

# Polk County, Iowa

## Comprehensive Annual Financial Report

FISCAL YEAR ENDING JUNE 30, 2015



*Leading You Outdoors Throughout the Seasons!*

*Report cover and photographs provided by Kami Rankin, Polk County Conservation*

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# **POLK COUNTY, IOWA**

**Comprehensive Annual Financial Report**

**For the Fiscal Year Ended June 30, 2015**

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**PREPARED BY:**

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

**CENTRAL ACCOUNTING DIVISION**

Central Accounting Manager  
Keith Olson

Accounting Supervisor  
Jo Ellen Bigelow, CPA, CPM

**Other Staff**

Kayley Alexander, CPA  
Jessica Burke  
Gina Carter  
Alison Herold, CPA  
Darren Sickerson

**BOARD OF SUPERVISOR'S STAFF**

Deb Anderson

# POLK COUNTY, IOWA

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(concluded)



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

JAMIE FITZGERALD  
COUNTY AUDITOR  
COMMISSIONER OF ELECTIONS

ADMINISTRATION BUILDING  
111 COURT AVE.  
286-3080

December 17, 2015

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

State law requires that all local governments publish a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (generally accepted accounting principles or GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report of Polk County (the "County") for the fiscal year ended June 30, 2015.

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

The County's financial statements have been audited by RSM US LLP, a firm of licensed certified public accountants. The purpose of the independent audit was to provide reasonable assurance that the financial statements of the County for the fiscal year ended June 30, 2015, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor issued an unmodified opinion on the County's financial statements for the fiscal year ended June 30, 2015, indicating that they were fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

## **Profile of Polk County**

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

The County occupies a land area of 592 square miles and serves a population of 459,862. Polk County is empowered to levy a property tax on real properties located within its boundaries.

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

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

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

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

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

## **Factors Affecting Financial Condition**

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



## **Local Economy**

The current general economic condition of the County is growing. The population continues to grow at a moderate pace, up approximately 14% since 2006, to 459,862 in 2015. Unemployment is approximately 4%, same as the state level but lower than the 5% national level. Other economic indicators are also steady. The County remains the primary center of economic activity in central Iowa and the State although adjoining counties, specifically Dallas County to the west, is experiencing significant new development.

## **Major Initiatives**

County Judicial System Public Safety Improvements: The Polk County Courthouse built in 1906 was originally designed for four courtrooms. Currently, there are 28 courtrooms in the building with Polk County providing an additional 23,700 square feet of leased space at two locations. Following a study conducted by the National Center for State Courts, the County developed a three-stage, nine-year Master Plan to increase court space and enhance security. The Master Plan includes utilization of the old main jail for criminal courts; a recently purchased office building to be renovated into a Justice Center for County Attorney, Magistrate (small claims, traffic), juvenile and clerk storage functions; and the much needed interior/exterior renovation of the historic courthouse for civil, probate and family courts. A referendum to issue up to \$81 million of bonds to address these needs was approved by Polk County voters in November 2013.

Currently, one floor of the Justice Center office space has been renovated, and the County Attorney's office relocated to this new space in March 2014. Exterior renovation of the Historic Courthouse was completed in October 2014. Construction is underway for the remaining renovation of the Justice Center and planning and design for the new Criminal Courts building has been completed. The architects and county staff have worked to take three years off of the construction schedule in order to capture savings by avoiding future inflation costs. The anticipated completion date of all phases is now December 2018.

Iowa Events Center Hotel: Des Moines is a city with momentum. Hardly a week passes without a national publication recognizing Des Moines as a great place to do business, raise a family, start a career, retire and more. However, one thing it doesn't have is a first-class convention center hotel. The Iowa Events Center is owned by Polk County and consists of Wells Fargo Arena, HyVee Hall and Community Choice Credit Union Convention Center. The venues have been successful in drawing first class entertainment to Central Iowa and last year returned record profits to Polk County. As documented by the Iowa Events Center General Manager, however, the venues have been passed over for certain conventions, sporting events, expos, trade shows and conferences because of a lack of a convention center hotel.

The prospect of a convention center hotel became a reality this February when the State of Iowa gave preliminary approval for committing Iowa Reinvestment Act money to a convention center hotel attached to the Iowa Events Center and financial contribution commitments were made by Polk County, the City of Des Moines and private businesses. The hotel will be owned and operated by a non-profit organization that will ensure that profits from the hotel are reinvested back into the community.

Capital Crossroads: Greater Des Moines and Central Iowa is at an important crossroads. The region has vibrant neighborhoods, a strong business community, dynamic arts and recreational attractions and a desirable quality of life. But the region also has its challenges. Local leaders feel the time is right to take advantage of opportunities and address challenges through a clear vision and plan for Iowa's capital region. To this end, the community engaged in Capital Crossroads in 2011, a collaborative, research effort to identify key trends, strengths, challenges, threats, and opportunities facing Greater Des Moines and Central Iowa as it looks to develop jobs and talents in a competitive environment.

Facilitated by a national consultant, a fifty-member steering committee invited public input on ways to improve the Central Iowa region. More than 5,000 local voices contributed to the process via one-on-one interviews, focus groups, and online surveys. After evaluating and prioritizing input, a five-year strategic plan was formulated to elevate our region.

The strategic plan includes ten focus areas: capital core, urban core, business capital, capital corridor, human capital, wellness, social capital, culture, physical capital, governance, and environment. Presently, implementation workgroups are working to refine these capital plans and develop action plans.

Polk County Water and Land Legacy Projects: In November 2012, voters supported the Polk County Water and Land Legacy (PCWLL) Bond, passing the measure by 72%. Conservation projects to be addressed include improved water quality, wildlife habitat protection, connected communities by means of trails and greenways, revitalized parks, outdoor recreation and education opportunities.

The Polk County Conservation Board completed nearly \$14 million of conservation projects by January 2015, and an additional \$5 million are underway for fiscal year 2015/2016. A total of \$50 million of bond proceeds have been authorized to continue addressing conservation needs over the next several years.

Hamilton Drain Watershed Hazard Mitigation Grant:

Work began in 2014 and will be completed in November of 2015 on \$11 million of improvements to storm water and flood control measures in the Hamilton Drain Watershed in Saylor Township. Polk County was awarded \$9.5 million in federal and state funds through a Hazard Mitigation grant from Homeland Security/FEMA. The mitigation project consists of constructing four regional stormwater basins and associated storm sewer improvements to direct water through the detention basin system. The purpose of this project is to reduce future flooding within the Hamilton Drain Watershed, avoid future property damage and economic losses due to flooding, and mitigate the risk to life and health associated with the frequent flooding that currently occurs in this area.

NW 66th Avenue/ Kempton Bridge Reconstruction Project: The NW 66th Avenue/Kempton Bridge Reconstruction project is currently underway. The \$25 million project is a joint effort with the City of Johnston to increase the capacity of NW 66th Avenue by reconstructing the rural two lane roadway design to an urban 4-lane roadway with a multi-use trail. The project also includes replacing the 56-year-old two-lane bridge over the Des Moines River. NW 66th Avenue is the only major roadway crossing of the Des Moines River between I-80 and the Mile Long Bridge over Saylorville Lake, so this corridor and bridge are critical to economic development and viability of the northern metro area. To date, \$21 million in funding is secured for the project. Construction on Phase 1, which includes replacement of the bridge, began in May 2015 with completion of the entire project by 2020.

Watershed Management Authorities: Polk County is involved in the Watershed Management Authorities (WMA) within the region to develop long term management plans for each of the respective watersheds to reduce flooding risks, improve water quality, and educate the public. The Watershed Management Authorities are bringing together cities, counties, and Soil and Water Conservation Districts within each watershed. Polk County has assisted in forming and serving on the boards for a number of WMAs. A key component to each watershed is improving the watershed and eliminating development within the flood plain to protect the County's tax base and make all member communities more sustainable for growth. Flooding, nutrient pollution, and stream bank erosion are the primary concerns in the watersheds.

Four Mile Creek Watershed Management Authority: The Fourmile Creek Watershed Management Authority is a joint effort between Polk County, Boone County, Story County and the cities of Alleman, Altoona, Ankeny, Bondurant, Des Moines, Elkhart, Pleasant Hill, Sheldahl, Slater, and the County Soil and Water Conservation Districts of Boone, Polk and Story County. A planning study was recently completed that identified projects within the watershed that would improve water quality and reduce flooding. One project that Polk County has underway, through sponsorship from the Wastewater Reclamation Authority (WRA) through the State Revolving Loan Fund Sponsored Projects, is utilizing a \$3.2 million grant to purchase high risk properties within the Fourmile Creek floodplain within the City of Des Moines and convert them to green space. Other recommended projects include regional detention basins, stream bank restoration, and water quality initiatives.

Mud, Camp, and Spring Creek Watershed Management Authority: Polk County, in cooperation with Jasper County, Marion County, the communities of Altoona, Bondurant, Mitchellville, Pleasant Hill, and Runnells, and the Soil and Water Conservation Districts in Jasper County, Marion County and Polk County formed the Mud, Camp and Spring Creek Watershed Management Authority (MCSCWMA). The Mud, Camp and Spring Creek watersheds encompass 101 square miles in Polk, Jasper, and Marion Counties. The three creeks run approximately parallel and drain into the Des Moines River. The Authority received a \$78,850 planning grant from the Iowa DNR to develop a comprehensive watershed plan to focus on agricultural and urban conservation issues within the Mud, Spring and Camp Creek watersheds that is currently underway.

Walnut Creek Watershed Management Authority: Polk County, in cooperation with the communities of Clive, Dallas Center, Des Moines, Grimes, Johnston, Urbandale, Waukee, West Des Moines, and Windsor Heights as well as Soil and Water Conservation Districts in Polk and Dallas County formed the Walnut Creek Watershed Management Authority. The Walnut Creek watershed encompasses 82 square miles in Polk and Dallas Counties, of which 60% is urban use. The Authority received a \$130,500 planning grant from the Iowa DNR to develop a comprehensive watershed plan that is currently underway.

Beaver Creek Watershed Management Authority: Polk County, in cooperation with the communities of Boone County, Dallas County, Greene County, Webster County, Cities of Beaver, Berkley, Bouton, Boxholm, Dallas Center, Dana, Des Moines, Grand Junction, Granger, Grimes, Johnston, Minburn, Ogden, Perry, Urbandale, Woodward, and the Boone, Dallas, Greene, and Polk County Soil and Water Conservation Districts, are in the process of forming the Beaver Creek Watershed Management Authority. The Beaver Creek watershed encompasses 381 square miles in Polk, Dallas, Boone, Greene, and Webster Counties, of which 25% is urban use. The Authority will be pursuing a planning grant from the Iowa DNR to develop a comprehensive watershed plan.

### **Operational and Budget Management**

Polk County is continuing to develop strategies for improving service quality and efficiency. The Board of Supervisors initiated a strategic planning process a few years ago that focused on achieving balanced growth, addressing mental health service delivery costs, offering affordable housing, and protecting the County's investment in the Iowa Events Center. Significant strides have been made towards these priorities, particularly pursuant to recent renovations to the Iowa Events Center auditorium and ongoing discussions of further development.

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

It is anticipated that during the upcoming year, fund balances will be at a level consistent with the County's adopted financial policies. These strong reserves enhance the County's ability to manage upcoming challenges and enable the County to maintain its AAA bond rating. Nonetheless, the County remains cognizant of the need to continue limiting expenditures to serve citizens in the most cost-effective manner possible.

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

The Board has developed and implemented a long term fiscal policy and five-year budget forecast. These financial practices enable management to identify fiscal threats while sufficient time exists to make adjustments in revenue and expenditures. Additionally, Polk County initiated a five-year capital improvement plan (CIP) that assists the Board with long term capital planning.

## Awards and Acknowledgements

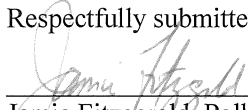
The Government Finance Officers Association of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to Polk County for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2014. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

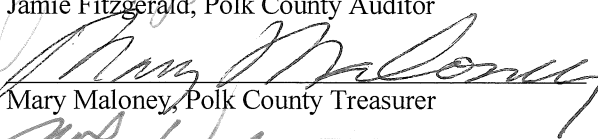
In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. A Comprehensive Annual Financial Report must satisfy both generally accepted accounting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

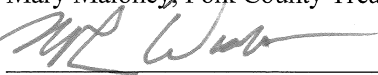
A Certificate of Achievement is valid for a period of one year only. Polk County has received a Certificate of Achievement for the last twenty-one consecutive years. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to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

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

Respectfully submitted,

  
\_\_\_\_\_  
Jamie Fitzgerald, Polk County Auditor

  
\_\_\_\_\_  
Mary Maloney, Polk County Treasurer

  
\_\_\_\_\_  
Mark Wandro, County Administrator

## **POLK COUNTY, IOWA**

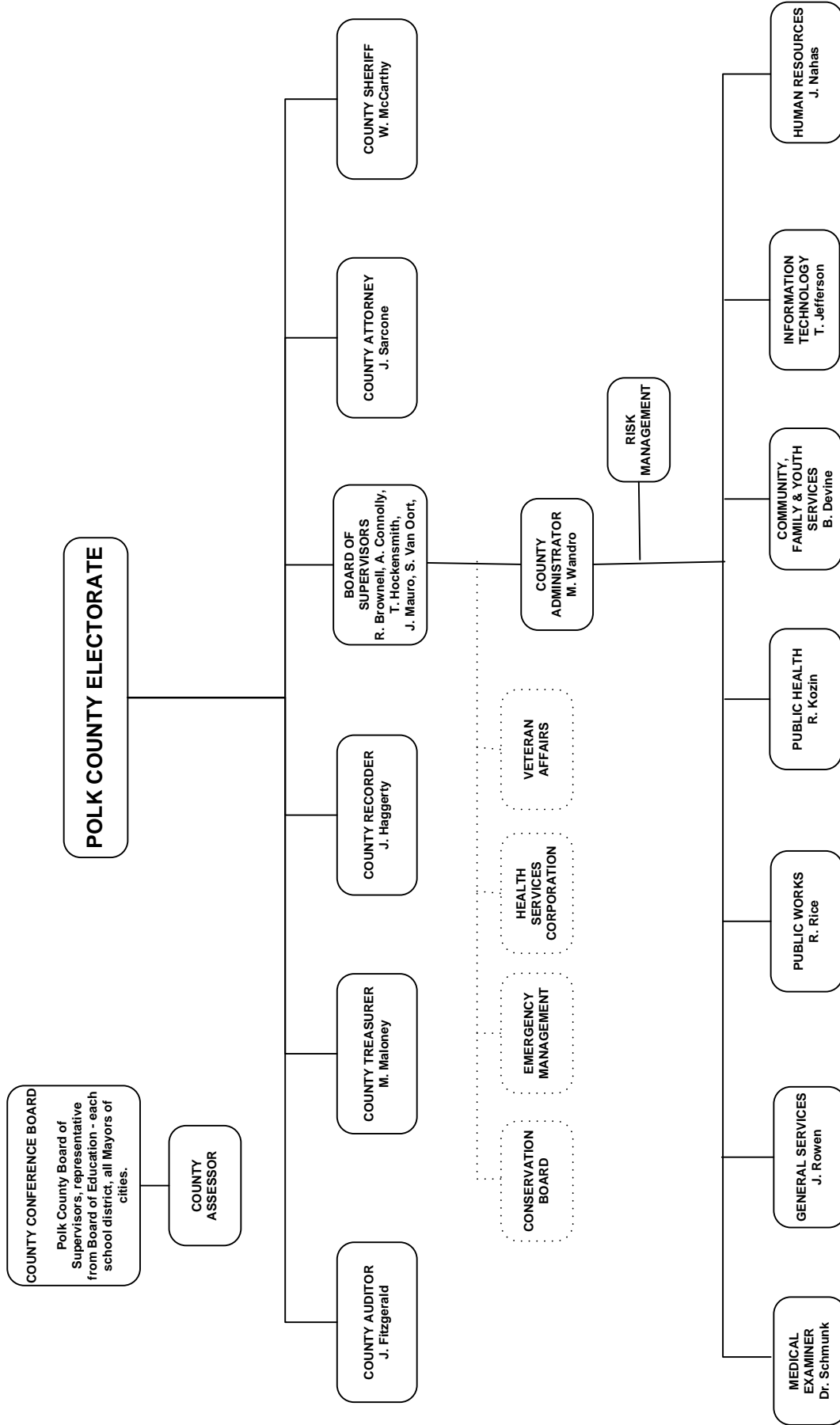
### **OFFICIALS**

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<b>Name</b>	<b>Title</b>	<b>Term Expires</b>
Jamie Fitzgerald	County Auditor	2016
Mary Maloney	County Treasurer	2018
Julie Haggerty	County Recorder	2018
Bill McCarthy	County Sheriff	2016
John Sarcone	County Attorney	2018
Randy Ripperger	County Assessor	2021*
Angela Connolly	Board of Supervisors	2018
John Mauro	Board of Supervisors	2018
Steve Van Oort	Board of Supervisors	2016
Tom Hockensmith	Board of Supervisors	2018
Robert Brownell	Board of Supervisors	2016

\* - Appointed

# POLK COUNTY ORGANIZATION





Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**Polk County  
Iowa**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2014**

Executive Director/CEO

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RSM US LLP

## Independent Auditor's Report

Board of Supervisors  
Polk County, Iowa  
Des Moines, Iowa

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Polk County, Iowa, (the County) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

As explained in Note 27 to the basic financial statements, the County adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, which restated beginning net position, net pension liability and deferred outflows of resources of the governmental activities, business-type activities, major enterprise fund and the aggregate remaining fund information.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 16 through 24, the schedule of funding progress on page 82, the Iowa Public Employees Retirement System pension plan schedules on pages 83 through 85 and the budgetary comparison schedule on page 87 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual nonmajor fund financial statements and other schedules and the accompanying schedule of federal awards as required by the U.S. Office of Management and Budget Circular A-133 Audits of State, Local Governments and Nonprofit Organizations, listed in the table of contents as supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The accompanying introductory and statistical sections as listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2015 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

RSM US LLP

Des Moines, Iowa  
December 17, 2015

## POLK COUNTY, IOWA

### Management's Discussion and Analysis For the Year Ended June 30, 2015

This section of Polk County's (County) annual financial report presents our discussion and analysis of the County's financial performance during the fiscal year that ended June 30, 2015. Please read this section in conjunction with the transmittal letter at the front of this report and with the County's financial statements, which follow this section.

#### FINANCIAL HIGHLIGHTS

- The County's total net position increased by \$14.8 million (5%) to \$333.4 million primarily due to the increase in cash balances of the capital projects funds due to unspent bond proceeds.
- Net position of the County's governmental activities increased \$13.6 million (20%) primarily due to an increase in property tax revenues and state replacements of \$4.4 million and \$4.2 million respectively. Net position of business-type activities increased \$1.2 million (.5%).
- In the County's governmental activities, total revenues increased \$8.6 million (4%) primarily due to an increase in state replacements and property tax revenues. Governmental activities total expenses increased \$4.6 million (2%) primarily due to an increase in mental health and administration expenses.
- In the County's business-type activities, total revenues increased \$6.6 million (15%) and total expenses increased \$3.4 million (9%). The increase in revenues is primarily due to Hamilton Urban Drainage District FEMA flood control grant and other increased events at the Iowa Events Center. Expenses increased primarily due to increased event expenses at the Iowa Events Center and Prairie Meadows Racetrack/Casino \$1 million contribution to demolish the YMCA.
- The County's actual expenditures were \$20.9 million below budget amounts. This is attributed to slower than anticipated completion of capital and technology projects, lower than anticipated community and economic development grants, decreased spending on social services and chemical dependency treatment, and delayed expenditure of grants for public health and weatherization.

#### OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

## **Fund Financial Statements**

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

The County has three kinds of funds:

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

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

The County maintains four individual major governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Mental Health Fund, Justice Center Annex Fund and Debt Service Fund which are considered to be major funds. Data from the other 17 governmental funds is combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

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

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

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

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

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

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

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

**Net Position.** The County's *combined* net position increased \$14.8 million (5%) primarily due to an increase in the cash balances of the capital project funds. The increase primarily relates to unspent bond proceeds of a debt issue that occurred in June 2015 to finance Justice Center Annex and courthouse improvement projects and Polk County Water and Land Legacy projects.

### Net Position

	Governmental Activities		Business-type Activities		Total	
	2015	2014 (Not Restated)	2015	2014 (Not Restated)	2015	2014 (Not Restated)
Current and other assets	\$ 339,323,816	\$ 256,440,394	\$ 52,041,319	\$ 35,841,360	\$ 391,365,135	\$ 292,281,754
Capital assets, net	<u>164,504,908</u>	<u>158,607,563</u>	<u>336,792,694</u>	<u>362,034,302</u>	<u>501,297,602</u>	<u>520,641,865</u>
<b>Total assets</b>	<u>503,828,724</u>	<u>415,047,957</u>	<u>388,834,013</u>	<u>397,875,662</u>	<u>892,662,737</u>	<u>812,923,619</u>
Deferred outflows of resources	9,414,488	-	780,197	733,777	10,194,685	733,777
Long-term liabilities	242,643,166	139,644,068	128,817,808	139,146,368	371,460,974	278,790,436
Other liabilities	<u>16,441,385</u>	<u>14,728,800</u>	<u>8,751,322</u>	<u>8,106,924</u>	<u>25,192,707</u>	<u>22,835,724</u>
<b>Total liabilities</b>	<u>259,084,551</u>	<u>154,372,868</u>	<u>137,569,130</u>	<u>147,253,292</u>	<u>396,653,681</u>	<u>301,626,160</u>
Deferred inflows of resources	<u>172,410,956</u>	<u>146,355,245</u>	<u>408,242</u>	<u>-</u>	<u>172,819,198</u>	<u>146,355,245</u>
Net position						
Net investment in capital assets	79,649,467	75,766,185	227,920,658	227,164,549	307,570,125	302,930,734
Restricted	13,961,534	20,238,049	683,568	398,723	14,645,102	20,636,772
Unrestricted (deficit)	<u>(11,863,296)</u>	<u>18,315,610</u>	<u>23,032,612</u>	<u>23,792,875</u>	<u>11,169,316</u>	<u>42,108,485</u>
<b>Total net position</b>	<u>\$ 81,747,705</u>	<u>\$ 114,319,844</u>	<u>\$ 251,636,838</u>	<u>\$ 251,356,147</u>	<u>\$ 333,384,543</u>	<u>\$ 365,675,991</u>

Net position of the County's governmental activities increased \$13.6 million (20%) to \$81.7 million at June 30, 2015. Approximately 97% of the net position is invested in capital assets (buildings, roads, bridges, etc). The net position of business-type activities increased \$1.2 million (.5%) to \$251.6 million at June 30, 2015. Approximately 91% of the net position is invested in capital assets (buildings, land, infrastructure, etc).

Governmental Accounting Standards Board Statement No. 68, "Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27" was implemented during fiscal year 2015. The beginning net position as of July 1, 2014 was restated by \$46,195,379 for governmental activities and \$895,134 for business-type activities to retroactively report the net pension liability as of June 30, 2013 and deferred outflows of resources related to contributions made after June 30, 2013 but prior to July 1, 2014. Fiscal year 2013 and 2014 financial statement amounts for net pension liabilities, pension expense, deferred outflows of resources and deferred inflows of resources were not restated because the information was not available. In the past, pension expense was the amount of the employer contribution. Current reporting provides a more comprehensive measure of pension expense which is more reflective of the amounts employees earned during the year.

### Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2015	2014 (Not Restated)	2015	2014 (Not Restated)	2015	2014 (Not Restated)
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 33,181,456	\$ 33,299,803	\$ 43,112,288	\$ 40,320,394	\$ 76,293,744	\$ 73,620,197
Operating grants and contributions	26,488,420	29,067,248	5,505,719	1,465,466	31,994,139	30,532,714
Capital grants and contributions	2,919,497	262,332	128,250	128,250	3,047,747	390,582
General revenues:						
Property taxes	136,363,181	131,914,045	-	-	136,363,181	131,914,045
Other County taxes	5,705,541	5,476,275	-	-	5,705,541	5,476,275
Interest on property taxes	1,412,664	1,381,536	-	-	1,412,664	1,381,536
State replacements	8,034,434	3,860,426	-	-	8,034,434	3,860,426
Use of money and property	309,077	255,759	74,169	54,995	383,246	310,754
Miscellaneous	1,734,376	2,068,364	572,344	860,639	2,306,720	2,929,003
<b>Total revenues</b>	<b>216,148,646</b>	<b>207,585,788</b>	<b>49,392,770</b>	<b>42,829,744</b>	<b>265,541,416</b>	<b>250,415,532</b>
<b>Expenses:</b>						
Public safety and legal services	69,683,428	71,564,875	-	-	69,683,428	71,564,875
Physical health and social services	35,364,307	35,070,940	-	-	35,364,307	35,070,940
Mental health	28,533,670	24,158,157	-	-	28,533,670	24,158,157
County environment and education	13,510,577	13,923,732	-	-	13,510,577	13,923,732
Roads and transportation	18,860,843	19,312,228	-	-	18,860,843	19,312,228
Government services to residents	7,344,942	7,129,232	-	-	7,344,942	7,129,232
Administration	32,774,134	28,335,206	-	-	32,774,134	28,335,206
Interest on long-term debt	3,882,745	5,846,733	-	-	3,882,745	5,846,733
Air Quality	-	-	1,219,921	1,154,638	1,219,921	1,154,638
Sanitary Treatment Works	-	-	1,365,289	726,280	1,365,289	726,280
Prairie Meadows Racetrack/Casino	-	-	11,602,938	10,167,216	11,602,938	10,167,216
Conservation Enterprises	-	-	170,279	40,327	170,279	40,327
Hamilton Urban Drainage District	-	-	294,484	270,242	294,484	270,242
Iowa Events Center	-	-	25,689,294	24,405,542	25,689,294	24,405,542
Urban Sewer	-	-	94,523	313,883	94,523	313,883
Iowa Tax & Tags	-	-	350,977	295,583	350,977	295,583
<b>Total expenses</b>	<b>209,954,646</b>	<b>205,341,103</b>	<b>40,787,705</b>	<b>37,373,711</b>	<b>250,742,351</b>	<b>242,714,814</b>
Excess (deficiency) before transfers	6,194,000	2,244,685	8,605,065	5,456,033	14,799,065	7,700,718
Transfers	7,429,240	9,761,697	(7,429,240)	(9,761,697)	-	-
<b>Increase (decrease) in net position</b>	<b>13,623,240</b>	<b>12,006,382</b>	<b>1,175,825</b>	<b>(4,305,664)</b>	<b>14,799,065</b>	<b>7,700,718</b>
Net position - beginning, restated	68,124,465	102,313,462	250,461,013	255,661,811	318,585,478	357,975,273
<b>Net position- ending</b>	<b>\$ 81,747,705</b>	<b>\$ 114,319,844</b>	<b>\$ 251,636,838</b>	<b>\$ 251,356,147</b>	<b>\$ 333,384,543</b>	<b>\$ 365,675,991</b>

## Statement of Activities - Changes in Net Position

The \$13.6 million increase in net position of governmental activities is primarily due to an increase in property tax revenues and state replacements as well as continued transfers in from business-type activities to fund community grants and select capital projects. The \$1.2 million increase in net position of business-type activities was primarily due to Prairie Meadows Racetrack/Casino \$1 million contribution to demolish the YMCA.

Governmental revenues increased 4% primarily from increased property tax collections and operating grants and contributions. The County's taxable valuations increased .5% and increased its levy rate \$.23/\$1,000 of taxable valuation to service new debt issued for Polk County Water Land and Legacy projects. Additionally, the State provided property tax replacement dollars to make the County whole for commercial and industrial taxable valuation rollbacks that took effect July 1, 2014. The combined increase resulted in \$8.6 million of additional receipts.

The fact that 63% of total governmental revenues are derived from property taxes illustrates the County's continued dependence on property taxes to finance its general functions. In addition, charges for services represents 15% and operating grants represents 12% of total governmental revenues.

Governmental activities expenses increased 2%, including a 18% increase in mental health services due to increased utilization and a 16% increase in administration expenses due to personal services adjustments. Additionally, debt service expense decreased 34% due to a large crossover refunding debt issue that occurred in prior year.

The County's expenses cover a range of services, with the largest expenses relating to public safety and legal services (33%), physical health and social services (17%) and administration (16%).

**Governmental Activities** Revenues for the County's governmental activities increased \$8.6 million (4%), while expenses increased \$4.6 million (2%). Key elements of these changes include the following:

- \$4.4 million (3%) increase in property tax revenue due to a .5% increase in taxable valuations and a \$.23/\$1,000 of taxable valuation increase in the levy rate to service debt on the voter-approved Conservation Water and Land Legacy bonds
- \$4.2 million (108%) increase in state replacement revenue arising mainly from new legislation that rolled back taxable valuations on commercial and industrial properties to 95% of assessed valuations, and then reimbursed local governments for the tax revenues lost due to the rollback
- \$4.4 million (18%) increase in mental health expense primarily due to increased service costs and utilization
- \$4.4 million (16%) increase in administration expense primarily due to base wage and benefit increases, increased risk management expenditures and GASB 68 accruals
- \$2 million (34%) decrease in interest on long-term debt primarily due to the existence of a large crossover refunding that was paid off in the prior year and no longer expensed in the current year

**Business-type Activities** Revenues for the County's business-type activities increased \$6.6 million (15%) and expenses increased \$3.4 million (9%). Key elements of these changes include the following:

- Charges for services increased \$2.8 million primarily due to \$1.5 million increase in concession sales, \$.5 million increase in commissions income and \$.3 million in other service charges all relating to increased events at the Iowa Events Center.
- Operating grants and contributions increased \$4 million due to an increase in FEMA reimbursements for the Hamilton Drain Watershed Flood Control improvements.
- Iowa Events Center expenses increased \$1.3 million due to increased direct event expense and cost of goods sold for concessions as a result of increased events.
- Prairie Meadows Racetrack/Casino expenses increased \$1.4 million primarily due to a \$1 million contribution to demolish the YMCA.
- Other enterprise funds expenses stayed relatively constant.



## FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

### Governmental Funds

As the County completed the current fiscal year, its governmental funds reported a *combined fund* balance of \$150.2 million at June 30, 2015, which is \$77.4 million more than the prior year. Key elements of these changes include the following:

- The General Fund increased \$4.8 million primarily due to the result of a \$4.4 million increase in property tax revenue due to a .5% increase in taxable valuations and a \$.23 increase in the levy rate to service debt.
- The Mental Health Fund increased \$1 million primarily due to an increase in intergovernmental revenues from Medicaid.
- The Justice Center Annex Fund increased \$53.1 million primarily due to unspent bond proceeds that are financing the Justice Center Annex and courthouse improvement projects.
- The Debt Service Fund increased \$2.7 million primarily due to an increase of property tax revenue of \$4.2 million which was the result of increasing the debt service tax levy from the previous year.

### Proprietary Funds

Sanitary Treatment Works net position remained relatively constant at only an increase of \$.3 million.

Prairie Meadows Racetrack/Casino net position decreased \$7.3 million primarily due to \$21.7 million transfers out to other funds over \$14.4 million operating income. Transfers out cover other funds debt payments, community betterment grants, economic development and capital projects.

Iowa Events Center net position increased \$3.6 million primarily due to a \$1.5 million increase in concession sales, \$.5 million increase in commission income and \$.3 million decrease in interest expense.

Nonmajor enterprise fund Hamilton Urban Drainage District net position increased \$4.5 million primarily due to \$4 million Hamilton Drain Watershed Flood Control FEMA grant. The other nonmajor enterprise funds remained relatively constant.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

The County's capital assets for its governmental and business-type activities as of June 30, 2015, amount to \$501.3 million (net of accumulated depreciation). These capital assets include land, buildings, improvements other than buildings, leasehold improvements, infrastructure, equipment, vehicles, intangibles and construction in progress. Polk County's capital assets decreased \$19.3 million (4%). The primary reason for the decrease is due to the reclassification of construction in progress of a large sanitary sewer project to notes receivable to account for the portion of project costs due from the cities of Ankeny and Polk City.

Major capital asset events for the year ended June 30, 2015, are as follows:

- Hamilton Drainage District easement acquisitions and improvements - \$5.5 million
- Polk County Water & Land Legacy land acquisitions and improvements - \$4.3 million
- Purchase of new voting equipment - \$2.1 million
- Completion of the real estate system - \$.8 million
- Completion of Rock Creek Sanitary Sewer project - \$.7 million

Capital assets for the governmental and business-type activities at June 30, 2015 are as follows:

### Capital Assets

	Governmental Activities		Business-Type Activities		Totals	
	2015	2014	2015	2014	2015	2014
Land	\$ 18,946,077	\$ 17,424,735	\$ 18,215,559	\$ 18,215,559	\$ 37,161,636	\$ 35,640,294
Intangibles - permanent easements	-	-	2,748,825	500,611	2,748,825	500,611
Buildings	149,647,445	149,751,199	323,488,464	323,416,800	473,135,909	473,167,999
Improvements other than buildings	4,645,510	3,525,358	8,725,298	8,725,298	13,370,808	12,250,656
Leasehold improvements	-	-	113,145,115	113,145,115	113,145,115	113,145,115
Infrastructure	107,407,251	104,827,867	34,986,451	21,698,051	142,393,702	126,525,918
Equipment	13,907,762	13,484,850	1,423,114	979,288	15,330,876	14,464,138
Vehicles	9,128,227	8,675,069	236,456	229,571	9,364,683	8,904,640
Intangibles - computer software	6,297,006	765,741	-	-	6,297,006	765,741
Intangible in progress	-	4,751,081	-	-	-	4,751,081
Construction in progress	10,852,773	4,305,710	4,041,067	29,164,709	14,893,840	33,470,419
<b>Total</b>	<u>320,832,051</u>	<u>307,511,610</u>	<u>507,010,349</u>	<u>516,075,002</u>	<u>827,842,400</u>	<u>823,586,612</u>
Less: accumulated depreciation	<u>(156,327,143)</u>	<u>(148,904,047)</u>	<u>(170,217,655)</u>	<u>(154,040,700)</u>	<u>(326,544,798)</u>	<u>(302,944,747)</u>
<b>Total</b>	<u>\$ 164,504,908</u>	<u>\$ 158,607,563</u>	<u>\$ 336,792,694</u>	<u>\$ 362,034,302</u>	<u>\$ 501,297,602</u>	<u>\$ 520,641,865</u>

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

The County's FY 15/16 capital budget includes spending an estimated \$6.4 million for improvements to the Justice Center Annex, \$5.5 million for the Polk County Historic Courthouse, \$10 million for the criminal court annex, \$4.4 million for Polk County Water & Land Legacy projects and \$2.8 million for capital improvement projects at various County facilities. Capital outlays for proprietary funds will include \$1.6 million for improvements of the Hamilton Drain Watershed.

#### Long-Term Debt

At June 30, 2015, the County had \$316 million in bonds and notes outstanding, an increase of \$60.2 million compared to FY 13/14. The change in debt is primarily due to the issuance of \$73.5 million in new debt to fund capital projects for the Judicial System referendum and the Polk County Water and Land Legacy referendum through June 2018. Multiple years of debt were issued for these voter-approved projects to lock in advantageous interest rates and reduce issuance costs. See Note 8 in the notes to the financial statements for more information.

Four large outstanding obligations pertain to the Iowa Events Center Enterprise Fund. These consist of construction of a new arena and exhibit hall along with a newly renovated Veteran Memorial Community Choice Credit Union Convention Center. During FY 14/15, principal repayments of \$10 million were made, decreasing the outstanding Iowa Events Center obligation to \$94 million.

During FY 15/16, Polk County plans to issue \$4.8 million in additional general obligation debt for grants to housing programs and an asset repair and replacement program. These amounts will fund FY 16/17 expenditures.

Polk County is well below the statutory debt capacity limitation. The debt capacity is controlled by the constitutional debt limit which is an amount equal to 5% of the actual value of taxable property within the County limits. The County's unused legal debt capacity was \$1.1 billion as of June 30, 2015.

### Outstanding Debt

	Governmental Activities		Business-type Activities		Total		Percentage Change 2014-2015
	2015	2014	2015	2014	2015	2014	
G.O. bonds	\$ 185,801,079	\$ 114,230,485	\$ 100,774,185	\$ 111,553,904	\$ 286,575,264	\$ 225,784,389	27%
Notes payable	2,450,000	2,826,000	27,130,825	27,373,572	29,580,825	30,199,572	-2%
<b>Total</b>	<b>\$ 188,251,079</b>	<b>\$ 117,056,485</b>	<b>\$ 127,905,010</b>	<b>\$ 138,927,476</b>	<b>\$ 316,156,089</b>	<b>\$ 255,983,961</b>	<b>24%</b>

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

### BUDGETARY HIGHLIGHTS

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

Even with these adjustments, actual expenditures were \$20.9 million below final budget amounts. Significant variances include:

- General operational expenditures were \$4.7 million less than budget due to lower than anticipated expenditures for social services staff and programs, general services, risk management, health grants and assistance to veterans.
- Courts Master Plan capitals were \$8.2 million less than budget. The budget is a conservative estimate to ensure sufficient appropriation is available to carry out any potential capital improvements. The actual construction expenditures lag the appropriated expenditure schedule.
- Conservation water and land projects were \$3.3 million less than budget due to timing of land acquisitions and conservation projects that will be completed in the upcoming fiscal year rather than the year ending June 30, 2015.
- Capital project expenditures were \$2 million less than budget due to capital projects being carried over to the succeeding fiscal year. This primarily includes new voting equipment that will be purchased in the succeeding fiscal year.
- Community and economic development grant expenditures were \$1.7 million less than budget. The variance is primarily due to a large grant reserve being set aside for this purpose, but fewer than anticipated grants actually being awarded.
- Bond origination costs were \$1.1 million less than budget due to a large premium being received and applied to offset issuance costs.

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

The financial condition of Polk County government remains strong. Healthy reserves, continued revenue from Prairie Meadows, and personnel savings have allowed Polk County to maintain services despite a prolonged downturn in interest earnings.

For FY 15/16, certified taxable valuations increased 1.8%, resulting in a budgeted increase of \$6.3 million in net current property tax revenue and state tax replacements. Taxable valuations increased less than the historical average due to the second year of state property tax reform taking effect. Commercial and industrial taxable valuations are being rolled back to 90% of assessed valuation over two years, with a 5% rollback occurring each year. The State legislature has pledged to replace funding lost due to the rollback. For FY 15/16, the County estimates state replacement funding of \$6.5 million.

Additionally, the County increased the General Supplemental levy rate by \$.14 to fund anticipated operating costs for Courthouse Master Plan, generating an additional \$2.8 million increase in tax revenues.

Polk County's budget for FY 15/16 indicates General fund balances will increase \$1.8 million, largely due to the increased levy rate for court operations. Balances are projected to exceed the County policy that sets ending fund balances at a goal of 20% - 25% of expenditures. Additionally, the County will retain its \$8 million contingency reserve.

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

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

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**POLK COUNTY, IOWA**

**Statement of Net Position  
June 30, 2015**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	PCHS
<b>ASSETS</b>				
Cash and pooled investments	\$ 93,725,022	\$ 27,449,401	\$ 121,174,423	\$ 4,902,061
Receivables (net)	14,496,640	23,961,757	38,458,397	454,877
Due from component unit	103,513	-	103,513	-
Internal balances	574,582	(574,582)	-	-
Inventories	1,848,809	117,326	1,966,135	-
Prepaid items	721,322	403,849	1,125,171	65,949
Restricted assets - cash and pooled investments	76,164,034	683,568	76,847,602	-
Succeeding year property taxes receivable	151,689,894	-	151,689,894	-
Capital assets not being depreciated	29,798,850	25,005,451	54,804,301	1,301,209
Capital assets being depreciated, net	134,706,058	311,787,243	446,493,301	2,832,751
<b>TOTAL ASSETS</b>	<b>503,828,724</b>	<b>388,834,013</b>	<b>892,662,737</b>	<b>9,556,847</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>9,414,488</b>	<b>780,197</b>	<b>10,194,685</b>	<b>-</b>
<b>LIABILITIES</b>				
Accounts payable and other current liabilities	15,805,764	6,995,553	22,801,317	530,747
Due to primary government	-	-	-	103,513
Interest payable	422,733	361,060	783,793	-
Unearned revenues	212,888	630,704	843,592	90,198
Advance deposits and ticket sales	-	764,005	764,005	-
Due within one year:				
General obligation bonds payable	17,033,958	10,985,891	28,019,849	-
Notes payable	382,000	835,000	1,217,000	-
Capital leases payable	138,048	-	138,048	-
Compensated absences payable	1,546,459	84,585	1,631,044	116,378
Estimated liability for claims and judgments	2,207,800	-	2,207,800	-
Due in more than one year:				
General obligation bonds payable	168,767,121	89,788,294	258,555,415	-
Notes payable	2,068,000	26,295,825	28,363,825	-
Capital leases payable	298,916	-	298,916	-
Compensated absences payable	13,956,258	253,327	14,209,585	79,212
Estimated liability for claims and judgments	700,000	-	700,000	-
Post employment liability	5,520,000	-	5,520,000	-
Net pension liability	30,024,606	574,886	30,599,492	-
<b>TOTAL LIABILITIES</b>	<b>259,084,551</b>	<b>137,569,130</b>	<b>396,653,681</b>	<b>920,048</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>172,410,956</b>	<b>408,242</b>	<b>172,819,198</b>	<b>-</b>
<b>NET POSITION</b>				
Net investment in capital assets	79,649,467	227,920,658	307,570,125	4,133,960
Restricted for:				
Capital improvements	-	683,568	683,568	-
Debt service	2,892,100	-	2,892,100	-
Enabling legislation	11,069,434	-	11,069,434	-
PCHS/Foundation	-	-	-	2,303,619
Unrestricted	(11,863,296)	23,032,612	11,169,316	2,199,220
<b>TOTAL NET POSITION</b>	<b>\$ 81,747,705</b>	<b>\$ 251,636,838</b>	<b>\$ 333,384,543</b>	<b>\$ 8,636,799</b>

**POLK COUNTY, IOWA**

Statement of Activities  
For the Year Ended June 30, 2015

Function/Program	PROGRAM REVENUES					NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION			Component Unit	
	Expenses	Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-type Activities		Total		PCHS
						Governmental Activities	Business-type Activities			
<b>Primary government:</b>										
Governmental activities:										
Public safety and legal services	\$ 69,683,428	\$ 13,176,295	\$ 1,378,687	\$ -	\$ (55,128,446)	\$ -	\$ -	\$ (55,128,446)	\$ -	
Physical health and social services	35,364,307	1,036,902	11,275,900	-	(23,051,505)	-	-	(23,051,505)	-	
Mental health	28,533,670	7,029,275	7,815,716	-	(13,688,679)	-	-	(13,688,679)	-	
County environment and education	13,510,577	1,879,130	247,093	2,828,317	(8,556,037)	-	-	(8,556,037)	-	
Roads and transportation	18,860,843	941,450	5,644,850	91,180	(12,183,363)	-	-	(12,183,363)	-	
Government services to residents	7,344,942	7,273,173	22,266	-	(49,503)	-	-	(49,503)	-	
Administration	32,774,134	1,794,169	103,908	-	(30,876,057)	-	-	(30,876,057)	-	
Interest on long-term debt	3,882,745	51,062	-	-	(3,831,683)	-	-	(3,831,683)	-	
Total governmental activities	209,954,646	33,181,456	26,488,420	2,919,497	(147,365,273)	-	-	(147,365,273)	-	
<b>Business-type activities:</b>										
Air Quality	1,219,921	346,417	869,445	-	-	(4,059)	-	(4,059)	-	
Sanitary Treatment Works	1,365,289	966,901	-	-	-	(398,388)	-	(398,388)	-	
Prairie Meadows Racetrack/Casino	11,602,938	26,000,000	-	-	-	14,397,062	-	14,397,062	-	
Conservation Enterprises	170,279	195,157	-	-	-	24,878	-	24,878	-	
Hamilton Urban Drainage District	294,484	144,566	4,636,274	-	-	4,486,356	-	4,486,356	-	
Iowa Events Center	25,689,294	15,072,784	-	128,250	-	(10,488,260)	-	(10,488,260)	-	
Urban Sewer	94,523	-	-	-	-	(94,523)	-	(94,523)	-	
Iowa Tax & Tags	350,977	386,463	-	-	-	35,486	-	35,486	-	
Total business-type activities	40,787,705	43,112,288	5,505,719	128,250	-	7,958,552	-	7,958,552	-	
Total primary government	\$ 250,742,351	\$ 76,293,744	\$ 31,994,139	\$ 3,047,747	(147,365,273)	7,958,552	(139,406,721)	-	-	
<b>Component unit:</b>										
PCHS	\$ 3,617,476	\$ 1,368,618	\$ 2,171,948	-	-	-	-	-	(76,910)	
General revenues:										
Property taxes					136,363,181	-	-	136,363,181	-	
Other county taxes					5,705,541	-	-	5,705,541	-	
Interest on property taxes					1,412,664	-	-	1,412,664	-	
State replacements credits against levied property taxes					8,034,434	-	-	8,034,434	-	
Interest income					309,077	74,169	-	383,246	20,845	
Miscellaneous					1,734,376	572,344	-	2,306,720	60,555	
Transfers					7,429,240	(7,429,240)	-	-	-	
Total general revenues and transfers					160,988,513	(6,782,727)	-	154,205,786	81,400	
Change in net position					13,623,240	1,175,825	-	14,799,065	4,490	
Net position - beginning, restated					68,124,465	250,461,013	-	318,585,478	8,632,309	
Net position - ending					\$ 81,747,705	\$ 251,636,838	\$	333,384,543	\$ 8,636,799	

See Notes to Basic Financial Statements

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**POLK COUNTY, IOWA**

**Balance Sheet  
Governmental Funds  
June 30, 2015**

	General	Mental Health	Justice Center Annex
<b>ASSETS</b>			
Cash and pooled investments	\$ 49,530,444	\$ 7,945,499	\$ -
Restricted assets - cash and pooled investments	-	-	60,192,661
Receivables (net):			
Taxes	303,000	41,006	-
Succeeding year property taxes	110,148,630	13,828,952	-
Special assessments	113,755	-	-
Accounts	320,002	126,570	-
Notes	2,183,169	-	-
Accrued interest	85,696	-	-
Due from other funds	512,589	53,245	-
Due from other governments	6,313,940	1,356,207	-
Due from component unit	-	103,513	-
Advances to other funds	45,600	-	-
Inventories	645,900	-	-
Prepaid items	721,322	-	-
<b>TOTAL ASSETS</b>	<b>\$ 170,924,047</b>	<b>\$ 23,454,992</b>	<b>\$ 60,192,661</b>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 1,652,874	\$ 1,644,661	\$ 915,429
Wages payable	3,545,047	11,071	-
Payroll taxes payable	579,192	1,799	-
Compensated absences payable	2,508,219	-	-
Estimated liability for claims and judgments	39,000	-	-
Due to other funds	525	-	-
Due to other governments	1,861,645	-	-
Trust payable	65,850	-	-
Unearned revenues	212,888	-	-
<b>TOTAL LIABILITIES</b>	<b>10,465,240</b>	<b>1,657,531</b>	<b>915,429</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>112,903,925</b>	<b>13,929,581</b>	<b>-</b>
Fund balances:			
Nonspendable	1,199,934	-	-
Restricted	-	7,867,880	59,277,232
Committed	3,265,208	-	-
Unassigned	43,089,740	-	-
<b>TOTAL FUND BALANCES</b>	<b>47,554,882</b>	<b>7,867,880</b>	<b>59,277,232</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 170,924,047</b>	<b>\$ 23,454,992</b>	<b>\$ 60,192,661</b>

See Notes to Basic Financial Statements

<b>Debt Service</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 2,889,137	\$ 20,047,651	\$ 80,412,731
-	15,971,373	76,164,034
49,663	40,093	433,762
19,374,373	8,337,939	151,689,894
-	4,618	118,373
-	135,876	582,448
-	200,000	2,383,169
-	-	85,696
97,237	525	663,596
-	829,189	8,499,336
-	-	103,513
-	-	45,600
-	1,202,909	1,848,809
-	-	721,322
<u>\$ 22,410,410</u>	<u>\$ 46,770,173</u>	<u>\$ 323,752,283</u>
\$ -	\$ 5,093,944	\$ 9,306,908
-	214,414	3,770,532
-	34,566	615,557
-	-	2,508,219
-	-	39,000
-	-	525
-	-	1,861,645
-	-	65,850
-	-	212,888
-	5,342,924	18,381,124
<u>19,518,310</u>	<u>8,776,743</u>	<u>155,128,559</u>
-	1,202,909	2,402,843
2,892,100	18,971,785	89,008,997
-	13,979,456	17,244,664
-	(1,503,644)	41,586,096
<u>2,892,100</u>	<u>32,650,506</u>	<u>150,242,600</u>
<u>\$ 22,410,410</u>	<u>\$ 46,770,173</u>	<u>\$ 323,752,283</u>

**POLK COUNTY, IOWA**

**Reconciliation of Fund Balances on the Balance Sheet for Governmental Funds  
to Net Position of Governmental Activities on the Statement of Net Position  
June 30, 2015**

Fund balances - total governmental funds	\$	150,242,600
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Capital assets	\$	320,832,051
Accumulated depreciation		<u>(156,327,143)</u>
		164,504,908
Interest payable on long-term obligations that does not require current financial resources and therefore is not reported in the funds.		
		(422,733)
Internal service funds are used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		
		6,310,986
Revenues and other financing sources that are not available to pay for current period expenditures in the funds.		
Property taxes		407,485
Special assessments		113,363
Accounts receivable		143,179
Notes receivable from sale of capital assets (Luther Care)		200,000
Due from other governments		2,000,056
Due from other funds (Prairie Meadows property taxes)		<u>574,582</u>
		3,438,665
Long-term receivables are not available to pay for current period expenditures and therefore are not reported in the funds:		
Notes Receivable (Aviation Authority)		2,195,000
Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental fund, as follows:		
Deferred outflows of resources		9,414,488
Deferred inflows of resources		(20,721,062)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
General obligation bonds payable		(185,801,079)
Notes payable		(2,450,000)
Capital leases payable		(436,964)
Compensated absences payable		(12,994,498)
Estimated liability for claims and judgments		(1,508,000)
Net pension liability		<u>(30,024,606)</u>
Net position of governmental activities	\$	<u><u>81,747,705</u></u>

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**POLK COUNTY, IOWA**

**Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2015**

	<b>General</b>	<b>Mental Health</b>	<b>Justice Center Annex</b>
<b>REVENUES:</b>			
Property taxes	\$ 97,633,217	\$ 13,227,995	\$ -
Other County taxes	4,184,583	440,863	-
Interest and penalties on delinquent taxes	1,412,664	-	-
Intergovernmental	26,043,826	15,636,580	-
Licenses and permits	970,935	-	-
Charges for services	13,127,041	-	-
Use of money and property	2,504,033	-	-
Miscellaneous	1,301,896	258,860	1,663
<b>TOTAL REVENUES</b>	<b>147,178,195</b>	<b>29,564,298</b>	<b>1,663</b>
<b>EXPENDITURES:</b>			
Current:			
Public safety and legal services	66,300,928	-	-
Physical health and social services	33,988,406	-	-
Mental health	-	28,533,670	-
County environment and education	11,068,073	-	-
Roads and transportation	683,169	-	-
Government services to residents	6,876,481	-	-
Administration	31,074,688	-	-
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Capital projects:			
Roadway construction	-	-	-
Conservation land acquisition and development	219,809	-	-
Other capital projects	-	-	5,797,743
<b>TOTAL EXPENDITURES</b>	<b>150,211,554</b>	<b>28,533,670</b>	<b>5,797,743</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(3,033,359)</b>	<b>1,030,628</b>	<b>(5,796,080)</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	10,699,365	-	-
Transfers out	(7,387,198)	-	-
Issuance of bonds	4,518,293	-	57,920,000
Premium/(discount) on bonds issued	81,707	-	1,001,242
Payment to refunded debt escrow	-	-	-
Proceeds from sale of capital assets	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>7,912,167</b>	<b>-</b>	<b>58,921,242</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>4,878,808</b>	<b>1,030,628</b>	<b>53,125,162</b>
<b>FUND BALANCE, BEGINNING</b>	<b>42,779,864</b>	<b>6,837,252</b>	<b>6,152,070</b>
Change in inventory reserve	(103,790)	-	-
<b>FUND BALANCE, ENDING</b>	<b>\$ 47,554,882</b>	<b>\$ 7,867,880</b>	<b>\$ 59,277,232</b>

<b>Debt Service</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 18,082,846	\$ 7,611,688	\$ 136,555,746
545,914	534,181	5,705,541
-	-	1,412,664
1,010,059	9,981,512	52,671,977
-	102,875	1,073,810
-	626,718	13,753,759
375,902	1,040	2,880,975
-	1,224,746	2,787,165
<u>20,014,721</u>	<u>20,082,760</u>	<u>216,841,637</u>
-	1,441,713	67,742,641
-	-	33,988,406
-	-	28,533,670
-	1,252,056	12,320,129
-	9,534,474	10,217,643
-	209,996	7,086,477
-	644	31,075,332
14,203,647	46,000	14,249,647
3,713,821	5,016	3,718,837
-	5,650,385	5,650,385
-	6,675,873	6,895,682
-	5,373,544	11,171,287
<u>17,917,468</u>	<u>30,189,701</u>	<u>232,650,136</u>
<u>2,097,253</u>	<u>(10,106,941)</u>	<u>(15,808,499)</u>
-	9,748,198	20,447,563
-	(5,611,125)	(12,998,323)
664,267	21,105,000	84,207,560
553,816	366,373	2,003,138
(640,000)	-	(640,000)
-	59,100	59,100
<u>578,083</u>	<u>25,667,546</u>	<u>93,079,038</u>
2,675,336	15,560,605	77,270,539
216,764	16,830,012	72,815,962
-	259,889	156,099
<u>\$ 2,892,100</u>	<u>\$ 32,650,506</u>	<u>\$ 150,242,600</u>

**POLK COUNTY, IOWA**

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances  
of Governmental Funds to the Statement of Activities  
For the Year Ended June 30, 2015**

Net change in fund balances - total governmental funds \$ 77,270,539

Amounts reported for governmental activities in the statement of net position are different because:

Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation/amortization expense. The following is the detail of the amount by which capital outlays exceed depreciation/amortization in the current year:

Capital outlays, net of contributed capital	17,279,105
Capital contribution	91,180
Depreciation/amortization expense	(11,157,037)

The net effect of various transactions involving capital assets is to increase/(decrease) net position.

Net (loss) gain on disposal/sale of capital assets	(56,803)
Proceeds from capital asset sales	(59,100)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.

Change in deferred inflows of resources	(475,254)
Collection of long-term receivable (Aviation Authority) recognized as revenue in the governmental funds	(330,000)

The current year County employer share of IPERS contributions are reported as expenditures in the governmental funds, but are reported as a deferred outflow of resources in the Statement of Net Position.

7,557,271

Expenses in the statement of activities that do not require the use of current financial resources are not reported as expenditures in governmental funds.

Change in estimated liabilities for claims and judgments	(693,000)
Change in compensated absences	(469,193)
Pension expense	(2,693,072)
Amortization of bond premium/(discount)	126,457

Debt proceeds provide current financial resources to governmental funds. Issuing debt increases long-term liabilities in the government-wide statement of net position. Repayments are an expenditure in the governmental funds. Repayment reduces long-term liabilities in the government-wide statement of net position. Also, governmental funds report the effect of premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Change in capital leases	457,536
Payments on long-term bonds	14,513,647
Payments on long-term notes	376,000
Proceeds on long-term debt	(84,207,560)
Premium/(discount) on the issuance of debt	(2,003,138)

Interest expense on long-term debt is reported in the government-wide statement of activities.

Interest payable does not require the use of current financial resources. This related interest expense is not reported as an expenditure in the governmental funds.

Change in interest payable on debt	(163,908)
------------------------------------	-----------

Internal service funds are used by management to charge the costs of insurance. The change in net position is reported with governmental activities.

(1,896,529)

Inventory in the governmental funds has been recorded as an expenditure when paid, however, the statement of activities will not report these items as expenditures until the period when the corresponding net position is exhausted.

156,099

Change in net position of governmental activities \$ 13,623,240

See Notes to Basic Financial Statements



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POLK COUNTY, IOWA

Statement of Net Position  
Proprietary Funds  
June 30, 2015

	Business-type Activities - Enterprise Funds			
	Sanitary Treatment Works	Prairie Meadows/ Racetrack/ Casino	Iowa Events Center	Nonmajor Enterprise Funds
<b>ASSETS</b>				
Current assets:				
Cash and pooled investments	\$ 5,403,833	\$ 11,366,261	\$ 7,812,034	\$ 2,867,273
Restricted assets - cash and pooled investments	-	-	683,568	-
Receivables (net):				
Accounts	149,794	-	3,860,759	59,890
Notes	-	-	196,681	123,707
Due from other governments	45,217	61,520	-	507,061
Inventories	-	-	117,326	-
Prepaid items	-	-	403,849	-
Total current assets	<u>5,598,844</u>	<u>11,427,781</u>	<u>13,074,217</u>	<u>3,557,931</u>
Noncurrent assets:				
Receivables (net):				
Special assessments	61,386	-	-	4,526
Notes	14,678,604	-	-	4,212,612
Capital assets not being depreciated	599,611	3,129,000	13,914,413	7,362,427
Capital assets being depreciated, net	20,886,472	94,595,552	191,623,596	4,681,623
Total noncurrent assets	<u>36,226,073</u>	<u>97,724,552</u>	<u>205,538,009</u>	<u>16,261,188</u>
<b>TOTAL ASSETS</b>	<u>41,824,917</u>	<u>109,152,333</u>	<u>218,612,226</u>	<u>19,819,119</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>	-	-	606,931	173,266
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	9,997	-	2,730,598	39,971
Wages payable	-	-	161,509	46,657
Payroll taxes payable	-	-	12,596	7,287
Interest payable	56,595	-	297,160	7,305
Estimated liability for claims and judgments	-	-	-	-
Due to other funds	-	574,582	-	-
Due to other governments	-	3,986,938	-	-
Advance deposits and ticket sales	-	-	764,005	-
Unearned revenues	-	-	630,704	-
General obligation bonds payable	-	-	10,681,843	304,048
Notes payable	835,000	-	-	-
Compensated absences payable	-	-	75,855	8,730
Total current liabilities	<u>901,592</u>	<u>4,561,520</u>	<u>15,354,270</u>	<u>413,998</u>
Noncurrent liabilities:				
General obligation bonds payable	-	-	86,333,844	3,454,450
Notes payable	26,295,825	-	-	-
Compensated absences payable	-	-	-	253,327
Post employment liability	-	-	-	-
Net pension liability	-	-	34,492	540,394
Total noncurrent liabilities	<u>26,295,825</u>	<u>-</u>	<u>86,368,336</u>	<u>4,248,171</u>
<b>TOTAL LIABILITIES</b>	<u>27,197,417</u>	<u>4,561,520</u>	<u>101,722,606</u>	<u>4,662,169</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	-	-	24,495	383,747
<b>NET POSITION</b>				
Net investment in capital assets	9,033,862	97,724,552	109,118,194	12,044,050
Restricted for capital improvements	-	-	683,568	-
Unrestricted	5,593,638	6,866,261	7,670,294	2,902,419
<b>TOTAL NET POSITION</b>	<u>\$ 14,627,500</u>	<u>\$ 104,590,813</u>	<u>\$ 117,472,056</u>	<u>\$ 14,946,469</u>

See Notes to Basic Financial Statements

<b>Total</b>	<b>Governmental Activities- Internal Service Funds</b>
\$ 27,449,401	\$ 13,312,291
683,568	-
4,070,443	64,767
320,388	-
613,798	-
117,326	-
403,849	-
<u>33,658,773</u>	<u>13,377,058</u>
65,912	-
18,891,216	-
25,005,451	-
311,787,243	-
<u>355,749,822</u>	<u>-</u>
389,408,595	13,377,058
<u>780,197</u>	<u>-</u>
2,780,566	185,272
208,166	-
19,883	-
361,060	-
-	1,360,800
574,582	-
3,986,938	-
764,005	-
630,704	-
10,985,891	-
835,000	-
84,585	-
<u>21,231,380</u>	<u>1,546,072</u>
89,788,294	-
26,295,825	-
253,327	-
-	5,520,000
574,886	-
<u>116,912,332</u>	<u>5,520,000</u>
138,143,712	7,066,072
<u>408,242</u>	<u>-</u>
227,920,658	-
683,568	-
23,032,612	6,310,986
<u>\$ 251,636,838</u>	<u>\$ 6,310,986</u>

**POLK COUNTY, IOWA**

**Statement of Revenues, Expenses, and Changes in Fund Net Position  
Proprietary Funds  
For the Year Ended June 30, 2015**

	<b>Business-type Activities - Enterprise Funds</b>			
	<b>Sanitary Treatment Works</b>	<b>Prairie Meadows Racetrack/ Casino</b>	<b>Iowa Events Center</b>	<b>Nonmajor Enterprise Funds</b>
<b>OPERATING REVENUES:</b>				
Charges for goods and services:				
Charges for services	\$ 966,901	\$ 15,600,000	\$ 2,936,132	\$ 877,446
Intergovernmental revenues	-	-	-	5,505,719
Project income	-	10,400,000	815,835	-
Parking income	-	-	724,525	-
Concession sales	-	-	7,267,819	-
Commissions income	-	-	2,803,849	195,157
PFMS user fee on ticket sales	-	-	524,624	-
Miscellaneous	14,526	-	439,140	118,678
Total operating revenues	981,427	26,000,000	15,511,924	6,697,000
<b>OPERATING EXPENSES:</b>				
Cost of goods and services:				
Personal services	36,617	-	3,226,147	1,258,134
Supplies	-	-	334,927	166,664
Professional services	-	-	286,792	115,917
Other services/charges	366,974	4,500,000	2,315,155	139,540
Insurance	-	-	164,062	-
Direct event expense	-	-	1,632,934	-
Cost of goods sold - concession	-	-	4,482,242	-
Management expense	-	-	252,000	-
Miscellaneous	13,912	1,000,000	-	16,509
Amortization of discount (premium)	-	-	(510,937)	(2,872)
Depreciation	644,749	6,102,938	9,257,762	338,897
Total operating expenses	1,062,252	11,602,938	21,441,084	2,032,789
<b>OPERATING INCOME (LOSS)</b>	<b>(80,825)</b>	<b>14,397,062</b>	<b>(5,929,160)</b>	<b>4,664,211</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Interest revenue	5,482	47,647	6,362	14,678
Debt issuance costs	-	-	(77,531)	-
Interest expense	(303,037)	-	(4,170,679)	(97,395)
Total nonoperating revenues (expenses)	(297,555)	47,647	(4,241,848)	(82,717)
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS</b>	<b>(378,380)</b>	<b>14,444,709</b>	<b>(10,171,008)</b>	<b>4,581,494</b>
<b>CAPITAL CONTRIBUTIONS AND TRANSFERS:</b>				
Capital contributions from others	-	-	128,250	-
Transfers in	669,734	-	13,744,881	-
Transfers out	-	(21,711,451)	-	(132,404)
Total capital contributions and transfers	669,734	(21,711,451)	13,873,131	(132,404)
<b>CHANGE IN NET POSITION</b>	<b>291,354</b>	<b>(7,266,742)</b>	<b>3,702,123</b>	<b>4,449,090</b>
<b>NET POSITION - BEGINNING, RESTATED</b>	<b>14,336,146</b>	<b>111,857,555</b>	<b>113,769,933</b>	<b>10,497,379</b>
<b>NET POSITION - ENDING</b>	<b>\$ 14,627,500</b>	<b>\$ 104,590,813</b>	<b>\$ 117,472,056</b>	<b>\$ 14,946,469</b>

See Notes to Basic Financial Statements

<b>Total</b>	<b>Governmental Activities- Internal Service Funds</b>
\$ 20,380,479	\$ 16,638,139
5,505,719	-
11,215,835	-
724,525	-
7,267,819	-
2,999,006	-
524,624	-
572,344	1,631
<u>49,190,351</u>	<u>16,639,770</u>
4,520,898	-
501,591	-
402,709	-
7,321,669	24,077
164,062	18,513,305
1,632,934	-
4,482,242	-
252,000	-
1,030,421	-
(513,809)	-
16,344,346	-
<u>36,139,063</u>	<u>18,537,382</u>
<u>13,051,288</u>	<u>(1,897,612)</u>
74,169	21,083
(77,531)	-
(4,571,111)	-
<u>(4,574,473)</u>	<u>21,083</u>
<u>8,476,815</u>	<u>(1,876,529)</u>
128,250	-
14,414,615	2,922,446
(21,843,855)	(2,942,446)
<u>(7,300,990)</u>	<u>(20,000)</u>
1,175,825	(1,896,529)
<u>250,461,013</u>	<u>8,207,515</u>
<u>\$ 251,636,838</u>	<u>\$ 6,310,986</u>

**POLK COUNTY, IOWA**

**Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2015**

	<b>Business-type Activities-Enterprise Funds</b>		
	<b>Sanitary Treatment Works</b>	<b>Prairie Meadows Racetrack/ Casino</b>	<b>Iowa Events Center</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash received from customers	\$ 1,002,647	\$ -	\$ 14,058,076
Cash received from intergovernmental revenue	-	-	-
Cash received from racetrack/casino	-	26,332,018	-
Cash paid to suppliers for goods and services	(380,886)	(5,832,018)	(8,560,846)
Cash paid to employees	(36,617)	-	(3,136,994)
Net cash flows from operating activities	<u>585,144</u>	<u>20,500,000</u>	<u>2,360,236</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Transfers in	669,734	-	13,744,881
Transfers out	-	(21,711,451)	-
Net cash flows from noncapital financing activities	<u>669,734</u>	<u>(21,711,451)</u>	<u>13,744,881</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Issuance costs paid on long-term debt	-	-	(77,531)
Proceeds from debt issued for advance refunding	-	-	7,682,531
Payments to escrow agent for advance refunding debt	-	-	(7,605,000)
Principal paid on long-term debt	(242,747)	-	(9,965,000)
Interest paid on long-term debt	(304,147)	-	(4,147,206)
Capital contributions from others	-	-	128,250
Repayments on capital note receivable	-	-	-
Purchase of capital assets	(17,312)	-	(466,074)
Net cash flows from capital and related financing activities	<u>(564,206)</u>	<u>-</u>	<u>(14,450,030)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest received	5,482	47,647	6,362
Net cash flows from investing activities	<u>5,482</u>	<u>47,647</u>	<u>6,362</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>696,154</b>	<b>(1,163,804)</b>	<b>1,661,449</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>4,707,679</b>	<b>12,530,065</b>	<b>6,834,153</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 5,403,833</b>	<b>\$ 11,366,261</b>	<b>\$ 8,495,602</b>

Nonmajor Enterprise Funds	Total	Governmental Activities- Internal Service Funds
\$ 921,509	\$ 15,982,232	\$ 16,643,038
5,529,920	5,529,920	-
-	26,332,018	-
(438,180)	(15,211,930)	(18,031,506)
(1,219,273)	(4,392,884)	-
4,793,976	28,239,356	(1,388,468)
-	14,414,615	2,922,446
(132,404)	(21,843,855)	(2,942,446)
(132,404)	(7,429,240)	(20,000)
-	(77,531)	-
-	7,682,531	-
-	(7,605,000)	-
(296,353)	(10,504,100)	-
(97,865)	(4,549,218)	-
-	128,250	-
117,426	117,426	-
(5,778,481)	(6,261,867)	-
(6,055,273)	(21,069,509)	-
17,759	77,250	21,083
17,759	77,250	21,083
(1,375,942)	(182,143)	(1,387,385)
4,243,215	28,315,112	14,699,676
\$ 2,867,273	\$ 28,132,969	\$ 13,312,291

(continued)

**POLK COUNTY, IOWA**

**Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2015**

	<b>Business-type Activities-Enterprise Funds</b>		
	<b>Sanitary Treatment Works</b>	<b>Prairie Meadows Racetrack/ Casino</b>	<b>Iowa Events Center</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET</b>			
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Operating income (loss)	\$ (80,825)	\$ 14,397,062	\$ (5,929,160)
Components of operating income (loss) not included in operating activities:			
Depreciation	644,749	6,102,938	9,257,762
Amortization	-	-	(510,937)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:			
(Increase) decrease in special assessments receivable	5,859	-	-
(Increase) decrease in accounts receivable	25,031	-	(1,425,597)
(Increase) decrease in due from other funds	-	-	(196,681)
(Increase) decrease in due from other governments	(9,670)	332,018	13,998
(Increase) decrease in inventories	-	-	(20,842)
(Increase) decrease in prepaid items	-	-	(270,954)
(Increase) decrease in deferred outflows of resources	-	-	(2,393)
Increase (decrease) in accounts payable	-	-	1,199,062
Increase (decrease) in wages payable	-	-	87,709
Increase (decrease) in payroll taxes payable	-	-	6,742
Increase (decrease) in due to other funds	-	(31,596)	-
Increase (decrease) in due to other governments	-	(300,422)	-
Increase (decrease) in advance deposits and ticket sales	-	-	98,412
Increase (decrease) in unearned revenue	-	-	56,020
Increase (decrease) in compensated absences payable	-	-	482
Increase (decrease) in estimated liability for claims and judgments	-	-	-
Increase (decrease) in post employment liability	-	-	-
(Increase) decrease in net pension liability	-	-	(27,882)
(Increase) decrease in deferred inflows of resources	-	-	24,495
Net cash flows from operating activities	<u>\$ 585,144</u>	<u>\$ 20,500,000</u>	<u>\$ 2,360,236</u>
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Disposal of fully depreciated capital assets	\$ -	\$ -	\$ -
Acquisition of capital assets through accounts payable	(117,062)	-	-
Acquisition of capital assets through contract/retainage payable	(295,328)	-	-
Acquisition of notes receivable through CIP reduction	14,678,604	-	-

See Notes to Basic Financial Statements



Nonmajor Enterprise Funds	Total	Governmental Activities- Internal Service Funds
\$ 4,664,211	\$ 13,051,288	\$ (1,897,612)
338,897	16,344,346	-
(2,872)	(513,809)	-
7,231	13,090	-
(15,698)	(1,416,264)	(1,994)
-	(196,681)	-
(237,104)	99,242	-
-	(20,842)	-
-	(270,954)	-
(37,482)	(39,875)	-
450	1,199,512	(62,824)
9,624	97,333	-
1,250	7,992	-
-	(31,596)	-
-	(300,422)	5,262
-	98,412	-
-	56,020	-
118,538	119,020	-
-	-	117,700
-	-	451,000
(436,816)	(464,698)	-
383,747	408,242	-
<u>\$ 4,793,976</u>	<u>\$ 28,239,356</u>	<u>\$ (1,388,468)</u>

\$ (167,391)	\$ (167,391)	\$ -
(68,135)	(185,197)	-
-	(295,328)	-
-	14,678,604	-

(concluded)

# POLK COUNTY, IOWA

## Statement of Assets and Liabilities

### Fiduciary Funds

June 30, 2015

	<b>Total Agency Funds</b>
<b>ASSETS</b>	
Cash and pooled investments	\$ 26,323,558
Receivables (net):	
Taxes	3,738,699
Special assessments	10,469,724
Accounts	412,829
Due from other governments	618,411
Prepays	91,369
	<hr/>
<b>TOTAL ASSETS</b>	<b>\$ 41,654,590</b>
<b>LIABILITIES</b>	
Accounts payable	\$ 348,016
Wages payable	162,344
Payroll taxes payable	168,884
Due to other funds	88,489
Due to other governments	39,067,026
Advances from other funds	45,600
Trusts payable	567,999
Compensated absences payable	980,232
Post employment liability	226,000
	<hr/>
<b>TOTAL LIABILITIES</b>	<b>\$ 41,654,590</b>

# POLK COUNTY, IOWA

## Notes to the Financial Statements For the Year Ended June 30, 2015

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

#### A) Financial Reporting Entity

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

**Discretely Presented Component Unit** - The combined financial data of Polk County Health Services, Inc. and Polk County Health Services Foundation, collectively referred to as "PCHS" as of and for the year ended June 30, 2015, is included in the County's financial statements. PCHS has been designated by the Polk County Board of Supervisors to serve as the Code of Iowa mandated regional planning council and single point of entry for services to persons with mental illness, mental retardation or developmental disabilities. PCHS administers approximately \$29 million each year for mental health services for the County. Although PCHS is a separate legal entity and appoints its own Board of Directors, it is fiscally dependent on the County. The County provides a significant portion of PCHS's financial support and annually approves its overall budget.

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

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

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

### **Government-wide Financial Statements**

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

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

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

Net position is reported in three categories:

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

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

*Unrestricted net position* consists of net position not meeting the definition of the two preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

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

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

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

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

### **Fund Financial Statements**

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

### **Fund Accounting**

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

### **Governmental Funds**

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

**Basis of Accounting:** Governmental fund financial statements are reported using the “current financial resources measurement focus” and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 75 days of the end of the current fiscal period (except for property taxes which is 60 days). Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

The following are the County’s major governmental funds:

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

**Mental Health Special Revenue Fund** - Accounts for property taxes levied and other state revenues for mental health services as mandated by the Iowa Code Section 331.424A.

**Justice Center Annex Capital Project Fund** - Accounts for capital projects relating to the remodeling, reconstructing, historically rehabilitating, furnishing and equipping the buildings of the judicial system, including the Courthouse, the criminal Court Annex (former Main Jail) and the Justice Center Annex (former JC Penney/Wellmark Building).

**Debt Service Fund** - Accounts for debt service for general obligation debt issues supported by County-wide tax levies. This account is restricted in accordance with the Iowa Code Section 331.430.

### **Proprietary Funds**

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

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

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

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

The County reports the following major proprietary funds:

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

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

**Iowa Events Center** - Accounts for activity of the Veterans Memorial Community Choice Credit Union Convention Center, Hy-Vee Hall and Wells Fargo Arena. It is operated and managed by a third party who has the ability to modify services and rates. See Note 18 for further information.

## Fiduciary Funds

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

### C) Assets, Liabilities, Deferred Outflows and Inflows of Resources and Net Position

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

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

**Property Taxes:** The County proposed property tax levy was approved during the Board of Supervisors' session held in March of 2014 on the assessed valuation of property located in the County as of January 1, 2013, which was the assessment date. Assessed values are established annually for the various types of property by the County and are reduced by certain percentages based on the type of property to determine the taxable value. Taxes levied on property then became liens as of July 1, 2014. Taxes were receivable in two installments on September 30, 2014, and March 31, 2015. The County bills and collects property taxes for all taxing units in the County. Tax monies remitted to the County and subsequently disbursed to other taxing units are accounted for in the fiduciary funds.

The succeeding year property tax receivable represents taxes certified by the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is reported as a deferred inflow of resources and will not be recognized as revenue until the year for which it is levied.

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

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

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

**Inventories:** All inventories are stated at cost (first-in, first-out method). For governmental funds, the cost is recorded as an expenditure at the time individual inventory items are purchased. Reported inventories are equally offset by a non-spendable fund balance, or unearned revenues in the case of the Supplemental Foods Program commodities, which indicates that they are not available to liquidate current obligations.

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

The County's capitalization thresholds are as follows:

	Governmental Capital Assets	Business-type Capital Assets
Land	\$ 20,000	\$ 20,000
Buildings	150,000	100,000
Improvements other than buildings	50,000	15,000
Infrastructure	250,000	125,000
Equipment	15,000	10,000
Vehicles	15,000	15,000
Intangibles	300,000	300,000

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

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

**Deferred Outflows of Resources:** Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

The County has two types of items that qualify for reporting in this category in the proprietary funds as well as the government-wide statements of net position. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This loss is deferred and amortized over the shorter of the life of the old debt or the life of the new debt.

The other deferred outflows of resources consists of unrecognized items not yet charged to pension expense and contributions from the employer after the measurement date but before the end of the employer's reporting period. See Note 20 for further information.

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



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

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

**Unearned Revenues:** Unearned revenues occur when resources are received before they have been earned, as when state/grant monies are received prior to the incurrence of qualifying expenditures and undistributed food commodities. Unearned revenues for the Iowa Events Center enterprise fund consists of advertising, ticket sales and fees, and miscellaneous other event revenues and liabilities which are recognized when the related event occurs or over the life of the agreement.

**Pensions:** For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System (IPERS) and additions to/deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Deferred Inflows of Resources:** Deferred inflows of resources represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The governmental funds report unavailable revenues from three sources: property taxes, intergovernmental grants, and other receivables. Accordingly, these unavailable revenues are reported only in the governmental funds financial statements. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

The County has three types of items that qualify for reporting in this category in the proprietary funds as well as the government-wide statements of net position. Succeeding year property tax deferred revenue represents taxes certified by the Board of Supervisors in March of each year to be collected in the next fiscal year. Since these property taxes will not be recognized as revenue until the year for which it is levied, they are neither received nor earned during the current year.

In addition, the unamortized portion of the net difference between projected and actual earnings on pension plan investments will be shown as a deferred inflow of resources on the Statement of Net Position. See Note 20 for further information.

**Bond Discounts (Premiums):** In the government-wide financial statements and proprietary fund type fund financial statements, bond discounts (premiums) are deferred and amortized by a method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts as an expenditure (revenue) during the current period. The face amount and related premium of the debt issued are reported as other financing sources. Discounts on debt issuances are reported as other financing uses.

**Bond Issuance Costs:** Bond issuance costs are reported as expenditures during the current period.

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

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

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

The compensated absences liability has been computed based on rates of pay in effect at June 30, 2015. A liability is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. The retired employees' health insurance bank is also recorded as compensated absences in the governmental fund statements.

**Net Position:** Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation (including the amortization of intangible assets), reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, laws, or regulations of other governments.

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

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

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

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

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

Unassigned - All amounts not included in other classifications.

When committed and unassigned amounts are available for use, it is the County's policy to use committed resources first, then unassigned resources as they are needed.

**Budgetary Policy:** The County presents a budgetary comparison schedule on the cash basis as Required Supplementary Information based on the program structure of 10 program service areas as required by State statute for its legally adopted budget.

**Use of Estimates:** The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. Actual results could differ from those estimates.

## 2. FUND BALANCE DEFICITS

Individual fund balance deficits for the year ended June 30, 2015 are as follows:

Nonmajor Governmental - Special Revenue:	
Secondary Roads	\$ (300,735)
Nonmajor Enterprise:	
Air Quality	(38,143)

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

## 3. CASH AND POOLED INVESTMENTS

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

The County maintains a cash and investment pool that is available for use by all funds. These monies are considered to be cash on hand, cash held by elected officials, demand deposits, cash equivalents (maturities of three months or less from the date of acquisition), short-term investments (maturities of one year or less from the date of acquisition), and long-term investments (maturities of one year or greater from the date of acquisition). Short-term investments are valued at cost which approximates fair value. Long-term investments are shown at fair value based on quoted market prices.

As of June 30, 2015, the cash and pooled investments of the County consist of:

Cash and cash items in vault	\$ 128,030
Cash on hand not yet deposited	61,994
Bank account deposits	47,425,433
Mutual funds	52,239,694
Mutual funds - restricted	76,847,602
U.S. government securities	27,714,148
Commercial paper	<u>19,928,682</u>
Total cash and pooled investments	<u>\$ 224,345,583</u>
Cash and pooled investments, statement of net position	\$ 121,174,423
Cash and pooled investments, fiduciary funds	26,323,558
Restricted assets - Note 4	<u>76,847,602</u>
Total cash and pooled investments	<u>\$ 224,345,583</u>

The County elected to maintain a non-interest bearing account with Bank of America in the average total of \$33,071,416 in order to avoid banking service charges. This is considered a compensating balance.

**Interest rate risk** - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Operating funds may only be invested with maturities of 397 days or less. Non-operating funds may be invested with maturities longer than 397 days but the maturities shall be consistent with the needs and use of the County. The County's investment policy focuses on the preservation of principal, liquidity, and obtaining a reasonable rate of return. All of the County's investments in commercial paper mature in less than one year. Of the U.S government securities, \$9,636,698 matures in less than one year and the remaining balance matures in two to three years.

**Credit risk** - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law limits investments in commercial paper or other short-term corporate debt to issues rated within the two highest prime classifications by at least one of the standard rating services. However, the County's investment policy further restricts investments in these investment types to the top rating. As of June 30, 2015, the County's investments in commercial paper were rated A-1 or A-1+ by Standard & Poor's and P-1 by Moody's Investors Service. The County's investments in the open-end mutual funds are rated AAAM by Standard & Poor's. The County's investment in U.S. government securities consist of FHLB, FFCB and FHLMC and are rated Aaa by Moody's Investors Service and AA+ by Standard & Poor's.

**Concentration of credit risk** - Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The County's policy, as set by state law, limits them from investing in corporate debt of more than 10% of the investment portfolio and more than 5% of the investment portfolio with a single issuer. In addition, investments in unit investment trusts are limited to those rated within the two highest prime classifications by at least one of the standard rating services.

When applying the state law, certificates of deposits, bank account deposits, and cash are included as part of the investment portfolio. The County did not exceed the 10% and 5% limitations as set by the State of Iowa at June 30, 2015.

The County's U.S. government securities and commercial paper are subject to concentration of credit risk disclosures. More than 5% of the County's investments are in Federal Home Loan Bank securities, which represent 11% of total investments.

**Custodial credit risk** - For deposits, this is the risk that in the event of bank failure, the County's deposits may not be returned to it. For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Chapter 12C of the Code of Iowa requires all County funds be deposited into an approved depository and be either insured or collateralized. The County's bank account deposits at June 30, 2015, were entirely covered by Federal depository insurance, or by a collateral pool in accordance with Chapter 12C of the Code of Iowa. Investment securities are held by a third party custodian in the County's name. As of June 30, 2015, the County had no deposits or investments exposed to custodial credit risk.

The County's discretely presented component unit did not own any investments as of June 30, 2015, other than certificates of deposit. In addition, the component unit had no deposits or investments exposed to custodial credit risk.

**4. RESTRICTED ASSETS**

The County has the following restricted cash as of June 30, 2015:

	PFMS User Fee	Concession Upkeep	Unspent Bond Proceeds	Total
Iowa Events Center	\$ 460,001	\$ 223,567	\$ -	\$ 683,568
Conservation Water & Land Improvements	-	-	15,971,373	15,971,373
Justice Center Annex	-	-	60,192,661	60,192,661
<b>Total</b>	<u>\$ 460,001</u>	<u>\$ 223,567</u>	<u>\$ 76,164,034</u>	<u>\$ 76,847,602</u>

In accordance with the Master Lease Agreement, the operator of the Iowa Events Center will assess a PFMS surcharge of \$1.00 per ticket sold for amateur sporting events and a \$2.00 surcharge for non-team events. Approximately 50% of the surcharges on tickets sold for Wells Fargo Arena (WFA) shall be held by the County. PFMS User Fee (Renewal and Replacement) funds are maintained in a segregated bank account to fund future capital repairs at the Iowa Events Center.

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

The amount of unspent bond proceeds relate to the June 1, 2015 issuance of \$73,525,000 in 2015B general obligation bonds and the December 23, 2013 issuance of \$7,505,000 in 2013C general obligation bonds for financing projects within the Justice Center Annex and Conservation Water & Land Improvements Capital Projects Funds.

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

Amounts due from/to other funds at June 30, 2015, are as follows:

	Due To				
	General Fund	Mental Health	Debt Service	Nonmajor Governmental	Total
<b>Due from</b>					
General Fund	\$ -	\$ -	\$ -	\$ 525	\$ 525
Prairie Meadows Racetrack/Casino	424,100	53,245	97,237	-	574,582
Fiduciary	<u>88,489</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>88,489</u>
<b>Total</b>	<u>\$ 512,589</u>	<u>\$ 53,245</u>	<u>\$ 97,237</u>	<u>\$ 525</u>	<u>\$ 663,596</u>

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

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

Cash overdrafts owed to the General Fund from other funds	\$ 88,489
Property taxes owed to various funds from Prairie Meadows Racetrack/Casino Enterprise Fund	574,582

## 6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2015, is as follows:

	Balance 7/1/2014	Additions	Disposals	Balance 6/30/2015
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 17,424,735	\$ 2,403,364	\$ (882,022)	\$ 18,946,077
Construction in progress	4,305,710	10,566,702	(4,019,639)	10,852,773
Intangibles-computer software in progress	4,751,081	780,184	(5,531,265)	-
Total capital assets, not being depreciated	<u>26,481,526</u>	<u>13,750,250</u>	<u>(10,432,926)</u>	<u>29,798,850</u>
Capital assets, being depreciated:				
Buildings	149,751,199	404,526	(508,280)	149,647,445
Improvements other than buildings	3,525,358	1,120,152	-	4,645,510
Equipment	13,484,850	3,238,604	(2,815,692)	13,907,762
Vehicles	8,675,069	897,008	(443,850)	9,128,227
Infrastructure	104,827,867	2,579,384	-	107,407,251
Intangibles-computer software	765,741	5,531,265	-	6,297,006
Total capital assets being depreciated	<u>281,030,084</u>	<u>13,770,939</u>	<u>(3,767,822)</u>	<u>291,033,201</u>
Less accumulated depreciation for:				
Buildings	(59,578,754)	(4,118,890)	474,399	(63,223,245)
Improvements other than buildings	(912,917)	(218,352)	-	(1,131,269)
Equipment	(9,835,339)	(1,253,651)	2,815,692	(8,273,298)
Vehicles	(6,240,116)	(1,090,633)	443,850	(6,886,899)
Infrastructure	(72,234,823)	(4,055,711)	-	(76,290,534)
Intangibles-computer software	(102,098)	(419,800)	-	(521,898)
Total accumulated depreciation	<u>(148,904,047)</u>	<u>(11,157,037)</u>	<u>3,733,941</u>	<u>(156,327,143)</u>
Total capital assets being depreciated, net	<u>132,126,037</u>	<u>2,613,902</u>	<u>(33,881)</u>	<u>134,706,058</u>
Governmental activities capital assets, net	<u>\$ 158,607,563</u>	<u>\$ 16,364,152</u>	<u>\$ (10,466,807)</u>	<u>\$ 164,504,908</u>

## Governmental Activities

Land additions represent conservation land acquisitions as part of the Water and Land Legacy Projects. The intangible in progress represents continued work on the new real estate system. This project was completed during the fiscal year and moved to intangibles-computer software. Construction in progress primarily consists of the following unfinished projects: 1) Water and Land Legacy improvements, 2) Justice Center Annex Phase II and Historic Courthouse Phase II improvements and 3) Criminal Court Annex project. Building additions consist of a reclassification from construction in progress for the completion of Jester Park Equipment Maintenance facility. Improvements other than buildings consist of a reclassification from construction in progress for the completion of Thomas Mitchell Camp Creek Stabilization project.

Equipment additions primarily consist of new voting equipment. Infrastructure additions primarily consist of a reclassification from construction in progress for the completion of the Chichaqua Valley Trail Extension and Northwest Madrid Drive Bridge.

Land and building disposals represent the transfer of title of a land parcel to the City of Ankeny and the sale of the Youth Shelter. The transfer of the land resulted in a loss of \$282,022. The building disposal resulted in a gain of \$225,219. Equipment disposals consist primarily of the disposal of the old voting equipment.

	Balance 7/1/2014	Additions	Disposals	Balance 6/30/2015
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 18,215,559	\$ -	\$ -	\$ 18,215,559
Construction in progress	29,164,709	3,935,051	(29,058,693)	4,041,067
Intangibles-permanent easements	500,611	2,248,214	-	2,748,825
Total capital assets, not being depreciated	<u>47,880,879</u>	<u>6,183,265</u>	<u>(29,058,693)</u>	<u>25,005,451</u>
Capital assets, being depreciated:				
Buildings	323,416,800	71,664	-	323,488,464
Improvements other than buildings	8,725,298	-	-	8,725,298
Leasehold improvements	113,145,115	-	-	113,145,115
Equipment	979,288	555,444	(111,618)	1,423,114
Vehicles	229,571	62,658	(55,773)	236,456
Infrastructure	21,698,051	13,288,400	-	34,986,451
Total capital assets being depreciated	<u>468,194,123</u>	<u>13,978,166</u>	<u>(167,391)</u>	<u>482,004,898</u>
Less accumulated depreciation for:				
Buildings	(107,786,716)	(10,726,068)	-	(118,512,784)
Improvements other than buildings	(8,422,798)	(24,547)	-	(8,447,345)
Leasehold improvements	(27,836,350)	(4,525,805)	-	(32,362,155)
Equipment	(568,305)	(165,099)	111,618	(621,786)
Vehicles	(184,882)	(28,162)	55,773	(157,271)
Infrastructure	(9,241,649)	(874,665)	-	(10,116,314)
Total accumulated depreciation	<u>(154,040,700)</u>	<u>(16,344,346)</u>	<u>167,391</u>	<u>(170,217,655)</u>
Total capital assets being depreciated, net	<u>314,153,423</u>	<u>(2,366,180)</u>	<u>-</u>	<u>311,787,243</u>
Business-type activities capital assets, net	<u>\$ 362,034,302</u>	<u>\$ 3,817,085</u>	<u>\$ (29,058,693)</u>	<u>\$ 336,792,694</u>

## Business-type Activities

The construction in progress account consists of the continuation of the Rock Creek Trunk Sewer project and the Hamilton Drainage District Watershed project. The disposal in the construction in progress account relates to the completion of the Rock Creek Trunk Sewer project. This project was completed under Chapter 28E of the Code of Iowa with the cities of Ankeny and Polk City. The cities have contributed \$6.6 million towards the cost of the project through June 30, 2015 and are expected to contribute an additional \$14.7 million for their portion of the project. The County's portion is \$13.3 million. The intangible permanent easement was acquired for the Hamilton Drainage District Watershed project. Equipment additions for the year included Air Quality camera equipment, Iowa Event Center Scoreboard equipment and Jester Park Golf Course equipment.

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

### Government activities:

Public safety and legal services	\$ 3,414,461
Physical health and social services	1,238,011
County environment and education	920,970
Roads and transportation	4,452,916
Government services to residents	325,773
Administration	<u>804,906</u>
Total depreciation expense - governmental activities	<u>\$ 11,157,037</u>

### Business-type activities:

Air Quality	\$ 78,518
Sanitary Treatment Works	644,749
Prairie Meadows Racetrack/Casino	6,102,938
Conservation Enterprises	30,463
Hamilton Urban Drainage District	229,916
Iowa Events Center	<u>9,257,762</u>
Total depreciation expense - business-type activities	<u>\$ 16,344,346</u>

## 7. DEFERRED OUTFLOWS OF RESOURCES

The following is a summary of deferred outflows of resources activity for the year ended June 30, 2015:

	Loss on Refunding	Pension Related Amounts	Total
<b>Governmental activities</b>	\$ -	\$ 9,414,488	\$ 9,414,488
<b>Business-type activities</b>			
Air Quality	\$ -	\$ 136,401	\$ 136,401
Iowa Events Center	595,872	11,059	606,931
Iowa Tax & Tags	<u>-</u>	<u>36,865</u>	<u>36,865</u>
Total business-type activities	<u>\$ 595,872</u>	<u>\$ 184,325</u>	<u>\$ 780,197</u>



## 8. LONG-TERM LIABILITIES

The following is a summary of long-term liability activity for the year ended June 30, 2015:

	Balance July 1, 2014 as restated	Additions	Deletions	Balance June 30, 2015	Due Within One Year
<b>Governmental activities:</b>					
General obligation bonds payable	\$ 112,819,616	\$ 84,207,560	\$ (14,513,647)	\$ 182,513,529	\$ 16,803,384
Add: unamortized premium (discount)	1,410,869	2,003,138	(126,457)	3,287,550	230,574
General obligation notes payable	2,826,000	-	(376,000)	2,450,000	382,000
Capital leases payable	894,500	-	(457,536)	436,964	138,048
Accrued compensated absences	14,512,983	9,753,755	(8,764,021)	15,502,717	1,546,459
Post employment liability	5,069,000	451,000	-	5,520,000	-
Estimated liability for claims and judgements	2,111,100	17,719,082	(16,922,382)	2,907,800	2,207,800
Net pension liability	53,546,746	-	(23,522,140)	30,024,606	-
<b>Total</b>	<b>\$ 193,190,814</b>	<b>\$ 114,134,535</b>	<b>\$ (64,682,183)</b>	<b>\$ 242,643,166</b>	<b>\$ 21,308,265</b>
<b>Business-type activities:</b>					
General obligation bonds payable	\$ 108,100,384	\$ 7,517,440	\$ (17,866,353)	\$ 97,751,471	\$ 10,496,616
Add: unamortized premium (discount)	3,453,520	165,091	(595,897)	3,022,714	489,275
General obligation notes payable	27,373,572	566,253	(809,000)	27,130,825	835,000
Accrued compensated absences	218,892	214,580	(95,560)	337,912	84,585
Net pension liability	1,039,584	-	(464,698)	574,886	-
<b>Total</b>	<b>\$ 140,185,952</b>	<b>\$ 8,463,364</b>	<b>\$ (19,831,508)</b>	<b>\$ 128,817,808</b>	<b>\$ 11,905,476</b>

For the governmental activities, accrued compensated absences and estimated liability for claims and judgments are generally liquidated by the General Fund. The post employment benefit obligation is reported in the Employee Insurance Internal Services Fund.

### General Obligation Bonds Payable

	Original Amount	Date Issued	Interest Rates	Due Date	Amount Outstanding
<b>Governmental activities</b>					
General Purpose	\$ 3,905,000	12/1/2008	4%	6/1/2018	\$ 1,425,000
General Purpose	15,485,000	12/30/2010	2-4%	6/1/2025	11,290,000
General Purpose	6,900,000	8/22/2012	2%	6/1/2022	4,975,000
General Purpose	69,214,616	8/1/2012	2-3%	6/1/2026	63,175,969
General Purpose	3,800,000	12/23/2013	2.25-3.25%	6/1/2024	3,225,000
General Purpose	14,030,000	12/23/2013	2.25-4.125%	6/1/2033	10,940,000
General Purpose	7,505,000	12/23/2013	2-4.125%	6/1/2033	3,275,000
General Purpose	10,682,560	6/1/2015	2%-2.25%	6/1/2025	10,682,560
General Purpose	73,525,000	6/1/2015	3%-3.75%	6/1/2035	73,525,000
<b>Total</b>					<b>\$ 182,513,529</b>

	Original Amount	Date Issued	Interest Rates	Due Date	Amount Outstanding
<b>Business-type activities</b>					
Iowa Events Center	\$ 46,885,000	12/30/2010	2-5%	6/1/2021	\$ 41,115,000
Iowa Events Center	42,450,000	12/30/2010	2-4%	6/1/2023	36,820,000
Iowa Events Center	20,935,000	8/1/2012	1-1.25%	6/1/2017	8,575,000
Iowa Events Center	7,517,440	6/1/2015	2%	6/1/2017	7,517,440
Urban Sewer	4,020,384	8/1/2012	2-3%	6/1/2026	<u>3,724,031</u>
Total					\$ <u><u>97,751,471</u></u>

## Notes Payable

	Original Amount	Date Issued	Interest Rates	Due Date	Amount Outstanding
<b>Governmental activities</b>					
General Purpose	\$ 800,000	8/9/2000	3%	12/1/2019	\$ 255,000
General Purpose	2,525,000	5/22/2014	1.5 - 2%	6/1/2021	<u>2,195,000</u>
Total					\$ <u><u>2,450,000</u></u>
<b>Business-type activities</b>					
Sanitary Treatment	\$ 5,000,000	7/30/2008	3%	6/1/2028	\$ 3,202,000
Sanitary Treatment	13,000,000	6/16/2010	3%	6/1/2030	10,878,000
Sanitary Treatment	5,000,000	6/1/2011	3%	6/1/2031	4,922,000
Sanitary Treatment	367,000	10/19/2012	1.75%	6/1/2032	319,000
Sanitary Treatment	9,633,000	10/12/2012	1.75%	6/1/2032	<u>7,809,825</u>
Total					\$ <u><u>27,130,825</u></u>

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

	Bonds Payable		Notes Payable		Total Principal and Interest
	Principal	Interest	Principal	Interest	
<b>Governmental activities</b>					
During the year ending June 30:					
2016	\$ 16,803,384	\$ 5,278,347	\$ 382,000	\$ 41,838	\$ 22,505,569
2017	13,920,378	4,860,903	389,000	35,974	19,206,255
2018	13,768,893	4,516,045	406,000	29,999	18,720,937
2019	11,842,495	4,162,318	438,000	23,764	16,466,577
2020	12,115,457	3,872,842	440,000	16,081	16,444,380
2021-2025	63,053,602	14,428,189	395,000	7,900	77,884,691
2026-2030	28,339,320	6,647,642	-	-	34,986,962
2031-2035	<u>22,670,000</u>	<u>2,427,326</u>	-	-	<u>25,097,326</u>
Total	182,513,529	46,193,612	2,450,000	155,556	231,312,697
Add: unamortized premium	<u>3,287,550</u>	-	-	-	<u>3,287,550</u>
Total	\$ <u><u>185,801,079</u></u>	\$ <u><u>46,193,612</u></u>	\$ <u><u>2,450,000</u></u>	\$ <u><u>155,556</u></u>	\$ <u><u>234,600,247</u></u>

	Bonds Payable		Notes Payable		Total
	Principal	Interest	Principal	Interest	Principal and Interest
<b>Business-type activities</b>					
During the year ending June 30:					
2016	\$ 10,496,616	\$ 3,832,042	\$ 835,000	\$ 712,314	\$ 15,875,972
2017	10,724,622	3,628,711	862,000	687,652	15,902,985
2018	11,576,107	3,412,112	890,000	662,192	16,540,411
2019	12,132,505	2,858,289	919,000	635,904	16,545,698
2020	12,709,543	2,277,490	950,000	608,760	16,545,793
2021-2025	39,716,398	3,277,099	5,229,000	2,604,495	50,826,992
2026-2030	395,680	11,871	6,964,000	1,781,073	9,152,624
2031-2035	-	-	10,481,825	327,832	10,809,657
Total	<u>97,751,471</u>	<u>19,297,614</u>	<u>27,130,825</u>	<u>8,020,222</u>	<u>152,200,132</u>
Add: unamortized premium	<u>3,022,714</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,022,714</u>
Total	<u>\$ 100,774,185</u>	<u>\$ 19,297,614</u>	<u>\$ 27,130,825</u>	<u>\$ 8,020,222</u>	<u>\$ 155,222,846</u>

There were no due and unredeemed bonds/notes or special assessment debt outstanding at June 30, 2015. Management does not believe an arbitrage liability exists at June 30, 2015.

### Bond Refunding

#### 2015A G.O. Refunding Bonds

On June 1, 2015, the County issued \$8,245,000 (refunded interest rate of 2-2.25%) of Series A general obligation bonds in a current refunding of the County's outstanding general obligation bonds dated December 1, 2007, and December 3, 2007, in the amount of \$8,245,000 (redeemed interest rate of 4%). The outstanding debt amount of \$640,000 was recorded in governmental activities and \$7,605,000 was recorded in business-type activities. The refunding bonds were issued to reduce future debt service payments.

As a result of this current refunding, the County reduced its debt service requirements by \$346,700 over the life of the debt with a present value savings of \$333,964.

## 9. INDUSTRIAL DEVELOPMENT REVENUE BONDS – CONDUIT DEBT OBLIGATIONS

The County actively encourages industrial and commercial enterprises to locate and remain in the County by, among other things, the issuance of industrial development revenue bonds pursuant to the Code of Iowa Chapter 419, Municipal Support of Projects. These bonds do not constitute an indebtedness of, or a charge against, the general credit or taxing powers of the County. All issues are prepared under the direction of Polk County. The issues which have been sold as of June 30, 2015 amounted to \$138,821,500.

## 10. DEVELOPER (REBATE) AGREEMENTS

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

Currently, it is estimated that outstanding commitments totaling about \$9.4 million exist, of which \$.4 million is estimated to be paid in the next fiscal year. No liability is recognized due to the fact that the agreements are conditional and the payments are to be funded by property taxes collected on the project each fiscal year. These agreements are not a general obligation of the County.

## 11. LEASE COMMITMENTS

### Capital Leases

The County has entered into agreements to purchase equipment through capital lease agreements. The net book value of the equipment relating to capital leases is \$415,267. The following is a schedule by years of future minimum lease payments under capital leases together with the present value of the total minimum lease payments as of June 30, 2015:

During the year ending June 30:		
2016	\$	147,398
2017		147,398
2018		147,398
2019		<u>12,283</u>
Total minimum lease payments		454,477
Less: amount representing interest		<u>(17,513)</u>
Present value of total minimum lease payments	\$	<u><u>436,964</u></u>

### Operating Leases

The County leases building facilities for certain County department offices and equipment on a long-term basis. Rental expense for the year ended June 30, 2015 is \$676,263. Following is a schedule of minimum future rentals for non-cancelable operating leases in effect at June 30, 2015:

During the year ending June 30:		
2016	\$	582,252
2017		259,053
2018		235,553
2019		58,306
2020		15,600
2021-2025		78,000
2026-2030		78,000
2031-2035		78,000
2036-2040		<u>15,600</u>
Total	\$	<u><u>1,400,364</u></u>

The above schedule represents operating leases in effect at June 30, 2015. As part of the normal course of business, the County continues to negotiate and/or renegotiate various operating leases.

## 12. TRANSFER RECONCILIATION

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

Transfer from	Transfer to					Total
	General Fund	Sanitary Treatment Works	Iowa Events Center	Nonmajor Governmental	Internal Service	
General Fund	\$ -	\$ -	\$ -	\$ 4,464,752	\$ 2,922,446	\$ 7,387,198
Prairie Meadows Racetrack/Casino	6,932,099	669,734	13,744,881	364,737	-	21,711,451
Nonmajor Governmental	748,454	-	-	4,862,671	-	5,611,125
Nonmajor Enterprise	76,366	-	-	56,038	-	132,404
Internal Service	2,942,446	-	-	-	-	2,942,446
<b>Total</b>	<b>\$ 10,699,365</b>	<b>\$ 669,734</b>	<b>\$ 13,744,881</b>	<b>\$ 9,748,198</b>	<b>\$ 2,922,446</b>	<b>\$ 37,784,624</b>

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

In the year ending June 30, 2015, the County made the following significant transfers:

Prairie Meadows Racetrack/Casino Enterprise fund made transfers to various governmental/enterprise funds. These transfers provided economic development or provided funding to assist in the repayment of the respective fund's debt.	\$ 21,711,451
General Supplemental fund made transfers to Risk Management Internal Service funds for funding of current year activities and subsequent transfer from Risk Management Internal Service to General Self Insurance Reserve Fund.	2,922,446
General fund and Rural Services fund made transfers to Secondary Roads fund in accordance with state statutes.	7,467,353

## 13. DEFERRED INFLOWS OF RESOURCES

The following is a summary of deferred inflows of resources activity for the year ended June 30, 2015:

	Succeeding Year Property Taxes Receivable	Pension Related Amounts	Unavailable Intergovernmental and Other	Total
<b>Governmental Funds</b>	\$ 151,689,894	\$ -	\$ 3,438,665	\$ 155,128,559
<b>Governmental Activities</b>	\$ 151,689,894	\$ 20,721,062	\$ -	\$ 172,410,956
<b>Business-type Activities</b>				
Air Quality	\$ -	\$ 302,099	\$ -	\$ 302,099
Iowa Events Center	-	24,495	-	24,495
Iowa Tax & Tags	-	81,648	-	81,648
<b>Total Business-type Activities</b>	<b>\$ -</b>	<b>\$ 408,242</b>	<b>\$ -</b>	<b>\$ 408,242</b>

**14. DEFERRED COMPENSATION PLAN**

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

**15. RISK MANAGEMENT**

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

**Self-Insurance Fund**

The County's Risk Management Program blends self-insurance coverage with selected conventional insurance coverage. The County has established a sub-fund within the General Fund to account for the County's exposures to loss from property/casualty, workers' compensation, unemployment compensation, and long-term disability self-insurance programs.

The County self-insures its general liability, property, fleet, law enforcement professionals, public officials' errors and omissions, contractor’s pollution, fidelity, and workers' compensation exposures with a self insured retention limit. The self-insured retention varies with each policy.

The following tables display the self-insurance exposure, conventionally insured exposure, policy limits and self-insured retention (SIR) levels.

<b>Self-Insurance Exposure</b>	<b>Policy Limits</b>	<b>Self-Insured Retention</b>
Excess liability	\$ 10,000,000	\$ 2,000,000
Property, fleet, law enforcement, public officials	658,350,716	100,000
Fidelity bond	5,000,000	50,000
Workers' compensation	Statutory/1,000,000	500,000

<b>Conventional Insurance Exposure</b>	<b>Policy Limits</b>
General liability - Iowa Events Center (OLT)	\$ 1,000,000/2,000,000
Contractor Pollution - Weatherization/Public Works	1,000,000/2,000,000
Fine Arts - Hy-Vee Hall/CCCUCC - Unscheduled	25,000
Fine Arts - Hy-Vee Hall/CCCUCC - Scheduled	500,000
Liquor Liability - Hy-Vee Hall/CCCUCC	1,000,000/2,000,000
Medical Malpractice	1,000,000/3,000,000
Equestrian Center - Jester Park	1,000,000/2,000,000

In addition, the County purchases conventional flood insurance for the Administrative Office Building, River Place and buildings at the Chichaqua Bottoms Greenbelt Park.

There have been no significant reductions in insurance coverage during the year ended June 30, 2015. There have been no claims in excess of the insurance coverage in the last three fiscal years.

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

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

This amount was determined based on actual claim payments subsequent to year-end rather than on discounted estimates. Changes in the estimated claims liability for governmental activities (prior to the internal service fund allocation) for the years ended June 30, 2015 and 2014 are as follows:

	Year Ended	
	6/30/2015	6/30/2014
Beginning balance	\$ 868,000	\$ 1,464,000
Current year claims and changes in estimates	2,024,346	138,238
Claim payments	<u>(1,345,346)</u>	<u>(734,238)</u>
Ending Balance	\$ <u>1,547,000</u>	\$ <u>868,000</u>

### Employee Insurance Fund

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

The payment of health and dental insurance claims are processed by a third-party administrator. Excess insurance is purchased to cover individual claims that exceed \$200,000 per plan year. Aggregate stop loss insurance coverage equals 125% of a projected amount. Settled claims have exceeded individual limits of excess insurance during the past three fiscal years but not the aggregate limit.

Changes in the estimated liability for probable losses recorded in the Employee Insurance Fund for the years ended June 30, 2015 and 2014 are as follows:

	Year Ended	
	6/30/2015	6/30/2014
Beginning balance	\$ 1,243,100	\$ 1,238,300
Current year claims and changes in estimates	15,694,736	13,249,774
Claim payments	<u>(15,577,036)</u>	<u>(13,244,974)</u>
Ending Balance	\$ <u>1,360,800</u>	\$ <u>1,243,100</u>

## 16. COMMITMENTS AND CONTINGENCIES

### Commitments

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

#### General Fund:

Phase II Sheriff Radio Project	\$	2,016,666
Neighborhood Finance Corp.		1,600,000
Des Moines City Gaming Payments		8,689,931
Polk County Area Schools Gaming Payments		1,529,400
Des Moines Water Works-NW 66th Ave Feeder Main		1,578,000
Polk County Housing Trust Fund		3,000,000
Iowa Legal Aid		<u>500,000</u>
Total	\$	<u><u>18,913,997</u></u>

#### Secondary Road Fund:

OMG Midwest, Inc. (Hot Mix Asphalt Resurfacing Program)	\$	4,008,000
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#### Conservation Water & Land Improvements Fund:

Water and Land Legacy Project	\$	2,000,000
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#### Justice Center Annex Fund:

Historic Courthouse Renovations	\$	2,099,348
Criminal Courts Annex		1,533,542
Justice Center Annex		<u>12,790,221</u>

Total	\$	<u><u>16,423,111</u></u>
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#### Capital Improvements Projects Fund:

Jail Chiller Addition	\$	593,000
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#### Hamilton Urban Drainage District Fund:

Hamilton Drainage District Plan - Phase II	\$	907,000
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### Contingencies

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

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



## **17. RACETRACK/CASINO**

The County owns a horse racing and gaming facility in Altoona, Iowa. The Board of Supervisors leases the facility to Prairie Meadows Racetrack and Casino, Inc. ("Prairie Meadows") through a contract that covers the period of 2011-2018. This Agreement, as amended, provides for rental payments to the County of \$15.6 million per year and additional payments of \$10.4 million per year for the first four years. During the final four years of the lease, additional payments will equal 5% of Prairie Meadows' adjusted gross receipts. In the event adjusted gross receipts exceed \$225 million, an additional 1% of adjusted gross receipts will be paid on the increment above \$225 million. Additionally, Prairie Meadows will reimburse Polk County for any annual property tax liability in excess of \$4.5 million.

Under the contract, Prairie Meadows may make leasehold improvements to the property, subject to County approval. Prairie Meadows is currently completing a 3-year phased approach to renovation of the gaming facility.

On November 2, 2010, Polk County voters approved a referendum permitting Prairie Meadows to continue operations for another 8 year period. The measure was passed with 74% voter approval. During the 2011 legislative session, the state approved an amendment to Iowa gaming law which removed the referendum renewal requirement for casinos that previously received voter approval through at least two consecutive referendums. Prairie Meadows meets the new requirements and will be exempt from future renewal referendums unless the voters petition for a reverse referendum.

## **18. IOWA EVENTS CENTER**

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

### **Managed Facilities**

The County has a Management Agreement with Global Spectrum, L.P. (Global), to manage and operate the Managed Facilities. The original contract dated October 1, 2004 was amended on April 24, 2012 to extend the term to September 30, 2016. On October 7, 2014 the contract was amended again to extend the term to expire on September 30, 2026. Under this agreement the County pays Global a fixed management fee. For the fiscal year ending June 30, 2015 the amount of the fixed management fee was \$240,000.

In addition to the fixed management fee, Global is entitled to earn a productivity fee for each full, completed operating year of the term. The County paid Global \$12,600 for the productivity fee for the fiscal year ending June 30, 2015.

The County has a Concessions Management Agreement with Ovations Food Services, L.P. (Ovations) for the management of the food and beverage service operations at the Managed Facilities. The original contract dated October 1, 2004 was renewed for an additional three years beginning October 1, 2009. On October 1, 2011 the contract was amended to extend the term to September 30, 2016. Under these agreements the County pays Ovations a fixed management fee. For the fiscal year ending June 30, 2015 the amount of the fixed management fee was \$240,000.

In addition to the fixed management fee, Ovations is entitled to earn an incentive fee for each operating year of the term. The County paid Ovations \$12,000 for the incentive fee for the fiscal year ending June 30, 2015.

## **Leased Facility**

The County has a Master Lease agreement with Global to manage and operate WFA. The agreement is a ten-year contract beginning July 1, 2005, with the option to extend for two five-year periods thereafter. On April 24, 2012 the contract was amended to extend the term to September 30, 2016. On October 7, 2014 the contract was amended again to extend the term to expire on September 30, 2026.

Under this agreement, the County's share is calculated based on 80% of the first one million dollars of net operating income for such fiscal year in excess of the operator's initial share (\$500,000), plus 70% of all net operating income in excess of the operator's share (\$500,000) plus one million dollars for such year. The remaining funds are considered the operator's share. The County earned \$1,324,243 and Global earned \$924,676 of WFA's net operating income for the fiscal year ending June 30, 2015.

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

A Public Facility Maintenance Surcharge (PFMS) user fee is assessed on certain ticket sales. The amount of this fee varies from \$1.00 to \$2.00 depending upon the nature of the event. Fifty percent of these revenues generated are paid to the County for deposit into a restricted funds PFMS/Renewal and Replacement Account (see Note 4), and the remaining 50% is retained by Global as operating revenues. The County earned \$458,572 for the fiscal year ending June 30, 2015.

Global has an agreement in place with Ovations to provide food and beverage concessions and catering services to WFA. The agreement is a ten-year contract beginning July 1, 2005. The term of this agreement may be extended by Ovations, at its sole option, for an additional one year period. On October 7, 2014 the contract was amended to extend the term to expire on September 30, 2026.

Under the Master Lease Agreement, the County receives 3% of the gross concessions revenues earned by Ovations for the fiscal year. The County deposits these funds into a restricted fund Concessions Account (see Note 4). The County earned \$166,700 for the fiscal year ending June 30, 2015.

## **County Non-Operating**

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

For the fiscal year ending June 30, 2015, the County received the following naming rights revenue:

Hy-Vee Hall	\$	400,000
Wells Fargo Arena		357,500
Principal River's Edge Restaurant		58,333

## **Iowa Event Center Hotel Corporation**

On February 23, 2015, the County approved the creation of the Iowa Event Center Hotel Corporation (IEC Hotel Corp). The non-profit IEC Hotel Corp will develop, own and operate a convention center hotel adjacent to the Iowa Events Center. The articles of incorporation allow Polk County to appoint five members and the City of Des Moines to appoint two members to the IEC Hotel Corp. The County has determined that the IEC Hotel Corp will be a component unit, but it has been excluded from the reporting entity as of June 30, 2015 because there was no activity as of December 31, 2014 which is the IEC Hotel Corp's year-end.

The County approved an agreement with DSM Convention Hotel LLC (Weitz), the developer, on June 23, 2015 for a loan up to \$5,000,000 for the preconstruction and design services of the Iowa Events Center Convention Hotel. Funds will be disbursed monthly to the DSM Convention Hotel LLC by the County on a reimbursable basis. For the fiscal year ending June 30, 2015 one payment request was submitted for \$196,681. The loan will be repaid once the financing package has been completed in approximately March 2016.

The IEC Hotel Corp intends to issue bonds to capitalize the construction of the hotel. On July 21, 2015, the County hired a law firm to create a management agreement between the IEC Hotel Corporation and the hotel operator. The agreement will become the basis of an IRS 501(c)(3) tax exempt application. The Hotel will be constructed on the county parcel relating to the former Allied Insurance Building. This building is set to be demolished around December 2015. On October 13, 2015, Weitz Company was approved to oversee the asbestos abatement, demolition and site excavation of the former Allied Insurance Building for the amount of \$3,287,639.

**19. RELATED PARTY TRANSACTIONS**

The Iowa Events Center is managed by Global Spectrum, L.P. which is a subsidiary of Philadelphia-based Comcast-Spectacor. The Comcast-Spectacor Group includes Ovations Food Services and New Era Tickets. The following is a summary of transactions and balances with affiliates as of and for the year ended June 30, 2015:

Concessions and catering revenue from Ovations	\$	7,100,945
Ticket revenue and fees received from New Era		94,469
Ticket fees paid to New Era		46,384
Management fee paid to Ovations		240,000

**20. PENSION AND RETIREMENT BENEFITS**

Plan Description - IPERS membership is mandatory for employees of the County, except for those covered by another retirement system. Employees of the County are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive P.O. Box 9117, Des Moines, Iowa 50306-9117 or at [www.ipers.org](http://www.ipers.org).

IPERS benefits are established under Iowa Code chapter 97B and the administrative rules there under. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits - A regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, any time after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. (These qualifications must be met on the member's first month of entitlement to benefits.) Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier (based on years of service).
- The member's highest five-year average salary. (For members with service before June 30, 2012, the highest three-year average salary as of that date will be used if it is greater than the highest five-year average salary.)

Sheriff and deputy and protection occupation members may retire at normal retirement age which is generally at age 55. Sheriff and deputy and protection occupation members may retire any time after reaching age 50 with 22 or more years of covered employment.

The formula used to calculate a sheriff and deputy and protection occupation members' monthly IPERS benefit includes:

- 60% of average salary after completion of 22 years of service, plus an additional 1.5% of average salary for years of service greater than 22 but not more than 30 years of service.
- The member's highest three-year average salary.

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is .25% for each month that the member receives benefits before the member's earliest normal retirement age. For service earned starting July 1, 2012, the reduction is .50% for each month that the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits - A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions - Effective July 1, 2012, as a result of a 2010 law change, the contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. Statute limits the amount rates can increase or decrease each year to 1% point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2015, pursuant to the required rate, Regular members contributed 5.95% of pay and the County contributed 8.93% for a total rate of 14.88%. Sheriff and deputy members and the County both contributed 9.88% of pay for a total rate of 19.76%. Protection occupation members contributed 6.76% of pay and the County contributed 10.14% for a total rate of 16.90%.

The County's contributions to IPERS for the year ended June 30, 2015 were \$7,705,776.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2015, the County reported a liability of \$30,599,492 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2014, the County's collective proportion was .7715637%, which was a decrease of .1791396% from its collective proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the County recognized pension expense of \$2,745,246. At June 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 374,064	\$ 691,974
Changes of assumptions	1,518,973	468,944
Net difference between projected and actual earnings on pension plan investments	-	19,884,218
Changes in proportion and differences between County contributions and proportionate share of contributions	-	84,168
County contributions subsequent to the measurement date	<u>7,705,776</u>	<u>-</u>
	<u>\$ 9,598,813</u>	<u>\$ 21,129,304</u>

\$7,705,776 reported as deferred outflows of resources related to pensions resulting from the County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

During the year ending June 30:

2016	\$ (4,819,664)
2017	(4,819,664)
2018	(4,819,664)
2019	(4,819,664)
2020	<u>42,389</u>
Total	<u>\$ (19,236,267)</u>

There were no non-employer contributing entities at IPERS.

Actuarial Assumptions - The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2014)	3% per annum
Rates of salary increase (effective June 30, 2010)	4 - 17%, average, including inflation. Rates vary by membership group
Long-term investment rate of return (effective June 30, 1996)	7.5%, compounded annually, net of investment expense, including inflation

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

Subsequent to the actuarial valuation date used by the Plan, the Society of Actuaries issued updated mortality scales and mortality improvement scales; MP2014 and MP-15. It is expected these scale may increase the total pension liability by 4 - 8% unless the plan experience indicates otherwise. The County has not been provided the impact of these scales but believes the updated scales, if determined appropriate for the Plan, will have a material impact on the City's net pension obligation.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
US Equity	23%	6.31%
Non US Equity	15%	6.76%
Private Equity	13%	11.34%
Real Estate	8%	3.52%
Core Plus Fixed Income	28%	2.06%
Credit Opportunities	5%	3.67%
TIPS	5%	1.92%
Other Real Assets	2%	6.27%
Cash	1%	(0.69)%
Total	<u>100%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the County will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.5%, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate.

	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
County's proportionate share of the net pension liability	\$ 75,595,642	\$ 30,599,492	\$ (7,340,370)

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at [www.ipers.org](http://www.ipers.org).

Payables to the Pension Plan - At June 30, 2015, the County did not have any payables to the defined benefit pension plan because the required contributions for the employer and employee for the month of June were remitted to IPERS in June.

## 21. OTHER POST EMPLOYMENT BENEFITS (OPEB)

### Plan Description

The County sponsors a single-employer defined post-employment benefit plan that provides a continuation option to retirees to purchase health benefits under the County's group health plan. Retirees have the option to purchase health coverage for themselves and their eligible dependents. Eligible retirees receive health care coverage through a self funded medical plan, administered through Wellmark.

The Sheriff and Deputies may retire with the election to continue health coverage at age 50 with 22 or more years of service or at age 55 if they have less than 22 years of service. All other full-time employees may retire with the election to continue health coverage after age 55. Retirees under age 65 pay the same premium for the medical benefit as active employees, which results in an implicit subsidy and an OPEB liability. Health coverage under the County's plan ends at age 65. The plan does not issue a stand-alone financial report.

### Funding Policy

The current funding policy of the County is to pay health claims as they occur. This arrangement does not qualify as OPEB plan assets under GASB for current GASB reporting. During the year ending June 30, 2010, the County designated \$2.1 million in the Employee Insurance Internal Service Fund to offset future OPEB costs. The County establishes and amends contribution requirements annually.

The required contribution is based on projected pay-as-you-go financing. For fiscal year 2015, the County contributed \$428,000. Retirees receiving benefits contributed \$1,049,600 through their required contribution of \$483 per month for single health coverage and \$1,207 per month for family health coverage.

### Annual OPEB cost and net OPEB obligation

The County's annual OPEB cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance to the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The following table shows the components of the County's annual OPEB cost for the year, the amount actuarially contributed to the plan, and changes in the County's annual OPEB obligation:

	County	County Assessor	Total
Annual required contribution	\$ 842,000	\$ 26,000	\$ 868,000
Interest on net OPEB obligation	228,000	9,000	237,000
Adjustment to annual required contribution	(193,000)	(8,000)	(201,000)
Annual OPEB cost (expense)	<u>877,000</u>	<u>27,000</u>	<u>904,000</u>
Contributions made	(426,000)	(2,000)	(428,000)
Increase in net OPEB obligation	<u>451,000</u>	<u>25,000</u>	<u>476,000</u>
Net OPEB obligation - July 1, 2014	<u>5,069,000</u>	<u>201,000</u>	<u>5,270,000</u>
Net OPEB obligation - June 30, 2015	<u>\$ 5,520,000</u>	<u>\$ 226,000</u>	<u>\$ 5,746,000</u>

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

Fiscal Year Ended	Annual OPEB Cost		% of Annual OPEB Cost Contributed		Net OPEB Obligation	
	County	County Assessor	County	County Assessor	County	County Assessor
6/30/2013	\$ 949,000	\$ 29,000	41%	0%	\$ 4,561,000	\$ 176,000
6/30/2014	832,000	27,000	39%	7%	5,069,000	201,000
6/30/2015	877,000	27,000	49%	7%	5,520,000	226,000

### Funded Status and Funding Progress

The funded status of the plan as of July 1, 2013, the most recent actuarial valuation date, is as follows:

	County	County Assessor	Total
Actuarial accrued liability (AAL)	\$ 7,793,000	\$ 275,000	\$ 8,068,000
Actuarial value of plan assets	-	-	-
Unfunded actuarial accrued liability (UAAL)	\$ 7,793,000	\$ 275,000	\$ 8,068,000
Covered payroll (active employees)	\$ 75,587,000	\$ 2,058,000	\$ 77,645,000
UAAL as a percentage of covered payroll	10.3%	13.4%	

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

### Actuarial Methods and Assumptions

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

The actuarial calculations were performed in accordance with the projected unit credit actuarial cost method as of the July 1, 2013 valuation date. The 4.5% discount rate used was based on the expected rate of return for investments used to finance the payment of benefits. For Polk County, the investment return assumption is based on the expected return of short-term liquid investments. Other actuarial assumptions include salary increases of 3.5% per annum, health care cost trend rates of 8.5% select and 5% ultimate with select trends reducing .5% each year until reaching the ultimate trend, per capita health claim costs at age 60 for \$8,700 and at age 70 for \$4,700, annual retirement and annual termination probabilities using the IPERS Actuarial Valuation Report and the Municipal Fire and Police Retirement System of Iowa Actuarial Valuation Report as of June 30, 2012, mortality rates using the RP 2000 Group Annuity Mortality Table projected to 2020 using Scale BB applied on a gender-specific basis and retiree participation rate of 75%. The assumed number of eligible spouses is based on the current census information.



The medical CPI is used for the implicit inflation rate, which approximately runs 3% annually. The UAAL is amortized over the maximum acceptable period of 30 years as a level percentage of projected payrolls on an open basis.

## 22. JOINT VENTURE

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

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

Although debt of the WRA is to be paid solely and only from WRA revenues, the participating communities in the joint venture cannot withdraw from the joint venture while any of the bonds issued during the time the entity was a participating community are still outstanding. Polk County retains an ongoing financial responsibility to the WRA since it is obligated in some manner for the debts of the joint venture through the annual allocation of wastewater reclamation flows. The allocation to all participating communities is based on operations, maintenance, debt service and reserve requirements. Allocations are based on wastewater reclamation facility flows and adjusted prospectively for differences in budgeted flows and actual flows. As of June 30, 2015, the County has a future commitment for approximately \$1,329,037 for future principal payment requirements payable through the allocation of wastewater reclamation flows.

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

## 23. ELECTED OFFICIALS

The elected officials funds (which are sub-funds of the General Fund) account for the activity of various cash accounts maintained by elected officials and other County departments which have not been remitted to the County Treasurer (who acts as trustee for all pooled cash and investments of the County) or to other individuals and private entities or governments. The elected official's balances at June 30, 2015, are as follows:

	Attorney	Auditor	Board of Supervisors Other	Conservation Board	Recorder	Sheriff	Total Elected Officials
<b>ASSETS:</b>							
Cash and pooled investments	\$ 5,000	\$ 9,284	\$ 650	\$ 2,912	\$ 478,301	\$ 1,597,888	\$ 2,094,035
Due from other governments	-	-	-	-	2,238	-	2,238
<b>TOTAL ASSETS</b>	<b>\$ 5,000</b>	<b>\$ 9,284</b>	<b>\$ 650</b>	<b>\$ 2,912</b>	<b>\$ 480,539</b>	<b>\$ 1,597,888</b>	<b>\$ 2,096,273</b>
<b>LIABILITIES:</b>							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 102,466	\$ 102,466
Due to other funds	5,000	9,284	650	2,912	2,610	45,856	66,312
Due to other governments	-	-	-	-	477,929	1,383,716	1,861,645
Trusts payable	-	-	-	-	-	65,850	65,850
<b>TOTAL LIABILITIES</b>	<b>\$ 5,000</b>	<b>\$ 9,284</b>	<b>\$ 650</b>	<b>\$ 2,912</b>	<b>\$ 480,539</b>	<b>\$ 1,597,888</b>	<b>\$ 2,096,273</b>

**24. FUND BALANCES**

	Major Governmental				Nonmajor	Total
	General Fund	Mental Health	Justice Center Annex	Debt Service	Governmental Funds	
<b>Nonspendable:</b>						
Inventory	\$ 433,012	\$ -	\$ -	\$ -	\$ 1,202,909	\$ 1,635,921
Prepays	721,322	-	-	-	-	721,322
Advances	45,600	-	-	-	-	45,600
<b>Restricted for:</b>						
Mental health	-	7,867,880	-	-	-	7,867,880
Rural services	-	-	-	-	2,211,638	2,211,638
Sheriff seized property	-	-	-	-	244,517	244,517
Attorney seized property	-	-	-	-	325,089	325,089
Recorder records management	-	-	-	-	324,914	324,914
Township fire protection	-	-	-	-	8,107	8,107
REAP	-	-	-	-	87,289	87,289
Conservation water & land improv	-	-	-	-	15,770,231	15,770,231
Justice center annex	-	-	59,277,232	-	-	59,277,232
Debt service	-	-	-	2,892,100	-	2,892,100
<b>Committed to:</b>						
Economic development	3,265,208	-	-	-	-	3,265,208
Attorney collection incentive	-	-	-	-	568,917	568,917
Treasurer's banking reserve	-	-	-	-	3,734	3,734
Contingency reserve	-	-	-	-	9,898,639	9,898,639
Automated traffic enforcement	-	-	-	-	661,464	661,464
Capital projects	-	-	-	-	2,846,702	2,846,702
<b>Unassigned:</b>	<u>43,089,740</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,503,644)</u>	<u>41,586,096</u>
<b>Total Fund Balances</b>	<u>\$ 47,554,882</u>	<u>\$ 7,867,880</u>	<u>\$ 59,277,232</u>	<u>\$ 2,892,100</u>	<u>\$ 32,650,506</u>	<u>\$ 150,242,600</u>

**25. STABILIZATION ARRANGEMENT**

The County maintains a Contingency Reserve Special Revenue Fund that was established by board resolution to be used for future contingencies. The fund balance is replenished when it is below the targeted \$5 million plus an accumulated reserve for the 27<sup>th</sup> payday and an inflation factor. The County annually contributes to a 27<sup>th</sup> payday reserve in this fund which will cover the extra payday that occurs on a cash basis every 11 years. The next 27<sup>th</sup> payday will occur in the fiscal year ending 2017.

Contingency Reserve fund balances may also be spent as follows:

- Whenever revenues are at least \$1,000,000 less than needed to maintain current operational levels
- Make loans to another County fund with the expectation that the loan will be repaid within three years
- Settle legal claims that exceed funds available in the County’s self-insurance reserve

**26. SUBSEQUENT EVENTS**

**Iowa Events Center Proprietary Fund – Hearing for General Obligation Refunding Bonds**

In November 2015, the Board of Supervisors held a public meeting and hearing upon the proposal to institute proceedings for the issuance of not to exceed \$95 million general obligation refunding bonds in order to provide funds to pay the costs of refunding and refinancing all the outstanding debt related to the Iowa Events Center. No action has yet been taken or is scheduled to be taken to issue the general obligation refunding bonds.

## Sanitary Treatment Works Proprietary Fund - Transfer of Rock Creek Trunk Sewer to the WRA

In November 2015, the Iowa Finance Authority gave consent to Polk County to convey project improvements and property interests to the WRA on property which was financed with three Iowa Finance Authority loans. These project improvements relate to the Rock Creek Trunk Sewer Segments 1-5. The conveyance of these projects will require the County to write off both infrastructure and intangible assets in the Sanitary Treatment Works Proprietary Fund for approximately \$6 million for the year ending June 30, 2016.

### 27. ACCOUNTING CHANGE/RESTATEMENT

Governmental Accounting Standards Board Statement No. 68, “*Accounting and Financial Reporting for Pensions – an Amendment of GASB No. 27*” was implemented during fiscal year 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, GASB No. 68 requires a state or local government employer to recognize a net pension liability and changes in the net pension liability, deferred outflows of resources and deferred inflows of resources which arise from other types of events related to pensions. During the transition year, as permitted, beginning balances for deferred outflows of resources and deferred inflows of resources will not be reported, except for deferred outflows of resources related to contributions made after the measurement date of the beginning net pension liability which is required to be reported by Governmental Accounting Standards Board Statement No. 71, “*Pension Transition for Contributions Made Subsequent to the Measurement Date.*”

Beginning net position for governmental activities, business-type activities and three funds were restated to retroactively report the beginning net pension liability and deferred outflows of resources related to contributions made after the measurement date, as follows:

	Governmental Activities	Business-Type Activities	Major Enterprise	Nonmajor Enterprise	
			Iowa Events Center	Air Quality	Iowa Tax & Tags
Net position June 30, 2014 as previously reported	\$ 114,319,844	\$ 251,356,147	\$ 113,823,641	\$ 623,712	\$ 195,279
Net pension liability at June 30, 2014	(53,546,746)	(1,039,584)	(62,374)	(769,293)	(207,917)
Deferred outflows of resources related to prior year contributions made after the June 30, 2013 measurement date	<u>7,351,367</u>	<u>144,450</u>	<u>8,666</u>	<u>106,894</u>	<u>28,890</u>
Net position July 1, 2014, as restated	<u>\$ 68,124,465</u>	<u>\$ 250,461,013</u>	<u>\$ 113,769,933</u>	<u>\$ (38,687)</u>	<u>\$ 16,252</u>

## 28. PENDING ACCOUNTING PRONOUNCEMENTS

As of June 30, 2015, the Government Accounting Standards Board (GASB) had issued the following statements not yet implemented by the County. The statements which might impact the County are as follows:

- GASB Statement No. 72, *Fair Value Measurement and Application*, issued February 2015, will be effective for the County, with its year ending June 30, 2016. This Statement defines fair value and describes how fair value should be measured, what assets and liabilities should be measured at fair value, and what information about fair value should be disclosed in the notes to the financial statements. This Statement defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Investments, which generally are measured at fair value, are defined as a security or other asset that governments hold primarily for the purpose of income or profit and the present service capacity of which are based solely on their ability to generate cash or to be sold to generate cash. The related disclosures have been expanded to categorize fair values according to their relative reliability and to describe positions held in many alternative investments.
- GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, issued in June 2015, will be effective for the County beginning with its fiscal year ending June 30, 2018. The Statement replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* and requires governments to report a liability on the face of the financial statements for the OPEB they provide and outlines the reporting requirements by governments for defined benefit OPEB plans administered through a trust, cost-sharing OPEB plans administered through a trust and OPEB not provided through a trust. The Statement also requires governments to present more extensive note disclosures and required supplementary information about their OPEB liabilities. Some governments are legally responsible to make contributions directly to an OPEB plan or make benefit payments directly as OPEB comes due for employees of other governments. In certain circumstances, called special funding situations, the Statement requires these governments to recognize in their financial statements a share of the other government's net OPEB liability.
- GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, issued July 2015, will be effective for the County beginning with its fiscal year ending June 30, 2016. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP from the four categories under GASB Statement No. 55. The first category of authoritative GAAP consists of GASB Statements. The second category comprises GASB Technical Bulletins and Implementation Guides, as well as guidance from the AICPA that is cleared by the GASB. The Statement also addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.
- GASB Statement No. 77, *Tax Abatement Disclosures*, issued August 2015, will be effective for the County beginning with its fiscal year ending June 30, 2017. This statement requires governments to disclose information about their own tax abatements separately from information about tax abatements that are entered into by other governments and reduce the reporting government's tax revenues. The disclosures about the government's own tax abatement agreements includes the purpose of the tax abatement program, the tax being abated, the amount of tax being abated, the provisions of recapturing abated taxes, the types of commitments made by tax abatement recipients, and other commitments made by government in tax abatement agreements. The disclosures about tax abatements that are entered into by other governments and reduce the reporting government's tax revenues includes the name of the government entering into the abatement agreement, the tax being abated, and the amount of the reporting government's tax being abated.

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

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**POLK COUNTY, IOWA**

**Required Supplementary Information  
Schedule of Funding Progress  
For the Year Ended June 30, 2015**

<b>Entity</b>	<b>Fiscal Year Ended</b>	<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (b)</b>	<b>Unfunded UAAL (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll ((b-a)/c)</b>
Polk County	2013	7/1/2011	\$ -	\$ 8,450,000	\$ 8,450,000	0.0%	\$ 71,516,000	11.8%
County Assessor	2013	7/1/2011	-	266,000	266,000	0.0%	1,984,000	13.4%
Polk County	2014	7/1/2013	-	7,793,000	7,793,000	0.0%	73,599,000	10.6%
County Assessor	2014	7/1/2013	-	275,000	275,000	0.0%	1,931,000	14.2%
Polk County	2015	7/1/2013	-	7,793,000	7,793,000	0.0%	75,587,000	10.3%
County Assessor	2015	7/1/2013	-	275,000	275,000	0.0%	2,058,000	13.4%

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

# POLK COUNTY, IOWA

## Required Supplementary Information Schedule of County's Proportionate Share of the Net Pension Liability Iowa Public Employees' Retirement System For the Year Ended June 30, 2015

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County's collective proportion of the net pension liability	0.7715637%
County's collective proportionate share of the net pension liability	\$ 30,599,492
County's covered-employee payroll	\$ 80,989,791
County's collective proportionate share of the net pension liability as a percentage of its covered-employee payroll	37.78%
Plan fiduciary net position as a percentage of the total pension liability	87.61%

**Note:** Only the current fiscal year is presented using a June 30, 2014 measurement date because 10-year data is not yet available.

See Notes to Required Supplementary Information.

**POLK COUNTY, IOWA**

**Required Supplementary Information  
Schedule of County Contributions  
Iowa Public Employees' Retirement System  
Last Ten Fiscal Years**

	Fiscal Year			
	2006	2007	2008	2009
Statutorily required contribution	\$ 3,781,310	\$ 3,835,785	\$ 4,136,545	\$ 5,036,111
Contributions in relation to the statutorily required contribution	(3,781,310)	(3,835,785)	(4,136,545)	(5,036,111)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
County's covered-employee payroll	N/A	N/A	N/A	N/A
Contributions as a percentage of covered - employee payroll	N/A	N/A	N/A	N/A

N/A - information is not available for this fiscal year.

See Notes to Required Supplementary Information.



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Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 5,665,569	\$ 6,264,772	\$ 6,885,782	\$ 7,178,473	\$ 7,499,317	\$ 7,705,776
(5,665,569)	(6,264,772)	(6,885,782)	(7,178,473)	(7,499,317)	(7,705,776)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
N/A	N/A	N/A	N/A	\$ 80,989,791	\$ 83,272,164
N/A	N/A	N/A	N/A	9.26%	9.25%

## POLK COUNTY, IOWA

### Notes to the Required Supplementary Information Pension Liability For the Year Ended June 30, 2015

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#### Changes of Benefit Terms:

Legislation passed in 2010 modified benefit terms for current Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3% per year measured from the member's first unreduced retirement age to a 6% reduction for each year of retirement before age 65.

In 2008, legislative action transferred four groups – emergency medical service providers, county jailers, county attorney investigators, and National Guard installation security officers – from Regular membership to the protection occupation group for future service only.

Benefit provisions for sheriffs and deputies were changed in the 2004 legislative session. The eligibility for unreduced retirement benefits was lowered from age 55 by one year each July 1 (beginning in 2004) until it reached age 50 on July 1, 2008. The years of service requirement remained at 22 or more. Their contribution rates were also changed to be shared 50-50 by the employee and employer, instead of the previous 40-60 split.

#### Changes of Assumptions:

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30 year amortization period to a closed 30 year amortization period for the UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20 year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

The 2007 valuation adjusted the application of the entry age normal cost method to better match projected contributions to the projected salary stream in the future years. It also included in the calculation of the UAL amortization payments the one-year lag between the valuation date and the effective date of the annual actuarial contribution rate.

The 2006 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted salary increase assumptions to service based assumptions.
- Decreased the assumed interest rate credited on employee contributions from 4.25% to 4.00%.
- Lowered the inflation assumption from 3.50% to 3.25%.
- Lowered disability rates for sheriffs and deputies and protection occupation members.

# POLK COUNTY, IOWA

## Required Supplementary Information Budgetary Comparison Schedule All Governmental Funds For the Year Ended June 30, 2015

	Original Budget	Amended Budget	Actual	Variance
<b>REVENUES:</b>				
Property taxes	\$ 138,028,434	\$ 138,028,434	\$ 136,574,951	\$ (1,453,483)
Other County taxes	5,714,947	5,714,947	5,681,377	(33,570)
Interest and penalty on delinquent taxes	1,236,000	1,285,000	1,355,271	70,271
Intergovernmental	48,914,853	50,421,989	51,455,776	1,033,787
Licenses and permits	809,350	995,850	1,076,489	80,639
Charges for services	13,010,200	14,185,941	13,751,036	(434,905)
Use of money and property	3,470,936	3,064,876	3,260,147	195,271
Miscellaneous	2,507,016	3,295,905	2,633,602	(662,303)
Total receipts	213,691,736	216,992,942	215,788,649	(1,204,293)
<b>EXPENDITURES:</b>				
Current:				
Public safety and legal services	68,848,543	68,252,265	67,736,584	515,681
Physical health and social services	35,295,049	35,345,572	33,304,818	2,040,754
Mental health	27,291,859	29,333,838	29,300,185	33,653
County environment and education	12,061,271	12,918,323	12,298,440	619,883
Roads and transportation	10,105,638	10,501,981	10,218,868	283,113
Government services to residents	7,221,561	7,219,563	7,050,798	168,765
Administration	30,745,631	32,880,854	30,819,020	2,061,834
Debt service	20,187,266	20,086,355	18,607,731	1,478,624
Capital projects	27,607,317	34,940,290	21,206,198	13,734,092
Total disbursements	239,364,135	251,479,041	230,542,642	20,936,399
<b>OTHER FINANCING SOURCES (USES):</b>				
General long-term debt proceeds	24,098,270	87,184,281	86,210,698	(973,583)
Proceeds from sale of capital assets	107,000	176,100	143,927	(32,173)
Transfers in (out)	7,637,291	9,568,512	7,449,240	(2,119,272)
Total other financing sources (uses)	31,842,561	96,928,893	93,803,865	(3,125,028)
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES - BUDGETARY BASIS</b>				
	\$ 6,170,162	\$ 62,442,794	79,049,872	\$ 16,607,078
<b>RECONCILIATION TO GAAP BASIS:</b>				
Basis differences:				
Increase (decrease) in accrual basis assets/deferred outflows			2,872,152	
(Increase) decrease in accrual basis liabilities/deferred inflows			(4,651,485)	
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses - GAAP basis			77,270,539	
Fund balance at beginning of year - GAAP basis			72,815,962	
Changes in inventory reserves			156,099	
Fund balance at end of year - GAAP basis			\$ 150,242,600	

See Notes to Required Supplementary Information.

## POLK COUNTY, IOWA

### Notes to the Required Supplementary Information Budgetary Reporting For the Year Ended June 30, 2015

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

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

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

A budget amendment must be prepared and adopted in the same manner as the original budget. The County budget was amended as prescribed and the original and final amended amounts are shown in the budgetary schedules. Supplemental appropriations are provided when unanticipated revenues become available or when unanticipated program expenditures are needed. During the year ended June 30, 2015 there were two supplemental appropriations resulting in an increase in total disbursements of \$12,114,906.

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

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

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

## NONMAJOR GOVERNMENTAL FUNDS

### Special Revenue Funds

The Special Revenue Funds account for financial resources that are restricted as to use by the Federal or State governments and special purpose funds established by the County Board of Supervisors.

**Rural Services** - Accounts for taxes levied to benefit the rural residents of the County. This account is restricted in accordance with the Iowa Code Section 331.424 and 331.428.

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

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

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

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

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

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

**Township Fire Protection** – Accounts for the requirement of the County to levy taxes for township fire protection and then disburse money to municipalities or townships for various township fire protection contracts. This account is restricted in accordance with the Iowa Code Section 331.424C.

**Treasurer Banking Reserve** – Accounts for revenue relating to the ATM machines in County buildings. This account is committed per Board resolution.

**REAP** - Accounts for monies received under the State Resource Enhancement and Protection Act. This account is restricted in accordance with the Iowa Code Section 455A.19.

**Contingency Reserve** - Accounts for transfers from Prairie Meadows Racetrack/Casino Enterprise Fund and wagering tax revenue earmarked for future contingencies. This fund serves as a stabilization arrangement and is committed per Board resolution. See Note 25 for further information.

**Automated Traffic Enforcement** - Accounts for activity relating to the Sheriff's speed camera program established by County Ordinance #293. This account is committed per Board resolution.

(continued)

## **Capital Projects Funds**

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

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

**Conservation Water & Land Improvements** – Accounts for the assets held for County conservation in accordance with November 2012 bond referendum to issue \$50 million to fund park and trail improvements, land acquisitions and other conservation measures including the water quality of lakes and rivers.

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

## **Debt Service Funds**

The Debt Service Funds account for the payment of interest and principal on general obligation bonds and notes. Debt service revenues are principally derived from property taxes, special assessments and other operating revenues. These funds are restricted in accordance with bond covenants.

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

**Hamilton Drain Debt Service** - Accounts for debt service for the Hamilton Drain bond issue supported by property taxes and special assessments. This account is restricted in accordance with the Iowa Code Section 331.430.

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**POLK COUNTY, IOWA**

**Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2015**

	<b>Rural Services</b>	<b>Sheriff Forfeited Property (State)</b>	<b>Sheriff Forfeited Property (Federal)</b>	<b>Attorney Forfeited Property</b>	<b>County Attorney Collection Incentive</b>
<b>ASSETS</b>					
Cash and pooled investments	\$ 2,267,138	\$ 144,940	\$ 92,650	\$ 325,774	\$ 536,615
Restricted assets - cash and pooled investments	-	-	-	-	-
Receivables (net):					
Taxes	38,395	-	-	-	-
Succeeding year property taxes	7,539,566	-	-	-	-
Special assessments	-	-	-	-	-
Accounts	-	-	-	-	-
Notes	-	-	-	-	-
Due from other funds	-	-	-	-	-
Due from other governments	18,355	-	6,927	2,687	32,302
Inventories	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 9,863,454</b>	<b>\$ 144,940</b>	<b>\$ 99,577</b>	<b>\$ 328,461</b>	<b>\$ 568,917</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 22,880	\$ -	\$ -	\$ 104	\$ -
Wages payable	18,533	-	-	2,806	-
Payroll taxes payable	34,104	-	-	462	-
<b>TOTAL LIABILITIES</b>	<b>75,517</b>	<b>-</b>	<b>-</b>	<b>3,372</b>	<b>-</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>7,576,299</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>					
Nonspendable	-	-	-	-	-
Restricted	2,211,638	144,940	99,577	325,089	-
Committed	-	-	-	-	568,917
Unassigned	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>2,211,638</b>	<b>144,940</b>	<b>99,577</b>	<b>325,089</b>	<b>568,917</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 9,863,454</b>	<b>\$ 144,940</b>	<b>\$ 99,577</b>	<b>\$ 328,461</b>	<b>\$ 568,917</b>



Special Revenue							
Secondary Roads	County Recorder Records Management	Township Fire Protection	Treasurer Banking Reserve	REAP	Contingency Reserve	Automated Traffic Enforcement	Total Special Revenue
\$ 570,448	\$ 324,389	\$ 7,901	\$ 3,734	\$ 91,617	\$ 9,898,639	\$ 633,861	\$ 14,897,706
-	-	-	-	-	-	-	-
-	-	1,698	-	-	-	-	40,093
-	-	798,373	-	-	-	-	8,337,939
-	-	-	-	-	-	-	-
4,908	-	-	-	-	-	130,968	135,876
-	-	-	-	-	-	-	-
-	525	-	-	-	-	-	525
563,145	-	-	-	-	-	-	623,416
1,202,909	-	-	-	-	-	-	1,202,909
<b>\$ 2,341,410</b>	<b>\$ 324,914</b>	<b>\$ 807,972</b>	<b>\$ 3,734</b>	<b>\$ 91,617</b>	<b>\$ 9,898,639</b>	<b>\$ 764,829</b>	<b>\$ 25,238,464</b>
\$ 2,449,070	\$ -	\$ -	\$ -	\$ 4,328	\$ -	\$ 13,312	\$ 2,489,694
193,075	-	-	-	-	-	-	214,414
-	-	-	-	-	-	-	34,566
2,642,145	-	-	-	4,328	-	13,312	2,738,674
-	-	799,865	-	-	-	90,053	8,466,217
1,202,909	-	-	-	-	-	-	1,202,909
-	324,914	8,107	-	87,289	-	-	3,201,554
-	-	-	3,734	-	9,898,639	661,464	11,132,754
(1,503,644)	-	-	-	-	-	-	(1,503,644)
(300,735)	324,914	8,107	3,734	87,289	9,898,639	661,464	14,033,573
<b>\$ 2,341,410</b>	<b>\$ 324,914</b>	<b>\$ 807,972</b>	<b>\$ 3,734</b>	<b>\$ 91,617</b>	<b>\$ 9,898,639</b>	<b>\$ 764,829</b>	<b>\$ 25,238,464</b>

(continued)

**POLK COUNTY, IOWA**

**Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2015**

	Capital Projects			Debt Service
	Conservation Water & Land Improvement	Capital Improvements Projects	Total Capital Projects	Hamilton Drain Debt Service
<b>ASSETS</b>				
Cash and pooled investments	\$ 34,261	\$ 5,115,684	\$ 5,149,945	\$ -
Restricted assets - cash and pooled investments	15,971,373	-	15,971,373	-
Receivables (net):				
Taxes	-	-	-	-
Succeeding year property taxes	-	-	-	-
Special assessments	-	-	-	4,618
Accounts	-	-	-	-
Notes	-	200,000	200,000	-
Due from other funds	-	-	-	-
Due from other governments	138,581	67,192	205,773	-
Inventories	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 16,144,215</b>	<b>\$ 5,382,876</b>	<b>\$ 21,527,091</b>	<b>\$ 4,618</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 268,076	\$ 2,336,174	\$ 2,604,250	\$ -
Wages payable	-	-	-	-
Payroll taxes payable	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>268,076</b>	<b>2,336,174</b>	<b>2,604,250</b>	<b>-</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>105,908</b>	<b>200,000</b>	<b>305,908</b>	<b>4,618</b>
<b>FUND BALANCES</b>				
Nonspendable	-	-	-	-
Restricted	15,770,231	-	15,770,231	-
Committed	-	2,846,702	2,846,702	-
Unassigned	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>15,770,231</b>	<b>2,846,702</b>	<b>18,616,933</b>	<b>-</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 16,144,215</b>	<b>\$ 5,382,876</b>	<b>\$ 21,527,091</b>	<b>\$ 4,618</b>

Total Debt Service	Total Nonmajor Governmental Funds
--------------------------	--

\$	-	\$	20,047,651
	-		15,971,373
	-		40,093
	-		8,337,939
	4,618		4,618
	-		135,876
	-		200,000
	-		525
	-		829,189
	-		1,202,909

\$	4,618	\$	46,770,173
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\$	-	\$	5,093,944
	-		214,414
	-		34,566

	-		5,342,924
--	---	--	-----------

	4,618		8,776,743
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	-		1,202,909
	-		18,971,785
	-		13,979,456
	-		(1,503,644)

	-		32,650,506
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\$	4,618	\$	46,770,173
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(concluded)

**POLK COUNTY, IOWA**

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2015**

	<b>Rural Services</b>	<b>Sheriff Forfeited Property (State)</b>	<b>Sheriff Forfeited Property (Federal)</b>	<b>Attorney Forfeited Property</b>	<b>County Attorney Collection Incentive</b>
<b>REVENUES:</b>					
Property taxes	\$ 6,890,762	\$ -	\$ -	\$ -	\$ -
Other County taxes	218,852	-	-	-	-
Intergovernmental	439,517	14,000	-	-	388,794
Licenses and permits	-	-	-	-	-
Charges for services	271,107	-	-	-	-
Use of money and property	-	149	93	365	-
Miscellaneous	86,304	8,464	55,833	77,134	-
<b>TOTAL REVENUES</b>	<b>7,906,542</b>	<b>22,613</b>	<b>55,926</b>	<b>77,499</b>	<b>388,794</b>
<b>EXPENDITURES:</b>					
Current:					
Public safety and legal services	210,266	827	47,871	115,071	14,622
County environment and education	1,252,056	-	-	-	-
Roads and transportation	1,698,853	-	-	-	-
Government services to residents	102,874	-	-	-	-
Administration	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Capital projects:					
Roadway construction	-	-	-	-	-
Conservation land acquisition and development	-	-	-	-	-
Other capital projects	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>3,264,049</b>	<b>827</b>	<b>47,871</b>	<b>115,071</b>	<b>14,622</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>4,642,493</b>	<b>21,786</b>	<b>8,055</b>	<b>(37,572)</b>	<b>374,172</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	-	-	-	-	-
Transfers out	(4,862,671)	-	-	-	(184,872)
Issuance of bonds	-	-	-	-	-
Premium/(discount) on bonds issued	-	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(4,862,671)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(184,872)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(220,178)</b>	<b>21,786</b>	<b>8,055</b>	<b>(37,572)</b>	<b>189,300</b>
<b>FUND BALANCE, BEGINNING</b>	<b>2,431,816</b>	<b>123,154</b>	<b>91,522</b>	<b>362,661</b>	<b>379,617</b>
Change in inventory reserve	-	-	-	-	-
<b>FUND BALANCE, ENDING</b>	<b>\$ 2,211,638</b>	<b>\$ 144,940</b>	<b>\$ 99,577</b>	<b>\$ 325,089</b>	<b>\$ 568,917</b>

Special Revenue							
Secondary Roads	County Recorder Records Management	Township Fire Protection	Treasurer Banking Reserve	REAP	Contingency Reserve	Automated Traffic Enforcement	Total Special Revenues
\$ -	\$ -	\$ 720,926	\$ -	\$ -	\$ -	\$ -	\$ 7,611,688
-	-	25,786	-	-	289,543	-	534,181
6,213,315	15,000	31,553	-	166,018	-	-	7,268,197
102,875	-	-	-	-	-	-	102,875
270,109	85,093	-	409	-	-	-	626,718
-	374	-	-	59	-	-	1,040
67,421	-	-	-	-	-	648,064	943,220
6,653,720	100,467	778,265	409	166,077	289,543	648,064	17,087,919
-	-	776,453	-	-	-	276,603	1,441,713
-	-	-	-	-	-	-	1,252,056
7,835,621	-	-	-	-	-	-	9,534,474
-	107,122	-	-	-	-	-	209,996
-	-	-	644	-	-	-	644
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
5,650,385	-	-	-	-	-	-	5,650,385
-	-	-	-	127,717	-	-	127,717
-	-	-	-	-	-	-	-
13,486,006	107,122	776,453	644	127,717	-	276,603	18,216,985
(6,832,286)	(6,655)	1,812	(235)	38,360	289,543	371,461	(1,129,066)
7,467,353	-	-	-	-	-	-	7,467,353
-	-	-	-	-	-	-	(5,047,543)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
7,467,353	-	-	-	-	-	-	2,419,810
635,067	(6,655)	1,812	(235)	38,360	289,543	371,461	1,290,744
(1,195,691)	331,569	6,295	3,969	48,929	9,609,096	290,003	12,482,940
259,889	-	-	-	-	-	-	259,889
\$ (300,735)	\$ 324,914	\$ 8,107	\$ 3,734	\$ 87,289	\$ 9,898,639	\$ 661,464	\$ 14,033,573

(continued)

**POLK COUNTY, IOWA**

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2015**

	Capital Projects			Total Capital Projects	Debt Service NW 84th Water Main Debt Service
	Conservation Land Acquisition & Development	Conservation Water & Land Improvement	Capital Improvements Projects		
<b>REVENUES:</b>					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Other County taxes	-	-	-	-	-
Intergovernmental	-	2,422,741	239,558	2,662,299	51,016
Licenses and permits	-	-	-	-	-
Charges for services	-	-	-	-	-
Use of money and property	-	-	-	-	-
Miscellaneous	-	232,218	49,308	281,526	-
<b>TOTAL REVENUES</b>	<b>-</b>	<b>2,654,959</b>	<b>288,866</b>	<b>2,943,825</b>	<b>51,016</b>
<b>EXPENDITURES:</b>					
Current:					
Public safety and legal services	-	-	-	-	-
County environment and education	-	-	-	-	-
Roads and transportation	-	-	-	-	-
Government services to residents	-	-	-	-	-
Administration	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	46,000
Interest and fiscal charges	-	-	-	-	5,016
Capital projects:					
Roadway construction	-	-	-	-	-
Conservation land acquisition and development	56,038	6,492,118	-	6,548,156	-
Other capital projects	-	-	5,373,544	5,373,544	-
<b>TOTAL EXPENDITURES</b>	<b>56,038</b>	<b>6,492,118</b>	<b>5,373,544</b>	<b>11,921,700</b>	<b>51,016</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(56,038)</b>	<b>(3,837,159)</b>	<b>(5,084,678)</b>	<b>(8,977,875)</b>	<b>-</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	56,038	-	2,224,807	2,280,845	-
Transfers out	-	-	(563,582)	(563,582)	-
Issuance of bonds	-	15,605,000	5,500,000	21,105,000	-
Premium/(discount) on bonds issued	-	366,373	-	366,373	-
Proceeds from sale of capital assets	-	-	59,100	59,100	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>56,038</b>	<b>15,971,373</b>	<b>7,220,325</b>	<b>23,247,736</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>-</b>	<b>12,134,214</b>	<b>2,135,647</b>	<b>14,269,861</b>	<b>-</b>
<b>FUND BALANCE, BEGINNING</b>	<b>-</b>	<b>3,636,017</b>	<b>711,055</b>	<b>4,347,072</b>	<b>-</b>
Change in inventory reserve	-	-	-	-	-
<b>FUND BALANCE, ENDING</b>	<b>\$ -</b>	<b>\$ 15,770,231</b>	<b>\$ 2,846,702</b>	<b>\$ 18,616,933</b>	<b>\$ -</b>

<b>Total Debt Service</b>	<b>Total Nonmajor Governmental Funds</b>
\$ -	\$ 7,611,688
-	534,181
51,016	9,981,512
-	102,875
-	626,718
-	1,040
-	1,224,746
51,016	20,082,760
-	1,441,713
-	1,252,056
-	9,534,474
-	209,996
-	644
46,000	46,000
5,016	5,016
-	5,650,385
-	6,675,873
-	5,373,544
51,016	30,189,701
-	(10,106,941)
-	9,748,198
-	(5,611,125)
-	21,105,000
-	366,373
-	59,100
-	25,667,546
-	15,560,605
-	16,830,012
-	259,889
\$ -	\$ 32,650,506

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## NONMAJOR ENTERPRISE FUNDS

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

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

**Conservation Enterprises** - Accounts for the golf course and rental cabins activity under the conservation department. The golf course is operated by a private golf management company who has the ability to modify services and rates.

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

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

**Iowa Tax & Tags** – Accounts for activity of the Treasurer's [www.iowataxandtags.gov](http://www.iowataxandtags.gov) program relating to online property tax and vehicle tag payments.

**POLK COUNTY, IOWA**

**Combining Statement of Net Position  
Nonmajor Enterprise Funds  
June 30, 2015**

	<b>Air Quality</b>	<b>Conservation Enterprises</b>	<b>Hamilton Urban Drainage District</b>	<b>Urban Sewer</b>
<b>ASSETS</b>				
Current assets:				
Cash and pooled investments	\$ 311,576	\$ 774,319	\$ 269,830	\$ 1,258,177
Receivables (net):				
Accounts	-	59,890	-	-
Notes	-	-	-	123,707
Due from other governments	168,958	-	334,068	-
Total current assets	<u>480,534</u>	<u>834,209</u>	<u>603,898</u>	<u>1,381,884</u>
Noncurrent assets:				
Special assessments	-	-	4,526	-
Notes	-	-	-	4,212,612
Capital assets not being depreciated	-	76,593	7,285,834	-
Capital assets being depreciated, net	366,856	331,102	3,983,665	-
Total noncurrent assets	<u>366,856</u>	<u>407,695</u>	<u>11,274,025</u>	<u>4,212,612</u>
<b>TOTAL ASSETS</b>	<u>847,390</u>	<u>1,241,904</u>	<u>11,877,923</u>	<u>5,594,496</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>136,401</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	119	17,636	22,216	-
Wages payable	34,357	740	-	-
Payroll taxes payable	5,344	87	-	-
Interest payable	-	-	-	7,305
General obligation bonds payable	-	-	-	304,048
Compensated absences payable	8,482	-	-	-
Total current liabilities	<u>48,302</u>	<u>18,463</u>	<u>22,216</u>	<u>311,353</u>
Noncurrent liabilities:				
General obligation bonds payable	-	-	-	3,454,450
Compensated absences payable	246,117	-	-	-
Net pension liability	425,416	-	-	-
Total noncurrent liabilities	<u>671,533</u>	<u>-</u>	<u>-</u>	<u>3,454,450</u>
<b>TOTAL LIABILITIES</b>	<u>719,835</u>	<u>18,463</u>	<u>22,216</u>	<u>3,765,803</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>302,099</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET POSITION</b>				
Net investment in capital assets	366,856	407,695	11,269,499	-
Unrestricted (deficit)	(404,999)	815,746	586,208	1,828,693
<b>TOTAL NET POSITION (DEFICIT)</b>	<u>\$ (38,143)</u>	<u>\$ 1,223,441</u>	<u>\$ 11,855,707</u>	<u>\$ 1,828,693</u>

		<b>Total Nonmajor Enterprise Funds</b>	
<b>Iowa Tax &amp; Tags</b>			
\$	253,371	\$	2,867,273
	-		59,890
	-		123,707
	4,035		507,061
	257,406		3,557,931
	-		4,526
	-		4,212,612
	-		7,362,427
	-		4,681,623
	-		16,261,188
	257,406		19,819,119
	36,865		173,266
	-		39,971
	11,560		46,657
	1,856		7,287
	-		7,305
	-		304,048
	248		8,730
	13,664		413,998
	-		3,454,450
	7,210		253,327
	114,978		540,394
	122,188		4,248,171
	135,852		4,662,169
	81,648		383,747
	-		12,044,050
	76,771		2,902,419
\$	76,771	\$	14,946,469

**POLK COUNTY, IOWA**

**Combining Statement of Revenues, Expenses, and Changes in Net Position  
Nonmajor Enterprise Funds  
For the Year Ended June 30, 2015**

	Air Quality	Conservation Enterprises	Hamilton Urban Drainage District	Urban Sewer
<b>OPERATING REVENUES:</b>				
Charges for goods and services:				
Charges for services	\$ 346,417	\$ -	\$ 144,566	\$ -
Intergovernmental revenues	869,445	-	4,636,274	-
Commissions income	-	195,157	-	-
Miscellaneous	4,380	95,030	5,139	-
Total operating revenues	<u>1,220,242</u>	<u>290,187</u>	<u>4,785,979</u>	<u>-</u>
<b>OPERATING EXPENSES:</b>				
Cost of goods and services:				
Personal services	1,002,333	15,499	15,277	-
Supplies	63,476	87,009	-	-
Professional services	-	9,440	2,043	-
Other services/charges	75,594	16,266	42,341	-
Miscellaneous	-	11,602	4,907	-
Amortization of discount (premium)	-	-	-	(2,872)
Depreciation	78,518	30,463	229,916	-
Total operating expenses	<u>1,219,921</u>	<u>170,279</u>	<u>294,484</u>	<u>(2,872)</u>
<b>OPERATING INCOME (LOSS)</b>	<u>321</u>	<u>119,908</u>	<u>4,491,495</u>	<u>2,872</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Interest revenue	223	977	556	2,018
Interest expense	-	-	-	(97,395)
Total nonoperating revenues (expenses)	<u>223</u>	<u>977</u>	<u>556</u>	<u>(95,377)</u>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<u>544</u>	<u>120,885</u>	<u>4,492,051</u>	<u>(92,505)</u>
<b>TRANSFERS:</b>				
Transfers out	-	(132,404)	-	-
Total transfers	<u>-</u>	<u>(132,404)</u>	<u>-</u>	<u>-</u>
<b>CHANGE IN NET POSITION</b>	<u>544</u>	<u>(11,519)</u>	<u>4,492,051</u>	<u>(92,505)</u>
<b>TOTAL NET POSITION - BEGINNING, RESTATED</b>	<u>(38,687)</u>	<u>1,234,960</u>	<u>7,363,656</u>	<u>1,921,198</u>
<b>TOTAL NET POSITION (DEFICIT) - ENDING</b>	<u>\$ (38,143)</u>	<u>\$ 1,223,441</u>	<u>\$ 11,855,707</u>	<u>\$ 1,828,693</u>

<b>Iowa Tax &amp; Tags</b>	<b>Total Nonmajor Enterprise Funds</b>
------------------------------------	--

\$ 386,463	\$ 877,446
-	5,505,719
-	195,157
14,129	118,678
<u>400,592</u>	<u>6,697,000</u>

225,025	1,258,134
16,179	166,664
104,434	115,917
5,339	139,540
-	16,509
-	(2,872)
-	338,897
<u>350,977</u>	<u>2,032,789</u>

<u>49,615</u>	<u>4,664,211</u>
---------------	------------------

10,904	14,678
-	(97,395)
<u>10,904</u>	<u>(82,717)</u>

<u>60,519</u>	<u>4,581,494</u>
---------------	------------------

-	(132,404)
<u>-</u>	<u>(132,404)</u>

60,519	4,449,090
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<u>16,252</u>	<u>10,497,379</u>
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<u>\$ 76,771</u>	<u>\$ 14,946,469</u>
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**POLK COUNTY, IOWA**

**Combining Statement of Cash Flows  
Nonmajor Enterprise Funds  
For the Year Ended June 30, 2015**

	<b>Air Quality</b>	<b>Conservation Enterprises</b>	<b>Hamilton Urban Drainage District</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash received from customers	\$ 350,797	\$ 274,489	\$ (100,334)
Cash received from intergovernmental revenues	893,646	-	4,636,274
Cash paid to suppliers for goods and services	(150,431)	(106,681)	(49,291)
Cash paid to employees	(950,876)	(14,672)	(15,277)
Net cash flows from operating activities	<u>143,136</u>	<u>153,136</u>	<u>4,471,372</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Transfers out	-	(132,404)	-
Net cash flows from noncapital financing activities	<u>-</u>	<u>(132,404)</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Principal paid on long-term debt	-	-	-
Interest paid on long-term debt	-	-	-
Repayments on capital note receivable	-	-	-
Purchase of capital assets	(196,368)	(27,324)	(5,554,789)
Net cash flows from capital and related financing activities	<u>(196,368)</u>	<u>(27,324)</u>	<u>(5,554,789)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest received	223	977	556
Net cash flows from investing activities	<u>223</u>	<u>977</u>	<u>556</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(53,009)</b>	<b>(5,615)</b>	<b>(1,082,861)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b><u>364,585</u></b>	<b><u>779,934</u></b>	<b><u>1,352,691</u></b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b><u>\$ 311,576</u></b>	<b><u>\$ 774,319</u></b>	<b><u>\$ 269,830</u></b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Operating income (loss)	\$ 321	\$ 119,908	\$ 4,491,495
Components of operating income (loss) not included in operating activities			
Depreciation	78,518	30,463	229,916
Amortization	-	-	-
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:			
(Increase) decrease in special assessments receivable	-	-	7,231
(Increase) decrease in accounts receivable	-	(15,698)	-
(Increase) decrease in due from other governments	24,201	-	(257,270)
(Increase) decrease in deferred outflows of resources	(29,507)	-	-
Increase (decrease) in accounts payable	(11,361)	17,636	-
Increase (decrease) in wages payable	4,137	740	-
Increase (decrease) in payroll taxes payable	407	87	-
Increase (decrease) in compensated absences payable	118,198	-	-
Increase (decrease) in net pension liability	(343,877)	-	-
Increase (decrease) in deferred outflows of resources	302,099	-	-
Net cash flows from operating activities	<u>\$ 143,136</u>	<u>\$ 153,136</u>	<u>\$ 4,471,372</u>
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Disposal of fully depreciated capital assets	\$ (55,773)	\$ (111,618)	\$ -
Acquisition of capital assets through accounts payable	-	-	(68,135)

	<b>Urban Sewer</b>	<b>Iowa Tax &amp; Tags</b>	<b>Total Nonmajor Enterprise Funds</b>
\$	-	\$ 396,557	\$ 921,509
	-	-	5,529,920
	-	(131,777)	(438,180)
	-	(238,448)	(1,219,273)
	-	26,332	4,793,976
	-	-	(132,404)
	-	-	(132,404)
	(296,353)	-	(296,353)
	(97,865)	-	(97,865)
	117,426	-	117,426
	-	-	(5,778,481)
	(276,792)	-	(6,055,273)
	5,099	10,904	17,759
	5,099	10,904	17,759
	(271,693)	37,236	(1,375,942)
	1,529,870	216,135	4,243,215
\$	1,258,177	\$ 253,371	\$ 2,867,273
\$	2,872	\$ 49,615	\$ 4,664,211
	-	-	338,897
	(2,872)	-	(2,872)
	-	-	7,231
	-	-	(15,698)
	-	(4,035)	(237,104)
	-	(7,975)	(37,482)
	-	(5,825)	450
	-	4,747	9,624
	-	756	1,250
	-	340	118,538
	-	(92,939)	(436,816)
	-	81,648	383,747
\$	-	\$ 26,332	\$ 4,793,976
\$	-	\$ -	\$ (167,391)
	-	-	(68,135)

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## **INTERNAL SERVICE FUNDS**

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

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

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

**POLK COUNTY, IOWA**

**Combining Statement of Net Position  
Internal Service Funds  
June 30, 2015**

	<b>Employee Insurance</b>	<b>Risk Management</b>	<b>Total</b>
<b>ASSETS:</b>			
Current assets:			
Cash and pooled investments	\$ 9,512,291	\$ 3,800,000	\$ 13,312,291
Accounts receivables	64,767	-	64,767
<b>TOTAL ASSETS</b>	<b>9,577,058</b>	<b>3,800,000</b>	<b>13,377,058</b>
<b>LIABILITIES:</b>			
Current liabilities:			
Accounts payable	185,272	-	185,272
Estimated liability for claims and judgments	1,360,800	-	1,360,800
Total current liabilities	1,546,072	-	1,546,072
Noncurrent liabilities:			
Post employment liability (Note 21)	5,520,000	-	5,520,000
Total noncurrent liabilities	5,520,000	-	5,520,000
<b>TOTAL LIABILITIES</b>	<b>7,066,072</b>	<b>-</b>	<b>7,066,072</b>
<b>NET POSITION</b>			
Unrestricted	2,510,986	3,800,000	6,310,986
<b>TOTAL NET POSITION</b>	<b>\$ 2,510,986</b>	<b>\$ 3,800,000</b>	<b>\$ 6,310,986</b>

**POLK COUNTY, IOWA**

**Combining Statement of Revenues, Expenses, and  
Changes in Net Position  
Internal Service Funds  
For the Year Ended June 30, 2015**

	<b>Employee Insurance</b>	<b>Risk Management</b>	<b>Total</b>
<b>OPERATING REVENUES:</b>			
Charges for services	\$ 16,638,139	\$ -	\$ 16,638,139
Miscellaneous	1,631	-	1,631
Total operating revenues	<u>16,639,770</u>	-	<u>16,639,770</u>
<b>OPERATING EXPENSES:</b>			
Other services/charges	24,077	-	24,077
Insurance	18,513,305	-	18,513,305
Total operating expenses	<u>18,537,382</u>	-	<u>18,537,382</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(1,897,612)</u>	-	<u>(1,897,612)</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>			
Interest revenue	21,083	-	21,083
Total nonoperating revenues (expenses)	<u>21,083</u>	-	<u>21,083</u>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<u>(1,876,529)</u>	-	<u>(1,876,529)</u>
<b>TRANSFERS:</b>			
Transfers in	-	2,922,446	2,922,446
Transfers out	(20,000)	(2,922,446)	(2,942,446)
Total transfers	<u>(20,000)</u>	-	<u>(20,000)</u>
<b>CHANGE IN NET POSITION</b>	(1,896,529)	-	(1,896,529)
<b>NET POSITION, BEGINNING</b>	<u>4,407,515</u>	<u>3,800,000</u>	<u>8,207,515</u>
<b>NET POSITION, ENDING</b>	<u>\$ 2,510,986</u>	<u>\$ 3,800,000</u>	<u>\$ 6,310,986</u>

**POLK COUNTY, IOWA**

**Combining Statement of Cash Flows  
Internal Service Funds  
For the Year Ended June 30, 2015**

	<b>Employee Insurance</b>	<b>Risk Management</b>	<b>Total</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash received from customers	\$ 16,643,038	\$ -	\$ 16,643,038
Cash paid to suppliers for goods and services	(18,031,506)	-	(18,031,506)
Net cash flows from operating activities	<u>(1,388,468)</u>	-	<u>(1,388,468)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Transfers in	-	2,922,446	2,922,446
Transfers out	(20,000)	(2,922,446)	(2,942,446)
Net cash flows from noncapital financing activities	<u>(20,000)</u>	-	<u>(20,000)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest received	21,083	-	21,083
Net cash flows from investing activities	<u>21,083</u>	-	<u>21,083</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,387,385)	-	(1,387,385)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	10,899,676	3,800,000	14,699,676
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 9,512,291</u>	<u>\$ 3,800,000</u>	<u>\$ 13,312,291</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Operating income (loss)	\$ (1,897,612)	\$ -	\$ (1,897,612)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:			
(Increase) decrease in accounts receivable	(1,994)	-	(1,994)
(Increase) decrease in due from other governments	5,262	-	5,262
Increase (decrease) in accounts payable	(62,824)	-	(62,824)
Increase (decrease) in estimated liability for claims and judgments	117,700	-	117,700
Increase (decrease) in post employment liability	451,000	-	451,000
Net cash flows from operating activities	<u>\$ (1,388,468)</u>	<u>\$ -</u>	<u>\$ (1,388,468)</u>

## AGENCY FUNDS

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

**Trust & Agency Treasurer** – Represents a clearing fund for payroll tax withholding, partial tax payments, tax sale redemptions and other taxing entities' tax collections and disbursements

**Trust & Agency Trust Funds Held** - Accounts for activity of water and drainage districts, TIF, employee parking, Sheriff condemnation and donated funds.

**County Assessor Expense** - Accounts for general activity of County Assessor's Office.

**E911 Service** – Accounts for the activity of the Polk County E911 Service Board as outlined in Chapter 34A of the Code of Iowa.

**GIMS Implementation** - Accounts for the GIMS Implementation Project that is financed jointly by the County Assessor and Polk County.

**Emergency Management** - Accounts for the operations of Polk County Emergency Management Commission as outlined in Chapter 29C of the Code of Iowa.

**Seized Funds Unforfeited** – Represents a clearing fund for money seized by the Polk County Sheriff's office but not yet forfeited by court order.

**Mine Task Force** - Accounts for activities of the Mid-Iowa Narcotics Enforcement Task Force for which the County Sheriff's office serves as fiscal agent.

**POLK COUNTY, IOWA**

**Combining Statement of Assets and Liabilities  
Agency Funds  
June 30, 2015**

	<b>Trust &amp; Agency Treasurer</b>	<b>Trust &amp; Agency Trust Funds Held</b>	<b>County Assessor Expense</b>	<b>E911 Service</b>
<b>ASSETS:</b>				
Cash and pooled investments	\$ 18,663,216	\$ 937,449	\$ 1,861,249	\$ 3,671,900
Receivables (net):				
Taxes	3,691,545	-	47,154	-
Special assessments	10,451,693	18,031	-	-
Accounts	-	-	-	408,380
Due from other governments	-	-	20,000	429,897
Prepays	-	-	-	86,369
<b>TOTAL ASSETS</b>	<b>\$ 32,806,454</b>	<b>\$ 955,480</b>	<b>\$ 1,928,403</b>	<b>\$ 4,596,546</b>
<b>LIABILITIES:</b>				
Accounts payable	\$ -	\$ 5,665	\$ 14,616	\$ 324,499
Wages payable	-	-	148,613	-
Payroll taxes payable	142,751	-	23,905	-
Due to other funds	-	-	-	-
Due to other governments	32,663,703	336,216	557,414	4,272,047
Advances from other funds	-	45,600	-	-
Trusts payable	-	567,999	-	-
Compensated absences payable	-	-	957,855	-
Post employment liability	-	-	226,000	-
<b>TOTAL LIABILITIES</b>	<b>\$ 32,806,454</b>	<b>\$ 955,480</b>	<b>\$ 1,928,403</b>	<b>\$ 4,596,546</b>

<b>GIMS Implementation</b>	<b>Emergency Management</b>	<b>Seized Funds Unforfeited</b>	<b>Mine Task Force</b>	<b>Total Agency Funds</b>
\$ 686,202	\$ -	\$ 90,457	\$ 413,085	\$ 26,323,558
-	-	-	-	3,738,699
-	-	-	-	10,469,724
-	4,449	-	-	412,829
-	161,899	-	6,615	618,411
-	-	-	5,000	91,369
<b>\$ 686,202</b>	<b>\$ 166,348</b>	<b>\$ 90,457</b>	<b>\$ 424,700</b>	<b>\$ 41,654,590</b>
\$ -	\$ 3,236	\$ -	\$ -	\$ 348,016
-	13,731	-	-	162,344
-	2,228	-	-	168,884
-	88,489	-	-	88,489
686,202	36,287	90,457	424,700	39,067,026
-	-	-	-	45,600
-	-	-	-	567,999
-	22,377	-	-	980,232
-	-	-	-	226,000
<b>\$ 686,202</b>	<b>\$ 166,348</b>	<b>\$ 90,457</b>	<b>\$ 424,700</b>	<b>\$ 41,654,590</b>

**POLK COUNTY, IOWA**

**Combining Statement of Changes in Assets and Liabilities  
Agency Funds  
For the Year Ended June 30, 2015**

	<b>Balance July 1, 2014</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance June 30, 2015</b>
<b>TRUST &amp; AGENCY TREASURER:</b>				
ASSETS:				
Cash and pooled investments	\$ 18,350,537	\$ 884,998,664	\$ (884,685,985)	\$ 18,663,216
Taxes receivable	3,269,695	421,850	-	3,691,545
Special assessments receivable	10,911,071	-	(459,378)	10,451,693
<b>TOTAL ASSETS</b>	<b>\$ 32,531,303</b>	<b>\$ 885,420,514</b>	<b>\$ (885,145,363)</b>	<b>\$ 32,806,454</b>
LIABILITIES:				
Payroll taxes payable	\$ 138,145	\$ 4,606	\$ -	\$ 142,751
Due to other governments	32,393,158	270,545	-	32,663,703
<b>TOTAL LIABILITIES</b>	<b>\$ 32,531,303</b>	<b>\$ 275,151</b>	<b>\$ -</b>	<b>\$ 32,806,454</b>

	<b>Balance July 1, 2014</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance June 30, 2015</b>
<b>TRUST &amp; AGENCY TRUST FUNDS HELD:</b>				
ASSETS:				
Cash and pooled investments	\$ 808,696	\$ 1,886,815	\$ (1,758,062)	\$ 937,449
Special assessments receivable	191	17,840	-	18,031
<b>TOTAL ASSETS</b>	<b>\$ 808,887</b>	<b>\$ 1,904,655</b>	<b>\$ (1,758,062)</b>	<b>\$ 955,480</b>
LIABILITIES:				
Accounts payable	\$ -	\$ 5,665	\$ -	\$ 5,665
Due to other governments	347,231	-	(11,015)	336,216
Advances from other funds	-	45,600	-	45,600
Trusts payable	461,656	106,343	-	567,999
<b>TOTAL LIABILITIES</b>	<b>\$ 808,887</b>	<b>\$ 157,608</b>	<b>\$ (11,015)</b>	<b>\$ 955,480</b>



**POLK COUNTY, IOWA**

**Combining Statement of Changes in Assets and Liabilities  
Agency Funds  
For the Year Ended June 30, 2015**

	<b>Balance July 1, 2014</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance June 30, 2015</b>
<b>COUNTY ASSESSOR EXPENSE:</b>				
<b>ASSETS:</b>				
Cash and pooled investments	\$ 1,669,379	\$ 5,423,328	\$ (5,231,458)	\$ 1,861,249
Taxes receivable	23,223	23,931	-	47,154
Due from other governments	-	20,000	-	20,000
<b>TOTAL ASSETS</b>	<b>\$ 1,692,602</b>	<b>\$ 5,467,259</b>	<b>\$ (5,231,458)</b>	<b>\$ 1,928,403</b>
<b>LIABILITIES:</b>				
Accounts payable	\$ 154,250	\$ -	\$ (139,634)	\$ 14,616
Wages payable	128,690	19,923	-	148,613
Payroll taxes payable	20,946	2,959	-	23,905
Due to other governments	284,066	273,348	-	557,414
Compensated absences payable	903,650	54,205	-	957,855
Post employment liability	201,000	25,000	-	226,000
<b>TOTAL LIABILITIES</b>	<b>\$ 1,692,602</b>	<b>\$ 375,435</b>	<b>\$ (139,634)</b>	<b>\$ 1,928,403</b>

	<b>Balance July 1, 2014</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance June 30, 2015</b>
<b>E911 SERVICE:</b>				
<b>ASSETS:</b>				
Cash and pooled investments	\$ 3,265,399	\$ 3,263,312	\$ (2,856,811)	\$ 3,671,900
Accounts receivable	429,073	-	(20,693)	408,380
Due from other governments	395,701	34,196	-	429,897
Prepays	-	86,369	-	86,369
<b>TOTAL ASSETS</b>	<b>\$ 4,090,173</b>	<b>\$ 3,383,877</b>	<b>\$ (2,877,504)</b>	<b>\$ 4,596,546</b>
<b>LIABILITIES:</b>				
Accounts payable	\$ -	\$ 324,499	\$ -	\$ 324,499
Due to other governments	4,090,173	181,874	-	4,272,047
<b>TOTAL LIABILITIES</b>	<b>\$ 4,090,173</b>	<b>\$ 506,373</b>	<b>\$ -</b>	<b>\$ 4,596,546</b>

**POLK COUNTY, IOWA**

**Combining Statement of Changes in Assets and Liabilities  
Agency Funds  
For the Year Ended June 30, 2015**

	<b>Balance July 1, 2014</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance June 30, 2015</b>
<b>GIMS IMPLEMENTATION:</b>				
<b>ASSETS:</b>				
Cash and pooled investments	\$ 686,202	\$ -	\$ -	\$ 686,202
<b>TOTAL ASSETS</b>	<b>\$ 686,202</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 686,202</b>
<b>LIABILITIES:</b>				
Due to other governments	\$ 686,202	\$ -	\$ -	\$ 686,202
<b>TOTAL LIABILITIES</b>	<b>\$ 686,202</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 686,202</b>

	<b>Balance July 1, 2014</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance June 30, 2015</b>
<b>EMERGENCY MANAGEMENT:</b>				
<b>ASSETS:</b>				
Accounts receivable	\$ 2,477	\$ 1,972	\$ -	\$ 4,449
Due from other governments	215,737	-	(53,838)	161,899
<b>TOTAL ASSETS</b>	<b>\$ 218,214</b>	<b>\$ 1,972</b>	<b>\$ (53,838)</b>	<b>\$ 166,348</b>
<b>LIABILITIES:</b>				
Accounts payable	\$ 63,204	\$ -	\$ (59,968)	\$ 3,236
Wages payable	11,979	1,752	-	13,731
Payroll taxes payable	1,948	280	-	2,228
Due to other funds	101,115	-	(12,626)	88,489
Due to other governments	10,740	25,547	-	36,287
Compensated absences payable	29,228	-	(6,851)	22,377
<b>TOTAL LIABILITIES</b>	<b>\$ 218,214</b>	<b>\$ 27,579</b>	<b>\$ (79,445)</b>	<b>\$ 166,348</b>

**POLK COUNTY, IOWA**

**Combining Statement of Changes in Assets and Liabilities  
Agency Funds  
For the Year Ended June 30, 2015**

	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015
<b>SEIZED FUNDS UNFORFEITED:</b>				
ASSETS:				
Cash and pooled investments	\$ 122,631	\$ 282,621	\$ (314,795)	\$ 90,457
Accounts receivable	5,940	-	(5,940)	-
<b>TOTAL ASSETS</b>	<b>\$ 128,571</b>	<b>\$ 282,621</b>	<b>\$ (320,735)</b>	<b>\$ 90,457</b>
LIABILITIES:				
Due to other governments	\$ 128,571	-	\$ (38,114)	\$ 90,457
<b>TOTAL LIABILITIES</b>	<b>\$ 128,571</b>	<b>-</b>	<b>\$ (38,114)</b>	<b>\$ 90,457</b>

	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015
<b>MINE TASK FORCE:</b>				
ASSETS:				
Cash and pooled investments	\$ 610,111	\$ 329,748	\$ (526,774)	\$ 413,085
Due from other governments	-	6,615	-	6,615
Prepays	5,427	-	(427)	5,000
<b>TOTAL ASSETS</b>	<b>\$ 615,538</b>	<b>\$ 336,363</b>	<b>\$ (527,201)</b>	<b>\$ 424,700</b>
LIABILITIES:				
Accounts payable	\$ 144,192	-	\$ (144,192)	-
Due to other governments	471,346	-	(46,646)	424,700
<b>TOTAL LIABILITIES</b>	<b>\$ 615,538</b>	<b>-</b>	<b>\$ (190,838)</b>	<b>\$ 424,700</b>

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## STATISTICAL SECTION

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

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

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

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

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

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

**Sources:** Unless otherwise noted, the information in these schedules is derived from the comprehensive annual report for the relevant year.

**POLK COUNTY, IOWA**

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

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

Fiscal Year						
2010	2011	2012	2013	2014	2015	
\$ 73,411,073	\$ 70,770,518	\$ 72,748,920	\$ 75,133,663	\$ 75,766,185	\$ 79,649,467	
4,843,618	5,726,045	3,281,414	5,923,114	20,238,049	13,961,534	
26,911,739	21,606,897	17,192,311	22,900,184	18,315,610	(11,863,296)	
<u>\$ 105,166,430</u>	<u>\$ 98,103,460</u>	<u>\$ 93,222,645</u>	<u>\$ 103,956,961</u>	<u>\$ 114,319,844</u>	<u>\$ 81,747,705</u>	
\$ 170,445,639	\$ 240,462,094	\$ 237,474,012	\$ 228,985,935	\$ 227,164,549	\$ 227,920,658	
521,536	518,126	769,038	362,825	398,723	683,568	
17,105,354	21,991,857	24,470,612	27,365,867	23,792,875	23,032,612	
<u>\$ 188,072,529</u>	<u>\$ 262,972,077</u>	<u>\$ 262,713,662</u>	<u>\$ 256,714,627</u>	<u>\$ 251,356,147</u>	<u>\$ 251,636,838</u>	
\$ 243,856,712	\$ 311,232,612	\$ 310,222,932	\$ 304,119,598	\$ 302,930,734	\$ 307,570,125	
5,365,154	6,244,171	4,050,452	6,285,939	20,636,772	14,645,102	
44,017,093	43,598,754	41,662,923	50,266,051	42,108,485	11,169,316	
<u>\$ 293,238,959</u>	<u>\$ 361,075,537</u>	<u>\$ 355,936,307</u>	<u>\$ 360,671,588</u>	<u>\$ 365,675,991</u>	<u>\$ 333,384,543</u>	

POLK COUNTY, IOWA

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

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



							Fiscal Year					
2010		2011		2012		2013		2014		2015		
\$	65,461,987	\$	68,350,314	\$	67,744,452	\$	68,677,335	\$	71,564,875	\$	69,683,428	
	39,210,142		41,244,404		37,511,827		34,703,552		35,070,940		35,364,307	
	53,427,113		50,553,729		59,804,417		22,325,002		24,158,157		28,533,670	
	15,457,101		14,837,634		13,238,065		12,768,084		13,923,732		13,510,577	
	17,634,649		22,090,050		18,363,729		18,338,223		19,312,228		18,860,843	
	7,032,880		7,118,535		7,242,640		7,077,482		7,129,232		7,344,942	
	29,386,862		30,581,581		33,049,043		28,625,011		28,335,206		32,774,134	
	4,250,122		4,206,456		4,169,828		5,313,966		5,846,733		3,882,745	
	231,860,856		238,982,703		241,124,001		197,828,655		205,341,103		209,954,646	
	990,754		1,079,530		1,173,421		1,218,911		1,154,638		1,219,921	
	1,431,082		1,056,837		948,773		788,708		726,280		1,365,289	
	7,586,351		9,083,738		10,402,872		11,052,660		10,167,216		11,602,938	
	65,896		42,543		41,911		47,968		40,327		170,279	
	330,924		411,290		684,977		263,778		270,242		294,484	
	22,425,073		20,735,311		22,844,444		24,891,371		24,405,542		25,689,294	
	-		-		-		-		-		-	
	212,936		205,105		196,872		277,454		313,883		94,523	
	-		-		60,282		211,165		295,583		350,977	
	33,043,016		32,614,354		36,353,552		38,752,015		37,373,711		40,787,705	
\$	264,903,872	\$	271,597,057	\$	277,477,553	\$	236,580,670	\$	242,714,814	\$	250,742,351	
\$	14,486,324	\$	13,788,614	\$	13,041,721	\$	14,325,269	\$	13,781,722	\$	13,176,295	
	1,030,279		1,185,162		1,418,367		1,236,642		1,042,590		1,036,902	
	7,622,337		7,756,232		9,390,080		10,376,168		6,890,136		7,029,275	
	1,413,568		1,411,631		1,865,141		1,809,500		1,834,621		1,879,130	
	524,657		473,411		470,974		420,451		483,746		941,450	
	6,339,744		6,259,696		6,900,219		7,488,249		7,285,121		7,273,173	
	1,221,884		1,658,836		1,598,869		1,900,040		1,932,024		1,794,169	
	40,099		9,946		14,487		54,200		49,843		51,062	
	57,647,553		55,560,468		55,514,496		23,227,618		29,067,248		26,488,420	
	263,289		392,162		700,644		1,902,755		262,332		2,919,497	
	90,589,734		88,496,158		90,914,998		62,740,892		62,629,383		62,589,373	
	245,178		254,186		270,256		294,919		348,214		346,417	
	1,115,130		558,604		884,718		868,268		826,236		966,901	
	27,847,963		27,084,294		26,393,924		26,000,000		26,000,000		26,000,000	
	235,021		191,808		209,111		194,267		198,941		195,157	
	123,320		140,369		120,850		141,121		120,206		144,566	
	11,469,014		8,982,061		12,542,142		10,990,697		12,459,738		15,072,784	
	-		-		-		-		-		-	
	-		-		7,502		337,895		367,059		386,463	
	782,285		827,478		1,304,873		963,837		1,465,466		5,505,719	
	938,748		76,576,666		723,977		128,250		128,250		128,250	
	42,756,659		114,615,466		42,457,353		39,919,254		41,914,110		48,746,257	
\$	133,346,393	\$	203,111,624	\$	133,372,351	\$	102,660,146	\$	104,543,493	\$	111,335,630	

(continued)

**POLK COUNTY, IOWA**

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

	Fiscal Year			
	2006	2007	2008	2009
Net (expense)/revenue:				
Governmental activities	\$ (126,814,968)	\$ (130,276,410)	\$ (137,175,448)	\$ (138,326,705)
Business-type activities	15,414,772	7,976,751	8,786,321	7,305,471
<b>Total government net expense</b>	<b>\$ (111,400,196)</b>	<b>\$ (122,299,659)</b>	<b>\$ (128,389,127)</b>	<b>\$ (131,021,234)</b>
General revenues and other changes in net position:				
Governmental activities:				
Taxes:				
Property taxes	\$ 88,765,727	\$ 95,414,667	\$ 105,846,177	\$ 113,294,655
Other county taxes	4,793,069	4,539,835	5,307,751	5,391,333
Interest on property taxes	1,153,332	1,147,313	1,388,689	1,591,907
State replacements	2,670,946	2,658,239	2,773,895	2,772,002
Use of money and property	5,197,356	8,347,209	6,864,291	3,194,638
Miscellaneous	3,346,717	2,068,863	4,152,740	1,589,359
Loss on sale of capital assets	-	-	-	-
Gain on sale of capital assets	270,000	-	-	465,490
Capital transfers	-	-	-	-
Transfers	11,503,230	8,043,702	7,420,615	17,383,677
<b>Total governmental activities</b>	<b>117,700,377</b>	<b>122,219,828</b>	<b>133,754,158</b>	<b>145,683,061</b>
Business-type activities:				
Use of money and property	1,558,005	1,854,206	1,373,373	815,374
Miscellaneous	432,072	420,136	350,263	288,917
Capital transfers - Loss on transfer of capital assets	-	-	-	-
Transfers	(11,503,230)	(8,043,702)	(7,420,615)	(17,383,677)
<b>Total business-type activities</b>	<b>(9,513,153)</b>	<b>(5,769,360)</b>	<b>(5,696,979)</b>	<b>(16,279,386)</b>
<b>Total government</b>	<b>\$ 108,187,224</b>	<b>\$ 116,450,468</b>	<b>\$ 128,057,179</b>	<b>\$ 129,403,675</b>
Change in net position:				
Governmental activities	\$ (9,114,591)	\$ (8,056,582)	\$ (3,421,290)	\$ 7,356,356
Business-type activities	5,901,619	2,207,391	3,089,342	(8,973,915)
<b>Total primary government</b>	<b>\$ (3,212,972)</b>	<b>\$ (5,849,191)</b>	<b>\$ (331,948)</b>	<b>\$ (1,617,559)</b>

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ (141,271,122)	\$ (150,486,545)	\$ (150,209,003)	\$ (135,087,763)	\$ (142,711,720)	\$ (147,365,273)
9,713,643	82,001,112	6,103,801	1,167,239	4,540,399	7,958,552
\$ (131,557,479)	\$ (68,485,433)	\$ (144,105,202)	\$ (133,920,524)	\$ (138,171,321)	\$ (139,406,721)

\$ 119,034,717	\$ 124,436,158	\$ 128,391,593	\$ 126,597,379	\$ 131,914,045	\$ 136,363,181
5,473,202	5,278,538	5,590,186	5,471,136	5,476,275	5,705,541
1,603,084	1,819,683	1,326,266	1,264,536	1,381,536	1,412,664
2,716,286	2,522,012	2,507,895	3,042,129	3,860,426	8,034,434
2,089,257	286,009	227,504	379,474	255,759	309,077
1,672,209	1,562,930	490,821	1,261,848	2,068,364	1,734,376
(3,970,233)	-	-	-	-	-
-	-	-	-	-	-
250,000	-	-	425,367	-	-
9,123,335	7,518,245	6,793,923	7,380,210	9,761,697	7,429,240
137,991,857	143,423,575	145,328,188	145,822,079	154,718,102	160,988,513

109,262	95,835	49,145	178,934	54,995	74,169
312,178	320,846	382,562	460,369	860,639	572,344
(250,000)	-	-	(425,367)	-	-
(9,123,335)	(7,518,245)	(6,793,923)	(7,380,210)	(9,761,697)	(7,429,240)
(8,951,895)	(7,101,564)	(6,362,216)	(7,166,274)	(8,846,063)	(6,782,727)
\$ 129,039,962	\$ 136,322,011	\$ 138,965,972	\$ 138,655,805	\$ 145,872,039	\$ 154,205,786

\$ (3,279,265)	\$ (7,062,970)	\$ (4,880,815)	\$ 10,734,316	\$ 12,006,382	\$ 13,623,240
761,748	74,899,548	(258,415)	(5,999,035)	(4,305,664)	1,175,825
\$ (2,517,517)	\$ 67,836,578	\$ (5,139,230)	\$ 4,735,281	\$ 7,700,718	\$ 14,799,065

(concluded)

**POLK COUNTY, IOWA**

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

	Fiscal Year			
	2006	2007	2008	2009
General Fund:				
Reserved	\$ 6,225,399	\$ 5,007,608	\$ 8,559,752	\$ 8,123,291
Unreserved	27,458,434	31,554,143	29,777,926	27,566,129
Nonspendable	-	-	-	-
Committed	-	-	-	-
Unassigned	-	-	-	-
<b>Total General Fund</b>	<b>\$ 33,683,833</b>	<b>\$ 36,561,751</b>	<b>\$ 38,337,678</b>	<b>\$ 35,689,420</b>
Mental Health Fund:				
Reserved	\$ 924,486	\$ 863,685	\$ 801,046	\$ 736,515
Unreserved	(1,323,681)	(3,180,810)	(3,515,264)	(890,817)
Restricted	-	-	-	-
Unassigned	-	-	-	-
<b>Total Mental Health Fund</b>	<b>\$ (399,195)</b>	<b>\$ (2,317,125)</b>	<b>\$ (2,714,218)</b>	<b>\$ (154,302)</b>
Jail Facility Fund:				
Unreserved	\$ -	\$ 18,559,904	\$ -	\$ -
<b>Total Jail Facility Fund</b>	<b>\$ -</b>	<b>\$ 18,559,904</b>	<b>\$ -</b>	<b>\$ -</b>
Justice Center Annex Fund:				
Restricted	\$ -	\$ -	\$ -	\$ -
<b>Total Justice Center Annex Fund</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Debt Service Fund:				
Restricted	\$ -	\$ -	\$ -	\$ -
<b>Total Debt Service Fund</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
All other governmental funds:				
Reserved	\$ 7,603,761	\$ 7,618,031	\$ 6,574,256	\$ 4,529,113
Unreserved, reported in:				
Special revenue funds	17,148,176	7,321,608	4,597,378	6,574,400
Capital projects funds	(5,727,117)	9,597,713	2,798,519	755,855
Debt service funds	936,163	417,138	366,009	279,041
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Unassigned	-	-	-	-
<b>Total all other governmental funds</b>	<b>\$ 19,960,983</b>	<b>\$ 24,954,490</b>	<b>\$ 14,336,162</b>	<b>\$ 12,138,409</b>

**Note:** Fund balance classifications have been revised due to the implementation of GASB Statement 54 in fiscal year 2011.

**Fiscal Year**

2010	2011	2012	2013	2014	2015
\$ 7,727,389	\$ -	\$ -	\$ -	\$ -	\$ -
29,462,331	-	-	-	-	-
-	835,122	1,108,645	1,431,512	1,317,221	1,199,934
-	3,989,810	3,700,119	3,753,815	3,585,015	3,265,208
-	34,510,331	28,872,644	35,680,321	37,877,628	43,089,740
<b>\$ 37,189,720</b>	<b>\$ 39,335,263</b>	<b>\$ 33,681,408</b>	<b>\$ 40,865,648</b>	<b>\$ 42,779,864</b>	<b>\$ 47,554,882</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1,347,245	-	-	-	-	-
-	765,412	-	2,030,563	6,837,252	7,867,880
-	-	(4,132,905)	-	-	-
<b>\$ 1,347,245</b>	<b>\$ 765,412</b>	<b>\$ (4,132,905)</b>	<b>\$ 2,030,563</b>	<b>\$ 6,837,252</b>	<b>\$ 7,867,880</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 59,277,232
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 59,277,232
\$ -	\$ -	\$ -	\$ 68,561,227	\$ 216,764	\$ 2,892,100
\$ -	\$ -	\$ -	\$ 68,561,227	\$ 216,764	\$ 2,892,100
\$ 3,495,836	\$ -	\$ -	\$ -	\$ -	\$ -
5,570,102	-	-	-	-	-
(1,294,898)	-	-	-	-	-
598,024	-	-	-	-	-
-	777,178	925,036	712,871	943,020	1,202,909
-	4,960,633	3,281,414	3,273,535	13,184,033	18,971,785
-	9,099,102	9,819,630	10,254,039	10,993,740	13,979,456
-	(3,968,513)	(3,939,663)	(4,642,695)	(2,138,711)	(1,503,644)
<b>\$ 8,369,064</b>	<b>\$ 10,868,400</b>	<b>\$ 10,086,417</b>	<b>\$ 9,597,750</b>	<b>\$ 22,982,082</b>	<b>\$ 32,650,506</b>

# POLK COUNTY, IOWA

## Changes in Fund Balances, Governmental Funds

Last Ten Fiscal Years

*(modified accrual basis of accounting)*

	Fiscal Year			
	2006	2007	2008	2009
<b>Revenues:</b>				
Property taxes	\$ 88,444,351	\$ 95,065,943	\$ 106,659,293	\$ 113,193,055
Other County taxes	4,793,069	4,539,835	5,307,751	5,391,333
Interest and penalties on delinquent taxes	1,153,332	1,147,313	1,388,689	1,591,907
Intergovernmental	59,121,302	59,267,106	66,353,718	73,882,316
Licenses and permits	600,980	481,516	516,733	387,609
Charges for service	10,717,919	10,734,667	10,297,290	10,587,827
Use of money and property	5,039,230	8,147,428	6,642,171	3,071,457
Miscellaneous	2,443,924	1,763,992	1,990,742	2,869,983
<b>Total revenues</b>	<b>172,314,107</b>	<b>181,147,800</b>	<b>199,156,387</b>	<b>210,975,487</b>
<b>Expenditures:</b>				
Public safety and legal services	46,600,339	48,709,314	51,056,103	57,336,497
Physical health and social services	26,453,593	27,175,301	29,584,279	32,058,737
Mental health	44,253,468	47,580,948	50,448,588	48,574,015
County environment and education	21,369,155	16,670,606	11,561,165	13,291,947
Roads and transportation	9,176,185	8,731,835	10,658,344	12,989,856
Governmental services to residents	5,192,084	5,717,290	6,008,426	6,158,143
Administration	28,141,913	29,266,591	30,909,966	32,513,299
Nonprogram services	193,374	709,229	46,304	58,294
Debt service:				
Principal	2,749,893	3,791,808	4,662,698	8,492,464
Interest and fiscal charges	714,235	2,895,372	4,501,088	4,478,202
Capital Projects:				
Roadway construction	3,484,215	4,003,795	5,352,558	4,688,457
Conservation land acquisition and development	1,187,487	853,962	3,237,269	3,482,675
Other capital projects	12,605,065	48,382,141	30,098,666	8,774,114
<b>Total expenditures</b>	<b>202,121,006</b>	<b>244,488,192</b>	<b>238,125,454</b>	<b>232,896,700</b>
<b>Excess of revenues over expenditures</b>	<b>(29,806,899)</b>	<b>(63,340,392)</b>	<b>(38,969,067)</b>	<b>(21,921,213)</b>
<b>Other financing sources (uses):</b>				
Transfers in	39,867,947	99,924,310	25,876,454	32,540,326
Transfers out	(28,344,717)	(93,360,608)	(18,435,839)	(17,836,649)
Capital contributions	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Issuance of capital leases	557,766	168,920	-	-
Issuance of bonds	14,975,000	80,915,000	2,665,000	3,905,000
Premium (discount) on bonds issued	77,543	24,675	32,656	95,085
Insurance recovery from 2008 flood	-	-	-	323,766
Proceeds from sale of capital assets	41,078	74,152	68,555	537,831
<b>Total other financing sources (uses)</b>	<b>27,174,617</b>	<b>87,746,449</b>	<b>11,136,826</b>	<b>19,565,359</b>
<b>Net change in fund balances</b>	<b>\$ (2,632,282)</b>	<b>\$ 24,406,057</b>	<b>\$ (27,832,241)</b>	<b>\$ (2,355,854)</b>
<b>Total expenditures</b>	<b>\$ 202,121,006</b>	<b>\$ 244,488,192</b>	<b>\$ 238,125,454</b>	<b>\$ 232,896,700</b>
<b>Less: capital expenditures</b>	<b>(15,244,167)</b>	<b>(49,469,518)</b>	<b>(30,051,875)</b>	<b>(10,191,039)</b>
<b>Total non capital expenditures</b>	<b>\$ 186,876,839</b>	<b>\$ 195,018,674</b>	<b>\$ 208,073,579</b>	<b>\$ 222,705,661</b>
Debt service as % of noncapital expenditures	1.85%	3.43%	4.40%	5.82%

Fiscal Year						
2010	2011	2012	2013	2014	2015	
\$ 119,016,167	\$ 124,413,365	\$ 128,308,790	\$ 126,477,853	\$ 132,115,444	\$ 136,555,746	
5,473,202	5,278,538	5,590,186	5,471,136	5,476,275	5,705,541	
1,603,084	1,819,683	1,326,266	1,264,536	1,381,536	1,412,664	
80,220,727	76,304,288	77,268,575	46,892,346	48,896,738	52,671,977	
432,777	757,224	861,128	943,393	913,075	1,073,810	
11,046,694	11,456,931	12,437,290	13,685,542	13,215,481	13,753,759	
2,053,835	2,247,819	2,179,875	2,525,369	2,641,287	2,880,975	
2,241,977	2,028,618	2,263,643	1,539,340	2,679,952	2,787,165	
222,088,463	224,306,466	230,235,753	198,799,515	207,319,788	216,841,637	
60,831,966	63,358,077	64,519,393	64,362,370	67,550,790	67,742,641	
38,183,688	39,832,954	36,865,531	33,295,027	33,590,597	33,988,406	
53,427,113	50,553,729	59,804,417	22,325,002	24,158,157	28,533,670	
11,827,727	12,074,726	12,465,007	11,135,437	11,426,422	12,320,129	
12,644,739	12,565,672	10,569,001	9,271,079	9,937,351	10,217,643	
6,630,166	6,712,037	6,960,701	7,048,801	7,066,217	7,086,477	
29,545,205	30,370,108	33,214,441	28,112,537	29,091,437	31,075,332	
-	-	-	-	-	-	
8,489,000	7,510,000	8,351,000	8,428,000	10,904,000	14,249,647	
4,276,689	4,397,923	4,195,012	6,093,333	6,015,812	3,718,837	
1,757,433	4,960,179	5,715,542	4,834,470	5,684,678	5,650,385	
3,049,267	3,352,335	1,503,474	2,679,744	10,850,138	6,895,682	
5,991,436	9,470,498	4,290,359	5,057,647	8,455,989	11,171,287	
236,654,429	245,158,238	248,453,878	202,643,447	224,731,588	232,650,136	
(14,565,966)	(20,851,772)	(18,218,125)	(3,843,932)	(17,411,800)	(15,808,499)	
20,547,356	20,475,572	19,575,415	18,034,274	22,707,352	20,447,563	
(11,154,021)	(12,937,327)	(12,761,492)	(10,639,985)	(12,925,655)	(12,998,323)	
-	392,162	-	-	-	-	
-	-	-	-	(66,570,000)	(640,000)	
2,577,984	669,366	-	692,111	-	-	
-	15,485,000	-	76,114,616	25,335,000	84,207,560	
-	298,790	-	1,019,219	270,129	2,003,138	
751,906	112,066	-	-	-	-	
843,174	281,032	-	311,766	-	59,100	
13,566,399	24,776,661	6,813,923	85,532,001	(31,183,174)	93,079,038	
\$ (999,567)	\$ 3,924,889	\$ (11,404,202)	\$ 81,688,069	\$ (48,594,974)	\$ 77,270,539	
\$ 236,654,429	\$ 245,158,238	\$ 248,453,878	\$ 202,643,447	\$ 224,731,588	\$ 232,650,136	
(7,866,250)	(10,231,060)	(7,053,056)	(6,885,814)	(18,623,440)	(17,279,105)	
\$ 228,788,179	\$ 234,927,178	\$ 241,400,822	\$ 195,757,633	\$ 206,108,148	\$ 215,371,031	
5.58%	5.07%	5.20%	7.42%	8.21%	8.34%	

**POLK COUNTY, IOWA**

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

Assessment Date Jan 1	Payable Fiscal Year Ended June 30	Residential Property	Commercial Property	Industrial Property	Agricultural Property & Building	Reimb / Non-Reimb M&E/Comp & Railroads	Utilities W/O Gas & Electric	Less:		Total Taxable Assessed Property	Total Direct Tax Rate (d)
								Military Tax-Exempt Property	Property		
2006	2008	\$ 17,989,044,550	\$ 6,323,324,900	\$ 360,678,980	\$ 118,019,020	\$ 24,874,251	\$ 138,971,954	\$ (37,507,856)	\$ 24,917,405,799	6.35	
2007	2009	19,792,218,240	6,611,496,480	371,734,980	146,593,080	28,112,835	135,387,079	(36,944,652)	27,048,598,042	6.84	
2008	2010	20,554,841,950	6,735,360,000	373,831,230	145,600,810	28,944,652	135,013,575	(36,493,914)	27,937,098,303	6.84	
2009	2011	21,232,362,500	6,942,121,730	398,829,620	229,832,970	32,444,466	136,696,518	(35,928,562)	28,936,359,242	6.83	
2010	2012	21,626,138,853	6,905,869,267	403,749,710	229,455,630	38,008,090	152,847,145	(35,075,495)	29,320,993,200	6.82	
2011	2013	21,246,394,370	6,414,910,960	391,966,160	259,609,210	43,165,437	160,573,870	(34,269,194)	28,482,350,813	6.81	
2012	2014	21,529,228,494	6,427,695,688	370,286,964	258,672,910	48,660,476	169,387,056	(33,445,259)	28,770,486,329	6.81	
2013	(b) 2015	21,727,868,379	6,485,814,914	384,770,345	313,930,120	48,123,584	172,181,780	(32,737,662)	29,099,951,460	6.94	
2014	2016	22,274,713,859	6,628,446,236	409,511,937	311,004,300	47,993,133	172,579,843	(31,844,999)	29,812,404,309	7.17	
<b>2015</b>	2017	N/A (c)	N/A (c)	N/A (c)	N/A (c)	N/A (c)	N/A (c)	N/A (c)	N/A (c)	-	

**Source:** 2014 Valuation workpaper from Polk County Tax/GIS Department.

- Notes:**
- (a) Property is assessed at actual value; therefore, the assessed values are equal to the actual value.
  - (b) 2013 Calendar Year Assessment is for taxes due in fiscal year 2014/2015
  - (c) 2015 Calendar Year Assessment is for taxes due in fiscal year 2016/2017 and is not yet available
  - (d) Tax rates are per \$1,000 of assessed value.



**POLK COUNTY , IOWA**

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

Taxpayer	2015			2006		
	2013 Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value	2004 Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value
Mid American Energy	\$ 572,075,516	1	3.0%	\$ -	-	-
Nationwide Mutual Insurance Co	150,581,536	2	0.8%	88,153,630	5	0.7%
Prairie Meadows	114,106,378	3	0.6%	-	-	-
Wellmark Inc	100,889,050	4	0.5%	-	-	-
Principal Mutual Life Insurance Co	96,323,065	5	0.5%	-	-	-
Wells Fargo Financial Inc	90,792,165	6	0.5%	82,576,740	8	0.6%
Principal Life Insurance Co	87,933,159	7	0.5%	258,420,890	1	1.9%
Qwest Corporation	74,640,833	8	0.4%	85,573,316	7	0.6%
Valley West Mall LLC	64,267,500	9	0.3%	87,468,700	6	0.7%
Deere Credit Services Inc	49,514,000	10	0.3%	-	-	-
Knapp, William	-	-	-	182,097,780	2	1.4%
R & R Investors	-	-	-	113,812,100	3	0.8%
Mid America Investments	-	-	-	111,336,400	4	0.8%
Hubbell Realty Co	-	-	-	77,117,470	9	0.6%
Mercy Hospital	-	-	-	74,601,180	10	0.6%
<b>Total</b>	<u>\$ 1,401,123,202</u>		<u>7.5%</u>	<u>\$ 1,161,158,206</u>		<u>8.6%</u>

Source: Polk County Tax/GIS Department

## POLK COUNTY, IOWA

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

Fiscal Year Ended June 30	Property Taxes Levied for the Fiscal Year	Property Taxes Collected Within the Fiscal Year of the Levy (a)		Property Tax Collections In Subsequent Years (b)	Property Tax Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2006	\$ 91,360,000	\$ 91,060,220	99.7%	\$ 10,946	\$ 91,071,166	99.7%
2007	98,107,703	97,654,105	99.5%	27,061	97,681,166	99.6%
2008	109,708,680	109,344,353	99.7%	43,323	109,387,676	99.7%
2009	116,311,807	115,868,918	99.6%	51,627	115,920,545	99.7%
2010	121,940,768	121,631,575	99.7%	56,774	121,688,349	99.8%
2011	127,415,609	126,836,381	99.5%	56,052	126,892,433	99.6%
2012	131,319,138	130,815,263	99.6%	(40,359) (c)	130,774,904	99.6%
2013	129,857,326	129,476,254	99.7%	3,421	129,479,675	99.7%
2014	136,692,801	136,130,097	99.6%	(194,522) (c)	135,935,575	99.4%
<b>2015</b>	141,955,798	141,520,930	99.7%	(60,732) (c)	141,460,198	99.7%

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

**Notes:** (a) Property taxes collected within the fiscal year of levy include current tax collections and state replacements of credits against property taxes/levied tax credits (Homestead, Elderly & Disabled Homestead, Agricultural Land, Business Property, Mobile Home, and Family Farm).

(b) Property tax collections in subsequent years include delinquent tax collections and TIF reimbursements. All collections are on cash basis.

(c) Negative property taxes resulted from large repayments due to revaluation settlements

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**POLK COUNTY, IOWA**

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

	Year Taxes are Payable				
	2006	2007	2008	2009	2010
Countywide service rates:					
General Basic	\$ 3.50	\$ 3.50	\$ 3.50	\$ 3.50	\$ 3.50
General Supplemental	1.57	1.64	1.97	1.86	1.87
MH/DD Service	1.03	0.96	0.93	0.87	0.83
Debt Service	0.24	0.24	0.45	0.61	0.63
<b>Total Countywide Rate</b>	<b>6.35</b>	<b>6.35</b>	<b>6.84</b>	<b>6.84</b>	<b>6.83</b>
Rural service rates	4.59	4.59	4.59	4.55	4.55
<b>Total Rural Rate</b>	<b>10.94</b>	<b>10.94</b>	<b>11.44</b>	<b>11.39</b>	<b>11.38</b>
City rates:					
Alleman	7.89	8.05	8.23	7.16	8.32
Altoona	8.79	8.64	8.64	8.64	8.64
Ankeny	10.39	10.34	10.29	10.53	11.18
Bondurant	14.39	14.38	14.34	14.29	14.23
Carlisle	13.99	13.97	13.97	13.81	13.81
Clive	9.11	9.25	9.54	9.54	9.54
Des Moines	16.52	16.45	16.59	16.58	16.58
Elkhart	11.55	11.69	10.98	10.49	10.26
Granger	12.99	12.65	12.34	13.03	14.17
Grimes	12.83	12.75	12.93	12.96	12.92
Johnston	10.74	11.31	11.30	11.30	11.30
Mitchellville	13.47	12.45	12.82	13.59	14.37
Norwalk	12.43	13.92	14.98	14.37	14.60
Pleasant Hill	11.48	11.48	11.48	11.48	11.65
Polk City	7.90	7.90	7.90	7.90	7.90
Runnells	9.02	9.08	9.06	8.97	11.01
Sheldahl	2.55	3.43	3.59	3.60	3.43
Urbandale	9.07	9.07	9.22	9.22	9.22
Windsor Heights	12.63	12.22	12.40	14.79	13.76
West Des Moines	11.73	11.95	12.05	12.05	12.05
School District Rates:					
North Polk	16.42	16.13	17.46	17.77	17.39
Southeast Polk	17.99	20.99	21.96	21.85	21.83
Bondurant-Farrar	16.71	17.23	17.32	20.00	19.89
Ankeny	16.70	16.71	17.91	19.58	19.84
Carlisle	18.37	17.21	20.00	19.86	19.47
West Des Moines	13.50	13.70	13.70	13.69	13.64
Des Moines Independent	18.01	18.02	17.94	17.79	17.64
Saydel	13.13	13.39	13.63	13.68	13.98
Johnston	17.35	17.35	17.35	17.34	17.35
Woodward-Granger	16.76	17.52	17.52	20.02	19.85
Dallas	17.51	17.50	17.50	17.50	17.50
Dallas	14.96	15.68	15.90	16.08	-
Urbandale	13.70	13.48	15.72	15.51	16.27
Urbandale	13.51	13.48	15.72	16.27	16.27
Other:					
Area XI Community College	0.68	0.69	0.60	0.56	0.57
Broadlawns County Hospital	3.20	3.49	2.97	2.92	2.80
Ag. Extension	0.04	0.04	0.04	0.04	0.04
Assessor	0.35	0.30	0.31	0.33	0.30

Source: 2013/2014 Tax Rates Payable Fiscal Year Ended June 30, 2015 obtained from Polk County Tax/GIS Department

Year Taxes are Payable				
2011	2012	2013	2014	2015
\$ 3.50	\$ 3.50	\$ 3.50	\$ 3.50	\$ 3.50
1.92	1.95	1.92	1.97	2.00
0.79	0.77	0.79	0.76	0.75
0.61	0.59	0.60	0.71	0.92
6.82	6.81	6.81	6.94	7.17
4.55	4.55	4.55	4.55	4.55
11.37	11.36	11.36	11.49	11.72

8.77	10.23	10.45	10.05	11.03
9.14	9.14	9.14	9.14	9.94
11.18	11.18	12.03	12.03	11.90
14.18	14.13	14.08	14.04	13.99
13.81	13.80	13.80	13.80	14.14
9.54	9.54	9.99	9.99	9.99
16.58	16.58	16.92	16.92	16.92
10.04	9.90	9.77	8.83	8.78
15.42	15.99	15.76	15.68	14.91
12.91	12.90	12.91	12.91	12.91
11.27	11.10	11.29	11.15	11.34
14.73	14.73	14.80	14.40	14.00
14.60	16.35	15.69	15.69	15.69
11.65	11.65	11.66	11.65	11.65
7.90	7.90	7.90	7.90	7.90
10.89	10.90	10.92	10.84	11.16
3.18	3.20	2.99	2.68	2.82
9.32	9.52	9.62	9.57	9.72
13.31	13.31	13.31	13.90	15.35
12.05	12.05	12.05	12.05	12.05

18.27	19.85	19.99	20.00	19.99
21.81	21.66	21.66	21.66	21.66
19.99	19.83	19.24	18.33	18.49
22.35	21.07	20.59	20.33	20.18
20.97	20.65	18.58	17.91	17.91
13.94	13.85	13.30	13.26	13.27
17.64	18.35	18.35	18.35	18.15
13.98	13.98	13.48	12.88	12.88
17.35	17.35	17.35	17.35	18.36
19.78	19.75	19.49	19.11	19.07
17.50	17.50	17.51	17.84	17.85
-	-	-	-	-
17.64	18.35	18.35	18.35	18.15
17.64	17.64	17.64	17.67	17.55

0.56	0.59	0.58	0.69	0.66
2.92	2.92	2.98	3.00	3.12
0.04	0.04	0.04	0.04	0.04
0.28	0.25	0.24	0.28	0.28

## POLK COUNTY, IOWA

### Ratios of Outstanding Debt by Type Last Ten Fiscal Years

Fiscal Year	Governmental Activities			Business-Type Activities			Total Government	Percentage of Personal Income*	Per Capita*
	General Obligation Bonds Payable	Notes Payable	Capital Leases Payable	General Obligation Bonds Payable	Notes Payable				
2006	\$ 34,491,195	\$ 616,000	\$ 687,403	\$ 144,921,169	\$ -	\$ -	180,715,767	1.08%	\$ 448.28
2007	111,657,091	581,000	550,926	136,562,443	-	-	249,351,460	1.42%	609.83
2008	110,646,911	545,000	371,163	127,016,267	678,932		239,258,273	1.31%	571.92
2009	106,164,706	508,000	194,245	117,607,149	4,998,010		229,472,110	1.26%	540.22
2010	97,682,876	469,000	2,319,288	107,578,031	10,470,099		218,519,294	1.18%	508.85
2011	105,954,533	429,000	2,047,367	140,495,304	18,115,588		267,041,792	1.35%	620.10
2012	97,592,097	388,000	1,340,199	131,001,771	22,303,132		252,625,199	1.21%	577.56
2013	166,213,860	345,000	1,323,713	125,139,328	26,814,566		319,836,467	1.47%	720.82
2014	114,230,485	2,826,000	894,500	111,553,904	27,373,572		256,878,461	1.18%	568.72
<b>2015</b>	<b>185,801,079</b>	<b>2,450,000</b>	<b>436,964</b>	<b>100,774,185</b>	<b>27,130,825</b>		<b>316,593,053</b>	<b>1.46%</b>	<b>688.45</b>

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

**Notes:** 2014 and 2015 percentages calculated using 2013 personal income data, which is the most recent available.

## POLK COUNTY, IOWA

### Ratios of General Bonded Debt Outstanding Last Ten Fiscal Years

Fiscal Year	General Bonded Debt Outstanding			Percentage Actual Taxable Value of Property	Per Capita*
	General Obligation Bonds	Less Amounts Restricted to Repaying Principal	Total		
2006	\$ 179,412,364	\$ 936,163	\$ 178,476,201	0.72%	\$ 442.72
2007	248,219,534	417,138	247,802,396	0.92%	606.04
2008	237,663,178	366,009	237,297,169	0.85%	567.24
2009	223,771,855	279,041	223,492,814	0.77%	526.14
2010	205,260,907	598,024	204,662,883	0.70%	476.58
2011	246,449,837	1,650,202	244,799,635	0.86%	568.46
2012	228,593,868	405,753	228,188,115	0.79%	521.69
2013	291,353,188	68,561,227	222,791,961	0.77%	502.11
2014	225,784,389	216,764	225,567,625	0.76%	499.40
<b>2015</b>	286,575,264	2,892,100	283,683,164	N/A (a)	616.89

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

**Note:** (a) 2015 Calendar Year Assessment is for taxes due in fiscal year 2016/2017 and is not yet available.

**POLK COUNTY, IOWA**

**Direct and Overlapping Governmental Activities Debt  
As of June 30, 2015**

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<b>Governmental Unit</b>	<b>Taxable Valuation</b>	<b>Debt Outstanding</b>	<b>Totals</b>
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Note: Counties are encouraged but not required to present this schedule. The County has chosen not to present the overlapping debt of the various cities, schools, sewers, etc. as this requires the collection and combination of tax bases and debt amounts from outside of the county, which is not necessarily required, making the assessment of debt affordability burdensome and less meaningful.



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**POLK COUNTY, IOWA**

**Legal Debt Margin Information  
Last Ten Fiscal Years**

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	Fiscal Year			
	2006	2007	2008	2009
Debt limit	\$ 1,074,239,416	\$ 1,195,367,969	\$ 1,245,870,290	\$ 1,352,429,902
Less: Total net debt applicable to limit	<u>(327,914,085)</u>	<u>(419,214,286)</u>	<u>(407,803,252)</u>	<u>(399,158,767)</u>
Legal debt margin	<u>\$ 746,325,331</u>	<u>\$ 776,153,683</u>	<u>\$ 838,067,038</u>	<u>\$ 953,271,135</u>
<b>Total net debt applicable to the limit as a percentage of debt limit</b>	30.53%	35.07%	32.73%	29.51%

**Note:** (a) Calendar year 2013 assessed value is paid in fiscal year 2015

(b) Represents general obligation bonds payable, notes payable and capital leases

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Legal Debt Margin Calculation for Calendar Year 2013 Assessed Value (a)	\$ 29,099,951,460
Debt limit (5% of assessed value)	1,454,997,573
Less: Debt applicable to debt limit (b)	<u>(316,593,053)</u>
Legal debt margin	<u>\$ 1,138,404,520</u>

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 1,396,854,915	\$ 1,446,817,962	\$ 1,466,049,660	\$ 1,424,117,541	\$ 1,438,524,316	\$ 1,454,997,573
(396,754,857)	(460,916,297)	(448,152,913)	(505,676,659)	(301,626,160)	(316,593,053)
<u>\$ 1,000,100,058</u>	<u>\$ 985,901,665</u>	<u>\$ 1,017,896,747</u>	<u>\$ 918,440,882</u>	<u>\$ 1,136,898,156</u>	<u>\$ 1,138,404,520</u>
28.40%	31.86%	30.57%	35.51%	20.97%	21.76%

## POLK COUNTY, IOWA

### Demographic and Economic Statistics Last Ten Calendar Years

Year	(a) Estimated Population	(b) Personal Income (000's)	(b) Per Capita Personal Income	Unemployment Statistics (c)		
				Polk County		State of Iowa
				Labor Force	Rate	
2006	403,132	\$ 16,755,221	\$ 40,764	232,200	4.3%	4.6%
2007	408,888	17,538,839	41,992	234,900	3.4%	3.7%
2008	418,339	18,225,740	43,098	237,000	3.6%	3.8%
2009	424,778	18,199,886	42,381	241,000	4.0%	4.1%
2010	429,439	18,462,461	42,712	242,200	5.7%	6.0%
2011	430,640	19,829,971	45,336	241,600	6.1%	6.1%
2012	437,399	20,881,257	47,061	240,300	5.4%	5.1%
2013	443,710	21,733,610	48,118	242,200	4.8%	4.6%
2014	451,677	*	*	253,000	4.3%	4.4%
<b>2015</b>	459,862	*	*	259,600	3.5%	3.7%

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

\*Information not available

## POLK COUNTY, IOWA

### Principal Employers Current Year and Nine Years Ago

Employer	2015			2006		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Wells Fargo & Co.	14,500	1	5.12%	10,500	1	3.91%
Hy-Vee Food Corp.	7,500	2	2.65%	-		-
Mercy Hospital Medical Center	7,055	3	2.49%	4,467	3	1.66%
Unity Point Health	6,435	4	2.27%	-		-
Principal Financial Group	6,184	5	2.18%	7,600	2	2.83%
Nationwide/Allied Insurance	4,282	6	1.51%	-		-
John Deere	3,089	7	1.09%	-		-
Pioneer Hi-Bred International Inc.	3,000	8	1.06%	2,000	7	0.75%
Kum & Go	1,820	9	0.64%	-		-
UPS	1,600	10	0.57%	1,600	9	0.60%
Iowa Health	-		-	4,018	4	1.50%
Wells Fargo Financial	-		-	3,710	5	1.38%
MidAmerican Energy Company	-		-	3,500	6	1.30%
Firestone Agricultural Tire Company	-		-	1,800	8	0.67%
FBL Financial Group	-		-	1,551	10	0.58%
<b>Total</b>	<b>55,465</b>		<b>19.59%</b>	<b>40,746</b>		<b>15.18%</b>

Source: The Greater Des Moines Partnership

**POLK COUNTY, IOWA**

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

<b>Function / Program</b>	<b>Fiscal Year</b>									
	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
Public safety	358	361	386	457	458	472	461	462	468	476
Human services	159	163	165	177	178	171	151	155	154	154
Roads and engineering	72	68	69	68	67	67	61	61	61	61
Administration	151	149	153	158	158	157	151	149	149	148
Other	347	351	357	374	378	379	356	363	372	377
<b>Total</b>	<b>1,087</b>	<b>1,092</b>	<b>1,130</b>	<b>1,234</b>	<b>1,239</b>	<b>1,246</b>	<b>1,180</b>	<b>1,190</b>	<b>1,204</b>	<b>1,216</b>

**Source:** County Budget Office

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## POLK COUNTY, IOWA

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

Function / Program	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Public safety and legal services:										
Sheriff:										
# of E911 calls	42,474	45,866	54,107	53,531	53,743	54,517	49,335	53,674	48,289	50,392
# of civil papers served	46,164	45,488	37,055	40,916	44,145	45,583	50,148	40,661	40,387	52,211
# of average daily jail population	993	995	968	980	930	929	942	922	943	925
# of bookings	17,377	17,978	17,917	17,848	17,469	18,347	19,607	19,329	18,706	17,678
Medical Examiner:										
# of death investigations	995	996	1,133	1,267	1,024	1,056	1,148	1,215	1,285	1,285
# of autopsies	212	169	164	204	261	224	275	242	252	275
Physical health and social services:										
Health Department:										
# of patient visits to STD clinic	4,074	4,752	5,347	5,688	4,571	3,890	3,543	6,128	2,932	2,969
Public Works:										
# of septic/well permits	795	817	662	321	315	352	303	134	275	69
Veteran Affairs:										
# of clients interviewed	6,213	5,726	5,446	5,268	4,911	5,706	4,233	4,388	5,076	6,344
# of vouchers issued	3,548	3,516	3,362	3,358	2,914	4,329	3,087	2,557	1,373	1,105
Mental Health:										
# of individuals served	7,282	7,224	7,768	8,245	8,668	9,643	10,662	10,947	6,205	7,895
# of individuals receiving ongoing/intensive svc	3,225	3,399	3,607	3,711	3,065	3,681	3,143	4,085	3,689	3,901
County environment and education:										
Public Works:										
# of requests of service for weed eradication	3,994	3,781	3,516	4,963	4,462	4,298	2,672	4,358	1,859	1,940
# of lots cleaned up	33	28	35	23	34	42	5	4	26	11



**POLK COUNTY, IOWA**

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

Function / Program	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Roads and transportation:										
Public Works:										
# of gravel miles maintained	187	182	177	172	172	168	168	169	169	169
# of paved miles maintained	582	570	573	551	550	536	548	539	540	540
Governmental services to residents:										
Treasurer:										
# of titles	146,641	134,329	137,707	146,550	145,543	147,011	149,262	153,606	164,532	172,535
# of registrations	593,767	569,082	552,415	627,409	631,981	646,533	645,576	657,739	680,155	699,249
Auditor / Elections:										
# of registered voters	253,400	275,511	292,803	281,233	264,425	260,800	270,386	277,940	287,268	286,793

**Source:** County records

**POLK COUNTY, IOWA**

**Capital Asset Statistics by Function/Program  
Last Ten Fiscal Years**

Function / Program	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Public safety and legal services:										
Sheriff:										
# of vehicles	104	104	102	92	94	91	104	87	87	95
# of buildings	3	3	3	4	3	3	3	3	3	3
Correctional facility capacities	601	601	601	1,500	1,500	1,500	1,500	1,500	1,500	1,500
County Attorney										
# of vehicles	7	8	8	7	7	7	7	14	14	14
Medical Examiner										
# of vehicles	1	1	1	1	1	1	2	2	2	2
Physical health and social services:										
Health Department:										
# of vehicles	4	4	4	2	2	3	1	1	1	1
CF&Y Svcs										
# of vehicles	5	5	7	7	8	8	7	5	5	6
# of senior centers/meal sites	6	6	6	7	7	7	7	7	7	7
County environment and education:										
Conservation										
# of parks managed	7	7	7	7	7	7	7	7	7	7
# of vehicles	42	42	46	47	47	49	49	52	53	55
# of buildings	5	5	5	5	5	5	5	5	7	8
Planning and Development										
# of vehicles	18	18	16	13	19	19	14	13	12	12

**POLK COUNTY, IOWA**

**Capital Asset Statistics by Function/Program  
Last Ten Fiscal Years**

Function / Program	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Roads and transportation:										
Secondary Roads										
# of vehicles	60	62	61	60	66	61	60	60	61	65
# of buildings	6	6	6	6	6	6	7	7	6	6
# of secondary roads miles managed <sup>1</sup>	767	759	745	739	734	731	730	731	741	N/A (a)
# of bridges	139	139	138	137	137	137	137	137	137	137
Administration										
General Services										
# of vehicles	23	24	20	32	29	29	29	29	28	29
# of buildings maintained	21	21	22	23	22	22	23	24	25	24

**Source:** County records

**Notes:** (a) information not available yet

<sup>1</sup> Data obtained from the Iowa Department of Transportation's Office of Research and Analytics

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POLK COUNTY, IOWA

Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2015

Grantor/Program	CFDA Number	Contract Number	Total Federal Expenditures For Fiscal Year 2015
<b>DEPARTMENT OF AGRICULTURE</b>			
Direct Program - Commodity Supplemental Food Distribution	10.565	N/A	\$ 720,936
Passed through Iowa Department of Education:			
National School Breakfast Program	10.553	77-8810	19,894
National School Lunch Program	10.555	77-8810	36,284
Child Care Food Program	10.558	77-8050	2,040,762
Passed through Iowa Department of Human Services:			
Local Administration Expense Reimbursement	10.561	N/A	382,344
Commodity Supplemental Food Program	10.565	ACFS 14-239	155,697
Commodity Supplemental Food Program	10.565	ACFS 13-239	50,968
Total Department of Agriculture			<u>3,406,885</u>
<b>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			
Direct Program - Lead Hazard Control Grant Program	14.900	IALHB0499-11	520,805
Passed through Iowa Department of Economic Development:			
Community Development Block Grants-Housing Rehabilitation	14.228	13-HSG-010	79,497
Passed through Iowa Economic Development Authority:			
Community Development Block Grants-Fourmile Creek Watershed Plan	14.228	08-DRIFWP-209	141,135
Passed through the City of Des Moines:			
Emergency Solutions Grant	14.231	N/A	56,880
Total Department of Housing and Urban Development			<u>798,317</u>
<b>DEPARTMENT OF INTERIOR</b>			
Passed through Iowa Department of Natural Resources:			
Iowa Prairie Lakes 7	15.623	F15AP00419	20,000
Land and Water Conservation Fund Program - Fort Des Moines Classroom	15.916	19-01298	-
Total Department of Interior			<u>20,000</u>
<b>DEPARTMENT OF JUSTICE</b>			
Passed through Iowa Department of Justice:			
Crime Victim Assistance (VOCA)	16.575	VA-15-40-HP	116,444
Crime Victim Assistance (VOCA)	16.575	VA-15-21-SAC	60,295
Passed through Governor's Office of Drug Control Policy:			
Methamphetamine Drug Hot Spots Grant Program	16.710	10-HotSpots/Interdiction-09	3,522
Methamphetamine Drug Hot Spots Grant Program	16.710	14-HotSpots/Methamphetamine-08	-
Edward Byrne Justice Assistance Grant (JAG)	16.738	12-JAG-76213	356,333
Edward Byrne Justice Assistance Grant (JAG) LLEBG '13	16.738	JAG 2013-DJ-BX-0243	12,333
Edward Byrne Justice Assistance Grant (JAG) LLEBG '14	16.738	JAG 2014-DJ-BX-0212	9,450
Total Department of Justice			<u>558,377</u>
<b>DEPARTMENT OF TRANSPORTATION</b>			
Passed through Iowa Department of Transportation:			
Highway Planning and Construction - Galy Lea Wilson Trail	20.205	12-STPE-128	5,525
Highway Planning and Construction - BR#3650	20.205	1-14-HBP-S-003	-
Highway Planning and Construction - Chichaqua Valley Trail Extension	20.205	13-STPE-113	750,000
Highway Planning and Construction - Easter Lake Ackelson Trail Phase II	20.205	13-STPE-121	560,000
Passed through Iowa Department of Public Safety/Governor's Traffic Safety Bureau:			
Alcohol Incentive Grant	20.600	PAP 14-402-MOPT Task 20	4,386
Alcohol Incentive Grant	20.600	PAP 15-402-M0AL Task 08	22,666
Passed through Iowa Department of Public Defense:			
2014 HMEP - Training	20.703	HM-HMP-0340-13-01-00	800
2015 HMEP	20.703	HM-HMP-0399-14-01-00	7,595
Total Department of Transportation			<u>1,350,972</u>
<b>ENVIRONMENTAL PROTECTION AGENCY</b>			
Passed through Iowa Department of Natural Resources:			
Air Quality Control Implementation Plan Agreement	66.001	14ESDAQBclaim-0002	184,663
Water Quality Management Planning - Mud, Spring, and Camp Creek	66.454	15ESDWQBKAMEN-0004	11,280
Total Environmental Protection Agency			<u>195,943</u>

(continued)

POLK COUNTY, IOWA

Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2015

Grantor/Program	CFDA Number	Contract Number	Total Federal Expenditures For Fiscal Year 2015
<b>DEPARTMENT OF ENERGY</b>			
Passed through Iowa Department of Human Rights:			
Weatherization Assistance for Low-Income Persons	81.042	DOE-14-20S	\$ 206,479
Weatherization Assistance for Low-Income Persons	81.042	DOE-15-20S	231,364
Total Department of Energy			<u>437,843</u>
<b>DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
Passed through Aging Resource of Central Iowa:			
Title IIIB - Transportation	93.044	N/A	80,500
Title IIIB - Assisted Transportation	93.044	N/A	6,067
Title IIIB - Well Elderly Clinic	93.044	N/A	16,000
Title IIIB - Advocacy/Counseling	93.044	N/A	18,600
Title IIIC-1 - Nutrition	93.045	N/A	243,461
Nutrition Services Incentive Program - USDA Cash	93.053	N/A	129,047
Passed through Iowa Department of Human Rights:			
Family Development and Self Sufficiency	93.558	FaDSS-14-20	332,316
Low-Income Home Energy Assistance	93.568	HEAP-14-20S	839,130
Low-Income Home Energy Assistance	93.568	HEAP-15-20S	396,923
Passed through Iowa Department of Human Services:			
Local Purchase Allocation Social Services Block Grant	93.667	N/A	1,256,073
Local Administration Expense Reimbursement	93.566	N/A	845
Local Administration Expense Reimbursement	93.596	N/A	98,977
Local Administration Expense Reimbursement	93.658	N/A	146,587
Local Administration Expense Reimbursement	93.659	N/A	46,258
Local Administration Expense Reimbursement	93.667	N/A	117,518
Local Administration Expense Reimbursement	93.767	N/A	2,349
Local Administration Expense Reimbursement-Medical Assistance Program	93.778	N/A	720,417
Passed through Iowa Department of Public Health:			
Public Health Emergency Preparedness - Cities Readiness Initiative	93.074	5885BT211	94,685
Public Health Emergency Preparedness - Hospital Preparedness Program	93.074	5885BT13	416,945
Medical Reserve Corps	93.074	5885BT112	3,750
Ebola Virus Disease Monitoring - PHEP	93.074	5885BT301	13,787
Project Launch	93.243	5884PL01	19,641
I-4 Project	93.268	5884I464	20,834
I-4 Project	93.268	5885I464	10,554
Care for Yourself Program	93.283	5885NB20	74,963
Iowa Get Screened	93.283	5885CRC02	11,400
Community Transformation	93.531	5884HP17	18,295
Capacity Building for Health Information Exchange	93.778	5884HIT06	37,649
HIV-CTR & Hepatitis	93.940	5884AP10	14,948
HIV-CTR & Hepatitis	93.940	5885AP10	14,551
Total Department of Health and Human Services			<u>5,203,070</u>
<b>OFFICE OF NATIONAL DRUG CONTROL POLICY</b>			
Passed through Iowa Department of Public Safety/Governor's Traffic Safety Bureau:			
Iowa Enforcement Initiative (HIDTA) Grant	95.001	G14MW0002A	28,755
Iowa Enforcement Initiative (HIDTA) Grant	95.001	G15MW0002A	53,246
Total Office of National Drug Control Policy			<u>82,001</u>
<b>DEPARTMENT OF HOMELAND SECURITY</b>			
Passed through Iowa Department of Public Defense:			
FEMA - Polk County Hamilton Drainage Watershed	97.039	HMGP-DR-1763-0113-01	4,090,830
FEMA - Polk County Multi-Jurisdiction Hazard Mitigation Plan Update	97.039	DR-1998-0022-01	9,951
Emergency Management Performance Grant (EMPG)	97.042	EMPG-14-PT-77	39,000
Emergency Management Performance Grant (EMPG)	97.042	EMPG-15-PT-77	39,000
Homeland Security Grant Program - IMT	97.067	HSGP-13-SHSP-12	59,505
Homeland Security Grant Program - IMT	97.067	HSGP-14-SHSP-34	42
Homeland Security Grant Program - WMD Hazmat Task Force	97.067	EMW-2013-SS-0004-S01	77,252
Homeland Security Grant Program - WMD Hazmat Task Force	97.067	EMW-2014-SS-00021	1,715
Total Department of Homeland Security			<u>4,317,295</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u>\$ 16,370,703</u>

See notes to schedule of expenditures of federal awards.

## POLK COUNTY, IOWA

### Notes to the Schedule of Expenditures of Federal Awards Year Ended June 30, 2015

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#### Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Polk County, Iowa and its discretely presented component unit, Polk County Health Services, Inc., for the year ended June 30, 2015. All federal financial awards received directly from federal agencies, as well as federal financial awards passed through other government agencies expended during the year, is included in the schedule. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

#### Note 2. Significant Accounting Policies

Revenue from federal awards is recognized when the County has done everything necessary to establish its right to revenue. For governmental funds, revenue from federal grants is recognized when they become both measurable and available. Expenditures allowable in accordance with the grant agreement are recognized when they are incurred and become a demand on current available financial resources. Such expenditures are recognized following the cost principles contained in OMB Circular A-87.

#### Note 3. Subrecipients

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

Program Title	Federal CFDA Number	Amount Provided to Subrecipients
Edward Byrne Justice Assistance Grant (JAG) Program	16.738	\$ 107,681

The amount for the JAG Program includes \$13,756 passed through to subrecipients in the current year for expenditures reported in the prior year.

#### Note 4. Program Clusters

The County reported the following programs as clusters in the schedule:

- National School Breakfast Program and National School Lunch Program as part of the Child Nutrition Cluster
- Title IIIB, Title IIIC-1, and Nutrition Services Incentive Programs as part of the Aging Cluster

#### Note 5. Noncash Assistance

The Commodity Supplemental Food Distribution Program - Direct – CFDA# 10.565 does not involve cash awards. This award is received in donated commodities. The value of the commodities distributed during the fiscal year ended June 30, 2015, was \$720,936. As of June 30, 2015, the County had commodities on hand with a value of \$212,888.

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**Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based on an Audit  
of Financial Statements Performed in Accordance With  
Government Auditing Standards**

**Independent Auditor's Report**

Board of Supervisors  
Polk County, Iowa  
Des Moines, Iowa

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Polk County, Iowa (the County), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated December 17, 2015. The County's June 30, 2014 financial statements have been restated due to the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* to recognize a net pension liability and deferred outflows of resources of the governmental activities, business-type activities, major enterprise fund and the aggregate remaining fund information.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

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

Comments involving statutory or other legal matters about the County's operations for the year ended June 30, 2015, are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory or other legal matters are not intended to constitute legal interpretations of those statutes.

### **County's Responses to Findings**

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

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*RSM US LLP*

Des Moines, Iowa  
December 17, 2015



RSM US LLP

## **Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance**

### **Independent Auditor's Report**

Board of Supervisors  
Polk County, Iowa  
Des Moines, Iowa

#### **Report on Compliance for Each Major Federal Program**

We have audited Polk County, Iowa's (the County) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2015. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### ***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

#### ***Opinion on Each Major Federal Program***

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

### **Other Matters**

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Circular No. A-133 and which is described in the accompanying schedule of findings and questioned costs as items 2015-001. Our opinion on each major federal program is not modified with respect to this matter.

The County's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report on Internal Control Over Compliance**

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*RSM US LLP*

Des Moines, Iowa  
December 17, 2015

**Polk County, Iowa**

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 2015**

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**I. Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

Yes  No

Significant deficiencies identified?

Yes  None Reported

Noncompliance material to financial statements noted?

Yes  No

**Federal Awards**

Internal control over major programs:

Material weakness(es) identified?

Yes  No

Significant deficiencies?

Yes  None Reported

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

Any audit findings disclosed that are required to be reported in accordance with  
Section 510(a) of Circular A-133?

Yes  No

**Identification of major programs:**

CFDA Number	Name of Federal Program or Cluster
20.205	Highway Planning and Construction
97.039	Hazard Mitigation Grant

Dollar threshold used to distinguish between type A and type B programs: \$491,121

Auditee qualified as low-risk auditee?

Yes  No

(Continued)

Polk County, Iowa

Schedule of Findings and Questioned Costs (Continued)  
Year Ended June 30, 2015

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**II. Findings Related to the Financial Statement Audit as Required to be Reported in Accordance with Generally Accepted Government Auditing Standards**

**A. Internal Controls**

None reported

**B. Compliance Findings**

None reported

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

**A. Internal Controls**

None reported

**B. Compliance Findings**

**2015-001**

**U.S. Department of Homeland Security  
Passed through Iowa Department of Public Defense  
FEMA - Hazard Mitigation Grant Program (CFDA 97.039)  
Federal Award Year: 2014 - 2015**

Finding: The County did not submit one quarterly report to the granting agency timely.

Criteria: The grant agreement requires the County submit quarterly reports within 15 days of the previous quarter end.

Condition and context: The County submitted the third quarter January through March report on April 22, 2015, which was 7 days past due.

Effect: The County is not in compliance with the reporting requirements of this grant program.

Cause: The granting agency began using a new reporting format for the third quarter resulting in an administrative oversight.

Questioned costs: None

Recommendation: We recommend the County submit all reports timely.

Response and corrective action plan: The County is aware of the new reporting format and corrected and submitted the fourth quarter report timely.

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

**IV-A-15**

Certified budget: Disbursements during the year ended June 30, 2015 did not exceed the amounts budgeted.

Appropriation: Expenditures during the year ended June 30, 2015 exceeded the appropriated amount for the Polk County Conservation Board before the appropriation was adjusted as part of the May 2015 budget amendment process.

Recommendation: The Conservation Board appropriation should have been increased via a Board of Supervisors resolution in accordance with Section 331.434.6 of the Code of Iowa before expenditures exceeded the department's appropriation.

Response: The County will closely monitor departmental appropriations during the fiscal year and increase appropriations as needed in conformity with the Code of Iowa.

**Polk County, Iowa**

**Schedule of Findings and Questioned Costs (Continued)  
Year Ended June 30, 2015**

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**IV-B-15**

Questionable expenditures: We noted no expenditures for parties, banquets or other entertainment for employees that we believe may constitute an unlawful expenditure from public funds as this is defined in the Attorney General's opinion dated April 25, 1979.

**IV-C-15**

Travel expense: No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

**IV-D-15**

Business transactions: The County represents there are no business transactions between the County and County officials or employees in accordance with Chapter 362.5(10) of the Code of Iowa and none were noted in performing the audit.

**IV-E-15**

Bond coverage: Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.

**IV-F-15**

Board minutes: No transactions were found that we believe should have been approved in the Board minutes but were not.

**IV-G-15**

Deposits and investments: No instances of noncompliance with the deposit and investments provisions of Chapters 12B and 12C of the Code of Iowa and the County's investment policy were noted.

**IV-H-15**

Resource enhancement and protection certification: The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3). No instances of noncompliance with the City's revenue bond provisions were noted.

**IV-I-15**

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

Total expenditures during the year ended June 30, 2015 for the County Extension Office did not exceed the total amount budgeted.

**IV-J-15**

Tax increment financing (TIF): For the year ended June 30, 2015, the County Auditor prepared a reconciliation for each City reconciling TIF receipts with total outstanding TIF debt.

**Polk County, Iowa**

**Corrective Action Plan  
Year Ended June 30, 2015**

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Comment Number	Comment	Corrective Action Plan	Contact Person	Anticipated Date of Completion
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**Finding Related to the Financial Statement Audit**

None noted.

**Compliance for Federal Awards**

2015-001	The County did not submit one quarterly report to the granting agency timely.	See response and corrective action plan at 2015-001.	Budget Analyst	April 22, 2015
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**Statutory Reporting**

IV-A-15	Expenditures exceeded appropriation of the Polk County Conservation Board during the year before the May 2015 amendment was passed.	See response and corrective action plan at IV-A-15.	Polk County Conservation Board	May 19, 2015
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**Polk County, Iowa**

**Summary Schedule of Prior Audit Findings  
Year Ended June 30, 2015**

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Comment Number	Comment	Status	Corrective Action or Other Explanation
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**Other Findings Related to Statutory Reporting:**

IV-A-14	Disbursements during the year ended June 30, 2014 exceeded the amounts budgeted for the Polk Emergency Management Agency.	Corrected	
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# POLK COUNTY IOWA

**The information contained in this document may be obtained in accessible formats by qualified persons with a disability. To receive more information or to request an accommodation please contact the County Auditor's Office at the address or phone number listed below.**

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Des Moines, IA 50309  
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[www.polkcountyiowa.gov](http://www.polkcountyiowa.gov)