is allowed for 80 per cent of that portion of such financial institutions' interest expense allocable to interest on the Bonds.

We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

The rights of the owners of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable, and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

DORSEY & WHITNEY LLP

APPENDIX B

EXCERPTS FROM THE INDEPENDENT AUDITOR'S REPORT

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MARION COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2003

	Special Revenue				Nonmajor Governmental Funds	Total Governmental Funds
	General	Mental Health	Rural Services	Secondary Roads		
Assets						
Cash and pooled investments	\$ 3,899,290	\$ 798,594	\$ 439,661	\$ 839,070	\$ 541,850	\$ 6,518,465
Receivables:						
Property tax:						
Delinquent	17,029	4,005	6,133	-	-	27,167
Succeeding year	4,403,140	1,035,623	1,312,830	-	87,604	6,839,197
Interest and penalty on property tax	36,038	-	-	-	-	36,038
Accounts	79,856	7,357	-	17,516	2,010	106,739
Accrued interest	29,596	-	-	-	958	30,554
Due from other governments	257,622	1,299	-	233,668	-	492,589
Inventories	-	-	-	897,421	-	897,421
Prepaid insurance	213,620	-	-	-	-	213,620
Total assets	\$ 8,936,191	\$ 1,846,878	\$ 1,758,624	\$ 1,987,675	\$ 632,422	\$ 15,161,790

MARION COUNTY

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2003

	General	Special Revenue			Nonmajor Governmental Funds	Total Governmental Funds
		Mental Health	Rural Services	Secondary Roads		
Liabilities and Fund Balances						
Liabilities:						
Accounts payable	\$ 133,083	\$ 145,953	\$ 813	\$ 84,266	475	\$ 364,610
Salaries and benefits payable	68,573	14,702	884	69,895	-	154,054
Due to other governments (note 6)	-	54,474	-	-	-	54,474
Deferred revenue:						
Succeeding year property tax	4,403,140	1,035,623	1,312,830	-	87,604	6,839,197
Other	48,198	3,581	5,531	-	-	57,310
Total liabilities	4,652,994	1,254,333	1,320,078	154,161	88,079	7,469,645
Fund balance:						
Reserved for:						
Inventories	-	-	-	897,421	-	897,421
Prepaid insurance	213,620	-	-	-	-	213,620
Supplemental levy purposes	1,725,473	-	-	-	-	1,725,473
Unreserved, reported in:						
General fund	2,344,104	-	-	-	-	2,344,104
Special revenue funds	-	592,545	438,546	936,093	544,343	2,511,527
Total fund balances	4,283,197	592,545	438,546	1,833,514	544,343	7,692,145
Total liabilities and fund balances	\$ 8,936,191	\$ 1,846,878	\$ 1,758,624	\$ 1,987,675	\$ 632,422	\$ 15,161,790

See notes to financial statements.

MARION COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2003

	General	Mental Health	Special Revenue Rural Service	Secondary Roads	Nonmajor governmental Funds	Total
Revenues:						
Property and other County tax	4,341,398	\$ 1,032,078	\$ 1,292,209	\$ -	98,058	\$ 6,763,743
Interest and penalty on property tax	107,211	-	-	-	-	107,211
Intergovernmental	1,975,283	1,244,610	84,803	2,966,934	128,989	6,400,619
License and permits	15,012	-	-	2,858	-	17,870
Charges for service	973,225	236,008	-	56,136	101,153	1,366,522
Use of money and property	116,220	-	-	-	2,237	118,457
Miscellaneous	52,065	5,151	-	139,823	5,876	202,915
Total revenues	7,580,414	2,517,847	1,377,012	3,165,751	336,313	14,977,337
Expenditures:						
Current:						
Public safety and legal services	2,056,108	-	-	-	-	2,056,108
Physical health and social services	2,099,290	-	-	-	-	2,099,290
Mental health	-	2,441,388	-	-	-	2,441,388
County environment and education	689,623	-	198,889	-	-	888,512
Roads and transportation	-	-	-	4,267,427	-	4,267,427
Government services to residents	419,645	-	2,340	-	9,931	431,916
Administration	1,426,911	-	99,051	-	-	1,525,962
Debt service	-	-	-	-	82,918	82,918
Capital projects	486,352	-	-	133,542	307,145	927,039
Total expenditures	7,177,929	2,441,388	300,280	4,400,969	399,994	14,720,560
Excess (deficiency) of revenues over (under) expenditures	402,485	76,459	1,076,732	(1,235,218)	(63,681)	256,777
Other financing sources (uses):						
Sale of capital assets	-	-	-	11,718	-	11,718
Operating transfers in	-	-	-	1,418,441	83,480	1,501,921
Operating transfers out	(145,889)	-	(1,273,114)	-	(82,918)	(1,501,921)
Total other financing sources (uses)	- (145,889)	-	(1,273,114)	1,430,159	562	11,718

MARION COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2003

	General	Mental Health	Special Revenue Rural Service	Secondary Roads	Nonmajor Governmental Funds	Total
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$ 256,596 \$	76,459 \$	(196,382) \$	194,941	(63,119) \$	268,495
Fund balances beginning of year, as restated (note 14)	4,124,433	516,086	634,928	1,561,384	607,462	7,444,293
Increase (decrease) in reserve for:						
Inventories	-	-	-	77,189	-	77,189
Prepaid insurance	(97,832)	-	-	-	-	(97,832)
Fund balances end of year	\$ 4,283,197 \$	592,545 \$	438,546 \$	1,833,514	\$ 544,343 \$	7,692,145

See notes to financial statements.

MARION COUNTY

NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2003

Note : Summary of Significant Accounting Policies

Marion County is a political subdivision of the State of Iowa and operates under the Home Rule provisions of the Constitution of Iowa. The County operates under the Board of Supervisors form of government. Elections are on a partisan basis. Other elected officials operate independently with the Board of Supervisors. These officials are the Auditor, Treasurer, Recorder, Sheriff, and Attorney. The County provides numerous services to citizens, including law enforcement, health and social services, parks and cultural activities, planning and zoning, roadway construction and maintenance, and general administrative services.

The County's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Marion County has included all funds, organizations, agencies, boards, commissions and authorities. The County has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the County to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the County. The County has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations – The County also participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Marion County Assessor's Conference Board, Marion County Emergency Management Services Agency and Marion County Joint E-911 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 an Agency Fund of the County.

B. Basis of Presentation

Government-wide Financial Statements – The statement of net assets and the statement of activities report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by property tax, intergovernmental revenues and other nonexchange transactions.

The statement of net assets presents the County's nonfiduciary assets and liabilities, with the difference reported as net assets. 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, if any, that are attributed 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.

MARION COUNTY

NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2003

Note 1. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

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 that are imposed by management, but can be removed or modified.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements – Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other nonmajor governmental funds.

The County reports the following major governmental funds:

The General Fund is the general operating fund of the County. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenses, the fixed charges and the capital improvement costs that are not paid from other funds.

Special Revenue:

The Mental Health Fund is used to account for property tax and other revenues designated to be used to fund mental health, mental retardation, and developmental disabilities services.

The Rural Services Fund is used to account for property tax and other revenues to provide services which are primarily intended to benefit those persons residing in the County outside of incorporated city areas.

The Secondary Roads Fund is used to account for secondary road construction and maintenance.

Additionally, the County reports the following proprietary funds:

Internal Service Funds are utilized to account for the financing of goods or services purchased by one department of the County and provided to other departments or agencies on a cost reimbursement basis.

MARION COUNTY

NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2003

Note 1. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

The County also reports fiduciary funds which focus on net assets and changes in net assets. The County's fiduciary funds include the following:

Agency Funds are used to account for assets held by the County as an agent for individuals, private organizations, certain jointly governed organizations, other governmental units and/or other funds. Agency Funds are custodial in nature, assets equal liabilities, and do not involve measurement of results of operations.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

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 County considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the County.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recorded as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

The proprietary fund of the County applies all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

MARION COUNTY

NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2003

Note 1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus and Basis of Accounting (continued)

Proprietary funds distinguish operating revenues and expenses from nonoperating 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 internal service funds are charges to customers for sales and services. Operating expenses for internal service funds include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The County maintains its financial records on the cash basis. The financial statements of the County are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the balance sheet.

Cash, Pooled Investments and Cash Equivalents – The cash balances of most County funds are pooled and invested. Interest earned on investments is recorded in the General Fund, unless otherwise provided by law. Investments are stated at fair value except for the investment in the Iowa Public Agency Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and at the day of purchase, they have a maturity date no longer than three months. At June 30, 2003, the County had \$119,757 in investments not meeting the definition of cash equivalents.

Property Tax Receivable – Property tax in Governmental Funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the County Board of Supervisors. Delinquent property taxes receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable purposes 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 in both government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

The property tax revenue recognized in these funds becomes due and collectible in September and March of the fiscal year with a 1 1/2% per month penalty for delinquent payments; is based on January 1, 2001 assessed property valuations; is for the tax accrual period July 1, 2002 through June 30, 2003 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2002.

MARION COUNTY

NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2003

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity (continued)

Interest and Penalty on Property Tax Receivable – Interest and penalty on property tax receivable represents the amount of interest and penalty that was due and payable but has not been collected.

Due from Other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories – Inventories are valued at cost using the first-in, first-out method. Inventories in the Special Revenue Fund consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are purchased. Reported inventories in the governmental fund financial statements are equally offset by a fund balance reserve which indicates that they are not available to liquidate current obligations.

Capital Assets – Capital assets, which include property, equipment and vehicles, and infrastructure assets (e.g., roads, bridges, curbs, gutters, sidewalks, and similar items which are immovable and of value only to the government), are reported in the governmental activities column in the government-wide statement of net assets. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

Infrastructure	\$ 250,000
Land, buildings and other improvements	50,000
Equipment and vehicles	5,000

Property and equipment of the County is depreciated using the straight line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives (in Years)
Buildings	20-40
Other improvements	20-40
Infrastructure	30-50
Equipment	5-20

Due to Other Governments – Due to other governments represents taxes and other revenues collected by the County and payments for services which will be remitted to other governments.

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.

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MARION COUNTY

NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2003

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity (continued)

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds as well as property tax receivables and other receivables not collected within sixty days after year end.

Deferred revenue on the statement of net assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied, unspent grant proceeds and a provision for delinquent property taxes deemed uncollectible at year end.

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide, proprietary and fiduciary fund financial statements. A liability for these amounts is recorded in the governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2003. The compensated absences liability attributable to the governmental activities will be paid primarily by the General, Mental Health, Rural Services and Secondary Roads Funds.

Long-term Liabilities – In the government-wide financial statements and the proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund statement of net assets. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Balances – In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2003, disbursements did not exceed the amounts budgeted in any of the ten functions.

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MARION COUNTY

NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2003

Note 2. Cash and Pooled Investments

The County's deposits in banks at June 30, 2003 were not entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. The chapter provides for additional assessments against the depositories to insure there will be no loss of public funds. The County's deposits at Wells Fargo exceeded the approved depository limit by \$16,315.

The County is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or 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's investments are categorized to give an indication of the level of risk assumed by the County at year end. The County's investments are all Category 1, which means that the investments are insured or registered or the securities are held by the County or its agent in the County's name.

Investments are stated at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

The County's investments at June 30, 2003 are as follows:

	Fair Value
Money Market Mutual funds	\$ 19,757

Note 3. Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2003 is as follows:

Transfer to	Transfer from	Amount
Special Revenue: Secondary Roads	Special Revenue: Rural Services	\$ 1,273,114
Special Revenue: Secondary Roads Urban Renewal Tax Increment	General General	145,327 562
		\$ 1,419,003

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

MARION COUNTY

NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2003

Note 4. Cash - Other County Officials

The following is a summary of cash and investments held by other County officials at June 30, 2002:

Office:	
County Auditor:	
Office fees	\$ 87
Cemetery trusts	3,325
Proprietary fund:	
Collision self-insurance trust	118,163
Health insurance trust	120,200
County Sheriff	238,363
County Recorder:	25
Office fees	78,133
Board of Supervisors:	
County Care Facility - Residents' Conservator accounts	67,546
Knoxville Congregate Meals Trust	134,544
	202,090
	\$ 522,023

MARION COUNTY
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2003

Note 5. Capital Assets

Capital assets activity for the year ended June 30, 2003 was as follows:

	Balance Beginning of Year, as Restated (note 14)	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	57,291	\$ -	\$ -	57,291
Construction in progress	-	349,989	-	349,989
Total capital assets not being depreciated	57,291	349,989	-	407,280
Capital assets being depreciated:				
Buildings	3,429,710	-	-	3,429,710
Improvements other than buildings	195,431	56,556	-	251,987
Machinery and equipment	7,427,374	428,765	134,833	7,721,286
Infrastructure	5,680,481	3,796,000	-	9,476,481
Total capital assets being depreciated	16,732,996	4,281,301	134,833	20,879,464
Less accumulated depreciation for:				
Buildings	1,291,401	91,702	-	1,383,103
Improvements other than buildings	68,401	11,185	-	79,586
Machinery and equipment	5,042,139	516,497	134,833	5,423,803
Infrastructure	1,357,400	328,464	-	1,685,864
Total accumulated depreciation	7,759,341	947,848	134,833	8,572,356
Total capital assets being depreciated, net	8,973,655	3,333,453	-	12,307,108
Governmental activities capital assets, net	9,030,946	\$ 3,683,442	\$ -	\$ 12,714,388

MARION COUNTY
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2003

Note 5. Capital Assets (continued)

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

Governmental activities:	
Public safety and legal services	\$ 64,517
Physical health and social services	4,284
County environment and education	69,234
Roads and transportation	680,471
Government services to residents	21,068
Administration	108,274
Total depreciation expense - governmental activities	\$ 947,848

Note 6. Due to Other Governments

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. Tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments is as follows:

Fund	Description	Services and Collections	Delinquent and Succeeding Year	Property Taxes	Amount
Governmental Funds:					
Special Revenue:					
Mental Health	Services	\$ 54,474	\$ -	\$ -	\$ 54,474
Agency:					
County Assessor	Collections	\$ 15,346	\$ 269,038	\$ 284,384	
Schools		309,273	13,624,235	13,933,508	
Community College		10,602	508,962	519,564	
Corporations		126,336	7,173,620	7,299,956	
Auto License and Use Tax		585,668	-	585,668	
All Other		282,807	517,540	800,347	
Total for agency funds		\$ 1,330,032	\$ 22,093,395	\$ 23,423,427	

MARION COUNTY
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2003

Note 7. Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2003 is as follows:

	Capital Lease Purchase Agreements	Urban Renewal Tax Increment Revenue Bonds	Compensated Absences	Total
Balance beginning of year	\$ 131,041	\$ 295,000	\$ 132,200	\$ 558,241
Increases	-	-	149,049	149,049
Decreases	131,041	65,000	132,200	328,241
Balance end of year	\$ -	\$ 230,000	\$ 149,049	\$ 379,049
Due within one year	\$ -	\$ 70,000	\$ 149,049	\$ 219,049

Urban Renewal Tax Increment Revenue Bonds

In October 1994 the County issued urban renewal tax increment revenue bonds for the purpose of defraying a portion of the costs of carrying out an urban renewal project within the County. The bonds are payable solely from the income and proceeds of the Urban Renewal Tax Increment Fund and the taxes to be paid into the fund in accordance with Chapter 403.19 of the Code of Iowa. The bonds are not a general obligation of the County. However, the debt is subject to the constitutional debt limitations of the County.

The County has approved a Board resolution stating that any funds remaining in the Urban Renewal Tax Increment Fund at the end of the bond term will be transferred to the Special Revenue, Secondary Roads Fund to reimburse Urban Renewal Project expenditures incurred by the Secondary Roads Fund in accordance with the bond agreement.

A summary of the County's June 30, 2003 bonded indebtedness is as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2004	6.000 %	\$ 70,000	\$ 14,100	\$ 84,100
2005	6.125	80,000	9,900	89,900
2006	6.250	80,000	5,000	85,000
		<u>\$ 230,000</u>	<u>\$ 29,000</u>	<u>\$ 259,000</u>

The County retired \$65,000 in principal on the bonds during the year ended June 30, 2003.

MARION COUNTY
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2003

Note 8. Pension and Retirement Benefits

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

Plan members are required to contribute 3.70% of their annual covered salary and the County is required to contribute 5.75% of annual covered payroll except for law enforcement employees, in which case the percentages are 5.37% and 8.05%, respectively. Contribution requirements are established by State statute. The County's contribution to IPERS for the years ended June 30, 2003, 2002, and 2001 were \$311,848, \$292,560, and \$277,100, respectively, equal to the required contributions for each year.

Risk Management

Marion County is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool with over 400 members from various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property and inland marine. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 300 percent of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

The Pool also provides property coverage. Members who elect such coverage make annual operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses and reinsurance premiums, all of which are due and payable in the current year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's annual contributions to the Pool for the year ended June 30, 2003 were \$202,565.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$250,000 per claim. Claims exceeding \$250,000 are reinsured in an amount not to exceed \$1,750,000 per claim and \$5,000,000 in aggregate per year. For members requiring specific coverage from \$2,000,000 to \$15,000,000, such excess coverage is also reinsured. All property risks, including automobile physical damage, are also reinsured on an individual member basis.

MARION COUNTY

NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2003

Note 9. Risk Management (continued)

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event that a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable that such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2003, no liability has been recorded in the County's financial statements. As of June 30, 2003, settled claims have not exceeded the risk pool or reinsurance company coverage since the pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days prior written notice may withdraw from the Pool. Upon withdrawal, payments for all claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Members withdrawing within the first six years of membership may receive a partial refund of their capital contributions. If a member withdraws after the sixth year, the member is refunded 100 percent of its capital contributions. However, the refund is reduced by an amount equal to the annual operating contribution which the withdrawing member would have made for the one year period following withdrawal.

Marion County Employee Health Plan

Marion County has an administrative services agreement with Wellmark Blue Cross and Blue Shield to administer a self-funded employee health benefit plan known as the Marion County Employee Health Plan. Monthly payments of service fees and contributions to fund the plan are paid to the Marion County Auditor, trustees for the plan. The monthly payments of service fees and plan contributions are recorded as expenditures at the time of the payment to the trustees. Under the agreement, payments for service fees and paid claims are remitted to Wellmark Blue Cross and Blue Shield of Iowa on a monthly basis. At June 30, 2003, the Marion County Employee Health Plan had deficit net assets of \$(5,403).

The County purchases commercial insurance to provide for aggregate stop-loss coverage for the excess of 120% of estimated claims for the plan year and specific stop-loss reinsurance coverage for the excess of \$35,000 in insured claims for any single covered individual. Settled claims have not exceeded the commercial coverage in any of the past three plan years.

The change in the incurred but not reported and unpaid claims liability for the year ended June 30, 2003 is as follows:

Unclaimed claims at July 1, 2002	\$	107,270
Incurred claims and claim adjustments		858,759
Claims paid		<u>(840,426)</u>
Unpaid claims at June 30, 2003	\$	<u>125,603</u>

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MARION COUNTY

NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2003

Note 9. Risk Management (continued)

Marion County Self-Insured Collision Liability

The Board of Supervisors has elected to have the County self-insure the vehicle collision portion of their automobile casualty liability. This pays for items not normally covered by commercial insurance such as new windshields, repairs due to collisions with animals, and other miscellaneous repairs. As of June 30, 2003 the net assets of the self-insurance fund was \$118,163. The county has paid \$13,726 in claims resulting from this risk during the three years ending June 30, 2003 of which \$4,474 was later reimbursed by the liable party's insurance company.

The County also carries commercial insurance purchased from the insurers for coverage associated with workers compensation, employee blanket bond, property, and other casualty coverage. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Construction Commitment

The County has entered into contracts totaling \$926,891, including change orders, for various road repair and other construction projects. In addition, the County had carryover commitments totaling \$249,375, including change orders, for other construction projects. As of June 30, 2003, costs of \$785,820 have been incurred against the contract. The balance remaining at June 30, 2003 of \$390,447 will be paid as work on the project progresses.

Note 11. Contingent Liabilities

Litigation

The County is involved in various lawsuits as of June 30, 2003. The outcome of these lawsuits was not determinable, but unfavorable outcomes, if any, are not considered material to the financial statements.

Landfill Closure Assurance Guaranty

The County participates in an agreement with the South Central Iowa Solid Waste Agency, a political subdivision created under Chapter 28E of the Code of Iowa. The purpose of the Agency includes providing economic disposal of solid waste produced or generated within the member counties and municipalities.

State and federal laws and regulations require the Agency to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The closure and post-closure costs to the Agency have been estimated at \$2,368,200. The Agency has begun to accumulate resources to fund these closure costs, and as of June 30, 2003, expects to hold deposits of \$906,795 for these purposes. The Agency is required to accumulate the full amount of funds required for closure and post-closure during the life of the landfill. However, it must have additional mechanisms in place at all times during the life of the landfill to equal 100 percent of the current cost estimates.

The County has provided a Local Government Guaranty for a portion of the closure and post-closure costs of the landfill as per Chapter 111.6(8) of the Iowa Administrative Code. The County's financial assurance obligation equals \$385,713. By providing a Local Government Guaranty, no liability has been recognized on the County's financial statements.

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MARION COUNTY
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2003

Note 12. Subsequent Event

On November 1, 2003, the County issued \$600,000 in General Obligation Courthouse Improvement Bonds, with interest rates ranging from 2.5% to 3.8%, for the purposes of roof replacement and related repairs to the County's courthouse.

Note 13. Restatement of Beginning Balance

The beginning balance of the Conservation Land Acquisition Trust Fund has been reclassified from a Fiduciary, Expendable Trust Fund to a Special Revenue Fund to properly reflect the nature of the fund. In addition, the Courthouse Security and Sheriff's Forfeiture Funds have been reclassified from Agency Funds to Special Revenue Funds to properly reflect the nature of these funds. A summary of these changes is as follows:

	Expendable Trust Fund		Agency Funds		Special Revenue Funds	
	Reported at June 30, 2002	Restated at July 1, 2002	Reported at June 30, 2002	Restated at July 1, 2002	Reported at June 30, 2002	Restated at July 1, 2002
Total assets	\$ 309,041	\$ -	\$ 22,581,499	\$ 22,573,557	\$ 5,744,691	\$ 6,061,674
Total liabilities	14,850	-	22,581,499	22,573,557	2,754,054	2,768,904
Fund balance	\$ 294,191	\$ -	\$ -	\$ -	\$ 2,990,637	\$ 3,292,770

Note 14. Accounting Change

Governmental Accounting Standards Board (GASB) Interpretation No. 6, Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements was implemented during the year ended June 30, 2003. The interpretation modifies when compensated absence and early retirement liabilities are recorded under the modified accrual basis of accounting.

Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments; Statement No. 37, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments; Omnibus; Statement No. 38, Certain Financial Statement Note Disclosures; and Statement No. 41, Budgetary Comparison Schedule – Perspective Differences; were implemented during the year June 30, 2003. The statements create new basic financial statements for reporting the District's financial activities. The financial statements now include District-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column.

MARION COUNTY
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2003

Note 14. Accounting Change (continued)

The government-wide financial statements report the County's governmental activities. The beginning net asset amount for governmental activities has been restated to include capital assets, long-term liabilities, the Internal Service Fund and the changes in assets and liabilities at July 1, 2002 caused by the conversion to the accrual basis of accounting.

	Total
Net assets, June 30, 2002, as previously reported	\$ 7,398,483
GASB Interpretation 6 adjustments	45,810
Net assets, July 1, 2002, as restated for governmental funds	7,444,293
 GASB 34 adjustments:	
Capital assets, net of accumulated depreciation of \$7,759,341	9,030,946
Long-term liabilities:	
Bonds	(295,000)
Capital lease purchases	(131,041)
Compensated absences	(132,200)
Internal service fund	256,742
Accrued interest payable	(11,403)
Net assets, July 1, 2002, as restated	\$ 16,162,337

MARION COUNTY

ALL FUND TYPES AND ACCOUNT GROUPS

June 30, 2002

ASSETS AND OTHER DEBITS

	\$ 3,848,481	\$ 2,323,662	\$ -	\$ 1,454,973	\$ 7,627,116
Cash and pooled investments:					
County Treasurer				232,348	596,360
Other County officials (note 3)			364,012		
Receivables:					
Property tax:					
Delinquent	16,248	10,439		70,607	97,294
Succeeding year	4,351,577	2,310,593		21,069,248	27,731,418
Interest and penalty on property tax	29,259				29,259
Accounts	32,686	23,212		54,642	110,540
Accrued interest	58,273	1,277		469	60,019
Due from other funds (note 4)	51,569	652			52,221
Due from other governments	138,277	254,624		8,253	401,154
Inventories		820,232			820,232
Prepaid insurance	311,452				311,452
Property and equipment (note 5)					
Amount to be provided for retirement of general long-term debt					14,098,302
					558,241
Total assets and other debits	\$ 8,837,822	\$ 5,744,691	\$ 364,012	\$ 22,890,540	\$ 52,493,608

MARION COUNTY

COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
June 30, 2002

	Governmental Fund Types		Proprietary Fund Type		Fiduciary Fund Type	Account Groups			Total
	General	Special Revenue	Internal Service	Trust and Agency		General Fixed Assets	General Long-term Debt	(Memorandum Only)	
LIABILITIES, FUND EQUITY AND OTHER CREDITS									
Liabilities:									
Accounts payable	\$ 279,854	\$ 236,811	\$ -	\$ 47,763		-	-	\$ 564,428	
Salaries and benefits payable	29,513	31,062	-	-		-	-	60,575	
Due to other funds (note 4)	-	-	-	52,221		-	-	52,221	
Due to other governments (note 6)	-	141,649	-	22,294,811		-	-	22,436,460	
Trusts payable	-	-	-	201,171		-	-	201,171	
Health claims incurred but not reported	-	-	107,270	-		-	-	107,270	
Deferred revenue:									
Succeeding year property tax	4,351,577	2,310,593	-	-		-	-	6,662,170	
Other	52,445	6,849	-	-		-	295,000	59,294	
Urban Renewal tax increment bonds (note 7)	-	-	-	-		-	131,041	131,041	
Capital lease purchase agreement (note 7)	-	-	-	-		-	132,200	178,393	
Compensated absences	18,720	27,090	-	383		-	558,241	30,748,023	
Total liabilities	4,732,109	2,754,054	107,270	22,596,349		14,098,302	-	14,098,302	
Fund equity and other credits:									
Investment in general fixed assets	-	-	-	-		-	-	256,742	
Unreserved retained earnings	-	-	-	-		-	-	820,232	
Fund balances:									
Reserved for:									
Inventories	-	820,232	-	-		-	-	1,506,257	
Supplemental levy purposes	1,506,257	-	-	-		-	-	311,452	
Prepaid insurance	311,452	-	-	-		-	-	4,752,600	
Unreserved:									
Undesignated	2,288,004	2,170,405	-	294,191		14,098,302	-	21,745,585	
Total fund equity and other credits	4,105,713	2,990,637	256,742	294,191		-	-	-	
Total liabilities, fund equity and other credits	\$ 8,837,822	\$ 5,744,691	\$ 364,012	\$ 22,890,540		\$ 14,098,302	\$ 558,241	\$ 52,493,608	

See notes to financial statements.

MARION COUNTY

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND

Year Ended June 30, 2002

	Governmental Fund Types			Fiduciary		Total
	General	Special	Debt Service	Fund Type	(Memorandum	
				Expendable	Only)	
				Trusts		
Revenues:						
Property and other County tax	\$ 4,571,694	\$ 2,061,316	\$ -	\$ -	\$ -	6,633,010
Interest and penalty on property tax	90,942	-	-	-	-	90,942
Intergovernmental	2,008,374	4,252,855	-	24,430	-	6,285,659
Licenses and permits	11,078	13,675	-	-	-	24,753
Charges for service	913,097	444,777	-	-	-	1,357,874
Use of money and property	187,106	3,246	-	56,164	-	246,516
Fines, forfeitures and defaults	7,526	-	-	-	-	7,526
Miscellaneous	31,965	86,679	-	-	-	118,644
Total revenues	7,821,782	6,862,548	-	80,594	-	14,764,924
Expenditures:						
Operating:						
Public safety	1,756,756	6,709	-	-	-	1,763,465
Court services	36,168	-	-	-	-	36,168
Physical health and education	1,802,358	70,000	-	-	-	1,872,358
Mental health	-	2,479,037	-	-	-	2,479,037
Social services	670,603	-	-	-	-	670,603
County environment	687,224	123,918	-	-	-	811,142
Roads and transportation	-	4,118,209	-	-	-	4,118,209
State and local government services	382,645	1,866	-	-	-	384,511
Interprogram services	1,451,619	85,615	-	-	-	1,537,234
Debt service	-	-	86,656	-	-	86,656
Capital projects	-	69,385	-	288,716	-	358,101
Total expenditures	6,787,373	6,954,739	86,656	288,716	-	14,117,484
Excess (deficiency) of revenues over (under) expenditures	1,034,409	(92,191)	(86,656)	(208,122)	-	647,440

MARION COUNTY

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND

Year Ended June 30, 2002

	Governmental Fund Types			Fiduciary		Total
	General	Special	Debt Service	Fund Type	(Memorandum	
				Expendable	Only)	
				Trusts		
Other financing sources (uses):						
Operating transfers in (out)	\$ (522,312)	\$ 63,656	\$ 86,656	\$ 372,000	\$ -	
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	512,097	(28,535)	-	163,878	-	647,440
Fund balances beginning of year	3,564,742	2,943,990	-	130,313	-	6,639,045
Increase in reserve for:						
Inventories	-	75,182	-	-	-	75,182
Prepaid insurance	28,874	-	-	-	-	28,874
Fund balances end of year	\$ 4,105,713	\$ 2,990,637	\$ -	\$ 294,191	\$ -	7,390,541
See notes to financial statements.						

**COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS**

	Governmental Fund Types	Proprietary Fund Type	Fiduciary Fund Type	
	General	Special Revenue	Internal Service	Trust and Agency
ASSETS AND OTHER DEBITS				
Cash and pooled investments:				
County Treasurer	\$ 3,056,493	\$ 2,391,660	\$ -	\$ 1,390,910
Other County officials (note 3)	-	-	444,096	247,049
Receivables:				
Property tax:				
Delinquent	13,000	6,144	-	51,308
Succeeding year	4,559,808	1,964,468	-	19,438,279
Interest and penalty on property tax	23,144	-	-	-
Accounts	6,826	34,326	-	59,608
Accrued interest	94,228	2,644	-	576
Due from other funds (note 4)	54,834	781	-	-
Due from other governments	211,042	222,513	-	7,285
Inventories	-	745,050	-	-
Prepaid insurance	282,578	-	-	-
Property and equipment (note 5)	-	-	-	-
Amount to be provided for retirement of general long-term debt	-	-	-	-
Total assets and other debits	\$ 8,301,953	\$ 5,367,586	\$ 444,096	\$ 21,195,015

MARION COUNTY

COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS

June 30, 2001

	Governmental Fund Types			Proprietary Fund Type		Fiduciary Fund Type	Account Groups			
	General	Special Revenue	Internal Service	Trust and Agency	General Fixed Assets	Long-term Debt	Total (Memorandum Only)			
LIABILITIES, FUND EQUITY AND OTHER CREDITS										
Liabilities:										
Accounts payable	\$ 78,420	\$ 217,940	\$ -	\$ 43,177				\$ -	\$ -	\$ 339,537
Salaries and benefits payable	27,463	28,720	-	15,857				-	-	72,040
Due to other funds (note 4)	-	-	-	55,615				-	-	55,615
Due to other governments (note 6)	7,069	173,780	-	20,724,995				-	-	20,905,844
Health claims incurred but not reported			85,773	-				-	-	85,773
Trusts payable			-	225,058				-	-	225,058
Deferred revenue:										
Succeeding year property tax	4,559,808	1,964,468	-	-				-	-	6,524,276
Other	48,184	5,925	-	-				-	-	54,109
Capital lease purchase agreements (note 7)	-	-	-	-				131,041	-	131,041
Urban renewal tax increment bonds (note 7)	-	-	-	-				360,000	-	360,000
Accrued compensated absences (note 7)	16,267	32,763	-	-				136,391	-	185,421
Total liabilities	4,737,211	2,423,596	85,773	21,064,702				627,432	28,938,714	
Fund equity and other credits:										
Investment in general fixed assets					13,186,123			-	-	13,186,123
Unreserved retained earnings			358,323					-	-	358,323
Fund balance:										
Reserved for:										
Inventories	-	745,050	-	-				-	-	745,050
Supplemental levy purposes	869,405	-	-	-				-	-	869,405
Prepaid insurance	282,578	-	-	-				-	-	282,578
Unreserved:										
Undesignated	2,412,799	2,198,940	-	130,313				-	-	4,742,012
Total fund equity and other credits	3,564,742	2,943,990	358,323	130,313				13,186,123	20,183,491	
Total liabilities, fund equity and other credits	\$ 8,301,953	\$ 5,367,586	\$ 444,096	\$ 21,195,015				\$ 13,186,123	\$ 627,432	\$ 49,122,205

See notes to financial statements.

MARION COUNTY

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
Year Ended June 30, 2001

	Governmental Fund Types			Fiduciary		Total
	General	Special	Debt Service	Fund Type	Expendable Trust	
		Revenue				(Memorandum Only)
Revenues:						
Property and other County tax	\$ 4,406,762	\$ 1,969,978	\$ -	\$ -	\$ -	\$ 6,376,740
Interest and penalty on property tax	73,885	-	-	-	-	73,885
Intergovernmental	2,001,640	4,405,641	-	-	-	6,407,281
Licenses and permits	8,600	5,545	-	-	-	14,145
Charges for service	782,039	367,025	-	62,500	-	1,211,564
Use of money and property	383,769	5,369	-	59,050	-	448,188
Fines, forfeitures and defaults	8,920	-	-	-	-	8,920
Miscellaneous	30,021	60,601	-	-	-	90,622
Total revenues	7,695,636	6,814,159	-	121,550	-	14,631,345
Expenditures:						
Operating:						
Public safety	1,556,224	6,709	-	-	-	1,562,933
Court services	31,259	-	-	-	-	31,259
Physical health and education	1,605,953	65,000	-	-	-	1,670,953
Mental health	-	2,440,158	-	-	-	2,440,158
Social services	575,457	-	-	-	-	575,457
County environment	546,344	123,315	-	-	-	669,659
Roads and transportation	-	4,416,895	-	-	-	4,416,895
State and local government services	308,524	12,543	-	-	-	321,067
Interprogram services	1,270,845	65,426	-	-	-	1,336,271
Debt service	-	-	85,031	-	-	85,031
Capital projects	-	167,069	-	-	-	167,069
Total expenditures	5,894,606	7,297,115	85,031	-	-	13,276,752
Excess (deficiency) of revenues over (under) expenditures	1,801,030	(482,956)	(85,031)	121,550	-	1,354,593

MARION COUNTY

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
Year Ended June 30, 2001

	Governmental Fund Types			Fiduciary		Total
	General	Special	Debt Service	Fund Type	Expendable Trust	
		Revenue				(Memorandum Only)
Other financing sources (uses):						
Operating transfers in (out)	\$ (144,528)	\$ 59,497	\$ 85,031	\$ -	\$ -	\$ -
Capital lease proceeds	-	131,041	-	-	-	131,041
	(144,528)	190,538	85,031	-	-	131,041
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	1,656,502	(292,418)	-	121,550	-	1,485,634
Fund balances beginning of year, as restated (note 12)	1,828,517	3,153,767	-	8,763	-	4,991,047
Increase in reserve for:						
Inventories	-	82,641	-	-	-	82,641
Prepaid insurance	79,723	-	-	-	-	79,723
Fund balances end of year	\$ 3,564,742	\$ 2,943,990	\$ -	\$ 130,313	\$ -	\$ 6,639,045

See notes to financial statements.

APPENDIX C

FORM OF CONTINUING DISCLOSURE CERTIFICATE

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CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by Marion County, Iowa (the "Issuer"), in connection with the issuance of \$5,100,000* General Obligation County Law Enforcement Center Bonds, Series 2005 (the "Bonds"), dated March 15, 2005. The Bonds are being issued pursuant to a resolution of the Issuer approved on February 23, 2005 (the "Resolution"). The Issuer covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriters in complying with S.E.C. Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

"Dissemination Agent" shall mean any Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

"Holders" shall mean the registered holders of the Bonds, as recorded in the registration books of the Registrar.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

"Municipal Securities Rulemaking Board" or "MSRB" shall mean the Municipal Securities Rulemaking Board, 1150 18th Street N.W., Suite 400, Washington, D.C. 20036.

"Participating Underwriter" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Report" shall mean any financial information or operating data provided by the Issuer upon request by any person pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

*Preliminary; subject to change

“State” shall mean the State of Iowa.

“State Repository” shall mean any public or private repository or entity designated by the State as a state repository for the purpose of the Rule and recognized as such by the Securities and Exchange Commission. As of the date of this Certificate, there is no State Repository.

Section 3. Provision of Reports and Audited Financial Statements.

- (a) The Issuer shall, after such materials are available and commencing with the report for the 2004/2005 fiscal year, provide to any person who requests it, or to any State Repository, a Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. In each case, the Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate.

The Report may be obtained from:

Jake Grandia
Marion County Auditor
Marion County Courthouse
214 East Main Street
Knoxville, Iowa 50138
Telephone: (641) 828-2217

Section 4. Content of Annual Reports. Upon request of any person, the Issuer's Report shall contain or include by reference the audited financial statements of the Issuer for the prior fiscal year, prepared in accordance with generally accepted accounting principles promulgated by the Financial Accounting Standards Board as modified in accordance with the governmental accounting standards promulgated by the Governmental Accounting Standards Board or as otherwise provided under State law, as in effect from time to time, or, if and to the extent such financial statements have not been prepared in accordance with generally accepted accounting principles, noting the discrepancies therefrom and the effect thereof.

The Issuer also will provide, upon request, other financial information and operating data regarding the Issuer of the type presented in the final official statement distributed in connection with the primary offering of the Bonds, to the extent such other financial information and operating data is customarily prepared by the Issuer and is publicly available and is not otherwise included in the audited financial statements of the Issuer.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Issuer or related public entities, which have been submitted to each of the Repositories or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities

Rulemaking Board. The Issuer shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

- (a) Pursuant to the provisions of this Section 5, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:
 - (1) principal and interest payment delinquencies;
 - (2) non-payment related defaults;
 - (3) unscheduled draws on debt service reserves reflecting financial difficulties;
 - (4) unscheduled draws on credit enhancements reflecting financial difficulties;
 - (5) substitution of credit or liquidity providers, or their failure to perform;
 - (6) adverse tax opinions or events affecting the tax-exempt status of the security;
 - (7) modifications to rights of security holders;
 - (8) bond calls;
 - (9) defeasances;
 - (10) release, substitution, or sale of property securing repayment of the securities; and
 - (11) rating changes.
- (b) Whenever the Issuer obtains the knowledge of the occurrence of a Listed Event, the Issuer shall as soon as possible determine if such event would be material under applicable federal securities laws.
- (c) If the Issuer determines that knowledge of the occurrence of a Listed Event would be material under applicable federal securities laws, the Issuer shall promptly file a notice of such occurrence with the Municipal Securities Rulemaking Board or any State Repository. Notwithstanding the foregoing, notice of Listed Events described in subsections (a) (8) and (9) need not be given under this subsection

any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Resolution.

Section 6. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds or upon the Issuer's receipt of an opinion of nationally recognized bond counsel to the effect that, because of legislative action or final judicial action or administrative actions or proceedings, the failure of the Issuer to comply with the terms hereof will not cause Participating Underwriters to be in violation of the Rule or other applicable requirements of the Securities Exchange Act of 1934, as amended. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be the Issuer.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

- (a) If the amendment or waiver relates to the provisions of Section 3(a), 4, or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;
- (b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and
- (c) The amendment or waiver either (i) is approved by the Holders of the Bonds in the same manner as provided in the Resolution for amendments to the Resolution with the consent of Holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the Issuer shall describe such amendment in any response to a request for a Report, and shall include, as

applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(c), and (ii) the Annual Report for the year in which the change is made will present a comparison or other discussion in narrative form (and also, if feasible, in quantitative form) describing or illustrating the material differences between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Certificate to update such information or include it in any future Report or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate, any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate. Direct, indirect, consequential and punitive damages shall not be recoverable by any person for any default hereunder and are hereby waived to the extent permitted by law. A default under this Disclosure Certificate shall not be deemed an event of default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent, if any, shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Issuer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriters and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Dated: March 15, 2005

MARION COUNTY, IOWA

By _____
Chairperson, Board of Supervisors

Attest

County Auditor

BID FORM

To: Board of Supervisors for
Marion County

Sale Date: February 23, 2005
10:00 AM Central Time

RE: \$5,100,000 General Obligation County Law Enforcement Center Bonds, Series 2005, dated March 15, 2005

For all or none of the above Bonds, in accordance with the Terms of Offering, we will pay you \$ _____ (not less than \$5,031,201) plus accrued interest to date of delivery for fully registered Bonds bearing interest rates and maturing in the stated years as follows:

_____ % due 2006*	_____ % due 2013	_____ % due 2020
_____ % due 2007	_____ % due 2014	_____ % due 2021
_____ % due 2008	_____ % due 2015	_____ % due 2022
_____ % due 2009	_____ % due 2016	_____ % due 2023
_____ % due 2010	_____ % due 2017	_____ % due 2024*
_____ % due 2011	_____ % due 2018	
_____ % due 2012	_____ % due 2019	

* The County reserves the right to increase or decrease the principal amount of both the 2006 and 2024 maturities in increments of \$5,000 with total principal adjustments not to exceed \$140,000. The aggregate par amount of \$5,100,000 will remain unchanged. For any adjustment made to the 2006 maturity, an equal but opposite change will be made to the 2024 maturity. The purchase price will be adjusted proportionately to reflect any change in maturity structure.

In making this offer we accept all of the terms and conditions of the Terms of Offering published in the Official Statement dated February 10, 2005. In the event of failure to deliver these Bonds in accordance with the Terms of Offering as printed in the Official Statement and made a part hereof, we reserve the right to withdraw our offer, whereupon the deposit accompanying it will be immediately returned. All blank spaces of this offer are intentional and are not to be construed as an omission.

We enclose our good faith deposit in the amount of \$51,000, to be held by you pending delivery and payment. Alternatively, we have provided a financial surety bond in accordance with the Terms of Offering.

Not as a part of our offer, the above quoted prices being controlling, but only as an aid for the verification of the offer, we have made the following computations:

NET INTEREST COST: \$ _____

TRUE INTEREST COST: _____ % (Based on dated date of March 15, 2005)

Account Manager: _____ By: _____

Account Members:

The foregoing offer is hereby accepted by and on behalf of the Board of Supervisors of Marion County, Iowa this 23rd day of February, 2005.

Attest: _____ By: _____

Title: _____ Title: _____

_____ SURE-BID _____ Good Faith Check Submitted

